



ALBANIA: BETWEEN KNOWLEDGE, SKILLS AND COMPETENCE

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The impact of new media in the promotion of protected areas as tourism destination (Albania)

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Abstract

Tourism sector have become lately a key sector for the Albanian economy. Promotion and marketing are identified as main pillars to tourism sector. Protected Areas as a tourism destination is a new concept to Albanian citizens and stakeholders given isolation of these areas during communism regime. On the other hand the promotion of PAs to enhance tourism is also a new practice followed by government and stakeholders, during the last decade only. A crucial phenomena of the present decade reshaping the world, is the worldwide accessibility to the internet. New media is increasing immensely its usage and is gaining significant ground each year toward traditional media. This study will bring light on how new media influence and impacts the promotion of PAs in Albania as tourism destinations, as researchers have called for further studies in developing countries on this field of study.

Key words: *Protected area, new media, social media, domestic tourism, promotion*

INTRODUCTION

Introduction

“Albania is truly blessed with spectacular natural and cultural heritage, the backbone of its tourism sector, a sector which has shown impressive growth over recent years,”

UNWTO¹ Secretary-General, Taleb Rifai, December 2014

Worldwide recently seems to have a reallocation of media investments away from “traditional media” channels as TV, radio, print or OOH. Nowadays in Albania, new media, as per the findings of studies done by researchers and business companies, is considered a key tool on promoting the products and services, but also other forms of communication. eMarketer reports that, total digital media spend increased from \$16.9 billion and 6% of total media investment in 2007 to \$83 billion and 36.7% in total media investment in 2016, according to eMarketer. McCann Tirana (2018)² reported for this research, that ad budget share of digital media at national level has increased from 3% in 2012 to approximately 12 % in 2017, by their agency estimations based on the monitoring data. The tools of new media in country are rapidly embraced even from central and local government, public sector and their high ranking representatives. In a mapping done this study all Ministries in Republic of Albania do have a public page in Facebook and Twitter, and all 61 Municipalities in country do have a public page in Facebook.

Tourism in Albania is set a key priority sector by the Albanian Government³, given the crucial direct impact tourism gave to the Albanian economy on the recent years. Albanian Government (September 2017) proclaimed as main direction the urge of tourism as an important economical and development source. The main goal set is a sustainable tourism in 365 days. One of the five pillars the Albanian Government have supported the program 2017-2021 for tourism chapter is the marketing and promotion through digital and social media at regional and international level. Which clearly shows, that new media is identified a real potential for the promotion of this prior sector of the Albanian economy, but also identifies that the domestic tourism is not considered yet a priority.

¹ World Tourism Organization (UNWTO), UN agency

² McCann Tirana, Advertising Agency , part of McCann Group global network, contributed for this research with their data and statistics

³ Republic of Albania, The Government Program 2017 – 2021 [accessed February 2018 <https://kryeministria.al/files/PROGRAMI.pdf>]

Tourism impact in Albanian Economy

“Located in the Mediterranean region, Albania could well be Europe’s last tourism secret.” Export.gov 2017⁴

European Commission (June 2017) reports that Albania is experiencing a gradual economic upturn that is expected to continue in 2017-2019. Since 2014, Albania’s economy has steadily improved and economic growth reached 3.8% in 2017⁵. The trade balance improved thanks to the good performance of tourism. In economic development for 2016 the World Bank reports that Albania’s economy expanded 3.4% in 2016, supported by robust domestic demand. Net exports contributed 2.1 % points, driven by tourism services exports⁶ that expanded significantly in 2016 from a relatively low base and is expected to continue performing well.

The tourism is one of the key contributors on the Albanian economy in several directions as growth of GDP, new work places, exports and investments and relative contributor on other sectors. World Travel and Tourism Council (WTTC) forecasts that Albania in a decade (2018 – 2028) can be able to turn tourism as the main contributor of the GDP.

WTTC (2018) reports the data of Travel and Tourism contribution for 2017. The direct contribution of Travel & Tourism to GDP was 8.5% of total, and is forecast 9.3% by 2028. While the total contribution of Travel & Tourism to GDP was 26.2% of GDP in 2017, and is forecast to be by 28.9% of GDP in 2028. In 2017 Travel & Tourism directly supported 93,500 jobs (7.7% of total employment) and is expected to 111,000 jobs (8.8% of total employment) in 2028. While total contribution 24.1% of total employment (291,500 jobs). This is expected to rise to 344,000 jobs in 2028 (27.3% of total). Visitor exports generated 54.2% of total exports in 2017 and is expected to go in 2028, 62.2% of total. Travel & Tourism investment in 2017 was 7.5% of total investment and forecasts to go in 2028, 8.2% of total.

The tourism law has been going through many changes during the period of post-communism. The actual Tourism Law, December 2017, Article 1 as the main scope of the law the promotion of Albania, as a touristic destination for foreigner and domestic visitors, relying on the development of a sustainable tourism.⁷

⁴ <https://www.export.gov/article?id=Albania-Travel-and-Tourism>

⁵ The World Fact Book – CIA [accessed March 2018]

⁶ World Bank “Albania-Snapshot-Fall2017” <http://pubdocs.worldbank.org/en/805501507748388634/Albania-Snapshot-Fall2017.pdf>

⁷ Tourism Law, Republic of Albania [accessed February 2018] http://www.qbz.gov.al/Ligje.pdf/turizem/Ligj_93-2015_,27072015_%20perditesuar_%202017.pdf

Cvetkoska & Barišić (2017) findings show that the most efficient country in the period of six years (from 2010 to 2015) was Albania among all countries of Balkans studied in their research.

The government have been “aggressive” during recent years in promoting tourism regionally and internationally, and the statistics show that this strategy has offered a good result.

Risks and Challenges

Yet tourism strategy path in country seems to be unclear and unsafe. “From 1990 up to date many strategies proposed by international donors have been refused or not approved, and the ones that have been considered were partially implemented due to lack of capacities, expertise or willing” said a representative officer of one of the biggest international donors in country for tourism sector.

She emphasized that the shifts government does from a strategy to a new one, costs money and extent lack of trust among stakeholders. A high ranking representative in the Ministry of Tourism and Environment (MTE) recognize the situation and claim that due to the new tourism law entered in force December 2017, a new strategy is need. IMF (2017) reports that though Albania has benefitted from the recent tourism boom in the region, the outlook for exports remains challenging. On the other hand, European Commission (EC) reports that the services sector development contributes 70% of the gross value added. EC emphasizes tourism sector in particular is identified with significant development potential, but is impeded by a number of challenges linked to the lack of skills of tourism professionals, low accessibility of tourism services, the absence of a sustainable natural and cultural offer, etc. The measure to standardize the tourism sector, if implemented successfully, could be a driving factor for competitiveness.

The bank industry in country see a high perspective on the sector. “Tourism has high potential, but and a masterplan for the development of the tourism would give access to a structured development” suggests Blanc, Frederic (2017)⁸. EU Delegation in Albania (2018) also seek a Master Plan for sustainable tourism in country. EU Ambassador in Albania Romana Vlahutin, underlined that “a national Tourism Master Plan is a must”.⁹

“The government have no official strategy for tourism yet. This means lack a clear vision for the sustainable development of sector. There can’t be marketing and promotion, if there is no strategy” said Rajmonda Lajthia, Executive Director of ATOA¹⁰

⁸ Blanc, Frederic, CEO, Societe Generale Albania Bank, Interview for Monitor.al Magazine

⁹ Round table “Support to Tourism companies in Albania, organizer European Bank for Reconstruction and Development (EBRD)

¹⁰ Rajmonda Lajthia, Executive Director, Albanian Tour Operator Association (ATOA), Interview with

A shadowy domestic tourism

At the heart of tourism is the excitement of new cultural experiences ¹¹

The statistics from the National Institute of Statistics (INSTAT) report that 5.1 million foreign visitors visited our country in 2017, + 8.1 % more tourists than the previous year (2016). Monitor.al (2018) reports that the boom of 2017 from foreigner visitors and tourist may not be stable and on the other hand WTTC (2017) has defined Albania as a high risk country, as it has a poor infrastructure network in quality and quantity, a threat for the development and sustainability of tourism. On MTE's Draft Strategy of Tourism 2018 – 2022 is identified that aiming a sustainable development in this sector leads the strategy. Though a clear direction for domestic tourism was not identified.

WTTC (2018) reports that domestic travel spending generated 24.6% of direct Travel & Tourism GDP in 2017 compared with 75.4% for visitor exports. On the other hand, Bank of Albania (2018) reports that 1.3 billion euro have been the spending of Albanians outside country, +11% increase comparing year 2016. INSTAT (Institute of Statistics, Republic of Albania), reports that 5.18 million Albanian citizens have traveled outside country, +12% comparing 2016. Figure 1 identifies a low interest of domestic visitors in cultural attractions.

FIGURE 1: Visitors in cultural attractions 2014- November 2017

Visitors	2014	2015	2016	Nov. 2017	2017 vs 2014
Domestic	198,536	148,669	185878	202557	2%
Foreigners	156,446	238,187	282157	349390	123%
Total	354,982	386,856	468035	551947	55%

Source: Ministry of Culture, Republic of Albania, Jan 2018

The Albania Tour Operators & Travel Agencies Association (ATOA) reports that given the non-secure path the Albanian tourism is having on attracting the foreigner visitors, a proper mid-term strategy is urgent need, to attract Albanian citizens to domestic tourism. They claim that the Bank of Albania reports should be taken in consideration and proper evaluation is need, to understand how much money can stay in-home¹².

Ana Kekezi, March 2018, Tirana

¹¹ Theunissen, P., Mersham, G., & Rahman, K. (2010). Chapter 5: The New Media, Cultural Transformation,

¹² Scan TV ,Studio Interview with Kliton Gërzhani, Chairman ATOA (March 2018)

ATOA concerns are connected mainly to a low seasonality of Albanian tourism, even though a high touristic potential for 365 days tourism and the potential of niche segments, to encourage and attract domestic visitors. RisiAlbania (2014 p. 4) has identified why Albania agonizes from a short seasonality. In their finding country suffers from a numerous limitations such as poor or absence of infrastructure, absence of information for market, poor customer service, and absence of the set standards, poor marketing and a touristic product that often does not meet the expectations of the customers. There is no survey on domestic tourism and efforts are needed to improve the business register (EU, 2016)¹³. GIZ (2016) reports that 98% of tourists who have been interviewed; have responded positively to the expectations of accommodation in Albanian Alps, but in their research is not defined either they are foreign or domestic tourists. While on the survey done for this study 64% of the respondents of Q1 answered that accommodation quality vs price is the main reason, they do not prefer to choose domestic tourism.

On the Q2 survey participants on this research, 16 out of 16 responded that focus on domestic tourism should be immediate from the government and public sector and 11 out of 16 responded that government has worked far better with the promotion on foreign tourist's target.

Leonard Maci said that domestic tourism will be on National Agency of Tourism (NAT) focus, but he acknowledged that yet NAT have not worked with a proper strategy or plan on this direction. He claimed that the efforts and tools of NAT during (2013 – 2017) have been focused to reach the market beyond borders, as a good economic potential.

Internet fast penetration

During the last decade Albania has witnessed an outstanding level of access to internet. Albanian Institute of Media (AIM, 2015) identifies that the real growth of internet in Albania started after the privatization of ALBtelecom Company in 2007. The Albanian Government vision on access to internet has been a primary goal since 2010. Two main priorities set (2010) "Internet for all" and "Albania in the Internet age".

Electronic and Postal Communications Authority (AKEP) on the Annual Report of 2010 estimates that the number of families that have broadband internet access until the end of 2010 is about 110 thousand or about 13.7% of families, while it is estimated to be over 10.000 business subscribers. Based on these data, the number of broadband lines per 100 inhabitants is about 3.7%, compared to 2.5% that was by the end of 2009. AKEP(2018)¹⁴ reports that the number of active users Broadband in internet from mobile networks on (Oct-Dec 2017) was around

¹³ European Commission, Albania 2016 Report

¹⁴ <https://www.akep.al> [accessed March, April 2018]

2 million, with an increase of +20.4 % with same period in 2016 and an increase of approximately +124% vs. 2014. The number of customers Broadband accessed in Internet from fix line networks was around 295.000 having an increase of +10.6% with same period of 2016 and approximately +42% comparing with 2014. This data show the fast penetration of internet, especially the increase from mobile networks. Internetworldstats.com (2018) reports for Albania that 1.932.024 or 66.4% of population are internet users and 1.400.000 are Facebook users¹⁵

Protected Areas in Albania

We aim to have the Albanian tourism in a real development industry (Blendi Klosi 2017)¹⁶

A protected area (PA) is a clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values. (IUCN Definition 2008)

Albania a small sized country is very rich in biological diversity. The tremendous diversity of ecosystems and habitats supports about 3,200 species of vascular plants, 2,350 species of non-vascular plants, and 15,600 species of invertebrates and vertebrates, many of which are threatened at the global or European level (Ministry of Environment, *Annual Report 2015* Republic of Albania).

On the first Forestry Law, Republic of Albania (1923), there are clear elements that define protection and special for various species and fauna and for controlled hunting. National Agency of Environment (NAE) (2014) reports that in 1940 Kune-Vain, Lezhë was proclaimed hunting reserve and as per the IUCN definition, this one may be identified as the very first PA in Albania.

The legal, political, economic and social contexts for tourism in and around protected areas vary widely across the globe, yet there are many common elements and a diversity of experiences that can enrich the understanding of those involved (IUCN 2018). The first law of Protected Areas in Republic of Albania¹⁷ entered in force in 2002 and was reviewed in 2017¹⁸ to align with the EU directives and allow to reach the goal of 17% PAs of the country territory by 2020.

The National Agency for Protected Areas (NAPA)¹⁹ manages the national system of protected areas in Albania, whereas day-to-day management is delegated to 12 Regional Administrations for Protected Areas (RAPA)

¹⁵ internetworldstats.com, statistics reported for June 2017

¹⁶ Minister of Tourism and Environment, Mr. Blendi Klosi, Press Statement, 06 October 2017

¹⁷ <http://www.qbz.gov.al/doc.jsp?doc=docs/Ligj%20Nr%208906%20Dat%C3%AB%2006-06-2002.htm>

¹⁸ Law 81/2017 http://www.qbz.gov.al/botime/fletore_fletore/zyrtare/2017/PDF-2017/116-2017.pdf

¹⁹ The Agency was established by Act of Council of Ministers , February 2015

As per the categories set internationally by IUCN (International Union for Conservation of Nature), in country there are actually 798 PAs extended in a total of **460,060 ha or 4.600 km²** of the country territory.

FIGURE 2: Protected Areas in Albania, Year 2017

Category	Description	No.
I	Restricted areas	2
II	National Park	15
III	Natural Monument or Feature	750
IV	Habitat/Species Management Area	22
V	Protected Landscape/ Seascape	5
VI	Protected area with sustainable use of natural resources	4
		798

Source: National Agency of Protected Areas (NAPA)

NAPA reports that Albania has recently made significant progress in expanding the network of PAs from 5.2% of the country’s territory in 2005 to 16.02% of the country’s territory in 2017. The majority of them have been designated in the category nature monument (750), but National Parks do cover approximately 210,501 ha or 46% of the total.

Stynes (1997) suggests that economic impact is part of a group of analyses that can be used to evaluate tourism in PAs (other analyses include: fiscal impact analysis, financial analysis, demand analysis, benefit cost analysis, feasibility study and environmental impact assessment). In this study, such factor is not taken in consideration given the primary aim of the study and on the other hand the gaps PAs face in this perspective. The official data of MTE provided for this research show that 6.000 euro are the PAs incomes generated for year 2015 and only 48.000 euro for year 2017. Considering the visitor statistics of NAPA, there is a discordance between data and money generated. “PAs in Albania are facing many challenges and none of them have ticketing system, except National Park of Butrint, protected by UNESCO” stressed a high ranking official of MTE.

Natura 2000 (2016)²⁰ on the assessment conducted has identified tourism as a potential risk for Albanian PAs. In their research infrastructure development for tourism purpose have been identified as a threat in 27 protected areas (50%), though at a low level. Threats from recreational activities and tourism were reported for 31 protected areas in Albania (76%).

²⁰ Natura 2000 is the largest coordinated network of protected sites in the world. www.natura.al

Marketing strategies for the PAs as Tourism Destination

NAPA since it was established on 2015 is missing a promotion and marketing strategy for PAs as tourism destinations, a high ranking official confirms.

Leonard Maci, Director of Marketing, National Agency of Tourism(NAT)²¹ said that on the promotion and marketing strategies to regional and international markets, PAs have been promoted as a competitive advantage due to a unique experience, the wilderness, virgin landscapes, flora and fauna richness they offer. Rajmonda Lajthia, ATOA also confirms that tour operators never avoid PAs on their touristic guides, even on daily ones.

Villa Jose (2018) argues that the marketing industry has been focused — and somewhat obsessed — with digital for the better part of the last decade. The discussion and insights offered in the segmentation sections of the report, highlight the importance of using a robust segmentation strategy in order to understand visitors and potential visitors and the experiences they see (Reid 2008). “We do not have yet a marketing and promotion strategy short-term or middle-term one. The actual communication plans applied by NAPA, do not rely on a segmentation strategy or any previous research done for this purpose” said Denisa Xhoga, Communication Specialist, NAPA²².

Reid (2008) proposes that information promoting national parks is disseminated by a wide range of organizations, including protected area agencies, visitor information centers, tour operators, state tourism organizations, regional tourism organizations and corporate businesses.

NAPA has clearly identified as main target the domestic visitors. The NAPA statistics show that 2/3 of the total are domestic visitors and 1/3 are foreigners. The Agency has supported the raising awareness and promotion and in two main directions (i)Media communication and promotion and (ii) extensive collaboration with local communities of the PAs. (NAPA, Annual report 2017). NAPA reports that on 2015 there were not any information center or infopoints accesable. “Only promotion and marketing can make domestic visitors attracted to Albanian tourism. The potential our country is huge, but unfortunately albanians are not awared yet of this potential.” said Fation Plaku²³

NAPA statistics reports (see Figure 3) a boom of visitors in PAs sites. NAPA reports that for 2017 statistic 62.8% are of daily visitors and the rest accomodates

²¹ Leonard Maci, Marketing Director, National Agency of Tourism (NAT), Interview with Ana Kekezi March 2018, Tirana

²² Denisa Xhoga, Communication Specialist, National Agency of Protected Areas (NAPA), Interview with Ana Kekezi, March 2018, Tirana

²³ Fation Plaku, Travel & Tourism Influencer, Interview with Ana Kekezi, March 2018, Tirana

at least one night. The most visited category by 50% of visitors is Category II, national parks.

FIGURE 3: Number of Visitors in PAs

Visitors	2015	Jan-Sept 2017
Domestic Visitors	359.937	1.489.815
Foreign Visitors	112.080	552.101
Total	471.967	2.041.916

Source: National Agency of Protected Areas (NAPA)

Denisa Xhoga claims that the rangers at national level are offering free guides to visitors as a promotional tool to make them come back and spread their experience. “NAPA have no annual budget for pure advertising on traditional media or new media. These are considered up to date as free of charge promotional tools” said Denisa.

Rajmonda Lajthia, ATOA claims that the tour operators, as main stakeholder on the sector have been clear with their demands and their proposals for the development of PAs as tourism destinations, but they remain doubtful if government implement them on the strategy.

A “cool, many to many media” for the promotion of PAs

Digital transformation is a journey, not a one off-event. McLuhan (1964) is well known for the postulate “the medium is the message”. He proposes that the media, not the content that they carry, should be the focus of study. McLuhan (1964) identified two types of media: “hot” media and “cool” media. As per the definition the author proposes, cool media, a more hearing focus, are the ones that need high participation from users, due to their low definition (the receiver/user must fill in missing information). Conversely, hot media, a more visual focus, are low in audience involvement due to their high resolution or definition. Where new media stands? The researchers suggest that new media in the way it engages its audiences to fill the gaps and create a fuller picture, may be defined with no doubt “cool” media.

New Media is new concept in marketing theory and developed after 1991 the www was presented to the world.²⁴ Nowadays industry seeks to gain from the advantages of two-way dialogue with consumers primarily through the Internet. Manovich, Lev (2002) proposes new media in 8 perspectives, arguing

²⁴ The World Wide Web was invented by **Tim Berners-Lee** and **Robert Cailliau** in 1990.

that new media is born in early 1920, differently from now, where information and technology are the basement with base on Web 2.0 technology. Törenli, (2005: 159) suggests that one of the main characteristics of new media, the flows of information can be possible between user groups or individual users. Piontek, Dorota (2014) proposes that new media, especially the Internet, can be defined as a channel of communication in terms of technology or as a platform of resources, co-created by all users. Piontek reveals that in new media there are three types of them: institutional (similar to the traditional model), social - the different social actors that through access to new media have become independent from institutional media agency, and individuals - each user of new media, who has the need to actively co-create them. Crosbie, Vin (2002) described on his study three different kinds of communication media. (i) Interpersonal media as “one to one”, (ii) Mass media as “one to many”, and (iii) New Media as Individuation Media or “many to many”. This paper uses the term “new media” with the meaning which is widely accepted among researcher. Social media maybe the most well-known tool of new media is accepted by researchers to have two main concepts: Web 2.0 and user site (Rouse, 2013). Web 2.0 applications support the creation of informal users’ networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing of informational content (Constantinides & Fountain, 2008). User generated content can be defined as information that users provide or share on a website. The information might be a photo, video, blog or discussion forum post, poll response or comment made through a social media web (Constantinides, E., & Fountain, S. J. (2008). There are still many ongoing debates and discussions regarding social media’s universal definition; as social media has been transforming and merging into the evolving development of New Media (Solis 2010).

“Lately, the marketers in Albania are mostly focused on social media comparing other tools of new media” said Elvin Civici, Online Account Manager²⁵. Nevila Popa, tourism expert, emphasizes the usage of online tools, social media networks, blogs etc are determinative for Albanian tourism; not only as destination, but also for the foreign investments²⁶. Rajmonda Lajthia stress the importance of social media in the promotion of domestic tourism. She claims that social media gain weight during last years, as per the high time consuming spent in social platforms. She identifies that most of tour operators in country have shifted from traditional media in online marketing, having a positive outcome. McCann Agency report that for 2017 Albanians consumed 143 minutes/day on social media and 91 minutes/day on online news portals.

²⁵ Elvin Civici, Online Account Manager, McCann Tirana, Interview with Ana Kekezi February 2018, Tirana

²⁶ Interview for Monitor.al, January 2018 [accessed February 2018 <http://www.monitor.al/turizmi-ne-2018-ne-trend-pozitiv-problem-infrastruktura-2/>]

Methodology

Methods applied

This research adopts a mixed method approach to achieving its objectives. For this research are used primary and secondary data. Piontek, Dorota (2014) suggest that in researching new media, all methods and techniques developed for examining old media, are useful, especially the quantitative and qualitative content analysis. The insights that generated from the qualitative data collected in field were highly beneficial to the process of data analysis and interpretation. Triangulating the findings provided evidence for the study to make sense of phenomenon under study (Mathison 1988, p. 15)

Data Collection Tools

Primary data are significant information to lead this research; and secondary data have been employed as valuable especially the governmental and public sector statistics, reports and data.

The following methods of primary data were employed to carry out the research:

- a) Observation (conducted in sites of 2 PAs Divjak-Karavasta National Park, Fier RAPA & Shebenik-Jabllanicë, Elbasan RAPA in natural settings, February 2018)
- b) Semi-structured interviews with 14 participants (9 employees/civil servants in MTE, NTA, NAPA and RAPAs; 1 official of UNDP Albania, Denisa Xhoga, communication specialist, NAPA; Leonard Maci, Director of Marketing, NAT; Rajmonda Lajthia, Executive Director of ATOA; Elvin Civici, Online Account Manager, McCann Tirana)
- c) In deep interviews with 3 participants (Ardian Koci, Director, RAPA of Fier; Fatmir Brazhda Former Director, RAPA of Elbasan; Fation Plaku, Photographer, travel and tourism Blogger and Influencer)
- d) Online Surveys; Q1 (109 citizen respondents); Q2 (16 respondents employee/civil servants in central and local government bodies directly related to tourism sector); Q3 (6 participants; 3webdesigners 3 online content experts), Q4 (6 participants Influencers & Bloggers living in Tirana)
- e) Observation of Internet sites (webportals, blogs, Facebook, Twitter, Instagram, forums, photo and video sharing) (similar to netnography proposed by Kozinets, R. but simpler)
- f) Official data and documents for this research by MTE, NAPA and NAT

Challenges & Limitations

Confidentiality – Ethical considerations are critical in research. Many of participants in interviews required to protect their identity in this research. Working on central and local government make them uncomfortable to reveal their identity. This barrier may present difficulties to other researchers to understand in deep the primary data.

Time Barrier - The surveys conducted for this research were questionnaires' sent electronically in random citizens, assuming them as potential domestic visitors. The sample of 109 respondents is considered a limited size and the Q1 maybe would have given a better result, if it would be conducted with visitors in PA's sites.

