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CONFRONTING COVID-19 PANDEMIC

Aurela **BRAHOLLI**, Dr./ Arlinda **YMERAJ**, (Assoc. Prof. Dr.)/
Dr. Edlira **MARGILAJ**/ Elida **BOSHNJAKU**/ Ilva **ISA**, PhD(c)/
Prof. Assoc. Dr. Elvin **MEKA**/ Krisela **NGJELA**/ Dr. Eugen **MUSTA**/
Irina **CANCO**/ PhD, Prof. Dr. Drita **KRUJA**/ Dr. Ismet **VOKA**/
Prof. Assoc. Dr. Filip **RUXHO**/ Prof. Assoc. Dr. Kreshnik **BELLO**/ MSc. Bledi **SELAJ**

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Rr. “Xhanfize Keko”, Nd 60, Tirana, Albania / www.uet.edu.al / info@uet.edu.al

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economicus@uet.edu.al
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Challenges and Opportunities presented to the Albanian Economy and Labor Market during the Pandemic

Aurela BRAHOLLI, Dr.
EUROPEAN UNIVERSITY OF TIRANA

Abstract

The Covid-19 pandemic highlighted many problems in the structure of the economy and hence in the employment sector, as a very delicate sector for the Albanian economy. This unpredictable factor that has affected the world economy is giving its blows every quarter to the Albanian economy. The unemployment rate has a downward trend making unemployment a major problem for the economy. The main purpose of this study is to argument and analyse the impact of the pandemic factor on the economy, and specifically the employment and unemployment rate in Albania during the economic year 2020. The period of the past year has shown how government subsidy has affected or not the reduction of unemployment as consequence of business closures. It is worth mentioning that in this paper we will try to create a comparison of two exhaustive analyses of the reports published by INSTAT and interpretations of the data of the financial year 2020. Based on these data we will create an overview of the unemployment situation and employment in general Albania, during the pandemic period. How much impact have the pandemic and the health crisis had on the economy, and what is the consequence of the pandemic in the labour market expected to continue? In conclusion, we will suggest the formulation of a group of political policies by engaging experts of various fields. These policies will not only be crucial to confront the imminent issues caused by Covid-19, but they will also be very important to overcome the general crisis created by it.

Keywords: *Employment, Unemployment Rate, Pandemic, Economy*

Introduction

The word "Economic Tsunami" is being largely used to describe the state of the economy and international financial markets by all analysts and experts of world economy, as a result of the coronavirus spread, also known as COVID-19. COVID-19 initially originates from the city of Wuhan, China, dating back at December 31, 2019, and it rapidly spread in 212 countries and territories all around the globe, meeting also its international transformations (University Johns Hopkins, 2020). With the aforementioned quick spread of coronavirus all over the world, World Health Organization (WHO) declared COVID-19 to be a pandemic (OBSH, 2020a), asking all the countries to take necessary precautions because the next global concerns were those regarding the socio-economic impact of this situation, especially about the low income and vulnerable groups.

Coronavirus further pushed economies toward economic recession in a time when all economic parameters and tendencies were highly promising. Social distancing quickly came to be economic distancing. People faced restrictions from going to shops, theatres, cinema, museums, bars, restaurants and offices. To prevent further spread of the pandemic COVID-19, the world was forced to go into economic recession and very likely toward economic depression, in such a scale never faced before in modern economy.

Kenneth Rogoff, professor of Economy and Public Policies at Harvard University, in a paper published on "Project Syndicate" platform, underlines the fact that insecurity about actions and behavior of people and policy makers in the coming weeks and months, is as big as the scientific insecurity regarding Coronavirus. According to Rogoff, "until we can have a better understanding about the 'when', 'where' and 'how' the COVID-19 related public health situation will be resolved, economists won't be able to start predicting the end of recession that is now happening. What is certain however, is that this economic recession will be far bigger and longer than the one that happened in 2008".

According to Ricardo Hausmann, Professor at John F. Kennedy School of Government in Harvard, "Macroeconomists initially thought that the COVID-19 would shake the aggregate demand and that this should be solved by policies aiming to increase consumption. Soon enough they came to understand that, differently from the 2008 global financial crisis that collapsed aggregate demand, COVID-19 pandemic firstly caused a high decrease of the aggregate offer". Therefore, even if people were eager to consume, go to theatres, go out in restaurants, travel, etc., this would be impossible because everything is either totally closed or under severe limitations which make the normal functioning of many businesses impossible.

According to Hausmann, this current state is unaffordable, especially for developing countries, which economies heavily rely on imports, tourism, remittances.

According to Mike Konczal, researcher at Roosevelt Institute, there are five elements to slowing recession and limitation of possible negative effects:

a) Direct help to citizens by offering them cash
b) Assistance to workers making sure there is a sufficient attention for them
c) Assistance to businesses and communes with fiscal and monetary policies provisons
d) Prevention of business collapses through offering of liquid assets, including the possibility of the government being their end costumer for a part of their product stock, under the condition that companies retain their employee.
e) For the industries/sectors that risk bankruptcy, some stimulant mechanisms should be created in order to make their recovery possible, through a clear frame of corporate and financial governing, including the restriction of bonuses and dividends.

The early testimonials have shown that the health and economic effects were being proportionally bestowed upon poor people, increasing so the risk of inequality, exclusion, discrimination and global unemployment in long and mid-term (UN DESA, 2000). It is declared that the COVID-19 pandemic is redefining sensitive groups/categories depending on the political actions of each country (The Lancet, 2020a). In a pandemic, necessary medical knowledge and responsible public behaviour are highly important. Last observations during the COVID-19 situation have shown that weak health reading-writing in the middle of a population was being underestimated (Paakkari & Okan, 2020). Results suggest that bettering the knowledge of mass population regarding the COVID-19 has led to more positive and adequate stances to taking precautions regarding the virus. (Zhong, et al., 2020).

World Vision was globally concerned that millions of people living in poor countries were left defenceless and less prepared for the spread of a pandemic (WVI, 2020). These countries can show high levels of food uncertainty, resulting from high misfeeding and high mortality rates. Furthermore, fear and unsafety connected to pandemics, can help develop an environment more likely to be a subject of different forms of violence. Violence against women and children is widespread all around the globe, therefore the possibility of the pandemic increasing the weight and negatively affect the violence against women and children subject to prior violence (Peterman, et al., 2020).

UNESCO has concluded that many areas have put in use the scholar lockdown all around countries as a precaution against COVID-19, thus affecting

1,268,164,088 students globally (UNESCO, 2020). Consequently, the change of learning environment immediately requested time on adapting the new routines by students, teachers and parents. This global change came with new challenges but also new opportunities. In a last report concentrated on education quality during COVID-19 (Petrie, et al., 2020), possibilities were encountered on new built bridges between teachers and parents.

WHO has also expressed its concerns regarding mental health conditions during the pandemic and the psychosocial consequences of the whole population, declaring that quarantine has lead to increased anxiety, loneliness, depression, sleep-deprivation and self-harming or suicidal behaviour (WHO, 2020d). On the other hand, mental health professionals raised concerns that the pandemic would be followed with an increase cases of depression, suicides, additionally to the symptoms reported on a global level. Additional to the psychological reactions from fear, avoidance and fear of meeting other people, fear of death, fear of isolation, stigmatism, fear of failing to acquire fundamental object have dominated (Kumar & Navar, 2020).

What started as a response to COVID-19, showed again the deep crisis on the health system in Albania and turned to be a fatal blow to the economy and employment. The pandemic has shown and further worsen the structural problems of the employment world in Albania. Consequently, a full evaluation of the intensity of the coronavirus related crisis can not be performed independently from these problems. Hence, infections with coronavirus at work spaces, but also multiple accidents at work occurring during the pandemic period are directly related with the weaknesses of the defence system and health at work. The crisis has increased and will keep increasing unemployment, also at the same time increasing the number of workers on the informal economy.

The pandemic in Albania had a negative impact on multiple sectors of the economy which, with the closure of many businesses and industries, lead to the impact on unemployment being even higher. In this prism, unemployment reached its peak with the closure of customs and borders and the suspension of the largest part of producing activity, services and a free fall of the demand for luxury goods and services.

Hence, the main purpose of this study is to analyse the influence of the pandemic factor in economy, and specifically in the rate of employment and unemployment in Albania during the 2020 economic year, therefore creating a better understanding of the situation in Albania during the pandemic, also compared to other countries in Western Balkans.

METHODOLOGY

In adherence of the purpose of this paper, chosen methodology is that of investigation through a descriptive and qualitative analysis of the case. For the conception and development of this qualitative study, after a forehand selection, a limited number of information sources such as papers/surveys of local authors in the field or even from official pages of the relevant institutions, including those national and international.

Primary and secondary sources of information/data have been used, mainly referring to statistics from INSTAT for the 2019-2020 period, Labour Force Survey, and other surveys, summary of opinionists. Another limitation of this paper, beside that of limited sources, it is the time when this research was conduct, which coincides with the time of an economic crisis and pandemic in the country, which had its effect in every field. To reach the purpose defined earlier, this study aims to present an analysis of the influence of the pandemic factor in economy, more concretely in the employment and unemployment levels in Albania during the 2020 economic year.

DESCRIPTIVE ANALYSIS

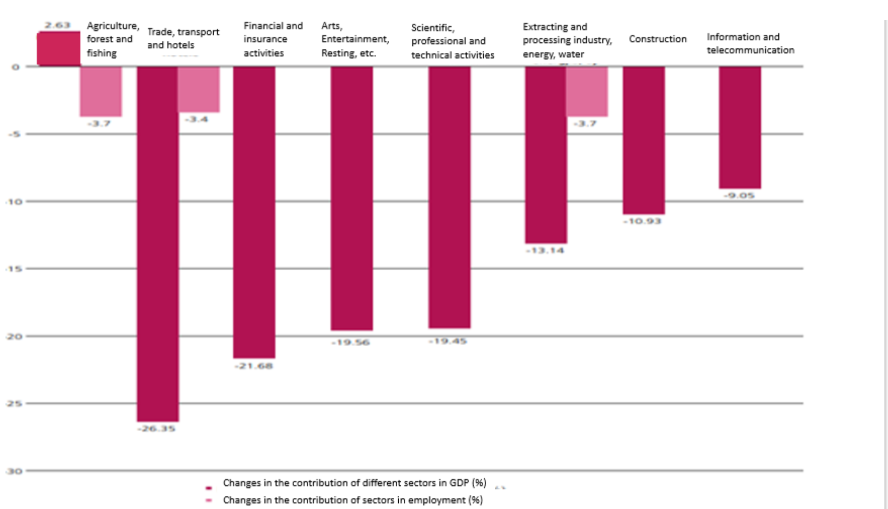
Three are the main indicators that help us better understand that the situation created by the COVID-19 pandemic is much worse than what is being presented to us. F*irst indicator* is related Historical unemployment rate (graphs) registered in the last 4 years referring to INSTAT, regarding all ages, which has varied between 145.000-165.000 yearly. Starting from this number and the fact that the economy was facing collapse and many of its sectors and companies were either suspended or closed, which automatically resulted in unemployed workers, same in numbers as the variety of sectors and activities closed, making us conclude for a high unemployment.

The second indicator is related to the publication of vacant positions on "National Employment Service", which in June 2020 there were only 272 vacant positions declared from 35.000-45.000 places declared each year. This figure informs us about the real authenticity of the job offering in the market from the private sector, which is the highest employer in the country, and limited spaces there are for unemployed job seekers in the employment market. This indicator also shows the difficult state of business in the private sector, contraction of which is reflected even in the absence of the necessity and the interest to be employ.

The third indicator is directly connected with the report of the World Bank regarding the economic consequences in our region, where the most affected country would be Albania, in which the unemployment is thought to have risen to 25%. The difficulty of measuring real unemployment is a phenomenon that is very common in Albania for a long time now, and it's mainly due to informality and undeclared self-employment. The report of WB[1] only reinforced the fact that in Albania there are many informal employees and self-employed, for which the quarantine brought total block for every working opportunity and the inability to retrieve "war wage" administered by the government. In this point of view, not only the number of unemployed people declared from official sources is higher but also the effect or support of the government for this "unofficial" category, which is therefore unrecognized.

As it can be seen in the picture below (Fig .1), the most affected sectors from the pandemic were services (commerce, transport, and tourism) with a decrease of 26.35% compared to the same period in last year; financial activities and insurance companies (21.68%); arts and entertainment (19.56%); scientific activities, professional and technical (19.45%); industries of extraction and refinement (13.14%); and building and real estate (10.93%). Meanwhile, total consumption, which also holds the main weight in the economy, was decreased by 7.57% compared with the same period of the previous year. Clearly, contraction of the contribute of different sectors in the economy has a direct effect in employment, although the situation here is more complex.

FIGURE 1: The impact of the pandemic on the economy and employment



Source: World Bank

[1] **World Bank.** 2020b. *Fighting Covid-19 Europe and Central Asia Economic Update*.

The analysis of the situation of the effect of COVID-19 in Employment and Unemployment has been made using data from Labour Force Survey [2], which is conducted by INSTAT near the families. The subject of the Labour Force Survey were all individuals above the age of 15 of the family chosen to be interviewed. In this analysis the 2 indicators below have been taken into consideration:

- Level of Employment[3]
- Level of Unemployment[4]

TABLE 1: Unemployment Rate

Quarter	15-64 years		
	Total	Men	Female
Q.4.2016	14.5	15.0	13.9
Q.1.2017	14.6	16.1	12.5
Q.2.2017	14.3	15.4	12.8
Q.3.2017	14.0	14.8	12.8
Q.4.2017	13.6	14.1	13.0
Q.1.2018	13.0	13.2	12.7
Q.2.2018	12.9	13.5	12.2
Q.3.2018	12.7	13.1	12.1
Q.4.2018	12.7	13.0	12.3
Q.1.2019	12.6	12.8	12.3
Q.2.2019	12.0	12.1	11.8
Q.3.2019	11.8	11.9	11.8
Q.4.2019	11.6	11.8	11.4
Q.1.2020	11.9	11.5	12.4
Q.2.2020	12.5	12.6	12.4
Q.3.2020	12.1	11.9	12.3
Q.4.2020	12.3	12.2	12.5

Source: INSTAT

2 http://www.instat.gov.al/al/temat/tregu-i-pun%C3%ABs-dhe-arsimi/pun%C3%ABsimi-dhe-papun%C3%ABsia/#tab2

3 Unemployment Rate is the ration of unemployed to labour force.

4 Employment Rate is the ration of employed individuals aged 15-64 against the overall population of working age.

As it can be noticed in the Table nr.1 above, in the second quarter of 2020, the official rate of unemployment in Albania for the population of the age 15-64 years was 12,5%, increased by 0,6% compared to the first quarter of 2020. For male individuals, in the second quarter of 2020, the official rate of unemployment in Albania for the population between 15-64 years old was 12,6%, so this means that this rate is increased by 1.1%, while for the women in the second quarter of 2020, population age between 15-64 years old, official unemployment rate was 12.4%. Deriving from these data, compared with the first quarter of 2020, we can see that the official rate of unemployment has been changed due to COVID-19, especially for men, because that was the positions of works that were closed form Covid-19.