Data analyses – No data measurements or any research at national level was identified to support this study.

COOL MEDIA IMPACT ON ALBANIAN PROTECTED AREAS

Not military zones: Protected Areas as touristic destinations

“Protected areas before ‘90s have been considered by state as isolated areas. Recently the government, stakeholders and community in country agreed, that access to them will assure sustainability and development to the economy and bring boost to the domestic tourism” Lefter, Koka (2016)²⁷.

PAs in Albania during communism regime and even in post-communism (1990–2005) have been considered as isolated areas, to be protected and conserved. “The mentality and actions of stakeholders on development and sustainability in PAs begun changing during the last decade” a high ranking official of MTE said. Recently the decision makers and stakeholders in PAs have been proactive to develop strategies toward a sustainable path for PAs along with access to tourism. Articles suggests that in developing countries the new conceptualization of tourism which incorporates sustainability and community participation as dominant elements is favorable to an alternative theoretical framework of development. A high ranking NAPA's staff claims that to fight the mentality of open access to PAs as tourism destinations have been quite a challenge to NAPA staff themselves. It is clear that promotion through all stakeholders of hospitality and tourism can give to PAs, the opportunity to grow and raise awareness on the unique experience they do offer

²⁷ Former Minister of Environment, Republic of Albania (2013–2017) media statement, OraNews TV Interview 2016

for visitors. MTE (2018:9) in the draft national strategy reports that the product of ecotourism (where PAs are included) has increased with 10%-20% /year.

Fatmir Brazhda²⁸ emphasizes that in the early promotional activities (2013), their moto used to be “A protected area is not a military zone”. “Protected areas were perceived few years ago, by administration staff itself, as isolated perimeters to guard” said Ardian Koci, Director of Elbasan RAPA 2018²⁹).

Destination Image

Destination image has been identified as a crucial aspect of tourism, recreation and leisure (Hall, Croy & Walker 2003; Croy 2004). The greater the exposure to images of the destination, the greater the familiarity and complexity of the image held (Smith & Croy 2005; Croy & Wheeler 2007). The greater the complexity of the image, the more knowledge of the specific decision-making factors (Croy & Wheeler 2007). The formation of a positive perception is determined by evaluative components of image. In this process, from awareness, to availability, through to deciding on an evoked set, destination image is the deciding factor (Lawson & Baud-Bovy 1977; Richardson & Crompton 1988).

Given the increased reliance of tourism providers and destinations on their online reputation (Marchiori & Cantoni, 2011), it is critical for them to not only understand what drives social media promotion or effectively manage it. On Q1 survey 109 out of 109 respondents confirm that image is important getting their attention and curiosity on PAs, they haven't visited before. 109 out of 109 on Q1 visit PA sites at least 2 times in year. 84% of respondents of Q1 confirm they do further searching on internet on the site, if the image attracts them. Ardian Koci, sharing his experience said that at the very beginning the team staff were profane on social media use, and image was not their focus; but the experience improved their skills. Image is identifies as a key element on MTE Draft Strategy of sustainable Tourism 2018-2022.

Stakeholders and decision makers are working with no data or researches. On Q2 11 out of 16 responded that PAs are preferred most by foreign tourist, while the official statistics of NAPA opposes this. On the other hand 50.5% participants of Q1 respond that have little knowledge on the touristic potential of domestic PAs, but only 17 out of 109 have responded they are not satisfied or are little satisfied with what PAs offer.

²⁸ Fatmir Brazhda, Former Director, RAPA of Elbasan, incl Shebenik-Jabllanic National Park, Interview with Ana Kekezi, 2018, Librazhd

²⁹ Ardian Koci, Director, RAPA of Fier, incl. the National Park of Divjaka, Interview with Ana Kekezi, 2018, Divjakë

The many to many media need for domestic tourism

“One click in your profiles, photos, videos or share from the coast, Alps, Tirana, Berat, Gjirokastra, nature, culinary or history of Albania has the a much higher impact than dozens of fairs, official meetings, or money spent for promotion. This is a good thing that you can do to Albania, to Albanian tourism.” (Blendi, Klosi, 2017)³⁰

‘The world narrated’ is a different world to ‘the world depicted and displayed’. (Kress, 2003:2) *The world told* is a different world to *the world shown*. Kress (2003:2) considers that the effects of the move to the screen, as the major medium of communication and argues that this will produce far-reaching shifts in relations of power, and not just in the sphere of communication. Andreasen (2003) reminds us that social marketing met with resistance when it first emerged, blinking in to the academic world like a new-born baby. Researchers suggest that ‘Social marketers’ turning the power of marketing to social good, thereby compensating for its deficiencies with better outcomes (e.g. Kotler, Levy, Andreasen).

It is fact that state is orienting their vision and strategies toward new media, as a key tool to promote Albanian tourism, but how and what will be the process and roadmap seems unclear yet. 109 out of 109 respondents of Q1 consider new media tools (social media and newsportal) as very important to get information on tourism. Denisa Xhoga admits that NAPA set as a main promotional goal the focus on new media tools, considering them as a “free” tool. 10 out of 16 official of Q2 see the use of new media tools as extremely important for the promotion of domestic tourism.

Albania is facing a rapid digitization of media channels. The annual ad spending data show that Out-of-home (OOH) advertising is “disappearing” and same way the print media. Elvin Civici, McCann Tirana claims that for advertisers print media as traditional media has “dead”, while the biggest journals in country merely sells an average of 1.000 copies /day. Journal print shifted their battleground in online. Albanian Media Institute (2015) suggests that Albanian news media evaluate the role of the social media as an important means to boost the audience through the referral traffic deriving from these media.

Constantinides, E., & Fountain, S. J. (2008) present the consumers with a whole array of options in searching for value products and services and finding exactly what they need and want with minimum effort, in line with the current customer desire for personalization, individual approach and empowerment.

³⁰ Blendi Klosi, Minister of Tourism & Environment, Speech during launching event of ODA, January 2018 <http://www.javanews.al/shpallet-nisma-per-turizmin-rjjet-blogeresh-per-promovimin-eshqiperise/>

There is evidence that customer reviews posted in different forums or online communities, Web blogs and podcasts are much more powerful as marketing tools than expert product reviews (Gillin, 2007); the influence of blogs and podcasts is increasing because of the fast expansion of the audience and contributors. 16 out of 16 participants of Q2 respond that to promote their work they use mostly new media tools (social networks and online news portals). 78% of respondents of Q1 confirm that when deciding to visit a destination, they get information from social media, while 94.4% are daily users of social media with at least 1 hour access in them.

The cool media impact on Albanian PAs promotion

Manovich (2001) on his research on new media states that the identity of media has changed even more dramatically than that of the computer. “The statistics confirm that new media is growing its popularity in Albania and some of its components are becoming part of the mainstream” said Elvin Civici.

The latest articles and studies from the sector report an increasing attention globally on new media tools impact in Protected Areas promotion. Sinanaj, Shkelqim (2016) on his findings on a research conducted for tourism in Vlora Region, Albania suggests that the tourist’s loyalty is impacted by the elements and the platforms of social media. The role of social media in tourism is particularly significant and the impacts of social media use by tourists, destinations and tourism providers are manifold (Gretzel, 2018; Sigala & Gretzel, 2018). Fatmir Brazhda, former Director of Elbasan RAPA claim that + 90% of visitors that accessed the park, tag, post, comment in their social media accounts their experience in Shebenik-Jabllanicë National Park.

The researchers propose that new media require a shift in marketing thinking – consumers have become highly active partners, serving as customers as well as producers and retailers, being strongly connected with a network of other consumers (Thorsten, 2010).

Whether it be the traditional editor with a viewership, a micro-influencer with 5 thousand followers or a celebrity/politician with over 1 million followers, each individual has the ability to shape the industry by sharing their own opinions amongst their communities.

AIM (2015) refers that the very first social platforms Albanians were introduced was Facebook, which is actually a leading social platform in country (Socialbakers.com)

11 out of 16 of Q2 survey participants would highly recommend mostly new media tools (social networks and online news portals) to promote PAs. None of them recommended traditional media tools such as newspapers and outdoor.

Mapping Websites and social media accounts of tourism entities

The emergence of new digital channels has allowed stakeholders to build their own “media” through which they can reach their final audience directly. Owned media, is simply defined as those channels the stakeholders own and control content for (including social, blog, etc.) has acted as a pull medium to achieve this goal and ultimately transform consumers into brand advocates and loyalists. A major challenge for Web site designers involves the functional complexity of the Web site’s content. De Jong & Wu (2018) propose that functional complexity is considered when communication is intended to serve more than one goal or address more than one stakeholder group simultaneously.

The official online channels of central government bodies (MTE, NAPA and NAT) are observed in this study and confronted with the opinion of 6 professionals, 3 web designers and 3 online content experts (Q3).

6 out of 6 participants of Q3 evaluated the websites of MTE (turizmi.gov.al) and NAT as poor. Image is skipped and not considered as a key element. They do identify that the 2 official websites of NAT (<http://wp.akt.gov.al/> and <http://albania.al>) are not appealing, have poor content. From the observation these two websites exclude the domestic or foreign visitors as one is in English language only and the other in Albanian language only. The <http://wp.akt.gov.al/> is considered for all 6 participants as unprofessional. On the contrary, they claim that social media accounts (Facebook, Instagram, YouTube and Twitter) are professional and appealing. While NAPA’s website <http://akzm.gov.al/> is identified from 6 out to 6 participants as an accurate website, but they would suggest much focus on image with higher quality photos, to motivate and appeal better a potential visitor. NAPA Facebook page as the only social account of NAPA is also evaluated as accurate but yet missing strong appeal, as often it loses focus from image.

12 RAPAs at national level do have websites and on social media Facebook accounts only

The websites of RAPA are only informative, not aiming promotion and marketing through this tool. The mapping of Facebook pages of 12 RAPAs found a correlation between the most visited PAs and the activity in their Facebook Pages.

The observation on Facebook and Instagram pages of actual Minister of Tourism and Environment (September 2017 – January 2018)³¹ and former Minister of Environment³² show that posts related to PAs or nature in general, seems more likable to the virtual community getting a higher number of likes, comments and shares, comparing other posts.

³¹ <https://www.facebook.com/klosiblendi/> ; https://www.instagram.com/blendi_klosi/

³² <https://www.facebook.com/lefterkokapolitikan/>

Web portals as “purely online media”

Articles suggest that alternative media was presented in the begging of 21th century from the journalists who decided to become independent from traditional media and provide to public a diverse perspective of the information from another point of view . In Albania this is a trend embraced by many well-known journalists in country as Armand Shkullaku & Andi Bushati with Lapsi.al , Rudina Xhunga with Dritare.net, Blendi Fevziu with Opinion.al, Ylli Rakipi with Tpz.al, Mentor Nazarko with Konica.al , Mustafa Nano with Respublica.al, Enkel Demi with 27.al and others. At present, the corps of “purely online media” is being shaped as one of the most dynamic in the Albanian online space, leading to increasingly frequent novelties and developments (Albanian Media Institute, 2015:18)

Denisa Xhoga and Elvin Civici claim that articles on purely online media have high impact and more credibility than paid online ad. Denisa Xhoga stress the fact that NAPA has focused her work with journalists mainly on web portals, as virtual community tends to engage and share the information. Webportals are considered for 109 out of 109 of Q1 respondents, as the fastest way to get information.. Whether 56.9% of them confirm that when deciding to visit a destination they get information from online news media. On the other hand, 16 out of 16 respondents of Q2 consider internet as the highest influencer to their work.

Word of Mouth in online context

Word-of-mouth represents a highly influential information source for potential visitors and is therefore of great interest to tourism marketing professionals.

Kotler & Keller (2007) suggests that word of mouth Communication (WOM) is a communication process for the provision of advice either individually or in groups for a product or service that aims to provide personal information. Communication by WOM is considered very effective in expediting the process of marketing and be able to provide benefits to the organization. Other researchers confirm that customers prefer to seek advices from the people who have already visited that particular destination than merely trusting the conventional advertisements from the suppliers. (Crompton, 1992; Decrop & Snelders, 2005; Gligorijevic & Luck, 2012; Hyde & Laesser, 2009; Park, Lee & Han, 2007; Seddighi & Theocharous, 2002; Woodside & Lysonski, 1989). Ring, & Dolnicar (2016) on their research found that tourists share both verbal and visual word-of-mouth content. They do suggest that stakeholders have the possibility to leverage word-of-mouth.

87.7% of respondents of Q1 trust more a recommended destination by a

friend/relative rather than from other forms. 100% of them consider the online comments, posts and suggestions of their friends/familiars equal trustable as the traditional WOM. Ardian Koci claimed that +70% of domestic visitors in Divjaka National Park have been referred by a relative or friend, or a person they do follow in social media. Particularly as surveys indicate that word-of-mouth generally plays an important part in influencing visitation to national parks (Eagles & McCool 2002). 77 out of 109 respondents of Q1 used word-of-mouth sources to make destination choices.

Wiki Platforms & Blogosphere

Wiki platforms are new media tool. Albanian language has its own space and as reported by Wikipedia. The community consists of 102.780 registered users, 296 of them have contributed with at least an editing during the last months. The information on Albanian language, for Albanian tourism and protected areas from observation seem extremely limited comparing with the one offered in English language. Also many bio links provided in Albanian language section of Wikipedia are not functional.

85.2% of the respondents of Q1 use Wikipedia as 2nd source of search, after Google. Another finding was that 55.6% of respondents of Q1 were using even social media (such as Facebook, Instagram or YouTube) as searching vehicles for tourism destinations. The largest number of blogs in Albania are created and hosted by Wordpress and fewer Blogspot platform. But it is hard to track in Albania bloggers or any blog for traveling, hospitality and tourism. Albanian bloggers and influencers are mostly focused on culinary and fashion.

Bloggers and Influencers

Social media also support the emergence of influencers that occupy a middle ground between consumers and commercial users (Kozinets et al., 2010). eMarketer 2018, reports that for Influencers, Instagram is the clear-cut favorite and nearly 80% consider it their primary platform for collaborations. 6 out of 6 participants of Q4 members of ODA's network claimed for this study that they prefer better Instagram, while advertisers they collaborate prefer to use both Instagram and Facebook. None of them had a Twitter account. Only 9.1% of respondents of Q1 confirmed that they were not noticing or ignoring the destination of a post done/tagged by a VIP/public person (they fan/like and follow in social media).

Albanian ODA³³ - the bloggers' network

A 2015 survey by Tomoson³⁴ emphasizes how influencer marketing can be highly lucrative for those brands who engage in it. Businesses are making \$6.50 for every \$1 spent on influencer marketing. Most businesses get solid results from influencer marketing, with just the bottom 18% failing to generate any revenue. 59% of marketers intend to increase their influencer marketing budget in the next year.

ODA – the Albanian blogger's network was an initiative of MTE launched in January 2018, to promote Albanian tourism. Over 200 Albanian representatives of art, culture, business from Albania and beyond borders are part of this network. "Jehoje dhe ti"³⁵ was a 60 second promoting video of the Albanian tourism that was posted firstly on the Minister Blendi Klosi social accounts, and after posted or shared by 200 bloggers. This video became rapidly a viral one. Marketers suggest that influencer marketing is about data, not celebrity deals. "We have not done yet any measurement or analyze on "Jehoje dhe ti" promotional video" acknowledged a civil servant staff of NAT.

Own Media

"It's a pity Albanians overestimate what neighbors offer. It's matter of culture and mentality. The Albanians does not grow since childhood with the love for nature, as other citizens worldwide do. I am surprised that most Albanians have discovered their country lately, mainly from social media" Fation Plaku, 2018

Influencer marketing in travel and tourism builds on the importance of word-of-mouth in the travel context (Litvin, Goldsmith & Pan, 2008). Studies suggest that in the age of social media, consumers move from being fans to being producers of promotional content for brands, and from occasional endorsers to micro-celebrity-seeking social media influencers (Hearn & Schoenhoff, 2016).

Fation Plaku, whom passion for nature, have "transformed" him on photographer, a blogger and mostly identified as a key Influencer, while sharing his thoughts for this research admitted that he desired to make people visit the beauty of Albania nature, but he didn't know how. New media tool or "his own media" as Fation refers to his website and social media accounts (Facebook, Instagram, YouTube and Twitter) opened a real window to him. He started to share and shoot his

³³ ODA word in Albanian language means room

³⁴ Survey 2015 "Influencer Marketing Study" [Accessed 10 March 2018 <https://blog.tomoson.com/influencer-marketing-study/>]

³⁵ Jehoje dhe ti - Echo even You – a direct appeal to the users, to make share the video, Video launched on January 2018

unique moments for fun and from many years now he is doing it professional way. He also confirms that his favorite and most followed channel is Instagram. Fation claims that this is the first time he is interviewed/approached for study purpose. Same claimed even the 6 participants of Q4. Researchers admit that there is a lack of research that investigates the travel and tourism influencer marketing phenomenon Gretzel, U. (2018).

PAs success stories; cheers to cool media

Social media allow destinations to contact visitors at relatively low cost and higher levels of efficiency that can be achieved with more traditional communication tools (Kaplan and Haenlein 2010). M.E. McCombs, D.L. Shaw (2004) suggest that those topics which are the most frequently covered by the media are seen as the most important. The crossing of secondary data and statistics of NAPA “decided” on the 2 success stories of this study (see figure 4 and 5). As the outcome of the increasing influence of tourism, natural and protected area management is evolving from one primarily focused around onsite management and conservation, to one that more broadly encompasses a greater range of holistic recreation and tourism experiences. In dealing with this evolution, national parks and protected area managers are now required to balance onsite interpretation activities with marketing and demand management activities. (Reid, Mike 2008). Natura2000 Albania (June 2016) in their assessment findings emphasize that protected area managers complained, that they are often not informed about or involved in research activities, and that researchers do not address their management priorities and needs. In the assessment is also reported, that in some protected areas in country, research has not been conducted for a long time. IUCN reveals that the continuing and dramatic increase in both international and domestic travel poses significant opportunities for managers of the globe over 100,000 protected areas.

FIGURE 4 : Visitors in Shebenik-Jabllanicë National Park

Year	2015	2017
Visitors	400	13.000

Source: RAPA of Elbasan

FIGURE 5: Visitors in Divjak-Karavasta National Park

Year	2015	2017
Visitors	1.500	383.000

Source: RAPA of Fier

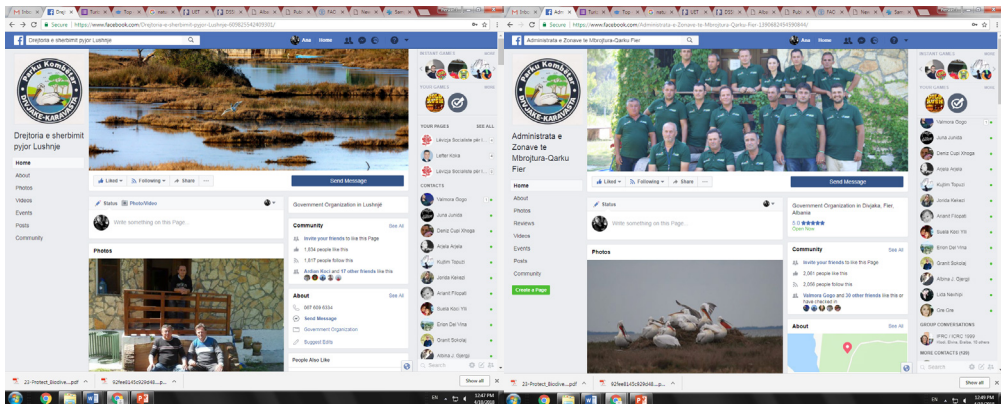
Divjakë-Karavasta National Park – The shelter of Curly Pelicans

Divjakë-Karavasta National Park, managed by RAPA of Fier is well known, as the Shelter of Curly Pelicans (Dalmatian Pelican). 97 out of 109 respondents of Q1 identified this PA with the colonies of curly pelican and 100 of them have visited it at least once.

On the internet mapping (online portals, TV chronicles and social media posts) done for this PA found that many journalists, government high ranking officials and public personalities, contribute the success of the Shelters of Pelicans to the passion and dedication of Ardian Koçi, Director, RAPA of Fier.

Ardian, managing RAPA of Fier for 5 years is a profound passionate, eager to attract visitors. He states that he found Facebook, as the only way to have visitors in park. On 2013 the agency of PAs was not established yet by law and PAs were managed under the sector of forestry. “In 2013 I was appointed Director of Regional Directorate of Forestry of Fier. Few visitors were coming” said Ardian. He said that the decision to open a Facebook page (see figure 6, left) was the best step ever took. “People were annoyed from tagging, but I didn’t gave up” confirms Ardian.

FIGURE 6: Left Drejtoria e shërbimit Pyjor, Fier (created 2013);
Right RAPA of Fier (created 2015)



Source: Facebook, Screenshot 2018

Statcounter Global Stats (2018) report that, Facebook leads with 93.4%, followed by YouTube with 1.64% for April 2017- March 2018 period, social media in Albania. Ardian claim that the National Park was not visited at least once, even by citizens that live next to Divjaka. He identified Facebook as the only free

of charge tool he had in power, to raise awareness of the park and make people visit the lagoon. The page he opened back time in 2013 is still active, and with the establishing of NAPA by law 2015, Ardian activated a new page (see figure 6, right). Ardian claims that it was Facebook that attracted the journalists and reporters to promote the lagoon and raised interest in tour operators.

Healya and Wilson (2015) propose that host hospitality social media experts suggest that engagement on social media improves customer service and brand awareness, but they cannot validate if it influences buying behavior. Ardian claim that behavior of visitors has radically changed. “The domestic visitors’ main attraction during 2013- 2014 was culinary, now we can clearly identify that this trend changed for good. The culinary have altered as an extension, while main motivation and hours spent from domestic visitors are dedicated to lagoon and other areas of the Park” confirmed Ardian. He aims that the park be perceived by domestic tourists as a brand.

Shebenik-Jabllanicë National Park – The biggest national park

“Shebenik-Jabllanicë National Park³⁶, managed by RAPA of Elbasan is a new discovery to key stakeholders; media, citizens and tour operators” claims Fatmir Brazhda, Former Director, RAPA of Elbasan. The park is known in online media, as the biggest national park in country, but yet not clearly identified by potential visitors. 76 out of 109 respondents of Q1 have heard of the park, and only 22 out of 109 have visited it. Shebenik-Jabllanicë during 2013 was on a critical stage of brand awareness, given the fact that it was a brand new National Park. “The role of media have been vital to make the introduction of our Park. On early stages, we started with a Facebook page (2013) and after that focused on local media and community” state Fatmir. In the Facebook page mapping of this park³⁷, it shows that the authority of influencers is adopted as a tool to promote the PA. Denisa Xhoga confirmed that national TV and newspaper journalists/reporters never heard of Shebenik-Jabllanicë, when she joined NAPA in 2015. Fatmir claims that social media is crucial to attract potential visitors, but success on delivering the experience in the Park is considered decisive that visitors go back or return “Shebenik-Jabllanicë ambassadors”.

Conclusions and recommendations

Zeng & Geristen 2014 call for future research into social media in tourism and in developing countries suggesting that this may provide productive research

³⁶ In 2008 declared by law National Park

³⁷ <https://www.facebook.com/ShebenikJablanicaNationalPark/>

environments. This study gave some important findings for impact of new media tools in protected areas as tourism destination in Albania as a developing country, where PAs have been lately considered by stakeholders as a high potential for tourism sector.

Findings of this study opposes the finding of Gover & Kumar 2007 in global rank where they identified that the role of internet was less important than was expected considering the population sampled. In this study internet and new media tools are key players to promote domestic tourism in PAs but also to get and share information.

First conclusion is that if protected areas and especially national parks who have more potential for accommodation units and recreation activities creation, need to become knowledgeable about marketing strategies and tools, and be competitive both from a product as well as a communication perspective.

Second conclusion is that perceptions of the brand and value of PAs as tourism destinations strongly relate with the promotion on new media tools.

Another finding is that protected areas can leverage their owned media channels to speak directly to their fan base. Word of mouth in traditional and mostly on online context, have been a promoter and amplifier to spread the message and raise brand awareness of PAs. The influencers can be lucrative to PAs (destination image)- when it's done correctly and when proper measurements are done. New media is important to Albanian citizens for getting information and having a decision on their next destination

Use modern and digital promoting tactics is one of the main recommendation. New media tools are suggested given the fact that tourism is a cluster very influenced by new trends. New media tools are advice, also as cost effective ones. Suggestions from this research are new media tools are swimming in rapid change environment, therefore they do need a continuous and persistent update.

The study identified existing barriers in the tourism sector, which should be resolved by active involvement of different stakeholders. Effective marketing strategies may foster competitiveness of Albanian tourism to domestic tourists.

It should be noted that many departmental websites are quite general and do not necessarily focus on promoting particular parks, but are rather a functions tool to access the department. This often makes them difficult to navigate and not consumer friendly.

In the literature review by Hawthorne (2014), only 25% organizations measure in detail the influences social media content marketing. This study suggests that in Albania none of the governmental or public sector has done any measurement on this context. For promotion and marketing strategies on domestic tourism is important to know the needs, desires and expectations of domestic visitors, therefore researches and deep analyses are highly recommend to lead to better results and understanding.

Another recommendation as other researchers found is that a tailor-made social media marketing approach targeting specific market segments would be critical to attract potential tourists in PAs (Zeng & Geristen 2014)

The research highlights the need for further studies into the impact new media have on destination decision-making and the actual use and experience of different communication tools. It is significant to encourage investigation about the positive impact of social media marketing on the development aspects of a sustainable tourism. Further research is needed to integrate and complete the analysis with various methodologies, to deepen the impact of the new media in tourism cluster in developing countries and more specifically in protected areas.

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*Development of successful
entrepreneurial education initiatives
enabled by EU funded projects –
The case of FH JOANNEUM* _____

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Abstract

This paper presents the lessons learned from different formal and non-formal entrepreneurial education initiatives at the University of Applied Sciences FH JOANNEUM in Graz, Austria conducted in the period 2016-2019. Four projects funded through the European Commission provided the opportunity to explore a variety

of teaching and learning methods to develop the “sense of initiative and entrepreneurship” as one of the key competences for life-long learning set by the European Union. While the target groups were different and the objectives were manifold, all of these projects aimed at fostering this key competence for students to effectively develop and implement creative and market-oriented ideas. Different entrepreneurial education methodologies have been developed, customised for the requirements of the target group and setting. This paper analyses them using the “Learning by sharing model” by Thijssen & Gijssels. The analysed teaching methods and approaches have different efficiency for alternative target groups or objectives. The Business Case Challenge allows to involve intercultural student groups in intensive case work, with real live cases. A blended approach which combines a MOOC, face-to-face teaching, presentations and mentoring by a role model has proven to successfully provide entrepreneurial competences to athletes. A moderated MOOC for intrapreneurship including interactive teamwork and professional moderation to keep participants to be consciously active, resulted in high completion rate on an offline level. Finally, action learning sets and development of business models for case studies through e-communication are presented as an alternative learning model for international teams. Based on the in-depth analysis of these cases, the authors have proposed four factors which may serve as a frame for development of successful entrepreneurial education initiatives in various education and training environments. The frame offers additional fifth factor, student career development, specifically significant for formal education institutions.

Key words: *Entrepreneurial learning, Entrepreneurial attitudes development, Teaching methods, Erasmus+ for development, Learning by sharing, EntreComp.*

Introduction

The study of entrepreneurial formal and non-formal education offered by higher education institutions (HEI) is a very challenging research area both in the field of development of entrepreneurial skills and behaviour, as well in the field of education development. Many sources indicate significant intensifying of the general offer of entrepreneurial education especially for non-business students in the last two decades (Polenakovik, Jovanovski, Velkovski, 2013; Kabongo, Okpara, 2010; Ulvenblad P., Berggren E., Winborg J., 2013; Bridge, 2017). One of the strategic goals of the EU policies, the policies of its member states, as well as the policies of the countries in the pre-accession phase is the development of the high quality, widely available entrepreneurial education. This chapter presents a literature review on relevant lessons learned from entrepreneurial education.

Entrepreneurial education initiatives

The existence of entrepreneurial education has been put even higher in the political and educational agendas after the European Parliament and the Council of the European Union (2006) set the “Sense of initiative and entrepreneurship” among the 8, equally important key competences for lifelong learning. Nevertheless, a recent research (OECD/European Union, 2017) shows that two thirds of youth in the European Union identifies lack of entrepreneurial skill as barrier for business creation.

A vast variety of entrepreneurial education approaches, methods and techniques is available. Some of these are presented as robust one-size-fits-all, while some are targeting specific, clearly defined target groups. In this paper we are presenting selection approaches, target groups and goals that will provide a notion of the different experiences gained in the implemented initiatives.

Siivonen, P., Brunila, K. (2014) argues that the adult education is limiting the participants, shaping their activities into a frame constructed by entrepreneurial discourse. In that regard Kiendl D., Kirschner E., Wenzel R., Niederl A., Frey P. (2019, pp.96-97) conclude that the main focus needs to be introduction of entrepreneurial education as soon as possible, proposing gamification and other learning through practice methods.

Ozdemir, Dabic & Daim (2019) conclude that medical students are motivated to develop entrepreneurial learning skills. They prefer a flexible way, such as internet resources combined with networking activities and learning from experienced entrepreneurs. González-Serrano (2019) analyses the progress of sports persons achieved through entrepreneurial training. The results are clearly stating that even in an apparently homogenous target group the personal characteristics and the background of the participants have to be taken into consideration in the phase of designing of the courses. Cummins (2016) identifies a gap between the offer of entrepreneurial education and the role it needs to play in the university curricula. Furthermore, this gap is significantly higher for non-business students. According to Friedl & Zur (2018) there is significant need of networking and entrepreneurial skills training also for employees with entrepreneurial mind-set, creative ideas and a proactive attitude.

The main findings of the literature analysis suggest that entrepreneurial education should start as early as possible and need to be tailored to meet the requirements of the target group and even of the specific participants.

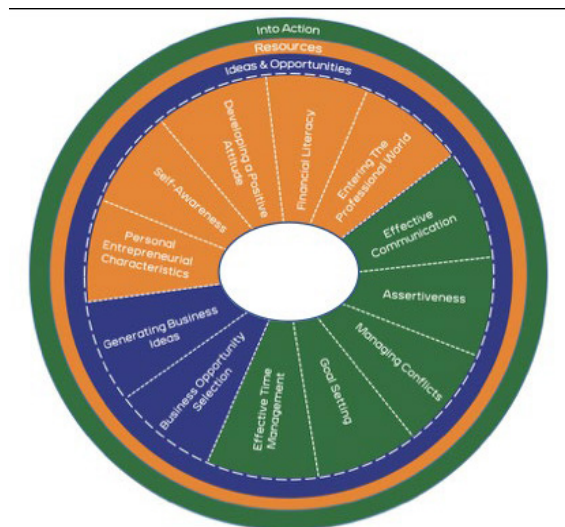
Entrepreneurial competence framework

In the beginning of this chapter, the role of the European Commission in promotion and development of the entrepreneurship and entrepreneurial skills and competences, is highlighted. As one of their main contributions is currently

the most influential tool for development of entrepreneurial education, the Entrepreneurship Competence Framework (EntreComp) (Bacigalupo, M., Kampylis, P., Punie, Y., Van den Brande, G., 2016). It has been developed through a mixed-methods approach, based on review of both academic and grey literature, analysis of case studies, desk research and stakeholder consultations. Developing the “sense of initiative and entrepreneurship” as a key competence, Entre Comp has the aim to raise consensus among all stakeholders and to establish a bridge between the worlds of education and work. It consists of three competence areas: ‘Ideas and opportunities’, ‘Resources’ and ‘Into action’. Each of the areas is made up of 5 competences. It develops these 15 competences along an 8-level progression model resulting in a comprehensive list of 442 learning outcomes. The framework can be used to design curricula and learning activities or for the definition of parameters to assess these competences.

Although EntreComp was presented three years ago, it is already in the main focus of many researches, EU funding schemes and it is the most used conceptual base for development of concepts, programmes and teaching materials in formal and non-formal entrepreneurial education.

FIGURE 1. Areas and competences of the EntreComp conceptual model

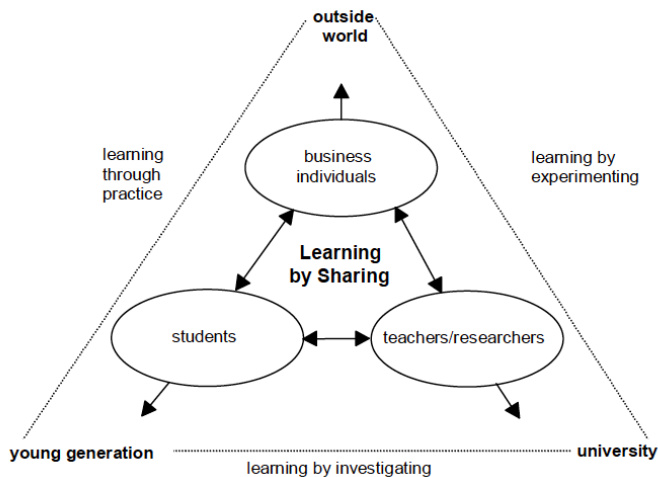


Learning by sharing model

As it was presented, different authors have analysed different learning models and approaches. In order to structure and benchmark the learning approaches in the analysed entrepreneurial education initiative the available theoretical models were analysed. Connecting teachers/researchers with students and practitioners the

Learning by Sharing model presented by Thijssen & Gijsselaers (2006) has been selected as a most suitable (figure 2). The model includes three learning styles: learning through practice, learning by experimenting and learning by investigating.

FIGURE. 2 The adapted Learning by Sharing model (Thijssen & Gijsselaers, 2006)



The Learning by Sharing Model (Thijssen, Maes, Verwooy, 2002) has been developed by the University of Amsterdam. It is modelling collaborative learning activities. “Teachers, researchers, students and practitioners join forces to establish learning communities. Its main improvements on existing learning models are the systematic introduction of the external world into the learning process and the reciprocal nature of the interactions involved.” Thijssen & Gijsselaers (2006) The main principle is that all actors learn through the shared experience.

Implemented entrepreneurial learning initiatives

This chapter presents the entrepreneurial learning initiatives developed and implemented in the scope of various funding schemes in the frame of the Erasmus+ programme.

REBUS – Ready for Business

“REady for BUSiness - Integrating and validating practical entrepreneurship skills in engineering and ICT studies” is Erasmus+ Joint project supported through the action Capacity Building in Higher Education.

The project aims at developing, testing, validating and mainstreaming holistic and needs driven open learning modules to promote entrepreneurship competences of ICT and engineering graduates at the interface of academic education and learning in practice business contexts. (REBUS, 2019)

The competences related to initiative and entrepreneurship play a paramount role in EU neighbouring countries simultaneously tackling two key challenges: unemployment and competitiveness, simultaneously converging with EU economic and social standards. Despite the significant improvement in the social acceptance and recognition of entrepreneurial activities, in the Western Balkan countries and Russia the employment in public institutions and enterprises is still considered as most preferred career choice. The project is based on that notion, focusing on improvement of the sense of initiative and entrepreneurial attitude particularly of ICT and engineering students. This target group has been identified as a result of the gap between the importance of these competences for their career development and the lack of its development during the formal university education.

The main approach developed in the project was the study visit organised at the European universities, hosting students from the non-EU universities. The University of Applied Sciences FH JOANNEUM hosted 40 students from Kosovo, Albania and Russia. The hosting team used the flexibility of the study visit methodology to extend it to a student challenge, aiming to develop an Intercultural and Entrepreneurial Mindset. It was organised in September 2018, including undergraduate students in the third semester from the degree programme International management at the host university, including 109 students in total. The foreign students are IT students. Used cases involve questions, which concern both technical and business competences, which can be best solved in an interdisciplinary team.

As proposed by the learning by sharing model from Thijssen & Gijsselaers (2006) entrepreneurs from partner enterprises were directly involved. They have provided real live cases, for which they needed solutions. Teaching staff at FH JOANNEUM acted as coaches and moderators for the whole event providing the third side of the learning by sharing model - teachers/researchers. The cases provided were screened by the involved teaching staff and adapted to the level of competence the students had already acquired, in order to provide a challenge but no unsolvable problems. The challenge was organised in the frame of intensive two weeks' programme. The first week was mainly aiming at briefing from the case providers, team building and business trainings for the incoming (mainly engineering students). The second week was focused on teamwork with at least one consultancy session with the teaching staff. At the last day, a grandiose final was organised.

Each team presented their elevator pitches – a summary of their findings and suggestions, which could be presented in no more than two minutes. A jury consisting of experts from the case-providers and the university selected the best two pitches for every provided case, the selected groups presented their 15 minutes' presentations and for each of the cases a winner was selected. All finished presentations were completed with detailed comments, uploaded to the platform and of course provided to the case providers.

AtLETyC

“AtLETyC – Athletes Learning Entrepreneurship – a new Type of Dual Career Approach” is an Erasmus+ project in the program line ERASMUS+: SPORT/ COLLABORATIVE PARTNERSHIPS.

The project objective is to promote and support good governance in sport and dual careers of athletes:

The overall objectives of AtLETyC are:

- To promote and support Dual Career of Athletes to accomplish the EU Guidelines on Dual Careers for Athletes.
- To combine Athletes top-level sporting achievement with a new career possibility to strengthen their transition from sport into the labour market.
- To support the creation of flexible learning pathways with the Athletes needs and objectives.
- To strengthen cooperation and create networks between institutions and organisations active in the field of sport.
- The specific objectives of AtLETyC are:
- To develop, implement and transfer an innovative MOOC-based e-learning modular education program in different European countries, involving Universities and sport organizations and to enhance digital learning.
- To develop a vocational and/or higher education course on Entrepreneurship Athletes which will be offered in modules?
- To develop tailor-made arrangements as the best solution (EU Guidelines of Dual Careers of Athletes). (AtLETyC, 2019)

Promotion of healthy and active lifestyle is imperative for all countries across Europe. The professional athletes are the main ambassadors of sport having most significant role in its promotion in a social cult and motivator for practicing sport as recreation. Unfortunately, the devotion to the career in sports comes with price for most of the professional athletes, leaving them with no sufficient finances and lack of applicable skills for activity at the labour market after the retirement from professional sport (Wylleman et al., 2004).

Many elite athletes want to use their skills, networks and profile to start their own business during or after their sporting career. Elite athletes have an outstanding potential to become successful business men and women. In their sport career, they acquire extraordinary skills that are also crucial to entrepreneurial success (Williams & Reints, 2010):

- Leadership and team spirit
- Goal-orientation and determination (Strategic thinking and drive)
- High Motivation and commitment (strive continuously for achievement and success)
- Never-give-up attitude and performance under pressure
- International mind-set and cross-cultural competences
- Desire for competitiveness and resilience

However, due to their busy schedule, they often miss out on specific education. In this regard, AtLETyC developed a programme specialised for elite athletes giving them the opportunity to combine top-class sport and top-level entrepreneurship training. The innovative aspect is that we developed a MOOC, where elite athletes have the possibility to learn location and time independently. This didactic concept proved as very useful for professional athletes as it facilitates them to find easier time for learning in their busy schedule.

In the form of a partnership between European higher education institutes and sport governing bodies, AtLETyC (see www.atletyc.eu) provided an entrepreneurship training specifically tailored to the needs of athletes. The blended-learning concept represented a combination of a face-to-face training and a 6-week-MOOC (massive open online course, see www.atletycmooc.eu) within a compact 3 ECTS qualification. To further inspire the participants for the topic of entrepreneurship, former European athletes and now entrepreneurs contributed to the content of the course by sharing their own experience. The project was run successfully in 6 European countries, with 127 athletes with both academic and non-academic backgrounds completing the programme. After the project, the demand for a follow-up project was both evident and expressed by the athletes.

BizMOOC

“BizMOOC – Knowledge Alliance to enable a European-wide exploitation of the potential of MOOCs for the world of business” is Erasmus+ project funded through the Knowledge Alliance action.

The European-wide Knowledge Alliance “BizMOOC” project started on 1st of January 2016 and run over a period of 3 years. The EU-funded project tackles

the European challenge of enabling businesses, labour force and universities to increase their activities and exploitation (economies of scale) of the MOOC potential. It focuses on work force & HEI-training and the acquisition of labour market key competences through applying new methodologies for online teaching & learning. This will be achieved by creating common standards & frameworks on MOOCs by integrating the experiences from Higher Education and the business world. (BizMOOC, 2019)

The intrapreneurship MOOC has been designed within a joint partnership of 11 full partners and 3 associate partners out of 11 countries, composed of both universities and industry partners. The Austrian University of Applied Sciences (FH JOANNEUM Graz) led the development team consisting of University of Economics Cracow from Poland, the Hasso-Plattner-Institute Potsdam from Germany and AVL List GmbH, Austria's most innovative company in terms of patents. The MOOC platform mooc.house has been provided by the Hasso-Plattner-Institute.

The first step was the definition of the target group. As intrapreneurship implies the identification and exploitation of business opportunities within established companies, the course was addressed to all business actors: managers of all levels, employees and trainees. The primary target group was identified as young employees, bottom and middle level managers who are the critical actors of intrapreneurship. External learners such as students, people between jobs, or just interested in the topic are targeted as well.

Next, the learning outcomes were defined so that learners after having completed the course will:

- understand the concept of intrapreneurship,
- familiarize with numerous examples of entrepreneurial organizations and intrapreneurship projects,
- identify opportunities at work and convert challenges into opportunities,
- identify stakeholders, target groups and sponsors of intrapreneurial projects,
- enhance their ability to form coalitions around new business ideas,
- develop and deliver a pitch to various audiences, including the board of directors.

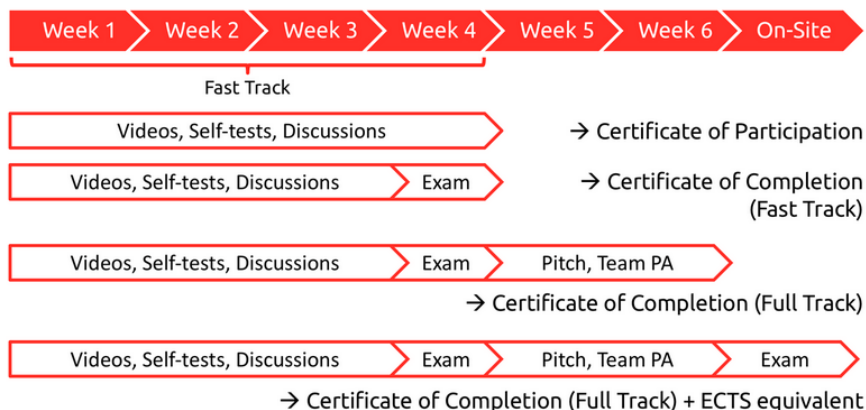
After defining the course objectives and envisaged learning outcomes, the partners began the Learning Design process coupled with regular online meetings. Two video recording sessions took place in Graz and Potsdam.

The course was delivered in weekly modules with approximately five hours' study time per week. It offered different course tracks with four certification options, including an on-site exam (Figure 3). Keeping in mind that the course

targets employees, many of whom working full time, schedule flexibility was a clearly important feature.

Depending on course track, the course lasted 4 to 7 weeks in total, including videos, readings, quizzes, tests and forum discussions. Additionally, seven e-tivities stimulated active user participation following the e-moderation concept by Salmon (2004). Extensive and multi-stream participant exchange in the discussion forum resulted in the creation by the learners of an exchange and cooperation platform, where people gave each other advice, suggestions and recommendations. The e-tivities cumulated in an online team work assignment where participants had the opportunity to bring in their own ideas, work on them in international teams and develop a pitch. The course was finalised with interesting pitching event whose number of participants and quality has exceeded the expectations.

FIGURE 3. Training process and certification options



The course was open and free for everyone and conducted completely online. After implementing the moderated version (26.2.18-23.4.18), the course is available in a self-paced mode without certification and team work option: <http://mooc.house/bizmooc2018/>

EmindS

EmindS aims to develop entrepreneurial mind-set of HE & VET students based on the EntreComp competence, through the application of a systematic methodology using student centered innovative approaches.

The methodology consists of several independent but interlinked stages.

The specific objectives of the project are:

- To validate EntreComp and use it as the framework
- To develop 2 assessment tools in 2 different EQF levels to assess the Entrepreneurship Competence of HE & VET students
- To identify and use innovative student centred learning approaches to be used for the education of HE Students and VET. Such approaches are the Action Learning Sets and the ENTRE-Challenges which are challenges to be resolved in an experiential way
- To develop materials to be used in non-traditional learning environments, using student centred approaches
- To develop a system guide to describe the systematic approach for the development of the entrepreneurship competence

EmindS aims to develop the competencies of EntreComp through the development and pilot testing of student centered approaches.

- A) EmindS will validate EntreComp through focus groups to ensure that:
- 1) All necessary competences are there (the framework has been published in 2016, so although it is based on robust methodology and long research, materials have not yet been developed based on it). Validation of the framework and adapting it where necessary will ensure the robustness of the current project results.
 - 2) The descriptors provided describe adequately the competences.
 - 3) Descriptors are provided for each of the competences that are sufficient for understanding the competence but may be more detailed descriptors are necessary for developing it.
 - 4) Translation of competence into learning outcomes.
- B) EmindS will continue to develop the 15 competences identified in EntreComp through 2 student centred approaches:
- 1) Action learning sets that will be implemented with groups of students from different disciplines but from the same university or VET.
 - 2) Challenges (EntreChallenges) that will be implemented with students from different disciplines and different countries.
 - 3) Materials will be developed for both approaches in two EQF levels (Level 6 for HE Students & Level 5 for VET Students)

At the 1st stage of the process, i.e. Action Learning Sets, support & facilitation will be provided by academics & VET trainers. At the 2nd stage of the process ie EntreChallenges mentoring will be provided both by Academics or Vet trainers & the Industry.

C) Assessment tools and System Guide

- 1) Two assessment tools will be developed in order to assess the entrepreneurship competence for HE Students (assessment tool EQF Level 6) and VET Students (assessment tool EQF Level 5). These assessment tools will be pilot tested in different stages (before action learning, after action learning, after EntreChallenges).
- 2) A system guide will be developed to guide other universities or vet providers to install it for the development of the entrepreneurial mind-set of their students.

Limitations

The analysed cases are representing selected recent examples from different funding programmes. Based on that the literature review is focused only on the relevant frameworks and models, not providing wide state of the art analysis.

This case analysis based methodology offers clear presentation of the selected cases, the activities implemented and the results achieved. However, it does not offer comprehensive overview of the entrepreneurial learning initiatives implemented with support of Erasmus+ projects nor from the initiatives implemented by the team of the Institute of International Management at the University of Applied Sciences FH JOANNEUM.

Discussion

Each of the analysed project cases have been developed under different Erasmus+ funding programmes, presenting experience in Capacity Building in Higher Education, Sport/ Collaborative Partnerships, Knowledge Alliances, and Strategic Partnerships. The analysed target groups vary between Vocational Education and Training (VET) and High Education students for mainly non-business faculties to adults working in different environments (company employees and professional athletes. Additional influencing factor in the development of the education initiatives' methods and approaches were their objectives: development of entrepreneurial mind-set, developing skills for starting and running an own business and develop skills and motivation for entrepreneurial behaviour in the workplace. Overview of the main features of the analysed cases is presented in table 1.

TABLE 1. Overview of the implemented EL initiatives

#	Project	Programme	Target group	Objective	Method
(1)	Rebus	Capacity building in Higher Education	High education non-business students as non-curricular and international management as curricular activity	To develop entrepreneurial mind-set	Business case challenge – based on real-life cases
(2)	AtLETyC	Sport/ Collaborative Partnerships	Adult education for professional athletes	To develop skills for starting and running an own business	MOOC and face-to-face teaching and presentation, mentoring by at least one role model per country - former athlete who is successful entrepreneur.
(3)	BizMOOC	Knowledge alliance	Adult education for managers of all levels, employees and trainees	To develop skills and motivation for entrepreneurial / intrapreneurial behaviour	Moderated MOOC for intrapreneurship. Interactive teamwork motivating participants to be consciously active, resulting with high completion rate, high number of submitted ideas and great pitching organised.
(4)	EmindS	Strategic partnership	Higher education Students and VET students	To development entrepreneurial mind-set	Action learning sets and development of business models for case studies in international teams, mainly through e-communication.

(1) The business case challenge was developed to cover all three learning styles defined in the learning by sharing model, developed by Thijssen & Gijsselaers (2006). Learning through practice was realized by providing real live case, which have been presented by real entrepreneurs. Direct interaction between students and entrepreneurs was additionally fostered through a questions and answers session in the second week and by involving the case-providers in the evaluation process. Learning by investigating was supported by providing the counselling sessions. The student – teacher interaction proved to be essential in this set-up. The students could develop solutions and explore them in the counselling sessions, without any need to follow a pre-defined path from the beginning. Learning by experimenting was supported by the connection between the teaching staff and the entrepreneurs, first by the common design of the cases for the students and the necessary interaction between the actors, secondly by providing the detailed results and discussing future possibilities of co-operation in realizing them.

(2) MOOC and face-to-face blended approach for starting a business has also covered all three learning styles. The professional athletes were focused on learning by investigating through both face-to-face interactive teaching and online (MOOC) teaching. Additionally, they were offered an insight in the entrepreneurial world through close cooperation and mentoring by former professional athletes who are currently successful entrepreneurs. The active participation of these entrepreneurs and the close cooperation with the teachers are closing the learning by sharing triangle.