TABLE 2: Employment Rate

Quarter	15-64 years		
	Total	Men	Female
Q.4.2016	56.2	62.8	49.6
Q.1.2017	56.3	62.9	49.5
Q.2.2017	57.3	64.1	50.3
Q.3.2017	57.7	64.7	50.5
Q.4.2017	58.2	65.6	50.8
Q.1.2018	59.2	66.5	51.9
Q.2.2018	59.2	66.3	52.2
Q.3.2018	59.7	67.3	52.1
Q.4.2018	60.0	66.9	53.1
Q.1.2019	60.3	67.4	53.3
Q.2.2019	61.4	68.4	54.6
Q.3.2019	61.5	68.5	54.7
Q.4.2019	61.6	68.5	54.8
Q.1.2020	61.4	68.7	54.2
Q.2.2020	59.6	66.2	53.2
Q.3.2020	61.3	68.7	54.2
Q.4.2020	60.2	67.8	52.9

Source: INSTAT

In the second quarter of 2020 (Table no.2), employment rate for the population of age 15-64 years old was 59,6%. For the male individuals during this quarter, employment rate for the population age 15-64 years old was 66,2 % while for the female individual's employment rate for the aged between 15-64 years old was

55,3%. During this quarter, compared to the first quarter of 2020, this indicator decreased by 1,0% for female and 2.5% for men.

Hence, deriving from these data, we can conclude that men were the ones more affected from COVID-19 regarding employment.

This harsh situation of poverty and inequality, which is further worsened by the pandemic, is a direct result of the deep crisis of developmental model of Albania. Clearly, a small economy, oriented toward consumption (78% of overall demand) [5] which is supported by remittance [6] dependent of tourism, dominated by the export of increased low value products and with a negative trade balance, is highly exposed and week against global crisis. Differently from the crisis of Eurozone, the effects of these crisis were really severe, especially due to the strong contraction of the tourism sector and the decline of global demand for goods such as clothes/ shoes and minerals (except gold) in global markets.

Not only Albania, but also Western Balkans economies, were sent to recession by COVID-19, causing disruption in decreasing poverty and increasing welfare which these countries were experiencing lately. Before COVID-19 crisis, in the beginning of 2020, much of the countries from the region have made considerable progress toward decreasing poverty and increasing family incomes. Before the COVID-19 crisis began, Wester Balkans had high levels of employment[7]. Later, due to COVID-19 crisis, businesses in Western Balkans suffered considerable income losses. Restrictions on movement and social distancing harmed offer and demand of labour force, transportation and traveling in an unprecedented way. Whole sectors of national economies: hotels-restaurants, non-essential retail trade, tourism, transport, and a good amount of production closed. Despite the different aids by the government, businesses of all economies suffered losses, which risked operations and their paying abilities. Most affected were small and medium enterprises, as well as informal businesses. The effects on income-generating activities were especially severe to unprotected workers and the most vulnerable groups in the informal economy.

This crisis managed to erase to the ground some of the achievements created in Western Balkans Labour Market and had a total effect in employment. The employment rate decreased to all time low in Western Balkans. At least 50% of firms in each country of the region were forced to close their activity at least partially, while for those who remained open, business was minimal.

Micro and small firms were hit harder than the medium-large ones. Part of the micro firms in Bosnia-Hercegovina reported a significant decrease in incomes which was more than 12% higher than the average of the firms. 35% of micro firms

[5] Instat 2020e

[6] IMF. 2020. IMF Staff Concludes a Remote Staff Visit to Albania. Accessed on October 13, on: https://www.imf.org/en/News/Articles/2020/07/01/pr20252-albania-imf-staff-concludes-a-remote-staffvisit.

[7] World Bank and wiiw (2020): Tendencies of employment markets in Western Balkans

in Serbia saw a decrease in incomes of over 80% compared to the 10% decrease of middle firms with the same expectancy.

Services sector and tourism had the harshest consequences compared to the rest of the economy. In Albania, the firms that reported decline in demand as their main problem were higher in numbers in the tourism sector compared to the other sectors, while in Serbia losses in the tourism sector were higher than in any other sector.

Reduction of market demand was seen as the main challenge in all these countries. The major part of the population in Bosnia-Hercegovina and North Macedonia were significantly affected by the decline of demand, which caused loss of income not only as a result of the decrease in number of new orders, but also due to the cancelling of existing ones. These countries, comparing demand, offer, and among else job restrictions and raw materials, have been relatively smoother but had as well many limitations regarding liquidity.

Business operations in these countries are in critical conditions, but however there have not been a lot of job losses. According to the survey from the Secretariat of Investments Council[8] , COVID-19 related crisis has marked a significant decline of economic activity, where half of the firms included in the questionnaire declared to have completely interrupted activity. Despite this, up until now only a small part of the firms have seen dismissals from work, 28% of them have allowed employee to work from home, while 13% of the firm have used the annual leave.

The situation appears severe for the micro firms in Bosnia-Hercegovina which were the most affected from the pandemic crisis. According to the questionnaire of Foundation 787[9], up until April 11, 72.7% of the firms' part of the questionnaire, had interrupted their activity, while 16,4% had chosen an alternate way of doing business with the sole purpose of remaining active. The largest part of the firms was forced to unregister employee thus worsening the already high levels of structural unemployment in the country, which, to be able to face the situation, delayed payments to liquidate debt against the government.

Even the state of business in Kosovo does not appear good. According to International Monetary Fund, Kosovo's economy saw a shrinkage of 5%. According to a questionnaire made by several business associations[10], results that 39% of the firms have completely interrupted activity, 31% have worked with lower capacity, while 14% have continued operating with reduced hours. Firms that have totally interrupted activity appear to have been the smaller ones, the ones with less than

8 Albanian Investment Council. 2020. Main findings of the "Covid-19 on businesses" Survey

9 Foundation in Bosnia-Hercegovina.

10 This questionnaire was authorised and conducted by "Oda Ekonomike e Kosoves" (Economic Chamber of Kosovo) in collaboration with "Oda Ekonomike Amerikane ne Kosove" (American Economic Chamber in Kosovo), "Oden Ekonomike Gjermano-Kosovare" (Germano-Kosovo Economic Chamber), "Keshillin e Investitoreve Evropianë" (The Counsel of European Investors) and "Klubi I Prodhuesve te Kosoves" (Club of Manufacturers of Kosovo).

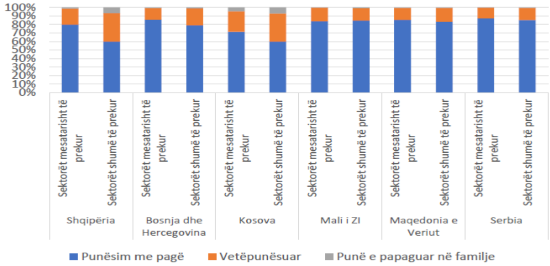
10 employees, as reported by 54.4% of the questioned companies in this category; 29.2% of all questioned companies reported to have reduced labour force, although 0,4% of them declared growth. Two main problems that affected Kosovo firms were financial loss, which affected the better part of firms in Kosovo, as well as the absence of liquidity. Also, pandemic affected in the decrease of 20% in the tourism sector, in Direct Foreign Investments and other financial entries.

Considering the importance of tourism in Montenegro, firms were hit the hardest by the pandemic crisis compared to the other countries of Western Balkans. Income from tourism, which make up around 21% of Montenegro's GDP, compared to the 7,2% of North Macedonia and 6,9% of Serbia were directly affected by the pandemic.

The effect of the crisis of COVID-19 in North Macedonia economy had implications not only in the services sector, but also on the production one, especially that regarding stable goods, clothes and textiles, which had the largest number of employees and the highest annual expenses on salary payments, compared to all other affected sectors. Also, retail trade of non-essential goods, with a high number of employees as to 70% of all employees in the stable goods production sector, faced consequences resulting from activity closure. The biggest part of businesses were forced to close their activity due to restrictions and faced considerable decrease in incomes. Ups and downs regarding demand were much more sensitive while on the offer side, such as job restrictions or lack of raw materials weren't a major setback for businesses.

Covid-19 crisis also affected Serbia's economy mainly on production where exports and stable goods are particularly important. Most of the employees in production for export were affected by the crisis. The decline od demand for export, accompanied with the problems in logistics, i.e. materials export, created a significant negative effect in the economy of this country. The demand for table goods suffered a significant decline during the crisis. Regarding services, the most affected sector where most of the employees' work was retail of non-essential goods. The fall of demand in Serbia was the main problem with which all Serbian companies were faced, but this problem was less disturbing for the industrial production sector. The most problematic period regarding the decline in offerings was mainly during the work-from-home time; while inability to import had moderate effects.

GRAPHIC 1: Distribution of employment according to different sectors, in the sectors highly or medium affected, in percentage



Source: Analysis by AMNJ[11] and ABF[12]

Employment reduction in Western Balkans is now obvious as it can be noticed in the graphic above. The data about market employment progress show that the highest annual increase in unemployed numbers up until now was in 2020 in Albania, an increase by 25% and in North Macedonia, with 11%. This partially reflects the inclusion in conformity of informal employees who are registered in order to benefit from health insurance and other social payments. Except Serbia and Kosovo, the administrative data on unemployment have begun to show an annual increase of unemployed people. After January there have been 63,000 people newly registered in the employment offices. Also, in the first quarter of 2020, data on vacant jobs in Montenegro show a decrease by 75% and in Serbia a decrease of 48%., which further shows the worsened situation in the employment market for the upcoming future.

Conclusions and recommendations

Beside losses in life and impact on the health of infected people, Covid-19 now has a large effect on the country's economy, starting from the unemployment numbers, reduction in production and economic sectors the brought a high deficit in the budget and lower incomes in domestic economies. Considering the above results, mainly from INSTAT, we see that the pandemic crisis will keep increasing unemployment and will send more employees on the informal economy. The practice of lowering salaries reported during the pandemic is likely to continue more

[11] State Office of Statistics of North Macedonia. Survey Living Standards Measurement: Microdata file. Skopje, North Macedonia.

[12] Statistics Agency of Bosnia-Hercegovina, Institution of Statistics of the Srpska Republic and Institution of Statistics Bosnia and Hercegovina Federacy. Survey of Family Budgets: Microdata File.

massively considering the tension caused from the rising levels of unemployment, but also the fact that most of the employees are not organised in real syndicates which would be able to defend them.

Despite governmental programs that were trying to maintain the economic situation under control, the self-amplifier dynamics of a recession itself, had a versatile effect, therefore it is necessary the realisation of a comprehensive plan for economic recovery since the number of unemployed people can increase even more in the next months. Employment market may not be the same as it was before the pandemic, therefore the post-pandemic period can result to be a new beginning for many public policies, including those of social welfare.

The common threat we are facing should help us all to get together with some of the main powers that humanity possesses solidarity, courage, creativity, and freedom of thinking. Putting these powers in operation will prove to be essential in our way toward recovery and economic transformation. Crises are also good opportunities for change, adaptation, and usage of new energies for a comprehensive transformation.

An economic transformation should be done, which will include all the decision-making bodies in the country, private sector and financial sector. The main goal is defining the long-term, mid-term and short-term priorities for the economic development of the country, through policies, instruments and measures that put the private sector in its deserved place, a generator of economic growth. The essence of economic transformation should be a new developmental model, based in a strategy that enables a gradual distancing from the dependence on nonstable resources of economic growth, including public investments and remittances, the latter of which should be replaced by direct investments coming from diaspora. The new developmental program needs to focus on the sectors that have competitive advantages, with a high potential for export and integration regional and global supply chains.

Limitations of economic activities because of the Covid-19 pandemic, have increased the need of a digital transformation of businesses to new dimension. All industries need to exploit all opportunities offered by digitalisation to increase competitive advantages, also to overcome difficulties such as these encountered after the pandemic. Nevertheless, for a higher success, digitalisation needs to integrate both the government and public services, as well as education and healthcare.

Recovery and economic transformation after the pandemic will depend on a high number of factors, including the possibility of a new spread of the pandemic, pandemic duration and its effects in the confidence of consumers and businesses, but also the ability of businesses to adapt to the "new normal". The government should be proactive on ensuring adequate support for citizens and businesses, but at the same time needs to be flexible to adapt to any circumstance that can emerge.

Facing this dramatic situation, Albania is in urgent need for effective policies to face the pandemic crisis, and mostly on the emerge from the crisis of the economic model of the last three decades: an economy dominated by consumption, which when in high volume, is afforded by remittances, exports with low added value, low foreign investments, negative market balance, destruction of strategic sectors and degradation of public services, unemployment and mostly informal employment and underemployment, poverty, inequality and corruption.

Beside the intensity of this multi-dimensional crisis, Covid-19 marks an historic opportunity to build a development model, the success of which can be measured by the capability of creating a society that takes care of the weakest, a society where the realization of the individual potential is not conditioned by the economic possibilities and where economic development is in harmony with the nature, not fighting it.

In a summarized way, below I will present some propositions that aim to identify some of the main areas where an essential change from the existing policies in the country should take place.