(3) Moderated MOOC for intrapreneurship (corporate entrepreneurship) offered learning by investigating through moderated and independent online learning. This combines the benefits from both classical face-to-face teaching and MOOCs, motivating and creating a community through personal engagement of participants with very high flexibility. The learning through practice was fostered through the development of entrepreneurial ideas for which business models were generated and pitches prepared and conducted. The high quality vs ease ratio resulted with very high completion rate, high number of submitted ideas and great pitching event.

(4) Action learning sets and EntreChallenges. The mix of these two methods has been designed to provide participants with essential knowledge and skills in an interesting interactive way. The evaluation design aims to precisely track the progress of participants in each of the steps (before and after each stage).

In all of the presented cases, a fourth important interaction has been actively developed and fostered, participants work in teams, learning with and from each other. The benefit of this interaction does not arise only from the shared knowledge and experience between the participants, but primary from the exchange of ideas and peer pressuring into continuing their personal and professional progress. These collaborations are additionally contributing for development of community of practice which is often crucial for potential entrepreneurs which lack individual with entrepreneurial aspiration among their acquaintances. Such communities are also important for the other target groups since they foster further development of the entrepreneurial mind-set and skills.

As an addition to the entrepreneurial education, these initiatives impact much wider objectives. Each of these initiatives include international teams across Europe and fosters their close collaboration contributing to higher cohesion in the European Union and with its partner countries. Additionally, supporting the development of sense of initiative they are contributing to develop the involved participants into create active citizens.

Conclusions

Each of the analysed initiatives contributes to the improvement of the entrepreneurial mind-set and skills for the aimed target groups and is highly valued by the participants. As main factors for their success are:

1. Understanding of the target group
Each target group is driven (motivated and engaged) based on certain minimum requirement elements such as: topic of interest, ease of access (including flexibility), amusement of the programme, etc.
2. Adaptation of the programme
Tailor made methods and approaches supported by adapted teaching materials are often crucial for the success of the initiative. In a dynamic time of easy access to information, participants are expecting to receive well dosed information, covering their needs and interests, exactly.
3. Real-world experience
In each of the projects there is a connection to the business world and the real-world challenges, which are very important for both motivation and development of the target group. This also develops the implementing team, supporting development of innovative initiatives and continuous improvement.
4. Quality
Experienced interdisciplinary team for development and implementation of the initiatives is necessary to cope with all these requirements. The creation of the consortium for each initiative has always significant impact of the expected success of the project.

The **students' career development** has been identified as an additional factor, specific for the development of the curricular entrepreneurial education offered by formal education institutions. It is an obligation of each modern formal education institution which needs to have a special place in the development and the implementation of a new entrepreneurial education initiative. It is important to be noted that this does not apply only for entrepreneurial topic courses aiming to prepare students for establishment and managing of own businesses. On the contrary, it is crucial in embedding the entrepreneurial and intrapreneurial skills and attitudes in other disciplines, in both non-business and business study programmes. As a result, the institution will develop initiatives and entrepreneurial graduates prepared to make positive changes in their working environment, increasing the competitiveness of the companies and societies.

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Trademark, the marketing name of the business

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Abstract

Any sign which is „capable of distinguishing“ the products or services of one business from the products or services of another business is capable of constituting a trademark. As the essential function of a trademark is to exclusively identify the commercial origin of products or services, any sign which fulfills this purpose may be registrable as a trademark. The symbol (™) is a symbol to indicate that the preceding mark is a trademark. It is usually used for unregistered trademarks, as opposed to the registered trademark symbol (®) which is reserved for trademarks registered with the appropriate government agency. Trademarks and the rights they grant, are seen as one of the most important issues in the strategic management of the business organizations. Under this general framework, it is important for us to understand the role of mark in the marketing of product/service,

the level of importance of the trademarks and their rights management, in business organizations in Albania. So, the purpose of this research is to investigate the role of mark in the marketing of product/service in business organizations in Albania, as well as to find out if a relationship between role of mark in the marketing of product/service and other specified managerial issues, is present in such organizations. The research is based on the testing of the main Hypothesis, expressed as: H0. Trademark does not play an important role in the marketing of product/service in the business organizations in Albania; and on the testing of six other Sub-Hypotheses, trying to find out if a relationship, between role of mark in the marketing of product/service and other specified variables, is present in such organizations. The research is based on primary and secondary data collection. Some conclusions are also specified at the end of this paper.

Key words: *Trademark, Role of mark in the marketing of product/service, Management of Trademark, Business Organizations in Albania*

Introduction

In the second half of the 19th century, the demand for international protection of marks and inventions began to be felt. In fact, foreign exhibitors refused to attend the International Exhibition of Inventions in Vienna in 1873 because they were afraid their ideas would be stolen and exploited commercially in other countries. This incident resulted in the birth of the Paris Convention for the Protection of Industrial Property in 1883, the first major international treaty designed to help the people of one country obtain protection in other countries for their intellectual creations. Such protection took the form of marks, patents (invention), and industrial designs.

The crux of the convention was the principle of national treatment, that is, equal protection between nationals and foreigners. This principle is best defined, in the original text of the Paris Convention, by the provision on national treatment in Article 2.

In the first one hundred years since the establishment of the Paris Convention, we have seen growth in the protection of marks, inventions, and other objects of industrial property at the international level. In these first hundred years, we have also seen the early development of cooperation among states in the field of industrial property.

A man named McDonald is wondering why he can not open a restaurant called McDonald (Stim, 2016). Whereas a trademark is a registered brand or trade name, a brand name identifies a specific product or name of a company. A brand is an offering from a known source (Kotler & Keller, 2012). Because of a brand

name's importance, many companies want to protect it through trademark. For example, the Nike Swoosh is a registered trademark.

The TM symbol may be used when trademark rights are claimed in relation to a mark, but the mark has not been registered with the government trademarks office of a particular country, while the ® is used to indicate that the mark has been registered. It is not mandatory to use either symbol, although the force of convention is such that the symbols are widely used around the world. However, in various jurisdictions it is unlawful to use the ® symbol in association with a mark when that mark is not registered.

Mark management as a marketing concept

A trademark, trade mark, TM or ®, is a distinctive sign of some kind which is used by an organization to uniquely identify itself and its products and services to consumers, and to distinguish the organization and its products or services from those of other organizations.

Conventionally, a trademark comprises a name, word, phrase, logo, symbol, design, image, or a combination of these elements. A trademark is any device (name, word, phrase, logo, symbol, design, image) that is being used to identify a business's goods or services in the marketplace and that has not been registered with a state government or Trademark Office (Fishman, 2016). There is also a range of non-conventional trademarks comprising marks which do not fall into these standard categories.

The term *trademark* is also used informally to refer to any distinguishing attribute by which an individual is readily identified, particularly the well known characteristics of celebrities. Such trademarks can be a style of haircut (Elvis Presley's distinctive ducktail), articles of clothing or accessories (Elton John's oversized sunglasses), facial hair (Groucho Marx's mustache), or even breast size (Pamela Anderson).

Trademark law protects marketing signifiers such as the name of a product or service, or the symbols, logos, shapes, designs, sounds, or smells, used to identify it. This protection can last as long as the company uses the trademark in commerce (Stim, 2016).

According to TRIPs (Agreement on Trade-Related Aspects of Intellectual Property Rights), any sign which is „capable of distinguishing“ the products or services of one business from the products or services of another business is capable of constituting a trademark. Under this definition, trademarks such as Microsoft's slogan „Where do you want to go today?“ are generally considered registrable.

Furthermore, as the essential function of a trademark is to exclusively identify the commercial origin of products or services, any sign which fulfills this purpose may be registrable as a trademark. However, as this concept converges with the increasing use of non-conventional trademarks in the marketplace, harmonisation may not amount to a fundamental expansion of the trademark concept.

Mark management is a key set of concepts, methods, and processes designed for aligning the marks of the firm with its business strategies and objectives. In most cases the individual trademarks and other protected assets are intended to generate near-term income. Trademark management involves much more than merely filing applications. It has greatly expanded and involves areas such as trade dress, domain names, famous marks, marketing, packaging, and unfair advertising (Chadirjian, 2018).

Trademark strategies are particularly helpful when they outline the strategic objectives of the firm and its related mark activity. Lacking the foundation of a mark management system, firms typically do not extract the degree of value from all of their marks (intellectual capital) they otherwise would be capable of.

Because of the increased value of marks in particular, companies must ask themselves whether they are using these valuable assets to their best advantage. How are these assets being managed? How are they being exploited to improve the firm's position in the marketplace? How are they being used to improve the firm's position in relation to that of its competitors? The management of a complex series of activities, requires a system and a systematic approach. Anything less leads to chaos, misunderstanding, and wasted effort.

The extent to which a trademark owner may prevent unauthorized use of trademarks which are the same as or similar to its trademark depends on various factors such as whether its trademark is registered, the similarity of the trademarks involved, the similarity of the products and/or services involved, and whether the owner's trademark is *well known*.

If a trademark has not been registered, some jurisdictions (especially Common Law countries) offer protection for the business reputation or goodwill which attaches to unregistered trademarks through the tort of passing off. Passing off may provide a remedy in a scenario where a business has been trading under an unregistered trademark for many years, and a rival business starts using the same or a similar mark.

If a trademark has been registered, then it is much easier for the trademark owner to demonstrate its trademark rights and to enforce these rights through an infringement action. Unauthorised use of a registered trademark need not be intentional in order for infringement to occur, although damages in an infringement lawsuit will generally be greater if there was an intention to deceive.

For trademarks which are considered to be well known, infringing use may occur where the use occurs in relation to products or services which are not the same as or similar to the products or services in relation to which the owner's mark is registered.

Methodology of the research

Marks and the rights they grant, are seen as one of the most important issues in the strategic management of the business organizations. Under this general framework, it is important for us to understand the role of mark in the marketing of product/service, the level of importance of the marks and their rights management, in business organizations in Albania.

The purpose of this research is: *to investigate the role of mark in the marketing of product/service in business organizations in Albania, as well as to find out if a relationship between role of mark in the marketing of product/service and other specified managerial issues, is present in such organizations.*

The objectives of the research are:

- To indicate the role the mark plays in the marketing of product/service in the business organizations in Albania
- To indicate the level of importance of the mark as an asset of business organizations
- To indicate the level of management of the mark within companies
- To indicate any presence of relationship between *role of mark in the marketing of product/service* and other specified variables like: change in the attention of company management, policy of the company to manage mark, strategy of the company to manage mark, formal structure of the company to manage mark, application for protection (registration) of the mark.

The research is based on the testing of the main Hypothesis, expressed as:

H₀: Trademark does not play an important role in the marketing of product/service in the business organizations in Albania.

H_a: Trademark plays an important role in the marketing of product/service in the business organizations in Albania.

and on the testing of six other Sub-Hypotheses, trying to find out if a relationship, between role of mark in the marketing of product/service and other specified variables, is present in such organizations.

H₁: There is a positive correlation between "role of mark in the marketing of product/service" and "level of importance of mark as an asset for the business".

H2: There is a positive correlation between “role of mark in the marketing of product/service“ and “change in attention of company management“.

H3: There is a positive correlation between “role of mark in the marketing of product/service“ and “existence of policy to manage mark“.

H4: There is a positive correlation between “role of mark in the marketing of product/service“ and “development of strategy to manage mark“.

H5: There is a positive correlation between “role of mark in the marketing of product/service“ and “creation of formal structure to manage mark“.

H6: There is a positive correlation between “role of mark in the marketing of product/service“ and “application for protection (registration) of the mark“.

The methodology used for the research has its own dimensions like: *specification of the research subjects, tools used for the research, sampling, implementation plan, ethical issues and presentation of the research findings*. The research is based on primary and secondary data collection.

Specification of the research subjects

After defining the hypotheses, we started out the work about specification of the subjects that could be compatible to the purpose of this research. After distinguishing a number of companies of interest (big businesses in the Tirana-Durres region of Albania), we started to collect the required information from the managers of these companies. The data for the study were collected from business organizations with activity in areas like: manufacturing, service, construction, trade, etc. The respondents were senior managers. This category was considered to be the best to target, because these individuals have the tendency to be closely associated with the practice of the application for protection (registration) of the mark, and its respective managerial decision making.

Tools used for the research

In order to collect the necessary information, analyze the data, and draw conclusions, a questionnaire composed of some basic questions were developed and delivered. The questionnaire was prepared to collect important data on different aspects of mark management practice. The analyses of the collected information would give us the necessary level of understanding about the issue in discussion. Data are analysed using SPSS program.

Sampling

Our original sampling consisted of 42 managers, in 42 companies, in the Tirana-Durres region of Albania. 42 questionnaires were delivered, and the questionnaires' return rate was 83.3%, or 35 collected questionnaires. However, the collected data could be considered as being representative.

Implementation plan

The way we were organized helped us in reducing the time and costs required to perform the interviews. Data were collected during the year 2018, comprising a period of five years. Collected data were processed in order to prepare the findings and draw conclusions. There were not present any difficulties in distributing and collecting the questionnaire.

Ethical issues

The information collected from the respondents was very important for analyzing and interpreting the findings. The names of the respondents (companies' managers) due to ethical obligations were not disclosed in this paper.

Results. Presentation of the research findings

In this section research findings are presented.

Role of the mark in marketing of the product/service (Univariate analysis)

In order to test Hypothesis 0, Descriptive analysis is used. In regard with the role of the mark in the marketing products and services, the results of the analysis are as following:

To the question "Are you aware of the concept of mark", 100% of respondents answered "yes", clearly indicating that all companies are aware of the concept of mark.

To the question "Do you know how to gain legal protection of the mark", 100% of respondents answered "yes", clearly indicating that all companies know how to gain legal protection of their mark/s.

To the question “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, 80% of respondents answered “yes“, 17.1% of respondents answered “no“, 2.9% of respondents answered “do not know“, indicating that many companies see the mark as an important factor in the marketing of their products and services.

To the question “What is the level you think that the mark is an important asset for your business“, 88.6% of respondents answered “very important“, 11.4% of respondents answered “important“, and only 0% of respondents answered “not important“, indicating that most of the companies are aware of the importance of their marks as business assets.

To the question “How did the attention of company management in regard with mark (mark mangement), change over last five years“, 82.9% of respondents answered “increased“, 11.4% of respondents answered “did not change“, 5.7% of respondents aswered “decreased“, indicating that in most companies management is continuously being focused on mark/s (mark/s mangement).

To the question “Are there any policies of your company (management) to manage its mark, over the last five years“, 40% of respondents answered “yes“, 51.4% of respondents answered “no“, 8.6% of respondents answered “do not know“, indicating that most of the companies do not own any policies to manage their mark/s.

To the question “Did your company (management) develop any strategies to manage its mark, over the last five years“, 42.9% of respondents answered “yes“, 45.7% of respondents answered “no“, 11.4% of respondents answered “do not know“, indicating that in many companies mark is becoming part of their business strategies.

To the question “ Did your company (management) create any formal structures to manage (that is, to identify, to protect, to promote or to comercialize) its mark/s, over the last five years“, 34.3% of respondents answered “yes“, 60% of respondents answered “no“, 5.7% of respondents answered “do not know“, indicating that a few companies own formal structures envolved in the mangement of their mark/s.

To the question “How many applications for registration of the mark/s has your company filed, over last five years“, 71.4% of respondents answered “zero“, 25.7% of respondents answered “one“, 2.9% of respondents answered “two“, indicating that not all the companies applied for registering their mark/s during the specified period.

By using Arithmetic Mean, Standart Deviation and Variation Coefficient (CV) (as a standardized measure of dispersion of the above answers‘ frequency distribution, expressed as a percentage, and defined as the ratio of the standard deviation $\{\displaystyle \sigma\}$ to the mean) of the results above, based on a scale of three values, “positive“, “indifferent“ and “negative“ (indicating the relativity of

answers above), we see that the lowest value of the CV corresponds to the scale “positive“, with 63.5% of the business organizations. The results of the analysis above clearly indicate that hypothesis *H0: Trademark does not play an important role in the marketing of product/service in the business organizations in Albania*, is invalidated, that is, alternative hypothesis *Ha: Trademark plays an important role in the marketing of product/service in the business organizations in Albania.*, is validated.

Relationship between “role of mark in the marketing of product/ service” and “other variables” (Bivariate analysis)

In order to test Hypothesis 1-6, Chi-squared test is used. First the Crosstabulations between the variables are computed in order to quantitatively analyze the relationship between variables, and than Chi-square test is used in order to attempt rejection that the data (variables) are independent.

TABLE 1. Variables to be crossed.

No	Variable 1	Variable 2
H1	role of mark in the marketing of product/service	level of importance of mark as an asset
H2	role of mark in the marketing of product/service	change in attention of company management
H3	role of mark in the marketing of product/service	existence of policy to manage mark
H4	role of mark in the marketing of product/service	development of strategy to manage mark
H5	role of mark in the marketing of product/service	creation of formal structure to manage mark
H6	role of mark in the marketing of product/service	application for protection (registration) of the mark

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“ and “What is the level you think that the mark is an important asset for your business“, values of the table below show that significance of the chi square value is greater than $(0,762 > 0.05)$ accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.522, indicating a (semi-strong) positive relationship between the two. Hence hypothesis *H1: There is a positive correlation between “role of mark in the marketing of product/service“, and “level of importance of mark as an asset for the business“, is validated. That is, since mark plays a role in the marketing of product/service, it has been seen as an important asset for the business.*

TABLE 2. Chi-Square test for H1.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,481	2	,762
Likelihood Ratio	,772	2	,672
Linear-by-Linear Association	,379	1	,522
N of Valid Cases	35		

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, and “How did the attention of company management in regard with mark (mark mangement), change over last five years“, values of the table below show that significance of the chi square value is greater than $(0,371 > 0.05)$ accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.813, indicating a (strong) positive relationship between the two. Hence hypothesis *H2*: There is a positive correlation between “role of mark in the marketing of product/service“ and “change in attention of company management“, is validated. That is, since mark plays a role in the marketing of product/service, it has caused a change in the attention the company management pays on it.

TABLE 3. Chi-Square test for H2.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,333	4	,371
Likelihood Ratio	4,511	4	,355
Linear-by-Linear Association	,060	1	,813
N of Valid Cases	35		

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, and “Are there any policies of your company (management) to manage its mark, over the last five years“, values of the table below show that significance of the chi square value is greater than $(0,125 > 0.05)$ accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.136,

indicating a (week) positive relationship between the two. Hence hypothesis *H3*: There is a positive correlation between “role of mark in the marketing of product/service“ and “existence of policy to manage mark“, is validated. That is, since mark plays a role in the marketing of product/service, it has required the existence of a policy to manage it, in the company.

TABLE 4. Chi-Square test for H3.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,058	2	,125
Likelihood Ratio	5,580	2	,055
Linear-by-Linear Association	2,391	1	,136
N of Valid Cases	35		

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, and “Did your company (management) develop any strategies to manage its mark, over the last five years“, values of the table below show that significance of the chi square value is greater than ($0,517 > 0.05$) accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.484, indicating a (semi-strong) positive relationship between the two. Hence hypothesis *H4*: There is a positive correlation between “role of mark in the marketing of product/service“ and “development of strategy to manage mark“, is validated. That is, since mark plays a role in the marketing of product/service, it has required the development of a strategy to manage it, in the company.

TABLE 5. Chi-Square test for H4.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,376	2	,517
Likelihood Ratio	1,760	2	,401
Linear-by-Linear Association	,477	1	,484
N of Valid Cases	35		

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, and “Did

your company (management) create any formal structures to manage (that is, to identify, to protect, to promote or to commercialize) its mark, over the last five years“, values of the table below show that significance of the chi square value is greater than $(0,283 > 0.05)$ accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.149, indicating a (week) positive relationship between the two. Hence hypothesis *H5*: There is a positive correlation between “role of mark in the marketing of product/service“ and “creation of formal structure to manage mark“, is validated. That is, since mark plays a role in the marketing of product/service, it has required the creation of a formal structure to manage it, in the company.

TABLE 6. Chi-Square test for H5.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2,568	2	,283
Likelihood Ratio	3,683	2	,147
Linear-by-Linear Association	2,020	1	,149
N of Valid Cases	35		

For the crosstabulation “Do you think that your mark has played an important role in the marketing your products and services, over the last five years“, and “How many applications for registration of the marks has your company filed, over last five years“, values of the table below show that significance of the chi square value is greater than $(0,0.828 > 0.05)$ accepted error value, indicating that there is a significant association between the two. The value of the correlation is 0.615, indicating a (strong) positive relationship between the two. Hence hypothesis *H6*: There is a positive correlation between “role of mark in the marketing of product/service“ and “application for protection (registration) of the mark“, is validated. That is, since mark plays a role in the marketing of product/service, it has required the application for protection (registration), in the company.

TABLE 7. Chi-Square test for H6.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	,364	2	,828
Likelihood Ratio	,605	2	,725
Linear-by-Linear Association	,274	1	,615
N of Valid Cases	35		

Conclusions

Many companies in Albania are aware of the concept of mark and they know how to gain legal protection of their mark/s. Almost all the companies see their mark/s as an important factor in the marketing of their products and services, and most of them time after time have been applying for protection (registration) of the mark. Most companies see their mark/s as very important for their businesses and in these companies management is continuously being focused on mark/s and mark/s' management. Despite the fact that many companies see their mark/s as very important, many of them do not own any policies to manage their mark/s. Despite the fact that in many companies mark is becoming part of their business strategies, some of them own or created formal structures involved in the management of their mark/s.

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Network management as a success factor (a comprehensive literature review) _____

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Abstract

The economy and the focus of organizations are heading more as it goes towards human resources. The challenge of global companies is to create recognitions and to being coherent with individuals of similar fields or successful people. The main task of such organizations is to manage the relationships with the latter. As founder of Moz, Rand Fishkin said: "Don't build links, build relationships". The research question which this paper attempts to answer is: How does the network management affect the success of an organization? Our hypothesis laid ahead suggests that the focus of companies in network management, guarantees the long-term success of the organization. According to the review studies of this paper, Silicon Valley is the best example to understand the importance of network management especially in innovation. "Shared creativity" suggests that best problem solving is retained through sharing, diversity skills collaboration and experiences, targeting the achievement of a common goal. Leaders and the companies, including Albania, which are focused on this area have achieved excellent results in total revenues as well as knowledge. In this paper, we aim to design a framework for a successful

implementation of the network-oriented business strategy, key ingredients of which, are human resources strategy, network competence and innovation success.

Key words: *network management, Innovation success, Strateg*

Introduction

Network management has become one of the key words of organizations inside and outside of Albania. Organizations are facing different challenges on day to day basis, where as one of them is the management of good relationships with the right individuals so we use them at the right time. Network management is embraced by relatively large companies as it is seen as one of the key factors for their success. Building relationships not just creating links is one of the leading principles that organizations are following nowadays. Robert Kiyosaki said: “The richest people in the world look for and build networks, everyone else just looks for work.” Proper network management practices have the goal of enhancing the organization’s performance, enriching the internal environment, and internationalizing the organization. We know that the characteristics that make an entrepreneur are some born, and some gained during their lifelong experience. If we ask individuals of an organization individually for a business idea, the responses would be not being satisfying, but if we would put them through brainstorming, we would get more qualitative results. Building long-term connections are the bridge between individuals and organizations. Network is the skill which some of the employees use to adapt in the market as well as it is a special ability that some of them use it to share experiences and build profitable relationships.

Research question, hypothesis and methodology of the paper

In this paper, the focus will be on the importance and the positive impact that network management has, given that organizational challenges are becoming more and more frequent and the global market needs to be implemented as effectively as possible. This paper aims to highlight the advantages that a company will have if it’s able to manage good network relationships, which is based on relevant literature and in some successful case studies.

Explicitly, the research question of this paper is: How does network management affect the success of an organization? The assumed hypothesis states that network management guarantees the organization’s long-term success globally.

In the first part of the paper, theoretical aspects of what is “network management” are discussed and how this process is realized. The rest of the paper consists of case

studies which show us how this approach works in some organizations. Further, successful techniques to reach long-term market success that organization must implement them in their organization have been listed.

Network management definition

A network can be defined as ‘a complex, interconnected group or system’, and networking involves using that arrangement to accomplish tasks. As we’ve suggested innovation has always been a multiplayer game and we can see a growing number of ways in which such networking takes place. The conception of network has become the keyword for a lot of organizations, in the era of innovation. It has a lot of benefits for the organization and the employees. But we must mention that the network has some imperfection effects.

Different studies from various authors, approve different characteristics about network strategy and implementation. The academics on Europe, have the attitude focused on institutional, geographical and social condition of networks and the convenience in innovation area. In contradiction, we found that in Anglo-Saxon theories is very critical the way of identifying how to manage and to profit from networks. (Tidd & Bessant, 2009)

According to (Tidd & Bessant, 2009) a network determines the members in two ways. The first one is about sharing information and experience through network. The second one the role of actors is accepting the differences to turn them into power. The network has an amazing importance according the strategy of each organization, and this influence in relationships. This achievement has some sources for example: technology, trust, economic advantage and validity. Network relationship can be loose or stable, indicated from some factors as quality (concentration); quantity (number) and type (proximity to organizational activities) of the links.

Management is planning, organizing, managing and controlling human resources and other resources to achieve organizational goals efficiently and effectively. Organizational resources include assets such as people and their skills, technical knowledge, and experience, machinery; raw material; computers and information technology; patents, financial capital, loyal customers and employees. A manager’s goal is achieving high performance. One of the most important objectives that organizations and their members attend to achieve is to offer that product - or service - that the client wants. A network manager aims to internationalize the company and create relationships with third parties. It is very difficult to find the ways for this goal, but through the valuable links and the

Such links are more than individual transactions and require significant investment in resources over time. Networks are appropriate where the benefits of co-specialization, sharing of joint infrastructure and standards and other network externalities outweigh the costs of network governance and maintenance. Where there are high transaction costs involved in purchasing technology, a network approach may be more appropriate than a market model, and where uncertainty exists, a network may be superior to full integration or acquisition. Historically, networks have often evolved from long-standing business relationships. Any firm will have a group of partners that it does regular business with – universities, suppliers, distributors, customers and competitors. Over time mutual knowledge and social bonds develop through repeated dealings, increasing trust and reducing transaction costs. Therefore, a firm is more likely to buy or sell technology from members of its network. Firms may be able to access the resources of a wide range of other organizations through direct and indirect relationships, involving different channels of communication and degrees of formalization. Typically, this begins with stronger relationships between a firm and a small number of primary suppliers, which share knowledge at the concept development stage. The role of the technology gatekeeper, or heavyweight project manager, is critical in this respect. In many cases organizational linkages can be traced to strong personal relationships between key individuals in each organization. These linkages may subsequently evolve into a full network of secondary and tertiary suppliers, each contributing to the development of a subsystem or component technology, but links with these organizations are weaker and filtered by the primary suppliers. However, links amongst the primary, secondary and tertiary supplier groups may be stronger to facilitate the exchange of information.

The importance of network management at SMEs

According to Hammami et al (2003) networks of firms are defined in terms of specific co-ordination modes between market and organizational hierarchy by emphasizing the necessity of collaborative tools needed in order to regulate their activities fairly and to limit opportunism. Other authors as Lin and Zhang (2005) in explain that in the conditions of high competition outlined by agility, compliance and innovation the role of networking is crucial. Since 1997 the role of network in small and medium enterprises was outlined by Raymond and Blili, by explaining that in the new conditions of the era of globalization competitively is changing and customer expectations also have new trends so, networks help managing the synergy and dynamism of new business environments. Mezgar et al., (2000) argue the importance of networks by explaining their aspect as an appropriate

approach for small and medium businesses to employ their bounded resources and to compete adequately. According Chetty and Holm (2000) the networks contribution is described in terms of new opportunities exposed, new knowledge and new experiences learned. In the same line, Gils and Zwart (2004) analyse the contribution of networks to lead efficiency and competitiveness through accessing diversified capabilities, achieving external knowledge and learning.

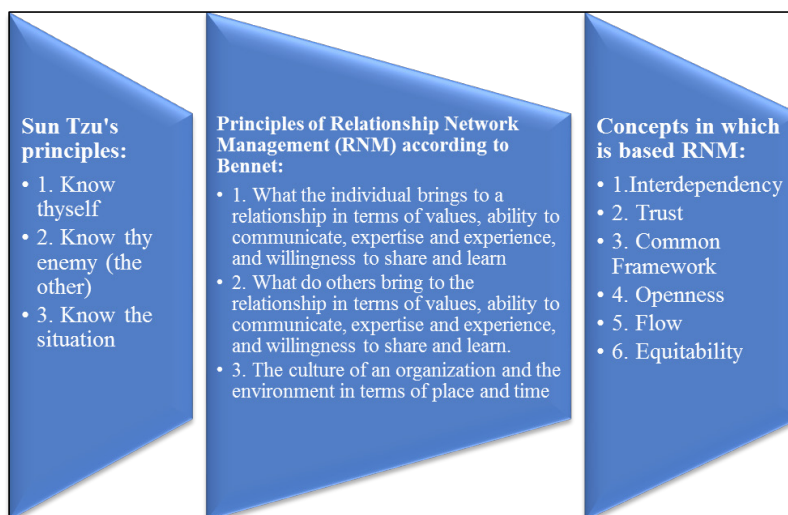
According to Bennet (xxxx) the concept of relationship management network focuses basically in the use and increase of the social capital of the organization. Bennet (xxxx) explicates the relationship network as “matrix of people that consists of the sum of a knowledge worker’s relationships, those individuals with whom the knowledge worker interacts, or has interacted with in the past, and has a connection or significant association”. The author also explains that the main units for managing networks for a company are teams and communities. Also, Bennet asserts that the impact of organizational networks which cross the organization is reflected in terms of increased organizational awareness, reduced repetition and increased organizational agility and flexibility. By representing the concept of Mesh¹, the author explains the “Principles of Relationship Network Management” based on parallelism with Sun Tzu’s fundamental principle of success in warfare.

Sun Tzu’s Theory

As we know, Sun Tzu is undoubtedly one of the most famous Chinese military strategists in history, mostly known for the “Art of War,” a treaty on military strategy. This act left his legacy a legendary figure in the history of the Chinese army and continues to have a significant impact on global history and culture. The Chinese general lived in the 4th century before the birth of Christ. There is a little knowledge of heroic acts in the Sun Tzu war, but he was so passionate about the war that he wrote “The War Art”, the book of best war strategies ever written. This early book is back in the manual of many of the modern war tactics, implementation is found in strategies of organization for networking and globalization. The graphic below defined the Principles of Sun Tzu in analogy with the Principles of Relationship Network Management (RNM):

¹ a network of interconnected communities of practice across the Federal, State and local governments

FIGURE 1.



Source: Adapted from Relationship Network Management by Alex Bennet (www.mountainquestinstitute.com)

As described by the author the successful relationship network management is built upon six basic concepts: Interdependency, Trust, Common Framework, Openness, Flow and Equitability.

Interdependency is a cause-effect relationship that connects two actions to each other. Every part of this relationship is responsible for the mutual success that pretend a very positive result in long run.

Trust is a critical case even between people, furthermore in business relationships where the profit is the main goal. Trust is depending on stability and compatibility, doing what you think is the best for leading the market. It is a value for individuals and organizational, and this is confirmed by consumer behaviour. Trust takes time to produce results, but it lasts for a prospect achievement.

Common Framework which offer the possibility to share and exchange different information and helps the creation of knowledge. Some of the characteristics of this common framework include: a common language (developmental, useful, organizational); shared values and moral requirements; shared goal; shared stories and vision. Diversity of knowledge is an advantage of organization, where ideas and thinking manners add values to have a creativity environment.

Openness is a continuous process that derivates from trust and collaboration. Theories prove us that organization which “huge” new ideas are more successful that organizations which only follow the rules. Cooperation with others gives the

opportunity to have value and make the aim of organization led by “Knowledge shared is power squared”.

Flow is based on active discussion integrated with knowledge, data and information to complete a circle of a large group of people sharing experience progress and regress through team interaction, events and association. This full circle is relative to organization and specifically. This flow is vertical and horizontal and consists of two-way link between key factors of the connection in organization. This means the bridge between decision makers employs and the executive strategy employs, that is essential for organization prosperity, in the framework of network.

Equitability is about a reasonable relation, which is outlined by propriety, honesty and integrity. The principles of natural justice include the profit gained by this synergy of new ideas, real contributes and openness of creating relationship in organizational environment.

Supervising all these concepts: interdependency, trust, common framework, openness, flow and equitability is not the effective way. All the organization can do is create healthy relationships between people and companies, by interacting and building carefully the belief in this circle. It is very important the history of interactions for a continuous process.

Why Networks?

There are some reasons Why Networks, according to (Tidd & Bessant, 2009) , four major arguments pushing for greater levels of networking in innovation:

- Collective efficiency – in a complex environment requiring a high variety of responses it is hard for all but the largest firm to hold these competencies in-house. Networking offers a way of getting access to different resources through a shared exchange process – the kind of theme underlying the cluster model, which has proved so successful for small firms in Italy, Spain and many other countries.
- Collective learning – networking offers not only the opportunity to share scarce or expensive resources; it can also facilitate a shared learning process in which partners exchange experiences, challenge models and practices, bring new insights and ideas and support shared experimentation. ‘Learning networks’ have proved successful vehicles in industrial development in a variety of cases – see later in the chapter for some examples.
- Collective risk taking – building on the idea of collective activity networking also permits higher levels of risk to be considered than any single participant

might be prepared to undertake. This is the rationale behind many pre-competitive consortia around high-risk R&D.

- Intersection of different knowledge sets – networking also allows for different relationships to be built across knowledge frontiers and opens the participating organization to new stimuli and experiences.

What skills should have an effective networker?

Donna Messer is a speaker, a journalist, an author, a coach, a trainer and a lot of other words that describe her perfectly. She is a leader at page Connect Us Canada, and she is “The queen of networking”. In her work paper “Effective Networking Strategies”, Donna Messer (Messer), listed three essential skills:

- *creative visualization*
- *lateral thinking*
- *artful listening*

When you have mastered these skills, you can network effectively and creatively.

Creative Visualization

Visualization means to make perceptible to the mind or imagination. Visualization is drawing human thought or other logical data with the help of combined electronic and informational tools in a plan. Through this action, it is possible to present and combine the human peculiarities. It is very important in networking, being so creative. You must think positive and to think that your organization will be on the top of ranking companies. Only by thinking in this way you can achieve your goals. To visualize the different issues make you more attractive to set goals and find ways to accomplish them. This system allows the entrepreneurs to have successful strategies, a well thought planning, a clear vision and an achieved target.

Lateral Thinking

In 1967, Dr. Edward De Bono evolved the term lateral thinking. This means to solve problems in a different way, that consist of giving solution not by traditional methods but with intuition. Lateral thinking defines of using pictures to advance thoughts and this can happen in business and organization too. As Edward De Bono said, “when something negative happens, try to think of a way to turn it around.”

Artful Listening

Listening is an art, and this is found in business too. You must be creative and learn how to be a good listener to achieve your goals. To make connections you must learn what information is valuable, because this affects the network. If a person feels free to express the new ideas, then there is a tendency for a success in networking process. Artful Listening helps in creating atmosphere between the different people, to share experience and to find new manners to achieve the organizational goals.

Advantages of network management

We start by presenting some core aspects of the success perspective on network management. (Möller & Halinen, 1999)

Companies are in relevance with the dependency in resources. Any single organization is dependent from some factors, that cannot control independently in long term. These factors may be suppliers, employees, customers, market etc. The condition of the organization makes the relationship dependent with other companies. This interdependence has several management implications.

Möller & Halinen (1999) emphasizes that two of the most important elements which enable an appropriate and best way of managing an organizational network are the understanding of the relationships that constitute the network and the creation of a network vision. As clear as possible the network vision a firm has the greater are the opportunities to predict the strategic changes initiated by specific actors of the network. While the role of the network vision it refers to the evaluation of the actor's actions on the network. The author explains that network relationships represent the results of investments that managers do during the time they work and are investments of financial resources. But in conditions of limited resources the manager role is develop an "optimal set of relationships" meaning that they must be able thorough visioning to use the windows of opportunity that are offered in a network. Also, it is noted the importance of creating flexible organizational structures that sustain the learning capability of the organization, by empowering the perspective of knowledge-management view. And finally, according the authors, is the mobilization of the network actors in the right way.

According to Mallidi et al., (1999), the fundamental prosperities of network management implementation are approach to new markets, optimizing capacity of organization, enhanced utilization and expanded productivity.

In order to reach sustainable progress, small and medium entrepreneurships,

where the network is a key word, arrange much financial efficiency, conform to Moore and Manring, (2009). In extension of this, Gilmore et al., (2006) claims that managers or owners could benefit from the diversity of market, human resources and various information, by adapting efficacy activities.

Network management (Case Studies)

A. Silicon Valley

Silicon Valley has long been labelled as the Mecca of the start-up world. With its entrepreneurial history, an infrastructure that helps small companies thrive, and a host of resources - such as talents, investors, and networking events - look like icebergs for the founders of new companies.

Silicon Valley represents a significant example of a successful network management, because of symbiotically coexistence of large firms and start-ups; high financial returns for the network actors (Successful entrepreneurs and early employees); an extremely deep human resources pool; a business infrastructure; the most competitive venture capital market; the government; Globally top-class research universities; Top talent from all over the world; Labour mobility; culture and cooperation with failure;. In this paper we are going to explain all the characteristics above, to define what are the success factors in network management, as Silicon Valley practice.

1. *Symbiotically coexistence of large firms and start-ups*, means that Silicon Valley is an academy where the start- ups convert in large firms, by the assistance of this network in human capital and different expertise.
2. *High financial returns for the network actors*, determine the opportune cost of leaving a large organization job to become an entrepreneur with high risk and high profit.
3. *An extremely deep human resources pool* represents people all over the world with profound competence in every stage of the process since basic startup to accelerated expansion. In this network environment people aim long run vision, clear objectives and ambitious long careers.
4. *A business infrastructure* which provides value to entrepreneurs and startups. It means the variety of large firms inside Silicon Valley, where every company can collaborate and create a place, in which firms can assist startups by the legal and financial methods.
5. Silicon Valley has *the most competitive venture capital market*. Not only does the amount matter, but the extra value that venture capitalists provide

such as interpersonal networks for startups' initial employees and staff, and introductions to potential customers and buyers of the firm are all important value-added functions they provide beyond financing.

6. The role of *government* cannot seem to be a potential partner for innovators, but it has been seen that great things happen when entrepreneurs and policymakers are on the same table. Leaders are not just about the success of startups in the civil sector - they are also the protective word when they encounter bureaucracies and environmental regulations that many entrepreneurs encounter.
7. *Globally top-class research universities*, in order to share the innovation into the region, there are a lot of universities and academic researcher as Stanford University, University of California, UC San Francisco Medical Center etc., which anchor Silicon Valley in scientific analysis.
8. *Top talent*, there is a huge number of participants from all over the world that contribute in network of Silicon Valley, by different backgrounds and different regions. We can list some Albanians, recently have become part of it.
9. *Labor mobility* one of the Silicon Valley's power of success is the Labor mobility which is managed in a perfect form in order to avoid the movement of talented human resources to other companies, which in fact is one of the biggest problems in information technology industries. The way in which how it works the labor mobility in this company is related with the absorption of talents thorough startups. They have revised their salaries by raising them considerably to avoid the loss of talented talent through start-ups
10. *Culture*, in different meanings for example the culture of accepting failure as a positive experience and learning from it is very important in the continuous steps of networking Culture express the diversity from various country and the huge spirit of collaboration into researchers, entrepreneurs and employees.

Silicon Valley is the outstanding case study in networking management, it defines the era of innovation and the success is worth of all above key elements in fuelling the effectual cycle.

B. Datacorp

We are going to introduce some case studies according to (Håkansson & Snehota, 1995). This case concerns an international company, Datacorp, and its way to handle some of its major relationships and customers. Datacorp's relationships

are part of a network characterized by rather rapid technological development. The case shows how, in the context of complexity and change, the different actors within the network read each other's identity and how they perceive the changes and trends in the network. Conflicting views tend to survive side by side. The point that is nicely illustrated in the case is how the different ways to 'read the change' in the network actually promote changes in the relationships as the different views are confronted in interaction between actors. It thus illustrates discrepancies in the network logic among various actors. Another issue raised in the case is how a company can react when faced with the differences in interpretations of what is happening and what various companies in the relevant network stand for. The case offers also some examples of how revolutionary changes in the network are intertwined with the mundane steps taken in the individual relationships.

C. Inteq

This case concerns the company, Inteq, and describes the developments in its relationships to some of the most important customers. The case is a good illustration of how dependent the relationships are on how different actors specialize and change the way they are related. It contains several examples of how the development within a certain relationship is affected by what is going on in general in the network. A key question for Inteq is, for example, how one extremely important part of the network (customers in the automotive industry) will choose to solve their demands in the future. The case also provides a good example of conflicting tendencies in some of the developments which makes the problem of directing the future strategy of the company even more difficult.

It deals with the developments in a rapidly changing information technology network within which operates the Japanese company Fujitsu. It illustrates how long-term relationships can be useful if combined with a set of more short-term or task-oriented relationships or if some flexibility is built into them. A company within such a network must be extremely adaptive, which in turn means that it must be good at managing the learning and unlearning. At the same time the case suggests the importance for a company of being able and daring to follow its own route. An issue highlighted in the case is how control of change, as much as attempts to induce change, always requires alliances among actors.

Conclusions and recommendation

Nowadays, entrepreneurs face a market where it is extremely difficult to achieve long-term success and penetrate through the international markets. Network management is a one of the challenges that companies must face and those that are able to implement good network management, have achieved high results as well as a diverse internal organization environment. The way organizations choose to manage networking is almost the same. A network management starts from the mission, vision and philosophy of the organization. A product/service company that focuses on maintaining profitable relationships is most likely a successful company.

If we refer to Albania, network management is the first step, because businesses are still under development and our country's economy is also developing. If we refer to foreign companies that follow this strategy, we can say that they have a profit both in the company's income as well as the company's goodwill.

In the world we live today and where the knowledge economy is very important, we say that the human resources of a company are the most valuable asset for every company and that is the starting point of learning how to treat relationships with third parties. Getting to manage a network in an organization guarantees the organization's long-term success in the national and international market. However, this strategy requires adapting to the factors such as the country, culture, habits or size of the organization. Diversity is always a competitive advantage for an organization and network management does this best. Network management aims to reveal and approach the boundaries between organizations and individuals.

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Evaluating entrepreneurship framework through perceived institutional quality —

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Abstract

The aim of this paper is to emphasize the crucial role of the perceived institutional quality at entrepreneurial intention. Relying on literature review of institutional theory, competitiveness theory, and referring to the first pillar of Global Competitiveness Index (GCI) this study brings an assessment of public and private institutional framework, as an incentive to entrepreneurship action and behavior. The paper investigates the institutional perceived framework from a sample of 72 business in several cities in which are concentrated business and entrepreneurship activities in Albania. By using a quantitative methodology the data collected through the survey of GCI, are processed by conducting descriptive statistics analysis in order to evaluate the institutional quality related with country competitiveness. The findings are in accordance with the literature

description for efficient driven economies, and they contribute for policymakers which must take into account all the instruments in improving the institutional quality for its essential role in promoting entrepreneurship.

Key words: *Competitiveness, Entrepreneurial incentives, Economic growth*

Introduction

One of the most important reasons behind a good competitiveness framework is the attempt to rise prosperity. In perfect and the most preferred conditions the competitive economies create the appropriate environment which is able to grow sustainably and inclusively, by offering for all the parts of society a lot of welfare. Several studies have emphasized the importance and role of institutional quality as a factor of economic growth (Acemoglu et.al., 2002; North 1990; Scot 2005). According Wennekers et al., (2010) the relationship between entrepreneurship activity in the economy and the economic growth follows the U-shape. Schwab and Sala-i Martin (2013) define competitiveness as the set of institutions, policies and factors that determine the level of productivity of a country. Our aim in this study is to investigate the role of country institutions in terms of creating a favourable environment for business and entrepreneurs to grow effectively and sustainably. Based on the literature that explains the role of institutions in promoting economic growth and providing the framework for competitiveness, our research question is: How is evaluated the country institutional environment as a provider of economic growth and sustainable development from entrepreneurs?

In order to answer our research question in this study, we rely on Global Competitiveness Index developed by Sala-i-Martin and Artadi (2004). The World Economic Forum (WEF) ranks the world's nations according to the Global Competitiveness Index since 2004, by producing yearly reports which explain the nations rank based on the macro and micro economic aspects of competitiveness. GCI as set of indicators named 12 pillars is classified in three groups in order to measure the country competitiveness. The first group is related to the basic requirements in institution, infrastructure, macroeconomic stability, health and primary education. The second group represents the sources of efficiency, higher education, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size and business sophistication. The third group includes innovation and business sophistication factors. In this study we will focus only to the first element of the first group index, and the method used to evaluate the institutional quality in Albania it refers to the first group of GCI.

Referring to the Theory of Entrepreneurship and Innovations is distinguished and underlined the link between competition process and entrepreneurship. According Schumpeter (1950) competitiveness is defined as the ability to create new solutions and the predisposition to take risks associated with testing them in the market underline. Differences both in the level of innovative capacity and entrepreneurship result in differences in the competitive position of any economic agent. In the following sections of this paper we will provide a literature review explaining the role of institutional quality in economic development of a country and its role as a promoter of favourable environment for entrepreneurship. In the third section is explained the study methodology and then the study results, limitations and conclusions.

Literature review

Institutions are defined by North (1990) and Scott (1995) as “rules of the game” which limit and enable the behaviour of the actors in a society by creating the structure of social interaction. According North (1990) the most important role of an institutional framework is referred to the reduction of transactions cost and the reduction of risks and uncertainties in order to provide stable expectations for interacting actors.

According to North (2003) the main components of institutions which contribute to the definition of economic performance are a set of formal rules, a set of informal rules (norms) and compliance and implementation mechanisms. Acemologu and Robinson (2008) emphasize that the first step in modelling institutions, is to consider the relationship between three institutional characteristics: (1) economic institutions; (2) political power; (3) political institutions.

Dai and Si (2018) based on strategic choice theory and institutional theory offer a point of view which explains that favourable entrepreneurial perceptions for government policies lead to a higher level of entrepreneurial orientation. The result of author’s study argues that the greater the perceived effectiveness of new policies by entrepreneurs the more likely they will be engaged in entrepreneurial activities.

Sambharya and Musteen (2014) have studied the impact of institutional environment on two types of entrepreneurial activities—necessity- and opportunity driven entrepreneurship. They find that the cognitive dimensions of institutional environment are strong predictors of the opportunity-driven entrepreneurial activity across countries. In contrast, the normative and cognitive pillars of institutional theory appear to be better predictors of necessity-driven entrepreneurship. They suggest that policy makers who seek to implement policies that encourage entrepreneurship in their countries need to understand that the

cognitive (i.e., cultural) influences appear to have the most profound impact.

Fuentelsaz, L., et al (2018) in their study try to provide a detailed framework of the relationship between institutions and the level of opportunity entrepreneurship. Authors explain opportunity entrepreneurship as a dependent variable, affected by the interaction between formal and informal institutions and country level variables as control variables. In their study informal institutions are represented by considering the two dimensions of Hofstede that are more closely related to entrepreneurship: individualism versus collectivism and uncertainty avoidance. While formal institutions are described through a set of six indicators developed by Kaufmann et al., (2010) that include: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. Fuentelsaz, L., et al (2018) confirm that, in countries with a more individualistic orientation, the relationship between formal institutions and opportunity entrepreneurship is more intense, as happens in societies with lower levels of uncertainty avoidance.

Crnogaj, K., et al (2016) examine the effect of specific institutional factors on entrepreneurial activity. Through econometrics business methods, authors explain that greater economic freedom in the institutional context of a country affects the extension of productive entrepreneurship, while the individual's decision for the entrepreneurship is conditioned significantly by the prevailing cultural and social norms. Authors examine the institutional environment in the light of three dimensions: economic, political and socio-cultural environment in which an entrepreneur operates and influences his or her willingness for the socially-productive entrepreneurship.

In this study institutional structure is measured by authors through the index of economic freedom, arguing that a higher freedom creates the conditions for the economic growth to a greater extent, as it motivates the productive entrepreneurial activity. Study results show that the freedom of government spending and financial freedom influence the early-stage entrepreneurial activity in a significantly positive way.

Yay, T., et al (2017) have studied the relationship between institutions and entrepreneurship from the perspective of institutional economics, they investigate through an econometric analysis the role of formal institutions on formal and informal entrepreneurship. According to the work and studies of Matthews (1986); North (1990) and Williamson (2000), the structure of institution are reviewed by Yay, T., et al (2017) as a composition of three groups: (1) informal institutions (norms, customs, tradition, culture, and religion); (2) the formal rules (constitution, law and property rights) and (3) institutions of governance which is concerned with defining and enforcing contracts in the relevant laws and aligning them with contractual transactions. Their study results find that formal institutions and

governance stimulate formal entrepreneurship, but they are negatively associated with informal entrepreneurship. Authors argue that institutions have heterogeneous impacts on entrepreneurship. In particular, institutional development gives incentives to entrepreneurs to migrate from informal (destructive/unproductive) to formal (productive) sectors, which stimulate economic growth

Methodology

The method used to collect data for this study is a survey questionnaire, which is composed by two sections. The first section uses questions from Executive Opinion Survey (World Economic Forum, 2016–2017) referring only to the part that includes the first dimension of Global Competitiveness Index developed by WEF since 2004, the second part it refers to demographic data like the gender of study participants, country in which is allocated their business activity and the education level of participants. Sample selection was random and it includes 70 participants from different cities of Albania in order to represent as much as possible the businesses of the country.