BUILDING A STRONG HEALTH SYSTEM	- The creations of policies that regard employees as the most important link of a strong health system able to afford crisis such as Coovid-19. - Increase in wages and extra payment for high-risk jobs. - Put in their disposal the necessary tools for personal defence.
STRENGTHEN-ING OF THE THE PLAN FOR SOCIAL AND ECONOMIC PROTECTION	- Economic support for vulnerable and marginalised groups. - Plans for economic support should strengthen both in the coverage aspect, as well as the increase in the level of wages.
INCREASE THE PROTECTION FOR EMPLOYEE/S AND THEIR RIGHTS	- Prohibition by law of wage reduction and reconsideration of minimal wage as soon as possible, for it to play the necessary role for decreasing poverty and inequality. - Strengthening the institution of collective contracting to ensure the positive development of wages.
MEASUREMENT THA TARGET WOMEN IN PAR-TICULAR	- Taking measures in different levels, starting with higher salaries in women domi-nated sectors, such as education and health. - Application of more flexible work hours for both men and women for them to be able to establish a balance between job and family life. - Strengthening the infrastructure for childcare, elderly care and support for people with different abilities. - The social insurance system should recognise the contribution of women in the unpaid job of taking care of family members not only through financial payments, but also recognition of this job for the purpose of pension contributions. - More qualified measures are needed for violated women and their children, to address the reasons which keep them in gender violent relationships, such as unem-ployment and poverty.

TRANSFORMATION AND DEMOCRA-TIZATION OF THE ECONOMY	- Orientation of public investments and industrial policies toward sectors which improve life of people, increase dignified employment, enforce the resistance of the country against crisis and assure ecological transformation of the economy. - Orientation of investments toward strengthening public services and social infra-structure, such as schools, kindergartens, nursery, centres for elderly people care, etc.
MOBILIZATION OF FINANCIAL RESOURCES FOR THE ECOLOGICAL TRANSFORMATION OF THE ECONOMY	Creation of financial resources through: - Radical changes in tax system - State banks as an important instrument for the ecological transformation of the economy - Developmental banks can emit Letters of Credit with long terms, which would allow these banks to perform long-term financing with lo interests. - Application of a solidarity tax to assure that the burden of the crisis can be distributed accordingly to the possibilities of different individuals. - Creation of a progressive tax system which includes the interruption of indirect taxes such as VAT, which has the tendency to affect more the low-income people. - Increase of the level of direct taxation on the people with high income and the most profitable businesses.

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Is it worth to pay health insurance?

Arlinda YMERAJ, (Assoc. Prof. Dr.)
European University of Tirana

Abstract

This paper addresses the efficiency of health care system in Albania vis-à-vis citizens' social solidarity demonstrated through financial contributions to respond to the dilemma of Health Care reform in Albania, namely "financing the right mix of public-private provision of health care through more public funds, ensured either by the state or by the society-contribution". The evidence-based analysis of budgets allocated to health care system is used to formulate findings regarding "health care system efficiency" and draw conclusions vis-à-vis the relevance of social solidarity.

There is a belief that "social solidarity" should raise awareness about people's right and boost investments into health care services. However, evidence argues that such belief is not justified. The public health care services do not provide equality neither of utilization nor of access in a time when private provision does not offer a solution to the problem. Therefore, the burden is returned on Public Health Care policies which should make the effective use of "social solidarity" and guarantee that it pays off for the best of citizens.

The paper is composed of four sections. Section 1 provides rationale for discussion focused at "Social Solidarity" as the key argument. Section 2 explain methods of research. Section 3 provides an overview of health care system in Albania, addressing some critical concerns that deny the right to health care for certain groups of society. Section 4 advances arguments regarding the way in which "social solidarity" is misused in Albania, leading us to key findings, whilst the last section formulates some conclusions, responding to the addressed questions as well as tackling the role of civic and social education of citizens in addition to law enforcement to guarantee that social solidarity pays off.

***Key words**: Public goods, social solidarity, equality of utilization, equality of access, efficiency, health insurance contributions, health care.*

Social Solidarity and the rationales for discussion

Social solidarity emphasizes the interdependence between individuals in a society, which allows individuals to feel that they can enhance the lives of others. It is a core principle of collective action and is founded on shared values and beliefs among different groups in society. (Douwes et al, 2018).

According to Irina Vladimirovna Naletova et al, upon considering the principal approaches to studying social solidarity it should be noted that this idea is one of the most developed ones in classical sociology. It ranks considerably high in the investigations of the foundations and preconditions of social order. Almost all classics of sociology (A. Comte, H. Spencer, K. Marx, G. Simmel, etc.) have considered the problem of solidarity in their works. The scientists aimed to identify the conditions, the bases, and the components of social solidarity.

However, for countries in transition from a centrally planned to a market economy, like Albania, the concept of Social Solidarity is not new. Communist countries system was supposed to be founded on Social Solidarity. There has been a tendency in Western literature to consider income distribution in communist countries an advantage of that system because it brought about a levelling of the whole society, therefore it influenced a sort of "equal access to social welfare for all citizens on the basis of social solidarity". *As a matter of fact, the society was far from being "solidary", first and foremost due to the lack of freedom, participation and the deny of rights, which resulted not only on the poor economic development, but also on the rationing of social welfare services, including health care.*

It is generally accepted that low level of social development has a considerable impact on the development of social capital, which is used to understand and explain the social rules and relations intertwined into the social structures of the society. It is precisely the models of social relations that allow individuals to coordinate their actions to achieve the desired purposes (Putnam, 1993).

Recently, a young researcher, Dr. Ashiku, has tried to assess "social capital in Albania" by using two measures, namely interpersonal and institutional trust. She concludes that Albanian society is characterized by low levels of interpersonal and institutional trust, including lack of confidence in judiciary, police, political parties, government etc. "If social capital is understood as "an individual sacrifice made to promote cooperation with others", one can easily conclude that Albanians are not willing to forsake personal interests because they understand this 'sacrifice' as in vain as there is a huge suspicion that they will not find reciprocity of this altruistic behaviour in the future" (Ashiku, 2014, p.475). She also confirms that social capital in Albania resides only in the family and is vitalized through family ties.

Hence, the abuse with "social solidarity" and its replacement with superficial morals based on unreal transitory concepts like Party and its connected institutions, brought about a vacuum in social capital because people lost trust. This gradually destroyed the natural collective sense of humanity, eroding civil culture and the historical memory of generations, which had and continues to have a considerable impact on the way in which people still perceive "Social Solidarity".

Professor Tomes, in the late 1990s argued that the process of transformation of communism to capitalism, as a unique social experience couldn't be compared to transformation processes occurring in the countries of Latin America, Asia or Africa exactly because in the latter countries, transformation was related to the restructuring of capitalist economies and did not involve a fundamental change of the whole economic and political system as in CEEC. "Although in Central and Eastern European Countries (CEEC) the tools employed in the reform process may be similar, but the socio-economic environment shall always call for specific treatment, to be acceptable to the people" (Tomes, 1998).

This view does not contradict most analysis concerning political economy of capitalism, which considers 'entrepreneurship, free initiative, net profit and competition' as the engine to promote development, putting aside the concept of 'social development'. It has been generally accepted that economic growth enables increased social welfare expenditure and welfare state expansion.

Scholarship on the welfare state development in the western European countries demonstrates that there are direct linkages between welfare, democracy and capitalism (Esping-Andersen, G. (1990).

But in CEEC, the welfare state came into being under the diametrically opposite conditions of extended one-party rule and a planned economy. In post-Communist CEEC, it is rather democracy and capitalism that have been developing within the framework of an established welfare state.

The right to health care is enshrined in international law and in the basic law of the Albanian state. The new Constitution of the Republic of Albania recognizes the right to health care for all its citizens, sanctioning the principles of universal coverage. More specifically, in Article 55 thereof it states: "Citizens enjoy in an equal manner the right to health care from the state. Everyone has the right to health insurance in accordance with the procedure provided by law" (OSCE, https://www.osce.org).

However, the issue of health care's right fulfillment is not only a matter of legislation or institutional practices. It is a question of public policies, grounded on a solid base of social, civic, and institutional responsibilities.

"Healthcare are the services provided to persons or communities by health service providers aiming at promoting, maintaining, monitoring or restoring health." (WHO, 2004). As such, Health care comprises a set of services that are provided to the citizens because they are required by him. If we imagine health care as a commodity, then there is a market, where this commodity is traded at a certain price that depends on the ratio of demand to supply. But on the other hand, health care is not an ordinary commodity. Health care is a "public good" (Barr, p. 182) because it is non - rivalrous and non - excludable.

If "health care "would be provided in the free market, than the issue of "quantity" and "price "would deem necessary to raise in this discussion. But, as long as "health care "is a public good, then it is the government, as the primary duty bearer, to ensure the realization of the "citizens 'right to access and utilize health care services based on their needs, guaranteeing "efficiency" and "equality", alike.

Yet, citizens themselves, as right holders play a crucial role. They exercise social responsibilities, relying on social solidarity, demonstrated through the payment of taxes and contributions, which makes them the most and foremost guarantees of the functioning of health care. Hence, the society has to respond to their needs, not because of generosity, but because of the responsibility to return the share of investment through equitable delivery of quality health care services.

Hitherto what was explained is neither new nor non-elaborated. What concerns us relates to the problems of health care system in Albania during transition, to discover the relevance of social solidarity as a social and financial instrument alike, to respond to the dilemma of financing the right mix of public-private provision of health care through more public funds, ensured either by the state or by the society-contribution.

Although the post-communist governments in Albania struggled to "allocate efficiently resources to boost growth and equitable delivery of public services, the vacuum in social capital intertwined with weak law enforcement, dissolves the role of "Social Solidarity", whilst people continue to lose the confidence on the institutions.

This paper argues that without ignoring the role of financial resources allocated to health care sector, health care efficiency plays the most significant role, while laying the foundation for equitable delivery of health care services, which in the end contributes that citizens enjoy the right to health care.

Methodology

Based on the literature, Efficiency is doing things in the most economical way (Drucker PF, 1966, p.25). Although health care is defined as a "Public good ", still it is possible to measure "efficiency "comparing outputs delivered by the system with financial inputs. Theoretically, although the core idea of efficiency is easy to understand in principle, in practice it can be challenging to measure and interpret metrics, especially how can we understand and evaluate efficiency in health systems? (Cylus, Papanicolas&Smith, 2017, p.7)

Based on the model suggested by Cylus, Papanicolas & Smith in their Policy Brief 27 on "Health systems and policy analysis ", a similar analytic framework that seeks to facilitate the interpretation of health system efficiency measures, is suggested. To assess efficiency, the following aspects are considered:

- the entity to be assessed: Public Health Care Services.
- the outputs (or outcomes) under consideration: Equality in access (% of uncovered people either by insurance or by services); Equality in utilization (health contributions per capita versus health expenditure per capita) and some other key health indicators.
- the inputs under consideration: Health care resources such as staff and health care premises, Health expenditure by revenues and by financing schemes.
- the external influences on attainment: Informality of labour market.
- the links with the rest of the health system: Dual health insurance contribution in compulsory and private schemes.

Equality per se means whether individuals enjoy the same opportunities, though equality in health care is strongly connected to accessibility and utilization of appropriate and qualitative services, alike. Hence, relevant data are used to illustrate financial inputs of health care system and outputs of its management, which shed lights on the misuse of "Social solidarity ", demonstrated through payment of taxes and health insurance contributions.

To reach the purpose, a careful desk review analysis of legislation and budgets allocated to health sector is conducted. Using available data from secondary sources on public and private health care services, the analysis focuses on health expenditures from the viewpoint of "contributors". The elaborated data help to formulate an evidence-based response regarding health care efficiency and its impact on "Equality ", assessed through indicators of "Access "and "Utilization ".

Overview of health care system in Albania and its functioning

Republic of Albania, a small country in the Balkan peninsula, with an area of 28.748 square kilometers and a population of 2.845million (INSTAT, 2020), has been witness to almost three decades of rapid change and deep transformation since the collapse of the Berlin wall. These changes first, have influenced economic, social and political landscapes, and second, have unearthed a range of issues, which were previously hidden or suppressed by political regime. The transition period has also been marked by a series of upheavals and crises, from economic shocks and civil unrest to emigratory waves (the most significant in 1990,1991,1997-1998) due to which the country lost almost 20 percent of its population (INSTAT, 2013).

Albania characterized by the historically heterogeneous governance marked by striking disregard of the stages, spent 45 years, from 1945 until 1990, under the most oppressive, authoritarian political system in Europe, from which it has been slowly emerging for the past 30 years. Since the fall of the communist regime in 1991, the country has embarked on a new path aimed at establishing democratic regimes through the protection of human rights and at raising the standard of living.

Since then, Albania has made considerable progress, led by long-standing dream of European Integration. As such, on 24 June 2014, the European Commission granted EU-candidate status to Albania due to its demonstrated progress in legislative reform and political dialogue, and the latest decision guarantees the opening of negotiations for "Membership Status" soon.

The end of 45 years of communist rule and establishment of a multiparty democracy in the early 1990s have proven challenging. Despite reforms and its wealth of natural resources, Albania was and remains one of the poorest countries in Europe with high absolute and relative poverty rates. The number of people living in poverty increased from 12.4 percent in 2008 to 14.3percent in 2012, and extreme poverty rose from 1.2 percent in 2008 to 2 percent (INSTAT, 2013) for both urban and rural areas. Because of revisions in PPP exchange rates, poverty headcount ratio measured as the percentage of the population living on less than $5.50 a day at 2011 international prices, cannot compare with the previous evidence. Data showed that poverty rate for 2017 was 33.80%, a 3.2% decline from 2014(World Bank, 2020).

Albania also remains one of the most corrupted countries of the world and the most corrupted in the Balkans, together with Kosovo, ranked 99 out of 180 countries (http://www.transparency.org, 2019). In general, the fragile growth rates as well as structural economic reform are not sufficient to ensure country's strategic objectives. The failure to address chronic and extensive unemployment, disparities and social exclusion, poor levels of government investments in social and human development as well as informality of the economy, are considered critical weaknesses vis-à-vis the sustainable development of the country.

A look at key health care performance data shows that health indicators in Albania are among the lowest within CEE countries. Although life expectancy in Albania has increased steadily in the past twenty years in both sexes (in males: from 67 years in 1990 to 76.3 years in 2019; in females: from 71 years in 1990 to 79.9 years in 2019 (WHO, 2019), child mortality, infant mortality and maternal mortality rates are high in comparison with average rates for EU countries (CCA, 2020).

In Albania, Primary Health Care (PHC) is organized through a public network of providers of health services. Each of the 61 municipalities has PHC centres with affiliated health post–ambulatories. On average, one PHC centre offers services to 8.000–20.000 inhabitants, varying for urban and rural areas, registering a doctor: patient ratio of 1:2500 and nurse: patient ratio of 1:400 (WHO, 2018).

The Albanian health care system, as most of former communist countries inherited the Soviet "Semashko" model, which would no longer respond to the needs of citizens due to the changes first and foremost, of economic relations, from centrally planned to a market economy.

There has been a tendency in Western literature to consider income distribution in communist countries an advantage of that system because it brought about a levelling of the whole society, therefore it influenced a sort of "equal access to social welfare for all citizens". These countries, even the smaller ones like Albania, are included among modern societies when only physical and human capital are considered: the spread of literacy, urban population, modern communication and information, access to health care services, social protection of people in need, provision of contributory and non-contributory benefits, protection of cultural heritage and art as well as encouragement of research and development (Ymeraj, 2003, p.20).

It appeared there was no need for intervention in the health services, because it was considered by no means as the biggest advantageous of the socialist state. However, the critical point related to the quality the health care services were produced. Perhaps in terms of quantity "equal access" was achieved. Data on number of institutions and respective staff bring in sufficient evidence on the "supply side", whilst equality vis-à-vis demand (beneficiaries), was not considered at all, especially in rural and remote areas.

The basic concept was rationing in the delivery of health care, while selectivity was the result. Imposed "egalitarism" for the masses was achieved in conditions through uniform rewards (rations) with preferences for the "new class" based on political principles other than regular achievement in economic activities (Tomes, p.15). Therefore, the transformation of health care system was of utmost importance not only to respond to the citizens 'needs but to guarantee the realization of health care rights, as well.

The reformation of health care system was challenged by critical decision making of the modes to finance health care services and guarantee a universal coverage, regardless the insufficiency of state revenues. Hence, the first public policy response was the delivery of services, funded by the state budget through general taxation, pushing the health care system towards the Beveridge model.

However, alongside the Beveridge model, experts suggested the building of pillars of Bismark system, based on the direct contributions of citizens, which proved to be difficult due to lack of structures to collect contributions. Despite impediments, the Institute of Health Care Insurance (since 2014, it was transformed into Compulsory Health Care Insurance Fund, CHCIF) was established in 1994, whilst the first law on Health Insurance was adopted on 13 October of the same year (Beci, Belishova, Kola, 2015, p.22).

As self-governing body, the fund has regulatory functions with respect to outpatient health services. The health insurance system is based on statutory insurance that is thus compulsory and regulated by law. CHCIF covers primary health care and some of the cost drugs in the reimbursement list and some of the costs of hospital care. Copayments on both were introduced in 2008. It is funded by a 3.4% charge on gross salaries.

The Law 10383 dated 24 February 2011, that took effect in 2013, specifies that membership in the CHCIF is mandatory for employees and other economically active persons, who must pay contributions to the tax authority to obtain benefits. The Government transfers funds to the CHCIF to cover economically inactive people, such as children aged under 18 years, students under 25 years, pensioners (the retirement age is 65 years for men and 60 years for women), people registered to receive social assistance or disability benefits, registered unemployed people, asylum seekers and a few other categories set out in special laws. CHCIF membership is voluntary for self-employed people, small family businesses and farmers. Uninsured people are entitled to free emergency care (since 2013), a free annual basic health check-up (since 2015), and free visits to GPs (since 2017) (CHIF 2013; 2016; 20017; 2018).

In 2008, private health insurance was also established by private insurance companies. Although the majority of health care services is provided by public sector (42 hospitals, 413 health care centers), (Health Care Strategy, 2016-2020), private sector is gaining space rapidly (10 private hospitals, 111 diagnostic medical centers and 229 diagnostic laboratories), (Uruçi&Scalera, 2014).

The Ministry of Health and Social Welfare is responsible for health policy and legislation. It plays a supervisory and facilitating role among the numerous actors involved in health care, with several functions being shared with, or delegated to, the 12 Regions, although the degree of decentralization is deeper only in Tirana, the capitol. In 2018, reform on organizing the service provision established the institution of the Operator of the Health Services under the authority of the Ministry of Health and Social Protection as an intermediate level of governance between the central level and 36 directorates of public health in 61 municipalities.

CHCIF is the single buyer in the Albanian healthcare system. The money, pooled there from different resources: general government budget, social contributions, etc.., are used to buy services from all public primary, secondary and tertiary health services and some private institutions that are contracted by the CHCIF.

In general, main characteristics of the Albanian health care system are:

- Mostly centralized, with tendencies to decentralize, although very few competencies are delegated to regional authorities and local government.
- Aims to provide universal coverage, though around 70% of population is covered, respectively 67% from general taxation and 33% through statutory insurance. (Table 2).
- Health expenditure is funded through public funds, collected from compulsory health insurance contributions and taxation, although out-of-pocket payments comprise almost 50%. Despite the establishment and development of Health Private Insurance, it is not complementary to Compulsory Health Insurance system. In the contrary, it duplicates the Compulsory Insurance system.
- Mixed service provision – public and private

During almost three decades of reforms, despite improvements, the legacy of the Semashko system still remain visible especially in the state ownership of public healthcare institutions, public provision of the services, as well as the funding from the general tax base. (Tomini, S. et al, 2015, p.1).

WHO data show that since 2013, the total health care expenditure for the country stacked at 5.3 to 5.4 of its GDP (WHO, Global Health Expenditure Database, 2018), much lower than the average 8.5% for the EU15 countries (Ibid). However, only about 48.4% of the total health care spending in Albania comes from the general state budget (Ibid), while the share of private expenditures and out-of-pocket expenditures is considerably high, 45% in 2018, although it was 60% in 2000 (Ibid). Reasonably, the utilization of health insurance and of taxation, namely of Social Solidarity, attracts the attention on the effects on efficiency of the health care services, and beyond that, on the realization of the right to health care. Although a full analysis of the economic pattern is not possible, the general framework of relations and interactions in which transition develops has to be borne in mind. Undoubtedly, this influences the controversial opinions about the production of public services and the way they have to be provided to the citizens. And more importantly, what are the main policy implications for equitable delivery of health care services?

Key findings

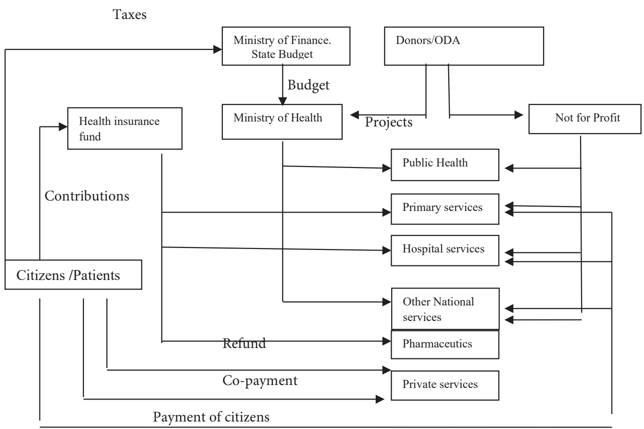
Organization, management and finance of health care in Albania is guided by objectives of the National Strategy for Development and Integration, 2014-2020 in which financial resources are translated into certain social objectives, notably:

“Our Policies in the health sector seek to ensure equitable access to health services, better service delivery quality and improved financial efficiency of the health system“ (NSDI, p.31).

To finance a health care system, money has to be transferred from the population or patient – the first party, to the service provider - the second party. Fund for Compulsory Health Care Insurance is the link between the first and the second, which has to pay or to ensure health expenses for beneficiaries for the times when they are patients. The aim is to share the costs for medical care between the sick and the -healthy and to adjust for different levels of ability to pay. This mechanism of solidarity reflects consensus in Albania that health care is a social responsibility.

The structure of financing the health sector is presented in the following scheme.

FIGURE 1: Resource flow scheme



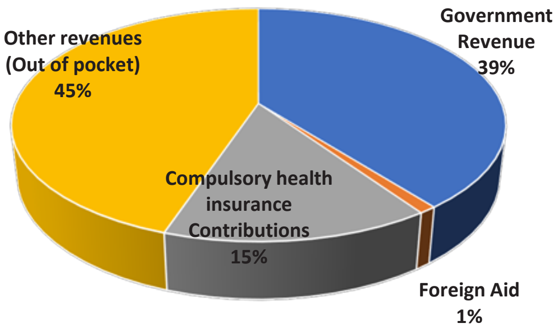
Source: Ministry of Finance, Budget Department.

Health care is funded by (see figure 2, year 2018):

- Transfers from government revenue.
- Social Insurance Contribution (portion from Health Insurance).
- Other revenue not classified (Out of pocket payments).
- Transfers distributed by government from foreign origin.
- Foreign aid

As figure 2 shows, “Other revenues, out-of-pocket payments” constitute for almost half of revenues of health expenditures, while transfers from government and health insurance contributions counts for 55% of total revenue. This evidence clearly challenges the issue of accessibility to health care, which seems to be conditioned by the availability of income.

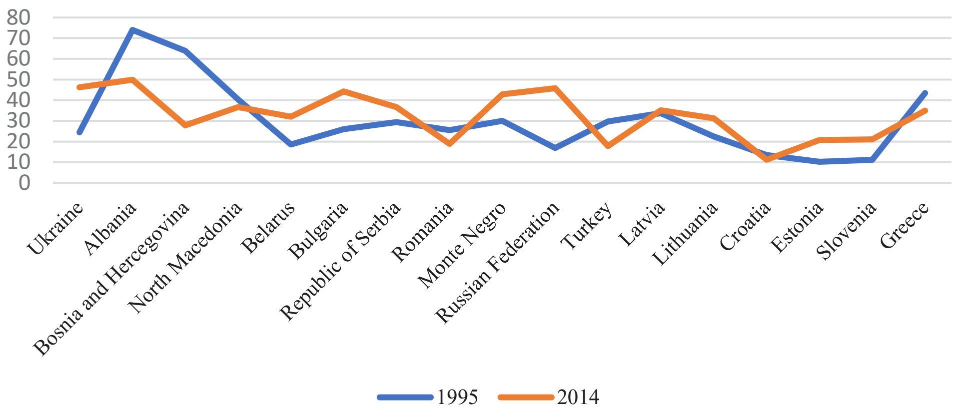
FIGURE 2: Health expenditures by revenues, year 2018



Source: Global Health Expenditure Data base, WHO.

The above-described concern is confirmed by another data, that regard the weight of out-of-pocket money as a percentage of Health Expenditure in Albania from 1995 to 2014, compared to Balkan and East European countries (figure 3). As it is observed, although the proportion of out-of-pocket versus health expenditure in Albania has decreased from 70% to 50%, it still remains the highest.

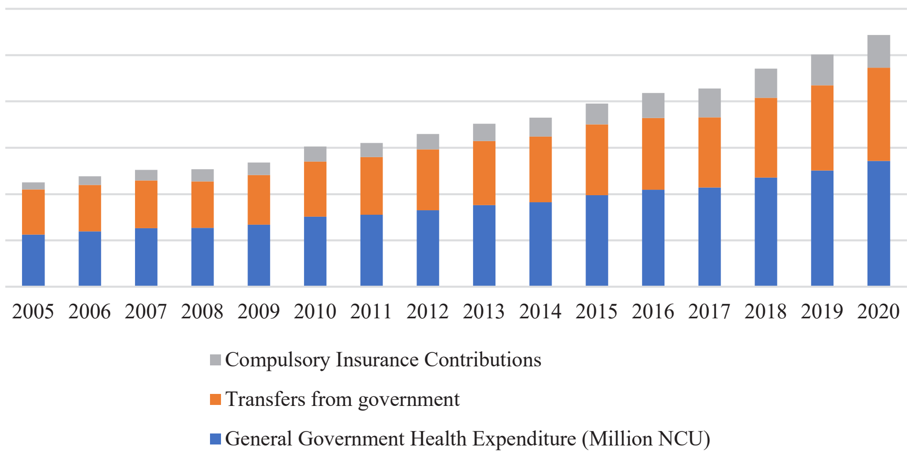
FIGURE 3: Out of pocket as % of Total Health expenditure in Balkan and East European countries, 1995-2014



Source: Tomini, S et al, 2015

Since the establishment of Health Insurance scheme, the contributions have significantly increased, even compared to "Transfers from government" as figure 4 shows. However, they still compose only 27% of the total health expenditure.

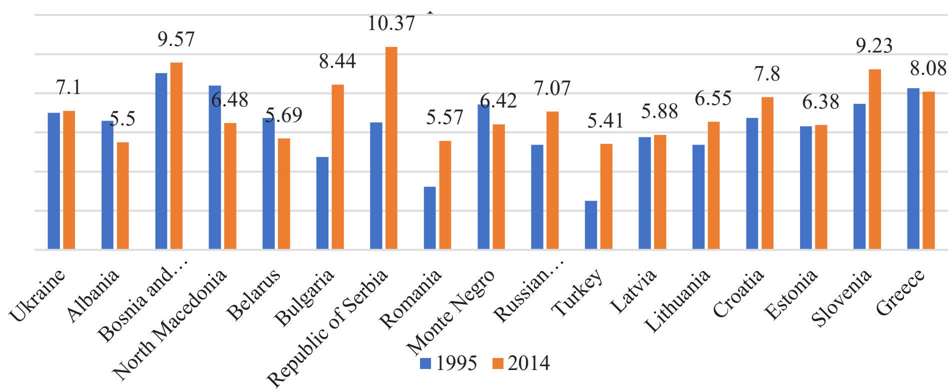
FIGURE 4: General government health expenditure by years and by financing sources, 2005-2020



Source: Global Health Expenditure Data base, WHO; Ministry of Finance, https://www.financa.gov.al/ligji-i-buxhetit; and Beci, Belishova &Kola, 2015.