The reason why we rely on GCI index, is the fact that it one of the most distinguished indicators that evaluates the countries competitions at national levels, is an index that encompasses a wide range of dimensions and is published every year by the World Economic Forum (WEF). Institutions the first dimension of this general index, which is the first part of our questionnaire construction, it refers to the legal and administrative framework within agents of society interact between each other and the quality of this framework has a very important influence on competitiveness, growth and sustainable development of an economy.

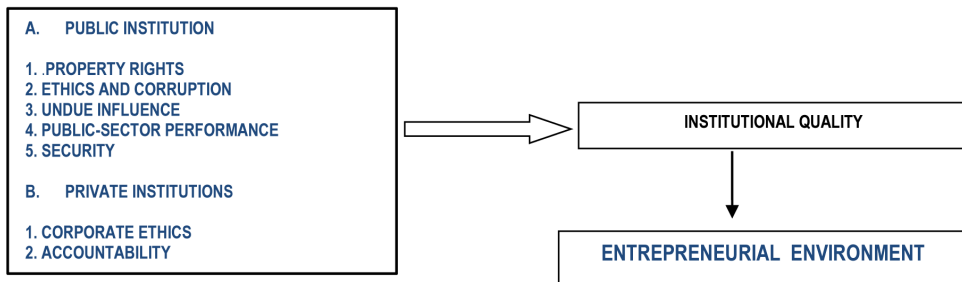
In the following table are represented the detailed data related with sample composition and its demographic characteristics.

Gender	Fre- quency	Valid Per- cent	Education							
Valid			High School	Valid Per- cent	Uni- ver- sity	Valid Per- cent	Master degree	Valid Percent	Phd	Valid Percent
Female	24	35.3	4	16.7	4	16.7	14	58.3	2	8,3
Male	44	64.7	8	18.2	9	20,4	27	61,4	0	
Missing	2									
Total	70	100%	14	20%	13	18,5%	41	58,5%	2	3%

The dependent variable of the study is institutional quality which serves as

a positive or negative incentive for entrepreneurial behavior and activity. The determinant variables are a set of 7 composed dimensions each of them detailed in components. All the composed variables are categorized in two groups: the first developed in order to evaluate the quality of public institutions, and the second developed for the assessment of the quality of private institutions. The methodological model used in this study is configured like the figure below:

FIGURE 1 Methodological model, source authors



The table below describes the detailed indicators and variables and the questions related with each one detailed variable.

FIGURE 2 Study Indicators, Source: GCI Report (World Economic Forum) 2016-2017

Perceived Institutional Quality		
General Group of Indicator	Detailed Indicator	Question
A. Public Institutions Quality Indicators		
1. Property rights	1.01. Property rights	Q01
	1.02. Intellectual property protection	Q02
2. Ethics and corruption	1.03. Diversion of public funds	Q03
	1.04. Public trust in politicians	Q04
	1.05. Irregular payments and bribes	Q05, Q06, Q07, Q08
3. Undue influence	1.06. Judicial independence	Q09
	1.07. Favoritism in decisions of government officials	Q10
4. Public sector performance	1.08. Wastefulness of government spending	Q11
	1.09. Burden of government regulation	Q12
	1.10. Efficiency of legal framework in setting disputes	Q13
	1.11. Efficiency of legal framework in challenging regulations	Q14

	1.12. Transparency of government policymaking	Q15
5.Security	1.13. Business cost of terrorism	Q16
	1.14. Business cost of crime and violence	Q17
	1.15. Organized crime	Q18
	1.16. Reliability of police services	Q19
B. Private Institutions Quality Indicators		
1.Corporate ethic	1.17.Ethical behavior of firms	Q20
2.Accountability	1.18. Strength of auditing and reporting standards	Q21
	1.19. Efficacy of corporate boards	Q22
	1.20. Protection of minority shareholder's interests	Q23

There are 23 questions in total and all the collected data are in the form of attitudes that are held to the respective proposition, and each participant in the study chooses his/her attitude in a range of seven likert scale. Likert scale is a 5- or 7-point ordinal scale used by respondents to rate the degree to which they agree or disagree with a statement. Based on the fact that an attitude can be described in preferential ways of behaving and reacting in specific circumstances around an object, a subject or a concept acquired through social interactions, likert scales are created in order to quantify the subjective preferential thinking, feeling and action in a validated and reliable manner (Schwarz et.al.,2001).

The statistical procedure used to analyze the collected data it refers to descriptive statistics for both public and private institutions as dependent variables. The descriptive results are provided by SPSS, and “the rule” in evaluating the total institutional quality perceived is that every dimension is equally important and affects the performance of the other dimensions. In attempt to answer to our research question “How is evaluated the country institutional environment as a provider of economic growth and sustainable development from entrepreneurs”, the study hypothesis to be investigated are:

H_0 : Entrepreneurs have a positive perception for institutional quality in Albania.

H_1 : Entrepreneurs have a negative perception for institutional quality in Albania.

In the following sections will be presented the reliability analysis and descriptive statistics in order to evaluate if it is proven the first or the second hypothesis. Detailed information related with study questionnaire, reliability analysis and descriptive statistics are in the last section appendix.

Results and Discussion

Before examining the percentages of descriptive in order to control the study hypothesis, the reliability analysis will be performed to evaluate the internal validity and to see if all variables will need to be included in the subsequent analysis.

Reliability			
Case Processing Summary			
		N	%
Cases	Valid	67	93.1
	Excluded ^a	5	6.9
	Total	72	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.859	.872	23

The first table we need to look at in our output is the Reliability Statistics table. This gives us our Cronbach's alpha coefficient. We are looking for a score of over .7 for high internal consistency. In this case, $\alpha = .859$, which shows the questionnaire is reliable. The *Item Total Statistic Table*(appendix B) can help us to decide whether any items need to be removed from the questionnaire to make it more reliable. Our current score is $\alpha = .859$, the rule is: if this score goes down if we deleted an item, we want to keep it. But if this score goes up after the item is deleted, we might want to delete it as it would make our questionnaire more reliable. In this case, deleting Question 12, 15 and 16 would increase our Cronbach's alpha score to $\alpha = .859$, so deletion should be considered. All other items should be retained.

The study hypothesis are tested by using percentage.

FIGURE 3 Study results for all the indicators according GCI index (GCI Report World Economic Forum 2016-2017)

Perceived Institutional Quality	ATTITUDE	Evaluation +/-
A. Public Institutions Quality Indicators		
1.01. Property rights	To some extent protected	- Negative
1.02. Intellectual property protection	To a small extent protected	- Negative
1.03. Diversion of public funds	Illegal diversion usually occurs	- Negative
1.04. Public trust in politicians	Ethical standards extremely low	- Negative

1.05. Irregular payments and bribes	Very commonly occurs	- Negative
	Occurs	- Negative
	Usually occurs	- Negative
	Usually occurs	- Negative
1.06. Judicial independence	Judicial system not independent	- Negative
1.07. Favoritism in decisions of government officials	Usually occurs to make undocumented extra payments to obtain favorable judicial decisions	- Negative
1.08. Wastefulness of government spending	Public funds to a great extent spent inefficiently	- Negative
1.09. Burden of government regulation	Excluded from the analysis Q12	
1.10. Efficiency of legal framework in setting disputes	Neutral	- Neutral
1.11. Efficiency of legal framework in challenging regulations	Neutral	- Neutral
1.12. Transparency of government policymaking	Excluded from the analysis Q15	
1.13. Business cost of terrorism	Excluded from the analysis Q16	
1.14. Business cost of crime and violence	Neutral	- Neutral
1.15. Organized crime	Neutral	- Neutral
1.16. Reliability of police services	Neutral	- Neutral
B. Private Institutions Quality Indicators		
1.17. Ethical behavior of firms	Neutral	- Neutral
1.18. Strength of auditing and reporting standards	Neutral	- Neutral
1.19. Efficacy of corporate boards	Neutral	- Neutral
1.20. Protection of minority shareholder's interests	To some extent protected	+Positive

Using the likert scale, we have taken different entrepreneurs consideration for institutional quality where it is shown that Albania's formal institutions according to six indicators of GCI including: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption have a major impact on the entrepreneurship perception and how it is applied.

Having a non-so effective legal framework, businesses face major challenges, where as many of them cause that new business wanting to join the market, with a low chance of survival survive. As described above, we take in consideration that some indicators found in 'Public Institutions Quality Indicators' are not very reliable and very much needed for our study because of their low scale results hence we will not take them in consideration.

While testing the hypothesis through the percentages on the table shown above, we have emphasized some of the questions which have shown high validation that can be included in public institutions, Ethics and Corruption. According to our results, entrepreneurs have a negative perception about the quality of Ethics and Corruption used in formal institutions, which include illegal diversion of public funds, extremely low ethical standards of the politicians, illegal payments and extra bribes regarding import and export as well as with public utilities.

Taking a look at the overall framework we see that the overall perception of entrepreneurs for the institutional quality in public institutions is negative so our is proven to be right. Regarding to the private institutions, the entrepreneurs seem to have a neutral perception and uncertainty of their quality and how they operate.

Conclusions

The purpose of this study was to provide an assessment of the perceived efficiency of both public and private institutions of the country. Based on the fact that the legal and administrative interaction between individuals, firms and governments impacts growth and competitiveness, and also based on the fact that great and favorable private institutions have a considerable influence in the sustainable development of a country economy this topic's results represent a significant importance for policymakers. The positive perceptions of entrepreneurs related with institutional framework, have a substantial importance to influence investment decisions, and entrepreneurial incentives.

Institutions the first dimension of GCI it refers to the legal and administrative framework within agents of society interact between each other and the quality of this framework has a very important influence on competitiveness, growth and sustainable development of an economy. The aim of this dimension of GCI index is to assess the ability of national economies to ensure and guarantee high levels of prosperity in order to offer sustainable economic development. As described and analyzed in the previous section, it results a low level of perceived institutional quality for the public institutions and also a low level of perceived institutional quality for private institutions, although for public institutions the comparative assessment is lower. Those attitudes and perceptions describe not a very favorable framework to be promotional for competitiveness and entrepreneurial incentives.

One of our study limitations is the number of participants included in the study, a larger number of participants would enable a more accurate overall outcome of the study population. Also we think that the study model would be more completed and comprehensive, if it could be incorporated more elements of country competitiveness (other components of GCI) and some variables to

measure the change in entrepreneurial activity and incentives. This study offered a specific view of only one of the GCI components and a more completed model remains a starting point for another more extensive study.

The reported attitudes and perceptions related with institutional quality in general talk about an environment in which is needed more attempt in order to guarantee an environment that encourages entrepreneurship. One of the reasons why business have this kind of perceptions related with institutional quality of the country are explained by the levels of trust they have for the country institutions. This low level of trust it may be result of previous experiences related with the relationship between them and institutions and also may be result of the very slow improvement of the work of these institutions in guaranteeing the competitive environment and the promotion of entrepreneurship. Those assumptions in order to explain the entrepreneurs attitudes are based on social capital theory, and cast a new light on the broader review of this study incorporating this theory into a more extensive and up-to-date work.

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Appendix

	Scale Mean if Item Deleted	Item-Total Statistics Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q01	70.7313	288.260	.383	.639	.855
Q02	71.0149	289.530	.352	.610	.856
Q03	71.6567	286.592	.537	.504	.851
Q04	71.8507	289.371	.516	.600	.852
Q05	71.2537	280.556	.533	.794	.850
Q06	71.4328	280.825	.554	.815	.850
Q07	70.4179	277.914	.503	.661	.851
Q08	71.1194	281.076	.497	.648	.851
Q09	71.3433	272.199	.653	.794	.845
Q10	71.3284	293.739	.351	.682	.856
Q11	71.4627	289.555	.600	.686	.851
Q12	70.7761	299.237	.113	.437	.868
Q13	70.4030	283.668	.558	.590	.850
Q14	70.8060	294.553	.264	.464	.859
Q15	70.1343	293.512	.261	.562	.860
Q16	68.3881	295.908	.172	.741	.865

Q17	69.8358	281.291	.423	.654	.854
Q18	70.1493	279.765	.443	.660	.854
Q19	70.0299	281.302	.531	.609	.850
Q20	70.1194	283.713	.578	.683	.850
Q21	70.0746	280.828	.614	.668	.848
Q22	69.3731	286.025	.409	.642	.855
Q23	70.0299	293.211	.326	.635	.857

Frequency Tables

PROPERTY RIGHT

- In your country, to what extent are property rights, including financial assets, protected?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	13	18.1	18.1	18.1
	To a small extent	15	20.8	20.8	38.9
	To some extent	17	23.6	23.6	62.5
	Neutral	15	20.8	20.8	83.3
	To a moderate extent	8	11.1	11.1	94.4
	To a great extent	2	2.8	2.8	97.2
	To a very great extent	2	2.8	2.8	100.0
	Total	72	100.0	100.0	

- In your country, to what extent is intellectual property protected?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	14	19.4	19.4	19.4
	To a small extent	24	33.3	33.3	52.8
	To some extent	15	20.8	20.8	73.6
	Neutral	11	15.3	15.3	88.9
	To a moderate extent	3	4.2	4.2	93.1
	To a great extent	2	2.8	2.8	95.8
	To a very great extent	3	4.2	4.2	100.0
	Total	72	100.0	100.0	

2. ETHICS AND CORRUPTION

- In your country, how common is illegal diversion of public funds to companies, individuals, or groups?

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Very commonly occurs	25	34.7	34.7	34.7
	Usually occurs	27	37.5	37.5	72.2
	Occurs	11	15.3	15.3	87.5
	Neutral	6	8.3	8.3	95.8
	Almost doesn't occur	1	1.4	1.4	97.2
	Does not occurs	1	1.4	1.4	98.6
	Never occurs	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

- In your country, how do you rate the ethical standards of politicians?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely low	34	47.2	47.2	47.2
	Somewhat low	19	26.4	26.4	73.6
	Low	11	15.3	15.3	88.9
	Neutral	6	8.3	8.3	97.2
	Somewhat High	1	1.4	1.4	98.6
	High	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with imports and exports?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very commonly occurs	27	37.5	37.5	37.5
	Usually occurs	10	13.9	13.9	51.4
	occurs	14	19.4	19.4	70.8
	Neutral	13	18.1	18.1	88.9
	Almost doesn't occur	6	8.3	8.3	97.2
	Does not occurs	1	1.4	1.4	98.6
	Never occurs	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with public utilities?

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Very commonly occurs	28	38.9	38.9	38.9
	Usually occurs	16	22.2	22.2	61.1
	occurs	12	16.7	16.7	77.8
	Neutral	9	12.5	12.5	90.3
	Almost doesn't occur	3	4.2	4.2	94.4
	Does not occurs	3	4.2	4.2	98.6
	Never occurs	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with annual tax payments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very commonly occurs	14	19.4	19.4	19.4
	Usually occurs	11	15.3	15.3	34.7
	occurs	15	20.8	20.8	55.6
	Neutral	11	15.3	15.3	70.8
	Almost doesn't occur	9	12.5	12.5	83.3
	Does not occurs	10	13.9	13.9	97.2
	Never occurs	2	2.8	2.8	100.0
	Total	72	100.0	100.0	

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with public contracts and licenses?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very commonly occurs	24	33.3	33.8	33.8
	Usually occurs	14	19.4	19.7	53.5
	Occurs	13	18.1	18.3	71.8
	Neutral	6	8.3	8.5	80.3
	Almost doesn't occur	11	15.3	15.5	95.8
	Does not occurs	2	2.8	2.8	98.6
	Never occurs	1	1.4	1.4	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		
Total		72	100.0		

3. UNDUE INFLUENCE

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with obtaining favorable judicial decisions?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very commonly occurs	24	33.3	33.3	33.3
	Usually occurs	25	34.7	34.7	68.1
	occurs	7	9.7	9.7	77.8
	Neutral	3	4.2	4.2	81.9
	Almost doesn't occurs	4	5.6	5.6	87.5
	Does not occurs	9	12.5	12.5	100.0
	Total	72	100.0	100.0	

- In your country, how independent is the judicial system from influences of the government, individuals, or companies?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not independent at all	18	25.0	25.4	25.4
	Not independent	22	30.6	31.0	56.3
	Dependent	15	20.8	21.1	77.5
	Neutral	10	13.9	14.1	91.5
	Somewhat Independent	5	6.9	7.0	98.6
	Independent	1	1.4	1.4	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		
Total		72	100.0		

4. PUBLIC SECTOR PERFORMANCE

- In your country, how efficiently does the government spend public revenue?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a very great extent no efficient	17	23.6	23.6	23.6
	To a great extent no efficient	25	34.7	34.7	58.3
	No efficient	18	25.0	25.0	83.3
	Neutral	12	16.7	16.7	100.0
	Total	72	100.0	100.0	

- In your country, how efficient are the legal and judicial systems for companies in settling disputes?

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	To a very great extent no efficient	4	5.6	5.6	5.6
	To a great extent no efficient	16	22.2	22.5	28.2
	No efficient	17	23.6	23.9	52.1
	Neutral	20	27.8	28.2	80.3
	Efficient	8	11.1	11.3	91.5
	To a great extent efficient	5	6.9	7.0	98.6
	To a very great efficient	1	1.4	1.4	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		
Total		72	100.0		

- In your country, how easy is it for private businesses to challenge government actions and/or regulations through the legal system?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely difficult	14	19.4	19.4	19.4
	Difficult	15	20.8	20.8	40.3
	Somewhat difficult	16	22.2	22.2	62.5
	Neutral	17	23.6	23.6	86.1
	Somewhat easy	6	8.3	8.3	94.4
	Easy	2	2.8	2.8	97.2
	Extremely easy	2	2.8	2.8	100.0
	Total	72	100.0	100.0	

5. SECURITY

- In your country, to what extent does the incidence of crime and violence impose costs on businesses?

		Frequency	Percent	Valid Percent
Valid	To a very great extent imposes huge costs	7	9.7	9.7
	To a great extent imposes huge costs	12	16.7	16.7
	To a moderate extent imposes huge costs	9	12.5	12.5
	Neutral	14	19.4	19.4
	To some extent imposes huge costs	10	13.9	13.9
	To a small extent imposes huge costs	13	18.1	18.1
	Not at all	7	9.7	9.7
	Total	72	100.0	100.0

- In your country, to what extent can police services be relied upon to enforce law and order?

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Not at all	3	4.2	4.2	4.2
	To a small extent	16	22.2	22.5	26.8
	To some extent	10	13.9	14.1	40.8
	Neutral	21	29.2	29.6	70.4
	To a moderate extent	9	12.5	12.7	83.1
	To a great extent	11	15.3	15.5	98.6
	To a very great extent	1	1.4	1.4	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		
Total		72	100.0		

- In your country, to what extent can police services be relied upon to enforce law and order?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	4.2	4.2	4.2
	To a small extent	16	22.2	22.5	26.8
	To some extent	10	13.9	14.1	40.8
	Neutral	21	29.2	29.6	70.4
	To a moderate extent	9	12.5	12.7	83.1
	To a great extent	11	15.3	15.5	98.6
	To a very great extent	1	1.4	1.4	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		
Total		72	100.0		

PRIVATE INSTITUTIONS

1. CORPORATE ETHICS

- In your country, how do you rate the corporate ethics of companies (ethical behavior)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely poor	6	8.3	8.5	8.5
	Poor	5	6.9	7.0	15.5
	Fair	17	23.6	23.9	39.4
	Neutral	21	29.2	29.6	69.0
	Good	18	25.0	25.4	94.4
	Very good	4	5.6	5.6	100.0
	Total	71	98.6	100.0	
Missing	999.00	1	1.4		

Total	72	100.0		
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2. ACCOUNTABILITY

- In your country, how strong are financial auditing and reporting standards?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely weak	6	8.3	8.3	8.3
	Weak	7	9.7	9.7	18.1
	Somewhat week	15	20.8	20.8	38.9
	Neutral	23	31.9	31.9	70.8
	Somewhat strong	12	16.7	16.7	87.5
	Strong	9	12.5	12.5	100.0
	Total	72	100.0	100.0	

- In your country, to what extent is management accountable to investors and boards of directors?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	4.2	4.3	4.3
	To a small extent	6	8.3	8.6	12.9
	To some extent	8	11.1	11.4	24.3
	Neutral	19	26.4	27.1	51.4
	To a moderate extent	11	15.3	15.7	67.1
	To a great extent	16	22.2	22.9	90.0
	To a very great extent	7	9.7	10.0	100.0
	Total	70	97.2	100.0	
Missing	999.00	2	2.8		
Total		72	100.0		

- In your country, to what extent are the interests of minority shareholders protected by the legal system?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not protected at all	2	2.8	2.8	2.8
	To a small extent protected	13	18.1	18.1	20.8
	To some extent protected	21	29.2	29.2	50.0
	Neutral	15	20.8	20.8	70.8
	Protected	10	13.9	13.9	84.7
	Protected to a great extent	10	13.9	13.9	98.6
	Protected to a very great extent	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

Foreign Exchange Risk in Albania _____

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Abstract

Foreign exchange risk is the potential for loss due to an adverse change in foreign exchange rates, and applies to all exchange rate-related products whose positions are valued in a currency that differs from the bank's reporting currency. Eventual movements in the exchange rate are a risk for investors and businesses with international operations. Therefore, they adopt strategies to minimize the impact of eventual adverse movements. This is known as hedging, and it involves using financial instruments to increase protection against currency fluctuations. Hedging makes transactions, cash flows and cost structures more stable and predictable. There are different strategies which are designed to manage foreign exchange risk. Each of them, however, is constructed under specific assumptions, for a specific risk profile. The question arises as to which strategy would be expected to yield the best results in a given scenario. The first part of the current study describes how do banks measure and hedge the foreign exchange risk by using a set of simulated foreign exchange cash flows to compare the profits resulting from the use of different foreign exchange risk management strategies. The key risk metrics to measure the foreign exchange risk considered for this study are: Value at Risk and Stress Testing. The risk management strategies considered to hedge foreign exchange risk for the study are: forward currency contracts, currency options, and currency swaps. The study analyses and evaluates these foreign exchange risk management strategies to find out which of the strategies is appropriate in particular situations for banks and for non-financial corporates. The second part gives some statistics about open foreign currency position and the risk appetite in the Albanian banking market and how non-financial firms could use financial derivatives to hedge the foreign exchange risk.

Key words: *foreign exchange risk, risk management strategies, forward currency contracts, currency options, currency swaps*

Introduction

The foreign exchange market is an over-the-counter (OTC) marketplace that determines the exchange rate for global currencies. Participants are able to buy, sell, exchange and speculate on currencies. Foreign exchange markets are made up of banks, forex dealers, commercial companies, central banks, investment management firms, hedge funds, retail forex dealers and investors.

Foreign exchange risk most often affects businesses engaged in exporting and importing products or supplies. It also applies to businesses that offer services in multiple countries and individuals who invest internationally. Any time an investor must convert money into another currency to make an investment that face potential changes in the currency exchange rate between their home currency and the currency of their investment. These changes will affect the investment's value or the business' bottom line. A business exposes itself to foreign exchange risk by having payables and receivables affected by currency exchange rates. This risk originates when a contract between two parties specifies exact prices for goods or services, as well as delivery dates. If a currency's value fluctuates between when the contract is signed and the delivery date, it could cause a loss for one of the parties. (<https://www.investopedia.com/terms/f/foreignexchangerisk.asp>)

The issue of foreign exchange risk management for non-financial firms is independent from their core business and is usually dealt by their corporate treasuries. Most multinational firms have also risk committees to oversee the treasury's strategy in managing the exchange rate risk. This shows the importance that firms put on risk management issues and techniques. (Papaioannou, 2006)

This paper reviews the different type of risk management strategies of exchange rate risk, examines best practices on exchange rate risk management from the banking system, and analyses the advantages and disadvantages of various hedging approaches for non-financial firms. It concentrates on the major types of risk affecting firm's foreign currency exposure, and pays more attention to techniques on hedging transaction and balance sheet foreign exchange risk.