Total Health Expenditure (including out-of-pocket as a crucial source to finance health care) as percentage of GDP in Albania have remained the lowest among the Balkan and East European Countries (figure 5)

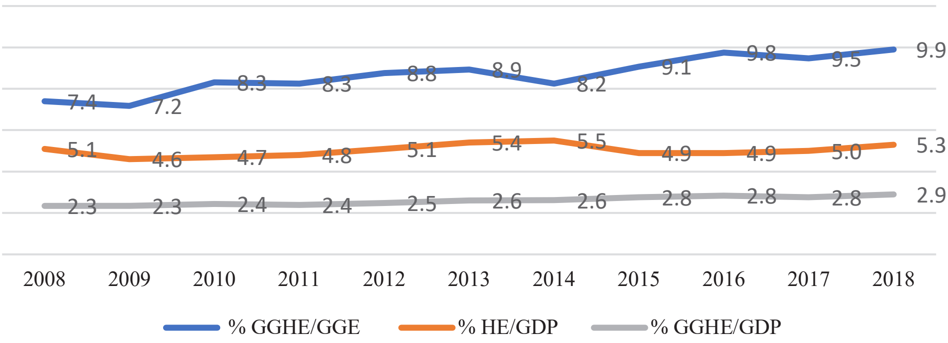
FIGURE 5: Total Health Expenditure as % of GDP in Balkan and East European Countries



Source: Tomini, S et al, 2015

On the other hand, despite the priority given to health sector during the last decade, the proportion of General Government Health Expenditure (GGHE) to Gross Domestic Product (GDP) and General Government Expenditure (GGE) has slightly increased, while the percentage of Health Expenditure to GDP has almost remain the same, around 5 percent.

FIGURE 5: Comparative data on Health Expenditures, 2008-2018



Source: Global Health Expenditure Data base, WHO.

Not surprisingly, a careful look at the data of health expenditures demonstrates that more than 40% of employees are uncovered by health insurance, although since 2014 that proportion has declined by 10% (table 1).

TABLE 1: Uncovered employees by Compulsory Health Insurance Scheme

	2014	2015	2016	2017	2018	2019	2020
1.Employees	925,000	973,000	1,043,000	1,096,000	1,138,000	1,147,000	1,133,000
2.Average monthly gross salary NCU	45,539	47,900	47,522	48,967	50,589	52,380	52,815
3.Annual contribution per person into CHI (3	18,580	19,543	19,389	19,979	20,640	21,371	21,549
4.Compulsory Health Contribution Fund (Mil	8,199	8,988	10,820	12,544	12,592	13,290	14,216
5.Insured people (4/3)	441,283	459,904	558,049	627,874	610,068	621,870	659,720
6. Uncovered people (1-5)	483,717	513,096	484,951	468,126	527,932	525,130	473,280
7.In percentage	52	53	46	43	46	46	42
8.In percentage to population	17	18	17	16	18	18	16

Source: Global Health Expenditure Data base, WHO; Albanian Ministry of Finance; INSTAT; Civici, A. (2017).

Using in depth analysis of health expenditures per capita, it is acknowledged that in addition to those who work informally, it results that proportion of uncovered people is higher, comprising almost 1/5 of population in 2018 (table 2).

TABLE 2: Uncovered people by Social Contributions (SS means Social Solidarity)

Population Inhabitants Thousands	2,896,305	2,890,513	2,886,438	2,884,169	2,882,740
Emplyees thousands	925,000	973,000	1,043,000	1,096,000	1,138,000
Insured people by Health Insurance	441,283	459,904	558,049	627,874	610,068
Health Expenditures per capita in NCU	**26,513**	**24,296**	**25,078**	**26,950**	**29,688**
From General Government Health Expenditure (GGHE-D)	12,495	13,553	14,303	14,382	16,030
From Private Health Expenditure (PVT-D) (equals Out of pc	13,827	10,517	10,475	12,013	13,258
From External Health Expenditure (EXT)	191	226	300	555	400
Health contributions per capita (only contributors)	**82,756**	**85,935**	**74,992**	**68,206**	**77,221**
Tax on salary	64,176	66,392	55,603	48,228	56,581
Compulsory Insurance Contributions	18,580	19,543	19,389	19,979	20,640
Calculations					
Coeficient of social solidarity	3.5	3.4	2.9	2.4	2.7
Number of people that can be covered by SS	1,524,208	1,562,399	1,600,351	1,515,646	1,672,397
Total number of covered people	1,965,491	2,022,303	2,158,400	2,143,520	2,282,465
Uncovered people	930,814	868,210	728,038	740,649	600,275
In Percentage	32	30	25	26	21

Source: Global Health Expenditure Data base, WHO;

Hence, it is hard to believe in the achievement of equality in access. Information from ADHS, 2017-18 confirms that poor people "find difficult to access certain types of health care services such as antenatal care, in which the prevalence of at least four visits was substantially higher in urban areas (82%) than in rural areas (57%). Similarly, it was considerably higher among higher-income individuals (91%) than those in the lower-income category (49%). Concerning under-five stunting, the prevalence was higher in among the worse-off individuals compared with their better-off counterparts (27% vs. 13%, respectively), while under-five mortality rate was considerably higher in rural areas (28 vs. 13)." (ADHS, 2017-18&Albania Health Report, 2014, p.130).

Finally, looking at other system inputs, such as human and physical capacities (table 3), it is sadly observed the very modest increase of the number of physicians during 15 years, while the number of nurses and midwives has slightly decreased.

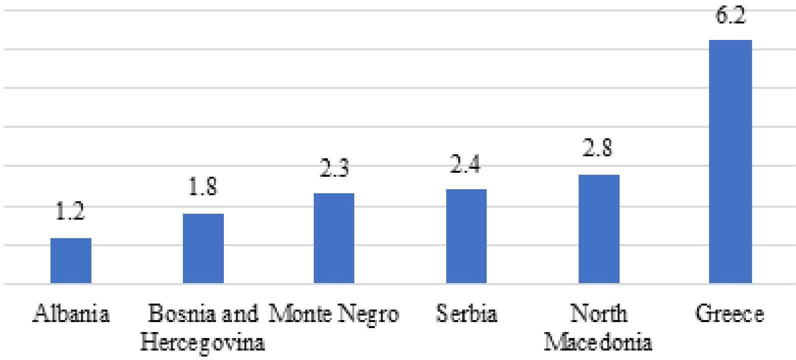
TABLE 3: Health workforce per 100 thousand inhabitants

Years	2006-2013	2014-2020
Physicians	115	120
Nurses and midwives	399	375

Source: National Health report, 2014; Primary Health Care in Albania: Rapid assessment, 2018; Global Health Expenditure Data base, WHO.

Figure 6 confirms that number of GP per 1,000 inhabitants is the lowest in the region.

FIGURE 6: Number of GP per 1,000 inhabitants



Source: Global Health Observatory, 2019

To complement the consideration on "equality in access", according to the data of Ministry of Health and Social Welfare, the hospitals' mean bed occupancy rate is as low as 50%, far below standard benchmark of 80–85%. The mean average length of stay is as high as 5.5 days and observed mean bed turnover was 21.27 patients/bed/year, portraying also high level of inefficiency in hospitals, which in turn impact on "inequality in access".

Regarding equality in utilization, health expenditures per capita by financing schemes, including those occurred privately and in the form of "private prepaid insurance plan" are analyzed from another point of view, namely from the weight they have on household revenues and in comparison, with average consumption per capita on health (Table 4).

TABLE 4: Monthly consumption expenditure on health per capita vs GHE

Indicators	2019	2020
General Health Expenditures (GHE) (Millions NCU), by financing schemes	91,147	98,849
Government schemes (GT+CHC)	50,131	54,367
General Taxation (GT)	36,841	40,151
Compulsory Health Contributions (CHC)	13,290	14,216
Household Out -of - pocket payment (OOP)	41,016	44,482
Population Inhabitants	2,874,873	2,869,350
GHE per capita per month (calculated based on HE finances schemes) NCU	2,642	2,871
From GT per capita per month	1,068	1,579
From CC per capita per month	385	413

From Out - of- pocket per capita per month	1,189	1,292
Household Budget		
Monthly consumption expenditure (Price Index 2019=5.7%) NCU	82,235.0	86,922.4
Monthly consumption expenditure on health (4.3%, LSMS 2019) (CE)	3,536	3,738
Monthly consumption expenditure on health per capita (Av.Hous. 3.8)	931	984
GHE per capita per month (calculated based on HE financing schemes)	2,642	2,871
In percentage, CE per capita per month on GHE per capita per month	35	34

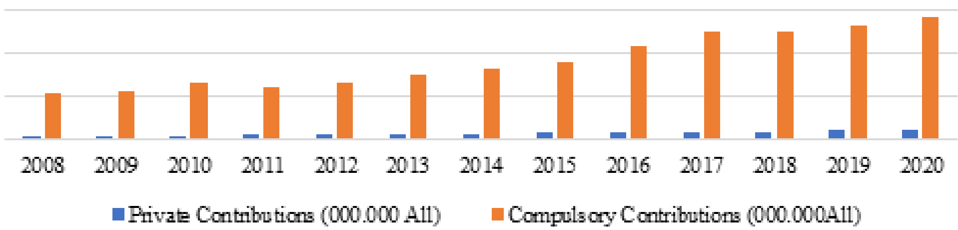
Source: INSTAT, Household Budget Survey, 2019; Global Health Expenditure Data base, WHO;

Data elaborated in table 4, brings into the attention another concerned issue: utilization of contributions. As far as the evidence is concerned, only 35% of contributions per capita is incurred to cover households' health care needs, whilst the rest of contributions likely is used to invest in the health care system. However, considering that Out-of-pocket payments comprise 45% of General health expenditures, it clearly challenges the issue of Health system inefficiency.

In addition, there are almost 65,000 people (10% of employees) who are enrolled in "Private prepaid health insurance plans", either on a voluntary basis or by their employers. While they are entitled to almost the same publicly provided health care systems, the burden on the household budget is critical.

Since the establishment in 2008, Private Health care sector has increased, although Private Health Insurance contributions still comprise around 8% of Compulsory Health Insurance Contributions (figure 6). Based on the estimations of the Private Insurance Companies, the number of insured people is less than 65,000, while the minimum annual insurance price peaked at All 18,300 in 2020. Nevertheless, neither the number of insured people nor the price of insurance concerns us the most. Rather than being a complementary system, private health insurance is a parallel system to the public one.

FIGURE 7: Private Contributions vis-à-vis Compulsory Contributions, 2008-2020



Source: SIGAL, 2020

Hitherto, there are no public policy initiatives to address the issue of double contributions, which fuels inefficiencies. Insured patients do not have any incentive to look for public health care services, unless rare emergency situations. Low quality of services, long waiting times and bribery, demotivate people, despite coverage by insurance. By contrast, responsiveness, and quality of services, are the driving forces versus private health care services.

However, there should be a coordination of benefits, to share costs among public and private sectors and lays the foundation for more investments into public sector (Table 5).

TABLE 5: People covered by dual Health Insurance Plans

People with dual Health Insurance Plan	63,000	65,000
Average gross salary	**52,380**	**52,815**
Monthly Compulsory Health Insurance Fund (Million NCU)	**112.2**	**116.7**
Annual Compulsory Health Insurance Fund (Million NCU) (CHIC)	**1,346**	**1,401**
Annual Privat Health Insurance Fund (Million NCU) (PHIC)	**1,153**	**1,190**
CHIC vs PHIC in %	**16.8**	**17.8**

Source: Estimations SIGAL, AlbSig, 2020

As it is acknowledged by table 5, Annual Compulsory Health Insurance Fund is slightly higher (18%) than Annual Privat Health Insurance Fund. Should the systems be complementary to each other, ¾ of the current insured people by dual Health Insurance or 47,250 people more would get insured.

Besides the impact on system efficiency, double health insurance adds burden on household budget and on the labour costs. Social Solidarity tax (share of income tax that finances health expenditures) and Compulsory Health Insurance comprise 19% of Average Monthly Gross salary. Including Private Health Insurance, the burden on Monthly Average Gross Salary achieves at 22%.

Looking at Health Outcome, based on ADHS, 2011, it is confirmed that under-five mortality rate was significantly more concentrated among the worse-off (40.1 per 1,000 live births) than the better-off (12.9 per 1,000 live births) (concentration index: -0.19, P<0.01). Similarly, stunting showed a negative value (concentration index: -0.12) indicating that it was more concentrated among the poor (P<0.01). Underweight was also significantly more concentrated among the poor (P<0.05). Conversely, antenatal care was significantly more concentrated among the better-off individuals (concentration index: 0.14, P<0.01). Skilled birth attendance was also more concentrated among the better-off individuals, albeit less so (concentration index: 0.003, P<0.01). In addition, contraceptive prevalence was more concentrated among the higher income group (concentration index: 0.11, P<0.01). (Albania Health report, 2014, p.135).

Reasonably, a reader would be surprised by knowing the significant share of employer health contributions in the form of Tax on Social Solidarity, Individual Compulsory Health Contribution, Out-of-pocket payment or even Private Health Insurance, which unfortunately do not pay off neither the contributor nor the others.

This finding is backed by the relatively low level of monthly consumption expenditure on health per capita vis-à-vis General Health Expenditure per capita per month, high proportion of uncovered people by health services, extremely high proportion of out-of-pocket payments as well as the high rate of informality in the labour market.

The modest data elaborated here provides evidence to argue that Health Care system fails to provide efficiently health care services, which fuels inequality in access and utilization, alike. Rather than raising people's awareness on their rights and boosting investments into health care services, "Social Solidarity" does not seem relevant.

Conclusions

Efficiency is doing things in the most economical way, unfortunately this is not the case of the Albanian Health care system. The shared analysis proves that while equality in access and in utilization are impeded, the Albanians' right to health care is far from being achieved.

Equality in access for low-income groups and rural people is denied since:

- 45% of Health expenditures by revenues is composed of Out-of-pocket payments;
- More than 40% of employees or 20% of population are uncovered by any health insurance;

Equality in utilization for middle and low-income groups, is also denied since:

- Consumption of Health Expenditures per capita per month comprise only 35% of General Health expenditures per capita per month.
- 10% of employees are covered by double contributions, while 1/5 of population is totally uncovered.
- Double contributions, if used properly may serve to extend health care coverage by 75%.

Albanian employees (those who work in formal labour market) contribute significantly to health care performance since Social Solidarity tax (share of income tax that finances health expenditures) and Compulsory Health Insurance comprise 19% of Average Monthly Gross salary, while together with Private Health Insurance, the burden on Monthly Average Gross Salary achieves at 22%. Nevertheless, while what they pay does not help the equitable delivery of health services, they themselves are not paid off either, because the services they get back are poor.