Literature Review

Foreign Exchange Risk Measurement

Value at Risk

A crucial aspect in a firm's exchange rate risk management decisions is the measurement of these risks. At present, a widely used method is the value-at-risk

(VaR) model. Broadly, value at risk is defined as the maximum loss for a given exposure over a given time horizon with $z\%$ confidence. (Papaioannou, 2006). VaR is probabilistic, and gives a risk manager useful information on the probabilities associated with specified loss amounts. By comparison, many traditional measures (e.g., duration– convexity, Greeks, etc.) only give us the answers to ‘what if’ questions and don’t give an indication of likelihoods (Dowd, 2005) One of the negative side of this type measurement is we don’t know what happens in $100\%-z\%$ of the cases

Stress Test

Stress tests supplement value-at-risk (VaR). VaR is used to provide a probability-based boundary on likely losses for a specified holding period and confidence level (for example, the maximum loss that is likely to be experienced over one day with a 99% level of confidence). Firms employ VaR prospectively, to assess the risk of potential portfolio allocations, and retrospectively, to assess the risk-adjusted performance of individual business units. (Bank for International Settlements, 2001) A stress test simulates extreme or unfavourable, yet plausible, economic and financial conditions in order to study the consequences on both the performance of the entity and its ability to honour redemption requests, even at a discounted net asset value. Primarily, stress tests are tools that help to analyse the strength of the strategies that have been put in place. They provide periodic scenario analyse in order to address risks arising from potential changes in market conditions that might adversely impact the profit and loss. During normal periods, the stress test identifies the weaknesses of a management strategy and helps the firm to prepare themselves operationally for a crisis; during crisis periods, the stress test helps to direct crisis management and resolution strategy. Based on this risk mapping, the implementation of a stress test involves defining scenarios that represent the risks then introducing a regular schedule for calculating the impact of these scenarios on the profit and loss of the entity. Once the scenarios are in place, their results are calculated periodically and used by the risk management teams and/or managers as a decision-making tool in order to detect anomalies (thanks to predefined alert thresholds) and monitor extreme risk. Lastly, the results of the stress tests should be conveyed within, in particular to executive and decision-making bodies, so that any corrective measures can be taken. (Financial Markets Authority of France, 2017)

Hedging Strategies

Firms that consider any residual exposure to exchange rate fluctuations undesirable often choose to explicitly purchase insurance using financial derivative contracts.

The main types of derivatives used in hedging are foreign exchange forward contracts, cross-currency interest rate swaps, and foreign exchange options. (Becker & Fabbro, 2006)

Forward currency contracts

A simple way to limit risk surrounding exchange rate fluctuations is a commitment to an outright purchase or sale of currency at a specified future date, for a predetermined price. For firms expecting to receive or make foreign currency payments at a specific future date, forwards are a flexible and readily available hedging instrument. (Becker & Fabbro, 2006)

Currency Options

Currency options give the holder the right, but not the obligation, to purchase ('call') or sell ('put') an amount of one currency for another at a given future date, for a prearranged exchange rate ('strike'). Importantly, the holder of the instrument has discretion over whether or not to exercise his right to transact, allowing for a greater degree of flexibility than forwards, and leaving open the possibility of gaining from favourable exchange rate movements. This flexibility comes at a premium built into the price of the option.

Currency Swaps

A swap is a financial operation in which two parties agree to an exchange of cash flows. There exist different categories of swaps: interest rate swaps, equity swaps, commodity swaps and currency swaps. A currency swap, as the name indicates, is an exchange, by two foreign borrowers with opposing needs, of a certain amount of currencies via a financial intermediary (usually a bank). The main goal of a currency swap is to decrease the cost of financing for both firms involved. It requires that: 1) their financial needs are opposed and 2) there exists an absolute (or a comparative) advantage in borrowing for one (both) of the firms involved in the transaction. (Morel, 2004)

Data and Methodology

The management of foreign exchange risk involves three questions. First, what exchange risk does the firm face, and what methods are available to measure foreign exchange exposure? Second, based on the nature of the exposure and the firm's ability to forecast currencies, what hedging or exchange risk management strategy should the firm employ? And finally, which of the various tools and techniques of the foreign exchange market should be employed: forwards, options, or any other tool?

The effects of using hedging strategies such as forward currency contracts, currency options on the revenues of firms were calculated and compared. The objective of the study was to identify strategies which not only hedged against foreign exchange risk, but also yielded good returns, and to suggest conditions under which these foreign exchange risk management strategies may be preferable over others.

The data for the purpose of this study were gathered from secondary source like websites, books and reports etc. The research period selected is 2017 – 2018. Spot rates of the EUR/ALL exchange rate were analysed in for different timeframes: daily, weekly, monthly and quarterly frequency for the period of 2017- 2018 (24 Months).

The company selected were companies like call centre and textile companies which their revenues is in euro and is generating by producing or offering services entirely for the Italian Market. Data about the open foreign exchange exposure of the Albanian banking market are retrieved from the Bank of Albania Statistical Reports. This data is crucial to see how much space bank have in engaging in foreign exchange transaction with their clients. An analysis between the open foreign exchange position between banks and non-financial is done to emphasize the changes in how foreign exchange risk is managed differently by the two types of companies. A set of 20 individual interviews was done with 20 Owners of construction companies on how they manage the foreign exchange risk.

The following foreign exchange risk management strategies were considered for the quantitative analysis:

Without hedging: This represents the base series of cash flows in LEK, when the transaction is not hedged. This is the most risky way of handling international financial exposure. According to this strategy, transactions will take place at the corresponding spot exchange rate.

Hedging with forward currency contracts: According to this strategy, the trader will enter into forward currency contracts at the beginning of the planning period to hedge the expected cash flows. The forward rates were calculated considering Interest Rate Parity.

Hedging with currency options: According to this strategy, the trader will enter into a currency options contract at the beginning of the planning period to hedge the expected cash flows. A series of outflows of foreign currencies can be hedged by buying currency call options, while a series of inflows of foreign currencies can be hedged by buying currency put options. The model used to calculate the option price is the Black Scholes Model.

For the two hedging strategies we will be analysing not only the firm side but also the bank side.

Data Analysis and Results

The foreign exchange open position of the banking market during March 2014 – February 2019 was in average 8% and reaching maximum 13.7%. The regulatory limit set by the bank of Albania is 20%. This situation gives plenty of space to the banks to engage in derivative transactions.

According to the results of interviews with the owners of building construction firms they use what is called “natural hedging” to manage the risk of the foreign exchange. They import most of the building materials in euro and also sell properties in euro thus limiting the impact from the fluctuations of the exchange rate in the local market.

According to Monitor, sector sales in 2017 are estimated to be about ALL 50 billion, according to data from the Enterprise Survey 2016 and operators for the growth rate in 2017. While losses due to the euro’s depreciation by 5% are All 3.5 billion, or 27 million euros.

Let’s take the below example to see what happens for a company that at 31.12.2017 sign a contract to deliver products in the Italian Market in June 2018. The payment for this products will be 1.000.000 Euro and will be payed from the Italian Counterparty. Spot Rates for EUR/ALL at end of December 2017 : 132.95

Spot Rate for EUR/ALL at end of June 2018 : 125.93

No Hedging. The firm decide to use only spot rates available on end of June. The loss from this strategy are 55.000 Euro

Hedging with forward currency contracts. The firm decide to negotiate a forward rate to lock the EUR/ALL exchange rate. Therefore, the forward exchange rate is just a function of the relative interest rates of two currencies. In fact, forward rates can be calculated from spot rates and interest rates using the formula $\text{Spot} \times (1 + \text{domestic interest rate}) / (1 + \text{foreign interest rate})$, where the ‘Spot’ is expressed as a direct rate (ie as the number of domestic currency units one unit of the foreign currency can buy). So we have the below situation :

- Spot Rates for EUR/ALL at end of December 2017 :132.95
- Spot Rate for EUR/ALL at end of June 2018 :125.93
- Forward Rate for EUR/ALL at End of June 2018 :134.08

Using the hedging strategy with forward contract the firm would have made around 60.000 Euros. The problem with this strategy is if the exchange rate would have gone up the firm couldn’t make a profit in comparison with the spot rate at end of June 2018.

Hedging with currency options contracts. The Black-Scholes formula (also called Black-Scholes-Merton) was the first widely used model for option pricing. It's used to calculate the theoretical value of European-style options using current stock prices, expected dividends, the option's strike price, expected interest rates, time to expiration and expected volatility. The formula, developed by three economists – Fischer Black, Myron Scholes and Robert Merton – is perhaps the world's most well-known options pricing model. It was introduced in their 1973 paper, "The Pricing of Options and Corporate Liabilities," published in the Journal of Political Economy. Black passed away two years before Scholes and Merton were awarded the 1997 Nobel Prize in Economics for their work in finding a new method to determine the value of derivatives (the Nobel Prize is not given posthumously; however, the Nobel committee acknowledged Black's role in the Black-Scholes model). According to the calculations made. We have the below situation: Spot Rates for EUR/ALL at end of December 2017 : 132.95 Spot Rate for EUR/ALL at end of June 2018 : 125.93 Forward Rate for EUR/ALL at End of June 2018 : 134.08 Put Price : 3.2 ALL

Effective Exchange Rate = $134.08 - 3.2 = 130.88$

With this strategy the company generates a profit of 39.300 Euro.

Now let's look to a different scenario where we have the following spot rates for EUR/ALL :

Spot Rates for EUR/ALL at end of December 2017 : 132.95 Spot Rate for EUR/ALL at end of June 2018 : 140.00

No Hedging. The firm decide to use only spot rates available on end of June. The profit from this strategy are 50.000 Euro

Hedging with forward currency contracts. The firm decide to negotiate a forward rate to lock the EUR/ALL exchange rate. Therefore, the forward exchange rate is just a function of the relative interest rates of two currencies. In fact, forward rates can be calculated from spot rates and interest rates using the formula $\text{Spot} \times \frac{(1 + \text{domestic interest rate})}{(1 + \text{foreign interest rate})}$, where the 'Spot' is expressed as a direct rate (ie as the number of domestic currency units one unit of the foreign currency can buy). So we have the below situation :

- Spot Rates for EUR/ALL at end of December 2017 :132.95
- Spot Rate for EUR/ALL at end of June 2018 :140.00
- Forward Rate for EUR/ALL at End of June 2018 :134.08

Using the hedging strategy with forward contract the firm would have made a loss of potential profit not achieved of 42.300 Euros.

Hedging with currency options contracts. The Black-Scholes formula (also called Black-Scholes-Merton) was the first widely used model for option pricing. It's used to calculate the theoretical value of European-style options using current stock prices, expected dividends, the option's strike price, expected interest rates, time to expiration and expected volatility. The formula, developed by three economists – Fischer Black, Myron Scholes and Robert Merton – is perhaps the world's most well-known options pricing model. It was introduced in their 1973 paper, "The Pricing of Options and Corporate Liabilities," published in the Journal of Political Economy. Black passed away two years before Scholes and Merton were awarded the 1997 Nobel Prize in Economics for their work in finding a new method to determine the value of derivatives (the Nobel Prize is not given posthumously; however, the Nobel committee acknowledged Black's role in the Black-Scholes model).

According to the calculations made. We have the below situation: Spot Rates for EUR/ALL at end of December 2017 : 132.95. Spot Rate for EUR/ALL at end of June 2018 : 140.00 Forward Rate for EUR/ALL at End of June 2018 : 134.08 Put Price : 3.2 ALL

Effective Exchange Rate in the case of not exercising the option is= $140.00 - 3.2 = 136.8$.

Below is a summary of the three strategies.

Values in EURO	Scenario 1 (Exch Rate goes down)		Scenario 2 (Exch Rate goes up)	
Strategy	Profit(Loss) in compwith Dec 2017	Profit (Loss)in comp with Jun 2018	Profit(Loss) in comp with Dec 2017	Profit (Loss)in comp with Jun 2018
No Hedging	-55.000	-	+50.000	-
FX Forward	60.000	9.000	9.000	-43.000
FX Options	39.000	-16.000	27.500	-23.000

Limitations

A major limitation of the study was in considering only a two foreign exchange risk management strategies, under a stringent set of assumptions. For example, the strike price used in the study for the options strategy was set at the exchange rate at the beginning of the planning period, but in practice, a range of strike prices is usually available. Other currencies, especially the USD, could have been investigated too. There is a vast scope for further research in this area. Furthermore, several other foreign exchange risk management strategies, including currency swaps, risk-sharing, and risk- shifting could also be used to hedge foreign exchange

risk. Another limitation is that the study did not address a fundamental and technical study of currencies, which would have helped in better implementation of the strategies. In particular, there is scope for further research into the relationship between optimal foreign exchange risk management strategies and the fundamentals and technical analysis of different currencies. Finally, the study has used historical data to compare the strategies, so that the inferences that have been drawn can only hold for a similar trend in exchange rates.

Conclusions

It is always dangerous to remain unhedged against foreign exchange rate fluctuations. There are several foreign exchange risk management strategies available, but it is very important to select that which best suits one's risk profile. This in turn depends on how the situation is analysed. From the results of the study, using currency options, one should be careful in selecting the right strike price. On the other hand, for currency inflows, hedging with forward currency contracts was found to result in highest returns whenever there was a decreasing trend in the exchange rate and hedging with currency options contracts was found to result in highest returns whenever there was an increasing trend in the exchange rate.

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Rebus approach in training professionals for digital economics through educational information technologies

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Abstract

The development of the digital economy raises issues of harmonization of students' knowledge, skills and competences with actual social challenges. In this regard, educational institutions around the world actively investigate innovation approaches to teach disciplines of higher and additional professional education. The approach of the European educational Erasmus+ REBUS project represents one such approach, in the frames of which a course "Digital Entrepreneurship" is taught at SibSUTIS. Experience

in teaching the course showed that student training in the learning environment Mahara with the use of such tools as Moodle and LEVEL5 allows students to acquire additional education of the European quality by developing new competences in a quicker and more effective way. Moreover, REBUS approach allows to develop, implement and teach new courses for students of telecommunication and infocommunication profiles. In the light of global trends in the development of digital technologies, and also in order to logically continue the trend of cooperation between SibSUTIS and universities of the European Union, it is necessary to consolidate and develop the competences achieved by students through the design on further educational programs and commercially successful cases of Russian and European IT companies in the field of e-commerce, Internet of Things and Artificial Intelligence. The relevance of the study of commerce in the digital economy is due to the fact that information and communication technologies (ICT) are becoming increasingly important for businesses, consumers and governments in all sectors of the economy and around the world. The Internet of Things Entrepreneurship program allows to improve an ability to develop business plans, manage projects on computer networks of devices. The Artificial Intelligence Entrepreneurship program aims to improve an ability to develop business plans, manage projects on creation of networks that can correctly interpret external data, learn from these data and use the results to achieve specific goals and objectives through flexible adaptation.

Key words: *digital economics, information society, additional professional education, educational IT-technologies, learning environment, self-assessment, e-commerce, Internet of Things, Artificial Intelligence*

Educational standards of different countries prescribe to implement a competency-based approach in higher education [1, 2]. In pedagogical literature competence is defined as a compliance with the requirements for employment, the ability to perform specific employment functions, i.e. competence is a characteristic given to a person as a result of evaluating the effectiveness of his actions aimed at resolving a certain number of significant tasks for this community [2]. The term “key competences” indicates that they serve as a basis for more specific and subject-oriented competences. Using the competence model in the education requires fundamental changes in the organization of educational process, in the pedagogical activity, in the methods of evaluation of educational results. The acquisition of competences becomes the main goal and result of the educational process.

The educational standards also set strict requirements to the educational IT-technologies and electronic information educational environment. It should provide a complex of services: access to didactic materials, possibility to organize all types

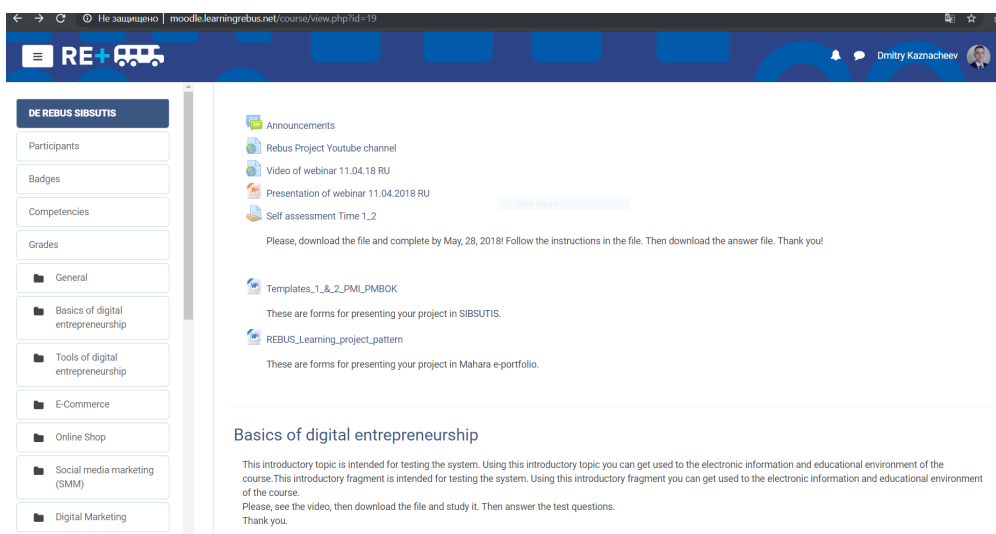
of training including evaluation of learning outcomes in computer laboratories, access to electronic library systems containing learning resources, transparent communication and interaction between participants in the educational process in virtual classrooms, recording of midterm and final performance results, forming of students' e-portfolio [2].

The above mentioned requirements are fully met by the European educational Erasmus+ project REBUS approach by using the Mahara environment which is also an important part of the implementation of the competency-based approach as well as the automated assessment of the levels of competences [3]. This system is a learner-centered form of organization of the personal learning environment: personal information, past and present achievements, assignments and projects, goals for the future [4]. In fact, it involves the social networking principle in the educational project. Technically, Mahara is a stand-alone system that can be integrated into a wider virtual learning framework. Mahara's architecture is provided with the modular, extensible architecture of Moodle [5]. Examples of using Mahara in training "Digital Entrepreneurship" course are shown in figures 1 and 2.

FIGURE 1. The home page of the REBUS Students SibSUTIS group in Mahara

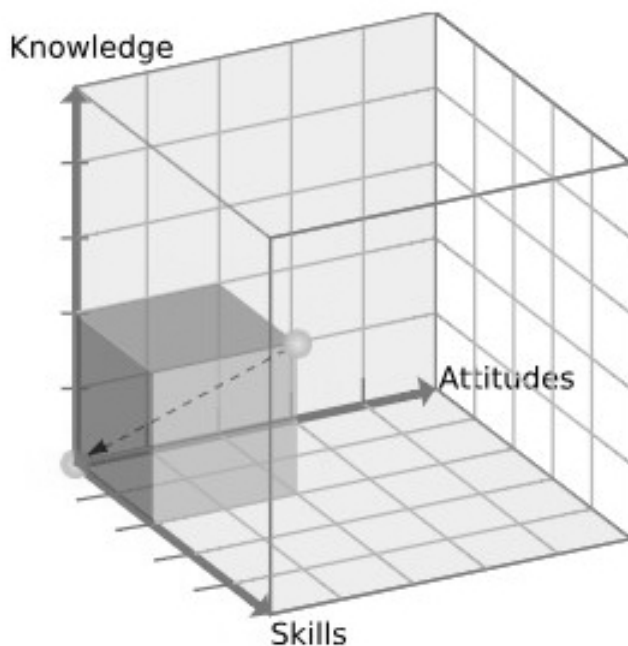
The screenshot shows the Mahara interface for the REBUS Students SibSUTIS group. At the top, there is a navigation bar with the RE+ logo and a search bar. Below this, the page title is "About | REBUS Students SIBSUTIS". There are buttons for "Edit this page", "Settings", "Copy", and "Delete". A description states: "This is a group for students of SibSUTIS who study the course 'Digital Entrepreneurship'". A "Welcome" section follows, with a congratulatory message: "So, REBUS Students SIBSUTIS, congratulations! 13 students finished their visit to FH JOANNEUM University of Applied Sciences, Graz, Austria." Below the text is a photograph of a group of students standing on a stage, each holding a certificate. To the right of the main content is a sidebar titled "Manage Your Learning Project" with sections for "Plan!", "Do!", and "Check!". Other sidebar sections include "Online users" (showing one user, Dmitry Kaznacheev), "Links and resources" (with a link to "REBUS e-Portfolio how to"), and a banner for "Co-funded by the Erasmus+ Programme of the European Union".

FIGURE 2. Summary of the Moodle course «Digital Entrepreneurship» in Mahara



Mahara will continue to evolve as a “pluggable”, modular ePortfolio system intended for use by various web services. ePortfolio is a generic term encompassing as wide a range of types and products as there are reasons for using them. The assessment technology of the Mahara environment is based on the use of the LEVEL5 program (tool) that allows to rate on a five-point scale the following parameters: “Knowledge”, “Skills”, “Attitude and emotions”. The system allows to visualize the levels of a selected competence in the form of a three-dimensional model - a cube (Fig. 3). With its help you can see the current assessments of the user and get a visual representation of how well the user developed the selected competence in the complex. It is a learner-centered personal online space that allows to manage the life of users, identify their goals, present themselves to potential employers and to complement applications for research funding.

FIGURE 3. Three-dimensional model of development of a selected competence in the LEVEL5 system



At the same time, the method of self-assessment of competence development based on the use of the software LEVEL5 has significant shortcomings. The level of competence development given by students built on the principles of self-assessment is frequently not relevant to the real one. In evaluating their abilities and skills level by themselves, students provide an example proving the descriptor of the chosen level that commonly leads to the following error due to the lack of experience: when students measure the level of competence development at “5” but the evidence is equivalent to the descriptor “4”, the level “4” will be relevant. To avoid such misjudgments of students working on the methodology of LEVEL5 for the first time, the support of a teacher able to help with harmonizing levels and examples is highly required [6, 7, 8].

Nevertheless, on the basis of the approach described above and in an effort to address some of its weaknesses several additional educational programs were developed for students of IT specialties at SIBSUTIS. The duration of the course is 72 hours. According to the REBUS methodology the training program consists of 3 main phases involving the use of various educative technologies. Thus, phase 1 “Introduction and theory” implied the face-to-face lectures with the use of video material, webinars, discussions, group work, distance learning in the

learning environment Moodle as well as testing. Phase 2 “Practical work” included primarily the work with cases and examples using the learning environment Moodle, collection and analysis of information in open sources, screening and discussion of video material, completion of practical tasks, selection of project themes, project development. Phase 3 “Feedback” involves the presentation of projects, their justification and evaluation of student performance, final assessment and attestation paperwork. Brief summary of each program is shown in tables 1-3.

Additional educational program “Commerce in the digital economy”.

Program objective – mastering and (or) acquisition of new competences required for a successful professional activity in the field of commerce in conditions of the establishment and development of the digital economy.

The program aims to develop the following general professional competences: ability to efficiently create and manage a commercial activity in the digital economy; ability to establish and maintain professional communication with business subjects in the digital economy.

The learning outcomes of the first competence are:

- knowledge – principles of organization and management of commercial activities in the digital economy;
- skills – project prototyping, project management in the field of commercial activities in the digital economy, use of modern information technologies in commerce;
- abilities – collection, analysis and interpretation of data needed to organize and manage commercial activities in the digital economy.

The learning outcomes of the second competence are:

- knowledge – basics of modern business communication using various information technologies;
- skills – maintenance of business communication with the use of information technologies;
- abilities – establishment of sustainable business communication using various information technologies.

In the framework of the program students learn the following topics:

- Basic notions of commerce in digital economy;
- Tools for commercial activity in digital economy;
- Participants in commercial activity in digital economy;
- Features of commercial transactions with the use of digital technologies;
- Logistics and goods movement in conditions of digital economy;

- E-commerce strategies;
- Integrated marketing communications;
- Information security in commercial activity within the context of digital economy;
- Socio-cultural, ethical principles of commerce in digital economy.

TABLE 1. Summary of the program “Commerce in the digital economy”

Course #1 – Commerce in the digital economy			
Modality	F2F	Project	e-Learning
Phase 1 (duration)	8 hours – Introduction and theory	-	16 hours – Theory
Phase 2 (duration)	8 hours – Group work, brainstorming	16 hours – Project activities	Supporting materials in Mahara and Moodle
Phase 3 (duration)	16 hours – Presentation, discussion, assessment	8 hours – Learning projects, speeches	Profile&e-portfolio in Mahara
Contents	<ul style="list-style-type: none"> · Basic notions (2) · Tools (2) · Participants (4) · Features (4) · Logistics and goods movement (4) · E-Commerce strategies (2) · Integrated marketing communication (2) · Information security (2) · Socio-cultural and ethical framework (2) 	<ul style="list-style-type: none"> · E-commerce projects (8) · Product description (8) · Making presentations (8) 	<ul style="list-style-type: none"> · Theory (16) · Webinars (4) · E-Portfolio (4)
Activities	<ul style="list-style-type: none"> · Lectures with video · Webinars · Discussion · Round table discussion 	<ul style="list-style-type: none"> · Analysis · Brainstorming · Benchmarking · Planning · Writing · Consultations in-person · Presentation · Speeches · Discussion 	<ul style="list-style-type: none"> · Social network correspondences · Learning projects templates · Assessment · LEVEL 5 self-assessments

The relevance of the study of commerce in the digital economy is due to the fact that information and communication technologies (ICT) are becoming increasingly important for businesses, consumers and governments in all sectors of the economy and around the world. E-commerce and value chain participation, distance learning and social media, smart cities and e – government, and more – the opportunities are truly endless.

The digital economy is growing at a rapid rate of 10% per year, more than three times the rate of global economic growth. In 2017, the global digital economy generated \$ 24 trillion. In the area of e-commerce, accounting for 30% of all global transactions, many of which were made using mobile devices. In most OECD countries, the digital economy accounts for about 4-7% of GDP. The lowest indices in Austria (3.8%) and Norway (3.9%), while first three positions are occupied by Ireland (to 11.9%), Korea (9.6%) and Japan (8.1%).