Perhaps shifting some services from public to private sector may sound logical. However, despite the lack of evidence here to support such conclusion, private provision of health care services does not seem a pertinent recommendation for Albania. The solution lies on the well management of the current resources as well as on the investment towards sustainable development.

There are two fundamental theorems in economy, which argue that "it is impossible to redistribute resources and make somebody better off without causing that another one is worse off" (First Paretto Efficiency theorem), which may be achieved if the one starts with the rights allocation of resources (Second Paretto Efficiency theorem). Thus, society needs "Solidarity" to collect resources through taxation. In the meantime, society must re-distribute resources taking care of the "right allocations" respecting "Equality". Hence, "Social solidarity is fundamental. Nonetheless, we admit that the question does not stand only on the "Social solidarity" per se.

Regardless of some grounds for optimism, there is a prevailing finding that health financing efficiency will have to be substantially improved. Albania can still rely for another decade on the demographic growth model, but in a changing context. Challenge of Informality is of utmost importance. Combined with cost-effective resource allocation policies, focused on the shared reformation of compulsory and private health insurance, the supply-side of society' ability to invest in health care, would increase. The demand-side, burdened by law enforcement, implies a continuous investment into civic and social education. Finally, Albania will be able to learn from the past mistakes and others historical experiences to shape more adaptive system responses in the future.

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Developing a Strategy to facilitate Knowledge Transfer across Muli-Generation Workforce

Dr. Edlira MARGILAJ
European University of Tirana, Albania

Abstract

Demographic changes have influenced that the companies around of the world to have an increasingly diverse workforce. This is in terms of experience, culture, age groups (generations), level of knowledge etc. Differences between the generations of the workforce and the aging of the workforce, carry the risk of losing the knowledge, that experts or knowledge workers possess when they leave the organization (retirement or voluntary dismissals). The transfer of knowledge from knowledge workers or experts to new or less experienced employees is an important issue for organizations, particularly with regard to the transfer of hidden knowledge. Despite the importance of the issue, few articles examine how to use knowledge management to transfer knowledge in today's multi-generational workforce. Recognizing the differences between the generations of the workforce will help the managers of the organizations to determine strategies and methods for transferring knowledge across these multi-generational workforce. The purpose of the paper is to draw attention to the necessity of creation and maintenance of organization memory across transferring knowledge and to provide guidelines for organization management to transferring knowledge across multi-generational workforce. To recognize the characteristics between the generations of the workforce, as one of the success factors for the transfer of knowledge, the field literature has been explored. Thereafter statistical data have served to support the imperative importance of transferring knowledge from older (holders) to younger (needy). Mentoring has been introduced as the most used method for incorporating knowledge within the organization.

Key words: *transfer of knowledge, knowledge management, multi-generational workforce, strategy, organizational memory, Albania.*

Introduction

The large demographic changes have significantly affected changes in the labor market. Significant changes also characterize the internal organizational environment, seen in terms of values, cultures, knowledge levels, age groups.

Employees progress over the years. They manage to provide a set of knowledge that they adapt to the operations, structure and culture of the organization. "The knowledge that employees posses holds the organization together" (Brown & Doguit, 1998). In this context, "it is important to create new knowledge, but it is equally important to use the hidden, old knowledge and make it effective. (Strommer, R.1999).

Referring to Lesser (2006), what is most important and assumes a particular value for companies is the fact that hidden knowledge is difficult to learn as employees age out of their positions. The emergence of a large number of Baby Boomers in retirement in the coming years as well as an increase in the number of Generation X employees necessitates the development of methods to transfer know-how from more experienced employees to younger or less experienced employees, especially in terms of hidden knowledge. It is necessary that this knowledge be documented and maintained for use by the youngest, to enrich themselves and to learn quickly from the efforts of others.

Referring to Calo, (2008) companies need to develop strategies to transfer knowledge from senior employees to others in the organization, thereby creating the memory of the organization as a means of capturing competitive advantage. Studies show that the "impact of loss of memory on the organization" is large. According to Lahaie (2006) it is estimated that about 42% of the organization's knowledge lives in the employees' brains. Companies are therefore directly and strongly affected by the loss of knowledge of their senior executives or knowledge workers or experts.

Knowledge Management programs should strive to create strategies and methods for transferring and retaining knowledge of the organization with the aim of turning knowledge into an asset of the organization.

The added importance of managing hidden knowledge

Knowledge can be defined as a combination of experience, values, contextual information and internal expertise, which helps in evaluating and incorporating new experiences and information (Gammelgaard & Ritter, 2000). Nonaka and

Takeuchi (1995) have offered and argued that knowledge is of two kinds. It can be displayed and hidden/tacit. Recognizing the distinguishing features between the two types of knowledge enables the determination of the management of each of them, while at the same time enabling the use of appropriate strategies, tools and techniques for the effective management of the organization‘s knowledge.

Explicit or displayed knowledge, being coded, is clearly possible to be touched, seen, heard, felt and manipulated such as in books, videos, reports, documents, allegories, etc. As such it is easy to acquire, share, store or distribute and can be easily stored in the memory of the organization.

Otherwise tacit or hidden knowledge, is that part of the individual’s knowledge which, is not articulated. “It is what we know but do not say or to know more than we can say”. Michael Polanyi (1966). The abstract and unstructured form it has makes it difficult to exclude or mediate. Categorized as personal, it is difficult to share it with others in the organization and to keep it in memory. The transfer of tacit knowledge from one individual to another is accomplished through direct human interaction throughout each face-to-face discussion.

It is important that organizations clearly understand that knowledge is not information and Knowledge Management is not Information Management. “If information is a message, usually in the form of a document or audio or visual communication, knowledge is acquired by thought and is a combination of information, experience, intuition or insight.”(Davenport & Prusak, 1998). Information becomes knowledge when it is situated in an operating context. “Knowledge is information possessed in the mind of the individual it is personalized information” (Alavi & Leidner, 2001). Refer to Drucker (1997) Knowledge is “information that changes something” or “information in action”.

It is easy to pass information from one person to another, but it is difficult to pass on knowledge. In this context, the management of hidden knowledge as well as its transfer between different generations of members of the organization is one of the challenges of management in creating the intellectual levels of organizations.

Challenges of knowledge management in the face of Multi-Generational Workforce

Companies are among the few social structures, where three generations have to work together for about forty hours a week. Managers are the ones who have to manage this multi-generational workforce, harmonizing the values, cultures, experiences and different levels of knowledge it carries.

The characteristics of generations of workforce

Each generation brings unique habits, distinct values and different views in terms of authority, sense of loyalty, distance from power, etc. Dubbed the "forgotten generation", Baby Boomers (born between 1946 and 1964) are known as the optimistically driven, group-oriented generation of personal pleasure (Weaterman & Yamamura, 2007). "Their main focus is work and they are valued for loyalty and commitment" (Cennamo & Gardner, 2009). "They are motivated by verbal or written recognition, rewards or public recognition" (Kyles, 2009).

Generata X (born between 1965-1979), were rated as more independent than their predecessors. "Living through technological growth and social, financial, and family change has made them more engaged in their personal careers than they are in the organization" (Cennamo & Gardner, 2009). They are rated as selfish, less loyal and not too cautious about corporate policies. "Having suffered from economic recession and corporate layoffs, Generation X members tend not to build relationships with senior managers but to create some form of humility or servility towards them" (Kyles 2009). They are more prone to career opportunities and autonomy - a requirement that makes them happy and productive in their work relationships.

Millennials or the Generation Y (born between 1980 and 2000) "are optimistic, technology dependent and have overconfidence"- says Dan Woodman. They have a unique technology experience, good childhood memories, and don't worry about how much "likes" their posts on Facebook or Instagram will receive. In the twenties they were confronted with the expansionist advancement of technology. Generation Y members link careers to a better world, where they want their contribution to be recognized and valued.

Generation Z (born around 1995-2004) are also referred to as Generation 4C, (communication, collaboration, connection and creativity). The Z generation is very different from millennials in their job desires and professional life. For Generation Z members education is no longer just a college degree, but a very important bridge to a career. Most of them want to go beyond the bachelor's degree. corporate sustainability does not work and will not happen to them.

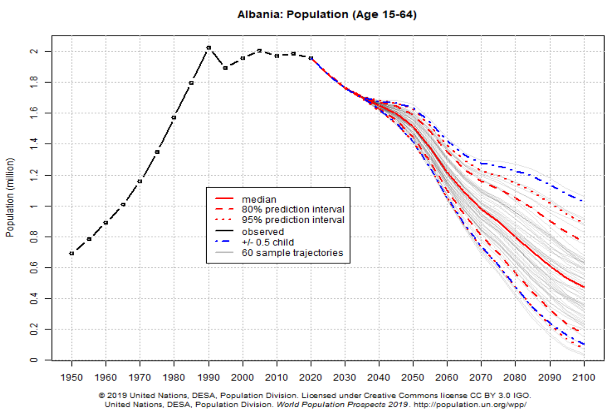
Threatening the organization from loss of knowledge

Ageing workforce is being discused extensively today. Employees around the age of 65 make up about 30% of the labor market in America. According to data from the European Commission, in the coming decades, all European countries will be characterized by an increase in the share of people over the age of 65 in the composition of the workforce. This means that a significant number of the Baby Boomer generation will leave the job market. Studies show that by 2040, the Y and Z generations are projected to account for about 75% of the workforce. "Organizations need to make sure that when Baby Boomers retire, their knowledge and experience are gained by the leadership and others in the organization, to prevent them from leaving the door when they leave" (Glick, 2007: 11). Another phenomenon that is gaining momentum today is what is known in the literature as the term "voluntary turnover of employees". First, this phenomenon is fueled by rapid demographic change, which significantly influences changes in the workforce of organizations. Secondly, more and more, the principle of long (eternal) career with a single company led to a joint fatigue between the employee and the company. Generation Y members are probably the most articulate in this regard. For them, a 10-year career in a company is increasingly coming to an end and 3-5 years of employment practices are more preferred. The digestion of knowledge, which comes from the voluntary turnover of employees remains high.

Characteristics of the labor market in Albania

Albanian population profile has changed, indicating an aging population in recent decades. There is an increase in the number of 65-year-olds (from 136 thousand to 318 thousand). Forecasts from INSTAT and 2011 Census data represent significant changes over a relatively short period of time. The working age population will remain stable, but the internal balance is predicted to shift from the 15-29 age to the 30-64 age over the next two decades.

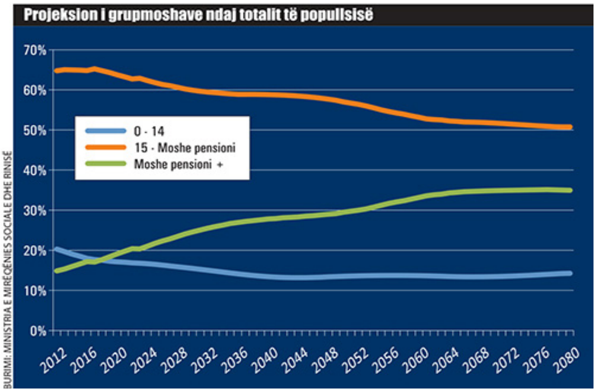
FIGURE 1: Graph of population composition referring to age groups



Source: CE 2019

In other words the job market will be dominated by generations Y and a large portion of Baby Boomer and X generation is expected to emerge form the labor market. In 2016, the labor force participation rate among young people drops to 36% while that of adults stands at 77%. Thus, while about 483 thousand people were of working age 20-29 years in 2020, this figure will be only 324 thousand - 33 percent less - in 2031.

FIGURE 2: Graph on the projection of age groups to the total population



Source: INSTAT 2019

In these conditions, organizations in Albania are threatened by the digestion of basic knowledge and the transfer of knowledge from Baby Boomer generations at X and Y becomes imperative.

Transfer of knowledge across generations of the workforce

The need for knowledge transfer

It often happens in organizations that someone who has knowledge does not use it, and someone else who needs that knowledge does not know where to find it. The transfer of knowledge is intended to link 'what' possesses knowledge with 'what' needs knowledge. It refers to the sharing / dissemination of knowledge between individuals or organizational groups and serves to create, capture or disseminate knowledge, ensuring the availability of basic knowledge of the organization to future users. "Given the need to preserve basic knowledge and create organizational memory, through the creation of "knowledge repositories", organizations should support the transfer of knowledge from the generation of workers approaching retirement to subsequent generations" (Newman, 2011,

p. 137; Streb et al., 2008, p.2). "Identification, management or transfer of knowledge and best practices exercised by some companies, saved or gave the companies billion profits" (O'dell and Grayson (1998).

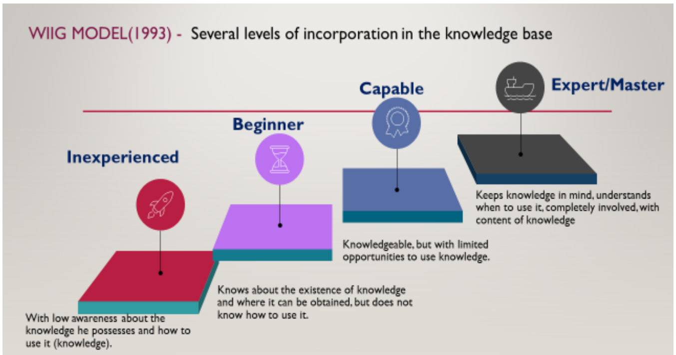
But often the sharing of knowledge in organizations creates difficulties and motivating employees to share knowledge is not an easy task. Employees tend to maintain their knowledge fanatically, thinking that sharing knowledge with others will diminish their importance and consequently make them feel endangered for the preservation of the workplace. From an organizational point of view, this strongly brings about the need for a deliberate, systematic approach, with a focus on cultivating and sharing the knowledge base among the members of the organization, populating the best ideas and best work practices.

How can we transfer knowledge

Leonard and Swap (2004) warn that training and development programs as well as IT-based knowledge management systems are often designed to transfer explicit knowledge, but they are incapable of transferring hidden knowledge. For this reason, companies are building strategies and looking for methods to enable the transfer of hidden knowledge from older employees to younger ones.

Wiig Model (1993) defines several levels related to incorporation in the knowledge base, such as: inexperienced - with low awareness about the knowledge possesses and how to use it ; beginner - knows about the existence of knowledge and where it can be obtained, but does not know how to use it; capable - knowledgeable, but with limited opportunities to use knowledge; expert - keeps knowledge in mind, understands when to use it, works with knowledge without the need for foreign interference; master - completely involved, with content of knowledge, a master has deep understanding about the events of his environment.

FIGURE 3: Graphic representation of Wiig Model



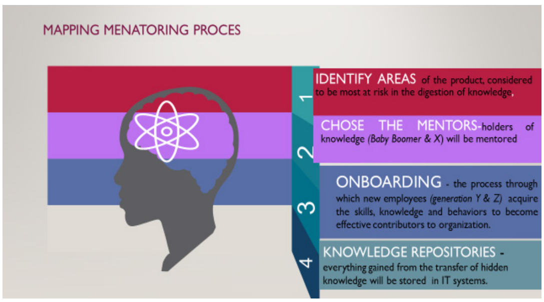
Source: By author of this paper

Therefor, emphasis on learning and education, establishment the right organization culture to share knowledge, a coaching leadership style, attention to motivation trust and recognition, are evaluated as part of the strategy developing for those companies that have realized the costs of losing knowledge and the benefits of transferring knowledge across generations of the workforce .

Mentoring is one of the most developed method for transferring knowledge, that organizations are using today. Mentoring method is intended to link 'what' possesses knowledge with 'what' needs knowledge. It serves to share / dissemination of knowledge, ensuring the availability of basic knowledge of the organization to future users. "Many organizations today are introducing formal mentoring opportunities and mentoring is a response to the challenges posed by an aging workforce" (Crawford et al., 2006). "Monitoring is a key approach and one of the best practices within strategies to tranfer knowledge" (Krail, 2005, p. 35). The use of mentoring in knowledge transfer is not new. General Electrics used mentoring when e-commerce was in its infancy.

Menatoring process is organize in some stapes. First, identification of areas of the product considered to be most at risk in the digestion of knowledge due to an aging workforce and which appear to pose a risk to knowledge transfer, is necesary. Secondly, chosing the mentors-holders of knowledge will be mentored. "Baby Boomer & X generation are valued as holders of key knowledge and skills, which the organization wants to promote"Sherman (2008). Assigning experienced staff to mentor new employees is the key approach to tacit knowledge transfer (IEA, 2004). This group of knowledge pins are invited to become coaches emphasizing the importance of their individual knowledge. Third, onboarding - the process through which new employees (generation Y & Z) acquire the skills, knowledge and behaviors to become effective contributors to organization. Forth phase, creation of knowledge repositories is need. Everything gained from the transfer of hidden knowledge across mentoing process will be stored in IT systems and will serve to create of organization memory.

FIGURE 4: Four stages of mentoring process



Source: By author of this paper

Further, since mentoring practices are a relatively new approach and the organizations may lack experienced mentors or mentoring models, mentoring training programs can be used to increase method efficiency. An organizational structure with a low degree of formalization and decentralization in decision-making is necessary to enable the sharing and continuity of knowledge. Furthermore, the partnership between older employees and younger ones, as well as the formalization of the mentor-bearing relationship is an important element in the plan of transferring clear and tacit knowledge.

Conclusions & Recommendations

The percentage of employees in the age 50 to 60 increased significantly the last ten years. Most organizations are not fully aware of the serious consequences that the loss of large source of labor can have. This specially when a large number of Baby Boomers are preparing to retire.

The companies must be prepared for this mass exodus and are working on how to effectively transfer the knowledge and skills that the boomers possess to the other members who will replace them.

An effective knowledge transfer program can help improve productivity, reduce employee frustration, maintain organizational knowledge. In this respect one of the most effective approaches being used today by companies around the world is mentoring. Identifying factors and mentoring techniques is one of the challenges of organizations which within their competitive strategies have valued knowledge as an inexhaustible asset. Emphasis on learning and education, establishment the right organization culture to share knowledge, a coaching leadership style, attention to motivation trust and recognition, are evaluated as part of the strategy developing for those companies that have realized the costs of losing knowledge and the benefits of transferring knowledge across generations of the workforce.

Creating an interactive learning environment, where individuals share and transfer between them what they know is necessary for organizations in the face of the challenges of generative changes in the workforce. Promoting an innovative culture, where individuals generate ideas, opinions, attitudes and alternative solutions to emerging problems is important in this regard.

Accumulating/storing the knowledge of individuals, as a database, or uncovering best practices, creating the memory of the organization and turning knowledge into long-term assets. In this context, planning dedicated budgets and building systems for storing the acquired knowledge are important for the success of mentoring projects.

Through a proactive knowledge management style, by creating organizational memory, by not losing knowledge, the organization will reduce costs and turn knowledge into a long-term asset.

This article's intention is to give guidelines on how to transferring knowledge along multi generations workforce. It is not extensively based on direct empirical findings. Further research is needed to verify and completely the conclusion and recommendations made in this article

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The Impact of Covid-19 pandemic on Inbound Tourism Development. Case of Shkodra Region

Elida BOSHNJAKU
European University of Tirana

Abstract

Since the COVID-19 spread, tourism has been hit particularly hard globally, also in Albania, in particular inbound tourism with a drastic drop in tourist arrivals out from the country because of travel restrictions, airport closures, nationwide lockdowns, health risks etc. There is evidence, that incoming tourism agencies in the tourism sector have registered lots of cancellations, decline in the visits and spending of tourists.

To give a deep and practical insight related to whatabovementioned, this paper introduces a study on the impact of Covid-19 pandemic situation to the development of inbound tourism in Albania in general, and in specific in the region of Shkodra.

The focus of the research was to analyse the challenges faced and changes made in the activity of some incoming tourist agencies in Albania which organize tourist visits in Shkodra region. For this paper was raised the hypothesis "Covid-19 changed the way of offering tourism". The methodology used was primary research based on a survey completed by a sample of 25 incoming tourist agencies operating in Tirana and Shkodra city which organize tourist visits to Shkodra region, as well as the secondary research based on an analyse of books, journal articles, academic papers, web posts etc.

Based on the findings of the study it resulted that incoming tourist agencies, negatively impacted because of pandemic spread, were changing their tourist offer, rearranging their offer by taking measures to be safely adapted considering Covid-19 situation, by making new planning of tourist group size, types of adequate segments, destinations to visit, promotional and price strategies etc.

With the progression of vaccination of people, and improvement of the situation, the forecast for the future inbound tourism assume a start and gradual recovery albeit slow at first, during the summer and autumn 2021 with visits to friends and relatives; holiday visits, business trips.

Key words: *Covid -19 pandemic, inbound tourism, tourist agencies, offer, promotion destination etc.*

Brief introduction

Tourism is vital for promoting a country and supporting its economy as it boosts the revenue, creates thousands of jobs, develops the infrastructure and contributes to the cultural exchange between foreign visitors and residents of the destination.

Tourism is strongly connected to the agricultural sector, communication sector, health sector, and the educational sector. For such reason, many tourists travel to experience tourism, the culture and tradition of a destination. This is very profitable as it provides many opportunities to tourist businesses such as hotels, restaurants, bar, caffes, souvenir shops, shopping centers, and other stores. In encourages businesses to improve existing products and services and establish new ones. This is the beautiful aspect of tourism sector, but it occurs also to face problems or unpredicted situations as that of COVID-19.

Tourism one of the most important sectors in the world economy, significantly contributing to the GDP and million of jobs worldwide faced last year the global pandemic outbreak which put million jobs at risk, many tourist businesses to standstill period. COVID-19 significantly damaged tourism globally by causing high losses in international tourist arrivals, revenues and jobs.

As in other countries, also in Albania tourism has been hit hard by the pandemic outbreak especially inbound tourism. Significant decline in tourist arrivals, expenditures of visitors, length of their stay were registered since March 2020 and ongoing. Travel restrictions, airport closures, nationwide lockdowns brought lots and drasstical losses to tourist businesses associated also with activity closure or suspend. Therefore, the objective of this paper is to:

- Present the impact of Covid-19 to the inbound tourism in Albania in general dhe in specific to Shkodra region as a tourist destination case.
- Obtain a survey on incoming tourist agencies in Tirana and Shkodra city, in order to give an insight of challenges faced and changes made.
- Identify some potential solutions in a type of recommendations to respond to the effects.

Methodology

Since the future of tourism in the COVID-19 period is uncertain, there is a critical need for research to identify the latest developments in tourism, track challenges, get updates and suggest the best solutions for reviving the tourism industry.

This paper, as mentioned at the very beginning, seeks to proove whether: "Covid-19 changed the way of offering tourism" by studying the impact of Covid-19 pandemic on inbound tourism development since March 2020 and ongoing. The material uses some quantitative data resourced on academic literature and information from relevant websites as well data resulted from the survey addressed to incoming agencies operating in Tirana and Shkodra city.

Secondary research

For this paper, in the secondary research were analyzed several materials published such as books, scientific papers, business organization interviews, posts of tourism organizations et.c

First are given the definitions of tourism and inbound tourism from the two important organizations:

1. UNWTO: Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure.
2. World Tourism Organization: Inbound tourism is the activities of the visitor travelling to a place outside his usual environment for not more than one consecutive year and not less than 24 hours. The travel is for leisure, business and not forperment work and gaining money.

For information about tourism development in Albania since the spread of Covid-19, important data were published in various important websites:

Thus, The World Travel and Tourism Council (WTTC) in the annual report for Albania during 2019 presented the following results:

- Tourism contributed 21.2% of the total economy in the country, with a total of 275.5 billion ALL (€ 2.2 billion), clearly showing the dependency of economy on tourism.
- People working in the tourism sector figured 22% of the total number of employment, at a total of 254,300 employees in 2019.
- Tourists from North Macedonia accounted the largest number of visitors (12%), followed by Greece (9%), Italy (8%), Montenegro (6%), and UK (3%). The rest came from a variety of countries across the world.

Related to year 2020 and ongoing, some important data were found on tourism situation as it follows:

- 75% of tourist agencies have closed down or suspended their business. The pandemic situation put agencies as in the same financial difficulties of the year 1997. The turnover in 2020 registered 10% of the year 2019.
- Arrival of foreign visitors in 2020 figured 2 657 818 visits (largest arrivals registered in January and February), less than year 2019 which reached 6 406 038 visits in total.
- While from Albanian citizens, visitors figured 761 599 in year 2020, less than the year 2019 which reached 5 697 729 visits in total (largest arrivals in January and February).
- Regarding the decline in % of foreign visitors during 2020, Albania registered:
  - 90% less Spanish visitors
  - 76% less German visitors
  - 71% less Swiss visitors
  - 50% less Macedonian visitors
  - 36% less Kosovo visitors

As it can be seen from the percentages, Kosovo tourists have positively impacted and supported tourism in Albania by not stopping their tourism activity and representing so the lowest decrease in the number of visitors entering Albania. In the opposite, Spanish visitors resulted in the largest decrease of tourist arrivals.

- If taken into account the % of foreigners without Albanian immigrants visits, the decline it was 80-90%.
- Regarding the way of travelling, the majority of incoming visitors chose to reach Albania by land. Others arrived by air or sea.
- Main purpose of their visit was touring, or visit to friends and relatives.
- The length of their stay was shorter compared to a year ago.

Primary research

To get a deeper and updated insight of COVID-19 impacts and estimates in tourism development, was also conducted a primary research.

Survey instrument

A questionnaire designed with doc.google form was used as the survey tool to interview incoming tourism agencies. It was composed in Albanian language, with multiple choice including options categorized as 'other' and some open-ended question with the intention of getting as much details as possible.

The questionnaire was distributed via internet: by email, facebook and whatsapp. Respondents were agency's representatives: owner or employee.

- 84% of them filled in the questionnaire using computer or mobile phone for which it took 7-10 minutes to complete. It is important to mention their availability to answer.
- 16% of agencies could not respond remotely online and afterthat they were contacted directly and asked to fill the survey. Also interviews face-to-face were conducted. During the face to face interview in depth conversations were made.

Sample size

The sample reached for this survey was 25 incoming tourist agencies operating either as incoming agencies, or combined ones functioning as incoming and outgoing ones.

To reach the sample of 25 agencies were contacted 40 agencies. The agencies that did not participate in the survey, did not respond not as a refusal or lack of willingness to respond but because their business activity was not running any more as it was closed or suspended.

Results and data analysis

Results of the survey reflect the perception of the respondents for the impact of Covid-19 till now and some of their future expectations and predictions they make, considering the uncertain situation since nobody knows how it will proceed and consequently the recovery. As it follows are given the results of the survey:

Characteristics of surveyed agencies

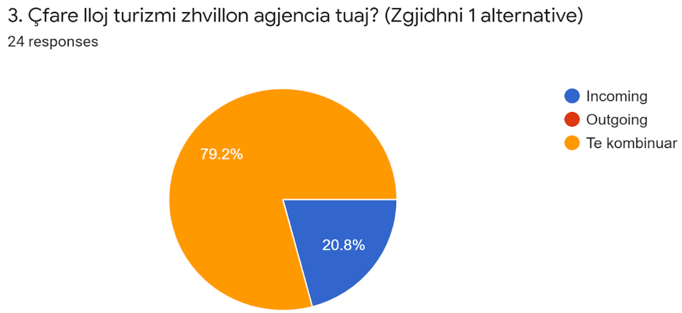
Out of 25 agencies interviewed, 15 agencies are located in Tirana and 10 agencies in Shkodra. These agencies are very well-known ones.

Regarding years of their operation:

- 12 agencies are at the age of 3-5 years
- 5 agencies are at the age of 5-10 years
- 5 agencies are at the age of 10-15 years
- 3 agencies are at the age of 20+ years

79.2% of agencies operate with incoming and outgoing tourist while 20.8% operate only with incoming (as it is shown in the graphic 1).

GRAPHIC 1.