Many people understand that the digital economy can contribute to economic growth and sustainable development, but not all countries of the world are moving in this direction equally fast. After analyzing the digital transformation in 50 countries, which account for 90% of global GDP and 78% of the world's population, Huawei has compiled the global connectivity Index in 2016. Countries were divided into three groups: leading, undergoing adaptation and beginners. The first group was led by the USA, Singapore and Sweden. In the middle of the second group are China (23rd place), Russia (26th place) and Brazil (30th place). At the very end of the rating and the third group were Nigeria, Bangladesh and Pakistan.

Increased access to the open and global Internet maximizes opportunities for economic growth, job creation and e-commerce. These benefits can be facilitated by the adoption of special measures by governments at national and international levels. At the same time, special attention will need to be paid to trade barriers, as well as new risks associated with the protection of private information, data transfers and payment mechanisms [9].

Additional educational program “Internet of Things Entrepreneurship”.

Program objective - mastering and (or) acquisition of new competences required for the development of commercially successful projects on computer networks of devices (things), connected to each other.

The program aims to develop the following general professional competences: ability to develop business plans, conduct a feasibility study on creation of computer networks of devices (things), connected to each other; ability to manage projects on computer networks of devices.

The learning outcomes of the first competence are:

- knowledge – principles and algorithms of developing business plans, conducting feasibility studies on creation of computer networks of devices (things), connected to each other;

- skills – adequate visual presentation of business plans, feasibility studies on creation of computer networks of devices (things), connected to each other;
- abilities – ideation and subsequent implementation of ideas in developing business plans, conducting feasibility studies on creation of computer networks of devices (things), connected to each other.

The learning outcomes of the second competence are:

- knowledge – basics of project prototyping, project management in the field of creation of computer networks of devices (things), connected to each other;
- skills – organization of the team work for creating computer networks of devices (things), connected to each other;
- abilities – collection, analysis and interpretation of data needed to develop and manage projects in the field of creation of computer networks of devices (things), connected to each other.

In the framework of the program students learn the following topics:

- Basics of the Internet of Things (IoT);
- Tools of the IoT;
- The most promising for the IoT;
- Commercial potential of the IoT;
- Project and team work in the field of IoT.

TABLE 2. Summary of the program “Internet of Things Entrepreneurship”

Course #2 – INTERNET OF THINGS ENTREPRENEURSHIP			
Modality	F2F	Project	e-Learning
Phase 1 (duration)	8 hours – Introduction and theory	-	16 hours – Theory
Phase 2 (duration)	8 hours – Group work, brainstorming	16 hours – Project activities	Supporting materials in Mahara and Moodle
Phase 3 (duration)	16 hours – Presentation, discussion, assessment	8 hours – Learning projects, speeches	Profile&e-portfolio in Mahara
Contents	<ul style="list-style-type: none"> • Basic notions (2) • Tools (2) • Devices (4) • Commercial potential of the IoT (8) • Project and team work in the field of IoT (8) 	<ul style="list-style-type: none"> • Device project (8) • Product description (8) • Making presentations (8) 	<ul style="list-style-type: none"> • Theory (16) • Webinars (4) • E-Portfolio (4)

Activities	<ul style="list-style-type: none"> · Lectures with video · Webinars · Discussion · Round table discussion 	<ul style="list-style-type: none"> · Analysis · Brainstorming · Benchmarking · Planning · Writing · Consultations in-person · Presentation · Speeches · Discussion 	<ul style="list-style-type: none"> · Social network correspondences · Learning projects templates · Assessment · LEVEL 5 self-assessments
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Additional educational program “Artificial Intelligence Entrepreneurship”

Program goals - mastering and (or) acquisition of new competences required for developing commercially successful intelligent devices and software.

The program aims to develop the following general professional competences: ability to develop business plans, conduct feasibility studies on creation of intelligent devices and software; ability to manage projects on creation of networks that can correctly interpret external data, learn from these data and use the results to achieve specific goals and objectives through flexible adaptation.

The learning outcomes of the first competence are:

- knowledge – principles and algorithms of developing business plans, conducting feasibility studies on creation of intelligent devices and software;
- skills – adequate visual presentation of business plans, feasibility studies on creation of intelligent devices and software;
- abilities – ideation and subsequent implementation of ideas in developing business plans, feasibility studies on creation of intellectual devices and software.

The learning outcomes of the second competence are:

- knowledge – basics of prototyping and project management in the field of developing networks that can correctly interpret external data, learn from these data and use the results to achieve specific goals and objectives through flexible adaptation;
- skills – organization of the team work for developing computer networks of intelligent devices and software;
- abilities – collection, analysis and interpretation of data needed to develop and manage projects in the field of creation of intelligent devices and software.

In the framework of the program students learn the following topics:

- Basics of Artificial Intelligence Entrepreneurship (AIE);
- Tools of AIE;
- Spheres of life that are most promising for AIE;
- Commercial potential of Artificial Intelligence;
- Project and team work in the field of AIE.

TABLE 3. Summary of the program “Artificial Intelligence Entrepreneurship”

Course #3 – ARTIFICIAL INTELLIGENCE ENTREPRENEURSHIP			
Modality	F2F	Project	e-Learning
Phase 1 (duration)	8 hours – Introduction and theory	-	16 hours – Theory
Phase 2 (duration)	8 hours – Group work, brainstorming	16 hours – Project activities	Supporting materials in Mahara and Moodle
Phase 3 (duration)	16 hours – Presentation, discussion, assessment	8 hours – Learning projects, speeches	Profile&e-portfolio in Mahara
Contents	<ul style="list-style-type: none"> • Basic notions (2) • Tools (2) • Spheres of AIE (4) • Commercial potential of AI (8) • Project and team work in the field of AIE (8) 	<ul style="list-style-type: none"> • AI project (8) • Product description (8) • Making presentations (8) 	<ul style="list-style-type: none"> • Theory (16) • Webinars (4) • E-Portfolio (4)
	<ul style="list-style-type: none"> • Lectures with video • Webinars • Discussion • Round table discussion 	<ul style="list-style-type: none"> • Analysis • Brainstorming • Benchmarking • Planning • Writing • Consultations in-person • Presentation • Speeches • Discussion 	<ul style="list-style-type: none"> • Social network correspondences • Learning projects templates • Assessment • LEVEL 5 self-assessments

A practical necessity in the development of entrepreneurship in the areas of It and AIE is caused by the changes of people’s habits. The future when people will come home after work and ask their TV to turn on and the washing machine to wash clothes in the economy mode doesn’t seem so distant.

People can already talk to virtual assistants like Siri or Alexa to search for a movie or order a new scarf with delivery to the door. Why not doing the same thing with everything else?

In fact, this is what everyone now calls the Internet of Things which is according to Wikipedia basically the network of physical devices, vehicles, home appliances, and other items embedded with electronics, software, sensors, actuators, and connectivity which enables these things to connect, collect and exchange data [10].

In its essence, the technology of IoT is about devices with built-in sensors, which provide data to one or more central locations through internet connectivity. That data is then analyzed and corresponding actions are initiated.

For any IoT service to be worth buying, such actions must demonstrate true value and yield benefit to the user. Of course, they vary from adequate physical actions (e.g. deploying a taxi to the site) to simply informing users (e.g. sending a message to inform a user that they have run out of milk).

It is here at the data analysis step, that the true value of any IoT application is determined, and this is where Artificial Intelligence provides a crucial role by making sense of data streamed from devices. AI serves to detect patterns in this data from which it can learn to adjust the behavior of IoT service.

Probably the best example of AI and IoT successfully working together is self-driving cars by Tesla Motors. Cars act as “things” and use the power of Artificial Intelligence to predict the behavior of cars and pedestrians in various circumstances. Moreover, all Tesla cars operate as a network. When one car learns something, they all learn it.

Automated vacuum cleaners are a good example of artificial intelligence “embodied” in a robot. For example, iRobot by Roomba controlled through an app can map and “remember” a home layout, adapt to different surfaces or new items, clean a room with the most efficient movement pattern, and dock itself to recharge its batteries.

Another good example of AI and IoT combined together is a smart thermostat solution by Nest Labs. Nest’s smartphone integration allows to check and control temperature from anywhere. The device analyzes temperature preferences and work schedule of its users and adapts temperature accordingly.

Applications, where IoT works together with AI, are only growing, creating new markets and opportunities and they are highly unlikely to lose ground in the nearest future.

Thus, the experience of teaching the course “Digital Entrepreneurship” at SibSUTIS in the frames of the European educational project Erasmus+ REBUS showed that student training in the learning environment Mahara using such technologies as the distance learning platform Moodle and self-assessment tool LEVEL5 allows students to form an efficient mechanism of evaluation needed for

an adequate perception of themselves as active and creative personalities, develop a critical way of thinking and self-demanding, evaluate objectives and the level of their acquisition; develop new competences quickly and effectively as well as obtain an additional professional education of the European level. In the light of global trends in the development of digital technologies, and also in order to logically continue the trend of cooperation between SibSUTIS and universities of the European Union, it is necessary to consolidate and develop the competences achieved by students through the design on further educational programs and commercially successful cases of Russian and European IT companies in the field of e-commerce, Internet of Things and Artificial Intelligence.

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Assessing export challenges faced by albanian SMEs

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Abstract

Nowadays, small and medium-sized enterprises (SMEs) are increasingly being recognized as a vital part of a country's economy. Albania is a country in transition and after the communist era, has been on a difficult path to overcome many social, political and economic difficulties. The purpose of this paper is to analyze and investigate the SMEs in Albania and the levels of exportation as an important element for the EU integration. This study is mainly of investigative and explorative nature, aiming to conclude which industry sector exports the most and to highlight the main partners (in terms of nations) and also to identify or flag the perceived barriers that Albanian companies classify as impediments to exporting goods. The instrument used was a questionnaire of 50 items and the participants were Albanian organizations (N = 163) from different sectors of the economy. Data were analysed using IBM SPSS Statistics 20. The results indicate that the main three barriers that impede them from exporting are: the lack of planning about exportation, the difficulty of finding new clients in EU and the high levels of the accompanying risk. For 30% of the tradable sector, the difficulty of finding new clients in the European market was considered as one of the most challenging, anyway, it should

be noted that only 36% of this sector plans to export in the next 1–3 years. Despite their perception towards barriers, most of the organizations were planning to export in the future.

Key words: *Export, Albanian SMEs, Barriers, European Union, Financial aspect, Trade Balance*

Introduction

Europe is the world's largest market, this continent offers many business opportunities, but the competition is very strong. If a business strives to be successful it must be well prepared before facing buyers. In total, the Western Balkans in 2016 had 1.3% of the total marketed in Europe (European Commission, 2017). However, the individual contribution of states was very low: Albania (0.12%), the Republic of Macedonia (0.24%), Bosnia and Herzegovina (0.26%), Montenegro (0.03%), Kosovo (0.03%) and Serbia (0.59%).

Albania has been a successful development story in many aspects. Over the last two decades the country has made galloping moves to establish a credible multiparty democracy and market economy, and is rapidly integrating into the international and European community. Since 1998, the Albanian economy has experienced rapid and sustainable economic growth and unlike other Balkan countries and many European Union countries, it has also positively increased growth during the global economic crisis (albeit with significant reductions in recent years) during 2009–2010. Up to nowadays, the impact of the crisis has been felt mainly in reducing the level of remittances and trade.

Albania's performance and challenges in the European integration process is a field of high interest to many scholars (Abazi, 2013; Laci & Hysa, 2015; Spaho, 2012; Turan & Bala, 2014). Membership in the European Union has been the national key and strategic target of Albania since the early 1990s. Albania's EU integration challenges are different and do not necessarily only relate to the country's progress in consolidating democracy, rule of law, and market economy. Albania has been a potential candidate for being part of the EU membership since 2009, later in June 2014, the European Council granted Albania candidate status. Albania has to accomplish five key priorities for the opening of accession negotiations in order to get the membership status of EU (European Commission, 2016). These five key priorities generally have to do with overcoming previous political polarization, the well-functioning of the juridical and political system, reducing the level of corruption, the intellectual property law, etc. Albania will need to put more efforts on the overall preparations for implementing the EU *acquis* (European Commission, 2016).

It is important to mention that Albania is moderately prepared in developing a functioning market economy. Some progress was made in improving the budget balance, fighting informality and reforming the electricity sector (European Commission, 2016). It is quite evident that Albania's economy had an accelerated growth and improvement in the market situation, but anyway the unemployment is still high. The public debt continues to be high, meanwhile the investments are still continuing. The financial sector is generally stable, but the bank sector is still burdened with bad loans and credit is growing slowly. The ongoing justice reform is expected to have a material impact on the business environment (European Commission, 2016).

In this paper, integration perspective is seen in the view of the economic criteria, focused on the level of export. Barriers that different companies perceive in competing on the European market are analyzed and also their intention of exporting in the future is measured. It's obvious that this integration would facilitate the lives of Albanians, there would be more chances to study, travel and work abroad, and also in a national level the support would be beneficial. Being part of this community it would improve the level of import and export, and without paying any tariffs. As a result, the market would grow by stimulating more foreign and domestic investors.

Literature Review

The definition of entrepreneurship involves the creation of value through union of the capital, taking on risk, technology, and human talent. The nowadays propagation of entrepreneurship is so high it gives the impression that it is a twenty-one-century phenomenon, but that is not the case. At the beginning of the eighteenth century, Richard Cantillon (1755), a distinguished economist is known as the first author to use the term entrepreneur. Cantillon (1755) used this term to refer to a person who took an active role in chasing chances. At the end of the eighteenth century, the concept of enterprise expanded, including more than the risk, i.e. planning, supervision, organization, and even ownership of manufacturing factors. The XIX century was a golden time for the entrepreneurial activity because of technological advancements during the industrial revolution a habitat was created suitable for continuous invention and innovation.

At the end of the nineteenth century there were other changes in this conception, because a dividing line was already established between those who provide funds and interest and those who benefit from entrepreneurial skills. During the first period of the twentieth century, entrepreneurship was seen as separate and unlike management. However, in mid-1930 the concept of entrepreneurship developed.

This happened when Joseph Schumpeter proposed that the enterprise include untested innovations and technologies, defined as the process in which existing products, processes, ideas and businesses are replaced with their best forms. We cannot say by definition that this concept is now determined, because history goes on, the latest updates may change or derive this concept. In the early years of the 21st century, researchers continued to study entrepreneurship and entrepreneurship. Despite this, there are still no widely accepted theories of these studies.

The importance of SMEs in the economy

It is true that small businesses do not generate as much money as large corporations, but in any case are a key component and major contributors to the power of local economies. First, small businesses pose new job opportunities and serve as building blocks of corporate firms (Edmiston, 2007). Small businesses also contribute to local economies by bringing growth and innovation to the community in which the business is built (McConnell, McFarland, & Common, 2011). SMEs encourage economic growth by offering employment opportunities to those people who may not be employable by corporations (Brown, 2016; Stan, 2014). They also attract talents that invent new products or implements new solutions to existing ideas. Furthermore, large businesses often depend on small, because the latter perform some business functions through outsourcing.

Many small businesses have the ability to respond and adapt quickly to economic changes, because they are often very customer oriented. Many local consumers are trusted to the small favorite businesses in times of economic crisis. This loyalty means that small businesses often have the chance to resist those periods, which can strengthen the domestic economy. According to Henderson (2015), small businesses lead to community economic growth and tend to be more flexible and innovative compared to larger firms. Attracting, developing and supporting entrepreneurs are an important component of economic development.

Although local-market oriented, small and medium-sized enterprises play an increasingly important role in international exchanges. In the economic literature of developed countries, there are four factors contributing to small and medium enterprises in the market economy:

- i) Contributions to the technological change processes;
- ii) Contributing to the conduct of sound competition;
- iii) Opening up new jobs; and
- iv) The high offer of products on the local market.

In addition to recognizing the importance of this business, the European Commission is trying to reduce to a maximum the bureaucratic restrictions and to undertake a number of measures to integrate them into a single market, hence the same conditions in all countries. In most European countries, fewer than 50 employees account for 90-99% of the total number of registered enterprises. Impact on increasing the importance of SMEs comes mainly from the increase in the share of thhe services sector, construction sector, and information technology.

SME's in Albania

The driving force of Albanian economic development is the private sector. This sector is growing steadily, producing 75% of GDP and employs 83% of the workforce. The private sector is characterized by small and medium enterprises, whose classification is based on the number of employees, annual turnover and/or annual balance sheet. SMEs represent 99.6% of active enterprises (96.20 are micro-enterprises) contributing to the formation of 72.9% of GDP and employ 71.4% of the workforce (INSTAT, 2015). From a sectorial point of view, the SME system turns out to be composed in this way:

- i) Trade (47,14%),
- ii) Hotels, bars, restaurants, (14,76%)
- iii) Transport and Telecommunication, (9.61%)
- iv) other services (13.31%)
- v) and only 15,18% from producers (agriculture, fishing, industry, construction).

Tirana, Central Albania, and coastal areas are characterized by a large presence of SMEs. 50.35% of the enterprises are located in the Tirana-Durres corridor, which is developing as an important economic center. Other areas with a high presence of SMEs are the districts of Fier, Vlora, Korça, where 24.62% of enterprises operate. In the rest of the country, especially in northern areas, business activity is very weak due to infrastructure shortages, problems associated with an inadequate business climate and lack of skilled workforce.

Nowadays, the developed world is dealing with the analysis of the successes of the unconventional instrument, as is the quantitative easing. The Federal Reserve, the Bank of England and more recently, the European Central Bank is trumpeting the success of this instrument in a world that is still financially troubled, which, according to its cycles, marks a growth, or even a major decline. The crisis showed that market players were not prepared to manage the system they had created themselves.

Research Questions

The purpose of this study was to analyze and investigate the SMEs in Albania and the levels of exportation as an important element for the EU integration. This study is mainly of investigative and explorative nature, aiming to conclude which industry sector exports the most and to highlight the main partners (in terms of nations) and also to identify or flag the perceived barriers that Albanian companies classify as impediments to exporting goods. Another aim was to classify these barriers according to each sector. In order to fulfill the aim of this study the following research questions were composed:

RQ₁: Which industry sector of Albania exports the most and where?

RQ₂: Which barriers do Albanian companies perceive as the main impediments to exporting goods?

Method

Participants

The target group for this study was Albanian companies from different sectors of the economy; the sectors were chosen based on the current percentage of their contribution to the economy. For the sample selection was followed a non-probabilistic approach but was used an intentional selection, which is the most common technique of sample selection (Marshall, 1996). According to Marshall (1996), the researcher chooses the sample that best suits the research question. This might include the development of a variable model that can influence the individuals' contribution and may be based on the researchers' practical knowledge, available literature, and the study itself. The sample size (N=163) was 163 different SMEs distributed in different sectors (Construction industry 7%, Trade 32%, Hospitality & Tourism 34%, Manufacturing industry 6%, Information and Technology 4% and Services & others 17%).

Procedure of data collection

The data collected to conduct this study are divided into secondary and primary data. Secondary data are mainly collected from articles in scientific journals or official pages and books, which relate to the literature review, whereas, primary data are collected from questionnaires filled by the selected sample.

The questionnaire was designed on the basis of the suggestions of the relevant literature and later was distributed to Albanian businesses operating mainly in Tirana but also in other important cities such as Berat, Durrës, Lezha, Fier, Elbasan, etc. In order for the sample to be more representative, it was decided that the participation of businesses should be fairly proportional to the distribution of sectors according to contribution to the Albanian Economy, which is: 43.4% Trade, Hotels and Restaurants 16.2%, Transport and Communication 9.9%, Manufacturing 9.6%, Construction 4.3%, Agriculture and Fishing 1.7%, while other services account for 14.9% (according to INSTAT).

The questionnaire used for this study included a total of 6 questions aimed at measuring the perception of companies on the barriers to export and also to measure their purposes to export in the future. Anyway since some questions were with alternatives they were considered as different variables, so the total of the considered variables was 21. The questionnaire was distributed by sectors in accordance with their contribution to the economy, the source for this information was INSTAT.

Instruments

The variables of this study were measured using the questionnaire compiled by the author, based on studies and suggestions from different researchers, with the tendency for the questions to be as convenient as possible for the specific situation. This questionnaire aimed to measure the export level of Albanian companies in Europe, compared to the Middle East or the Balkans. The challenges or barriers encountered by Albanian traders to export abroad are also measured, with variables such as: lack of planning about exportation, high levels of the accompanying risk, difficulty of finding new clients in EU, high cost, lack of products/services appropriate for EU market, difficulty on identifying opportunities, lack of time and experience, lack information on how to export, fear from possible obstacles.

In addition, there were also a number of demographic questions and general characteristics of the company, which served as control variables: the industry sector, the company's legal status and the presence of the company on the market were some of these controlling variables.

Data analysis and Results

The qualitative data gathered from the initial phase were analyzed by the author of the study in order to compile the instrument used for this study. Meanwhile, the quantitative data, obtained from participants' responses were analyzed using IBM

SPSS Statistics 20 and Microsoft Office Excel 2010. The gathered data are non-parametrical, for this reason, descriptive analysis was used to answer the research questions.

The results indicate that the main three barriers that impede participants from exporting are: the lack of planning about exportation, the difficulty of finding new clients in EU and the high levels of the accompanying risk. About 19% of the respondents believe that the main reason why they don't export is related to the fact that it's not included in their business plan, 14.7% think that exporting has high levels of accompanying risk, meanwhile, only 1.2% of the respondents fear from possible obstacles.

Barriers on Exporting	Percentages
Lack of planning about exportation	19%
High levels of the accompanying risk	14.70%
Difficulty of finding new clients in EU	13.50%
High cost	12.90%
Lack of products/services appropriate for EU market	11.70%
Difficulty on identifying opportunities	6.10%
Lack of time and experience	4.30%
Lack information on how to export	1.20%
Fear from possible obstacles	1.20%

According to this study 70% of the Manufacturing Industry do export and 50% of them in Balkan meanwhile 20% in Europe, 40% of the trading companies export in Balkan and 16% of them export in Europe, another sector that seems to have a good percentage of exporting in Europe is Information and Technology with 29% rate, compared to 14% in Balkan. Apparently, none of the respondents is currently exporting in the Middle East.

Industry	Balkan	Europe
Construction industry	33%	8%
Trade	40%	16%
Hospitality & Tourism	2%	0%
Services	31%	0%
Manufacturing	50%	20%
Information and Technology	14%	29%
Others	27%	0%

Other important results indicate that for 30% of the tradable sector, the difficulty of finding new clients in the European market was considered as one of

the most challenging, anyway, it should be noted that only 36% of this sector plans to export in the next 1-3 years.

Industry	Planning to export in the next 1-3 years
Construction industry	25%
Trade	36%
Hospitality & Tourism	0%
Services	39%
Manufacturing	80%
Information and Technology	28%
Others	7%

Despite their perception towards barriers, most of the organizations were planning to export in EU in the future. It looks like the Manufacturing sector is the first sector (80%) that plans to export in EU and license their products so that can be appropriate for that market.

Conclusions

Globalization almost always affects transition economies, by creating new connections of the labor or capital market with the international economy. Considering the 2016 progress report by the European Commission it can be stated that Albania has made some progress in improving the budget balance, fighting informality and reforming the electricity sector. In this report, Albania is evaluated as moderately prepared in developing a functioning market economy.

Encouraging export is undoubtedly a very powerful structural adjustment mechanism that has its effect on the economy of a country. In the context of Albania's economic policy, export development is considered a key factor for improving macroeconomic indicators, especially from the point of view of improving the balance of trade and job creation. The most urgent problems that Albanian companies face when exporting are lack of planning about exportation, high levels of the accompanying risk and difficulty of finding new clients in EU.

An important finding of this study is related to the current exportation of Albanian companies toward Europe, most of the companies are exporting more in Balkan. Even though it looks like they plan to export and license their products in the next one to three years, they perceive some barriers that would need to be overcome before undertaking any further steps outside the national market. Finding new clients and building a detailed business plan on how to succeed outside our market are two of the most important steps needed to undertake prior expanding their market.

Limitations and future researches

The major limitation of this study is that the questionnaire is self-evaluative and it would be very naïve to assume that all respondents answered questions candidly or not. As Hammond (2006) points out, if the respondents did not answer the questions honestly, then the results cannot be a real reflection of the population. However, the application of multiple research methods helped us to avoid possible prejudices.

This study has not been extended at different times. A study extending over several sequential periodic periods would add to the ease of this search in function of efficiency in determining the goals of this study. Also, the participants involved in this study were 163 small and medium-sized Albanian businesses of various industries. But compared to the number of Albanian businesses in total, the representativeness of the sample may be questionable. It can be said that a bigger one would have helped to make a more accurate analysis. Also, the fact that only descriptive analysis is used may be limiting, other analyzes would be possible if the data were parametrical.

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