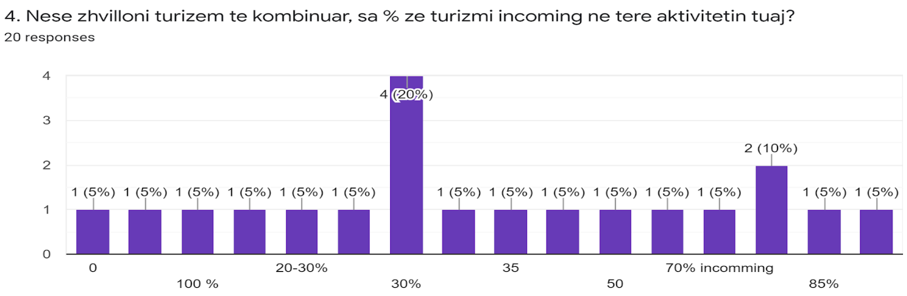
Both types of agencies are experienced in providing incoming service.

The agencies having more than 10 or 20 years of experience are professional agencies which through years have successfully operated with foreing visitors. Numerous incoming tourists have relied and continue to ask for their expertise and service. These agencies collaborate with foreign agencies and always keep in mind that: traveling is more than just leaving and arriving.

Regarding agencies that offer incoming and outgoing tourism, incoming consists in a small percentage in the whole activity, mostly at 5% (as it is shown in the graphic 2).

While those operating with only incoming groups of tourists are just focused to foreign tourists and therefore they have been drastically affected in their activity.

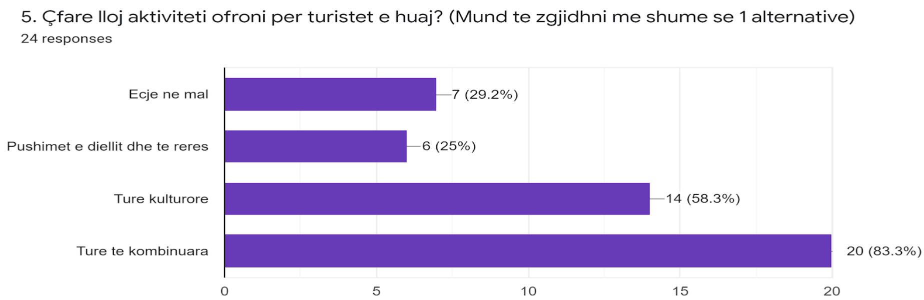
GRAPHIC 2.



When serving incoming tourists (known also as inbound tourists), agencies provide various tourist activies to the visitors such as hiking, sea and sand holidays, cultural tours and combined ones.

As it can be seen from the graphic 3, 29.2% of agencies offer hiking experience to their visitors, 25% offer sea and sand experience, 58.3% cultural tours in important cultural sites of Shkodra region, and 83.3% offer combined tours.

GRAPHIC 3.



According to the level of percentage, agencies offer visits mostly in Theth (about 87.5% of agencies), Shkodra (about 62.5% of agencies), Lepusha (54.2% of agencies), Vermosh and Razma (same percentage 29.2% of agencies), Velipoja (about 20.8% of agencies).

As it follows are mentioned some important and beautiful places that are visited by tourists.

Theth

Theth have a lot of attractions to see and enjoy such as:

Natural attractions highly preferred:

- Blue Eye Of Kaprre
- Waterfall Of Thethi In Grunas
- Grunas Canyon
- Caves Speleology / Rocky Climbing
- The Stone Groves Of Nderlysa
- Glacial Lakes Of The Neck Of Pejë
- The Waterfall Of Gjeçaj
- Fauna In Theth

Cultural attractions, very interesting ones:

- Tower Of Nikoll Koçeku
- The Church Of Theth
- Ethnographic Museum
- Thethi Religious Feasts
- Customary Laws, Myths And Legends
- The History And Population In Theth

Shkodra city

In Shkodra city are experienced fantastic tours to:
Natural attractions

- Shkodra lake
- Taraboshi mount
- Buna, Kiri and Drin River

When visiting Shkodra, tourist get lost in the old town and beautiful cultural places.

Cutural attractions

- Rozafa castle, a stunning and important historic place and its museum
- Promenades with vibrant cafe and restaurant scene
- Marubi National Photography Museum
- Oso Kuka House
- Mesi bridge
- Site of Witness & Memory museum etc.

Religious attractions

Shkodra city is known of a high number of religious monuments, testifying to the rare religious harmony of the region. Some of the most visited religious monuments are:

- Piomb Mosque, Ebu Bekr Mosque, Parruca Mosque.
- Lady's Church, Big Chathedrale and The Orthodox Church

Lepusha

Lepusha is described as Switzerland of Albania. Natural beauty surrounded by the mountains, pastures, and forests

- Lugu i Bjeshkëve, an annual festive event
- Lëpusha waterfall
- Vajusha peak, Trojan peak, Bjeshkët e Namuna, Berishdol peak, Gerben peak
- Walk inside the village.

Vermoshi

Visitors when travelling Vermoshi experience turning roads and dramatic views.

- Vermoshi is well-known for its National Park referred also as the Gem of Albania, also called the Albanian miracle of Alps, is a part of the Bjeshkët e Nemuna.
- Gërçara Kanyons
- Highest biodiversity of the mountain mainland.

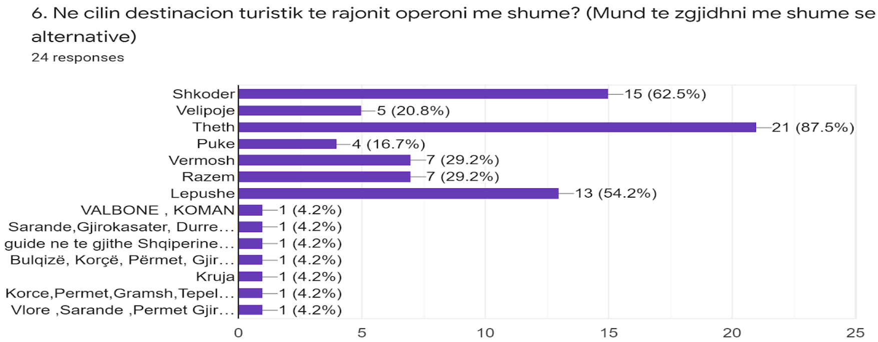
Razma

Razma is another important place to offer beautiful natural attractions:

- Razma, Troshan and Black Field fields with beautiful karst caves.
- The mountain of Veleçik (1724 m) to the north of Razma
- The mountains of Kunora (1713 m) lying to the east
- The mountain of Zagora (1862 m)
- Pigeon's cave, Shtog cave, Cave of the Valleys
- The springs of the Valleys estuary with cold and clear ice water.

There are also other destinations preferred but being in the focus of less agencies are Valbona, Koman, Saranda, Gjirokastra, Durres, Bulqiza, Permet, Kruja, Korça, Gramsh and Tepelena (about 4.2% of agencies). , what means that there is most interest for these destinations to visit (as it is shown the graphic 4).

GRAPHIC 4.



Characteristics of the visitors

Country of origin of foreign tourists

The vast majority of tourists come from: Kosovo, Macedonia, Montenegro, Germany, Austria, England, France, Denmark, Belgium, Netherlands. These countries are the main countries originating the tourist's traffic with a high percentage up to 55%.

The reason why they choose to visit Albania in general and in specific Shkodra region, it is because:

- There are lots of beauties, unexplored places in the region.
- The destinations have a clean and healthy climate
- There are opportunities to enjoy the beauties of each season (during summer the sea, during winter the mountains) etc.
- Places are full of rich history, evidenced by the castle, museums, bridges, monuments etc.
- Great hospitality characterized by the generosity and nice behavior of host community.
- Very competitive prices of services such as accommodation, restaurants, bar-cafes, entrance fees to tourist attractions, souvenirs etc.

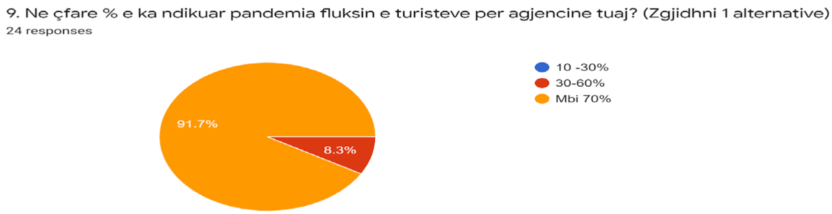
Way of travelling

Most tourists come by land (by car, bus, motor, bicycle). Cars are particularly predominant. Lots of visitors prefer private or rented cars as the main means of transport.

Others choose to us air transport and waterways, and the pattern of course can vary from the individuals.

Tourist traffic

22 agencies said that over 70% of tourist traffic has been reduced because of Covid-19 effects. Other 3 agencies said their target was impacted at the level of 8.3% (as it is shown in the graphic 5).



Revenues impact

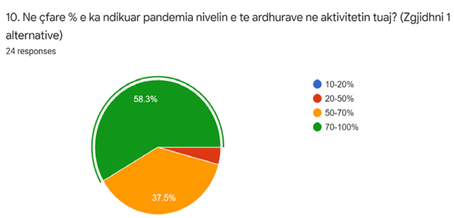
Incoming agencies operate by selling tourist products to foreign visitors. In addition to tourist activities, they also provide accommodation and transportation services what means that their activity level affects also other businesses activity.

Travel agencies include both brick-and-mortar and online presence but despite this last one tourism receipts had an extreme decline and recovery is not expected soon. All agencies asked, said their reveneues related to the incoming visits, were very negatively impacted i.e highly reduced (as it shown in the graphic 6).

- 53% of agencies were impacted in revenues at the level of 70-100%.
- 3.5% of agencies were impacted in revenues at the level of 50-70%.
- 4% of agencies were impacted in revenues at the level of 20-50%.

Most of agencies faced huge difficulties to afford the unpredicted changes. Only a few of them had lower effects.

GRAPHIC 7.



Staff impact

As above cited agencies are among the businesses hardest hit by the COVID-19 pandemic along with the accommodation sector, air travel white rates are down dramatically. Because of cancellations, businesses faced and continue to face serious financial difficulties.

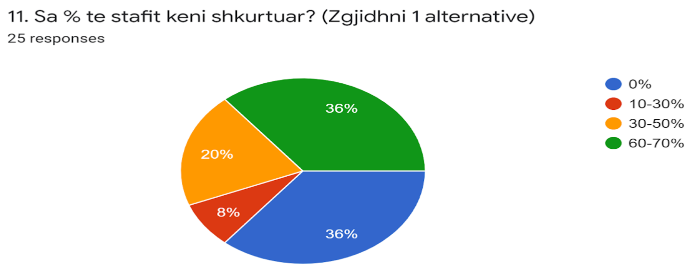
Unless relief package from the government, it was not sufficient to completely afford the expenses which were the same ones as in normal situation. Some of the agencies were obliged to cut partly their qualificed and experienced staff (as it shown in graphic 8).

According to the survey results:

- 36% of agencies have reduced their staff at the level 60-70%.
- 20% of agencies have reduced their staff at the level 30-50%
- 8% of agencies have reduced their staff at the level 10-30%.
- 36% of agencies made efforts not to cut staff but keep them.

Another effect of Covid-19 is that agencies can't make investments. They are trying to experiment with new business models in order to cut some labor costs.

GRAPHIC 8.



Number of tourist groups

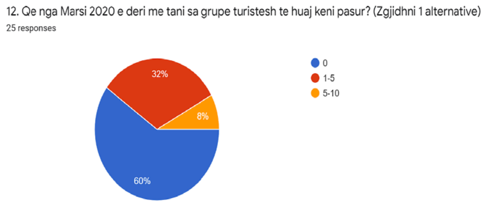
Regarding the number of tourist groups agencies have had since March 2020 and ongoing, it was found (as it shown in graphic 9) that:

- 32% of agencies have had 1-5 groups of tourists.
- 8% of agencies have had 5-10 groups of tourists.
- 60% of agencies haven't had any group.

Despite the decline, agencies continued to offer some tourist experiences.

Most of groups of tourists were 1-5 people, i.e small groups to keep safe. Only a few of them had groups up to 10 people. But must be also emphasized that most of agencies did not have any group.

GRAPHIC 9.



Size of the Tourists Group

The tourist groups of incoming agencies, during the pandemic situation:

- Over 50% of agencies had groups with 4-7 persons to visit Albania.
- Over 20% of agencies had groups with 7-12 persons
- 20% of agencies had groups with over 25 persons.
- 10% of agencies had groups with 30-50 persons.

The vast majority of tourists came from: Kosovo, Macedonia, Montenegro, Germany, Austria, England, France, Poland, Israel etc.

Interest to visit Albania during this period, was shown also from Eastern European countries e.g Ukraine.

Length of visitors stay

- Over 50% of tourists stayed 4-7 nights.
- Over 20% of tourists stayed 7-10 nights.
- At about 30% of tourists stayed 1-3 nights.

As it is listed above, most of tourist stayed 4-7 nights. The duration of staying is strongly related to the economic constraint cased by the pandemic situation. The length of stay is a determinant of destination and revenues generated as well.

The duration of staying is related also to:

- the socio-demographic profile of the tourist such as education, age, sex, profession etc.

- the psychographic characteristics such as beliefs, this one higly impacted by Covid-19, imposing fear and unsafe sense.

Age of tourists

A form of segmenting tourists and keeping data is based on their age.

- 50 % of the tourists were 30-45 years old
- Over 25% of the tourists were 30-45 years old
- 35% of the tourists were 18-30 years old
- Less than 15% of the tourists were over 60 years old

The number of tourist aged 30 to 45 years old showed the biggest percentage of tourists, followed after by young tourists aged 23 to 30, with a percentage at 35%.

Over 25% of the touritst were 30-45 years old followed after by the lowest percentage of tourists of age over 60 years old.

Expectations for the future

Agencies interviewed wish and hope to overcome Covid-19 situation soon. They expressed their future expectations, considering at the same time the uncertainty of situation follow up and the recovery.

Some of their expectations are listed below:

- Over 35% expect to have groups with 7-12 persons
- 16% expect to have groups with 12-18 persons
- 40% expect to have groups with over 25 persons
- 9% expect to have groups with over 50 persons

According to expectations of shifts for summer and autumn 2021, agencies are expecting visitors to come from the same countries that have come during the pandemic period and mostly by the age 45-60 years old and the age 30-45 years old and mostly in groups of over 25 persons and 7-12 persons.

For this reason, they are planning and promoting tours as it follows:

- close to visitors home travel trends and in small groups
- renewed travel concerns such as accepting incoming tours only for vaccinated people, wearing face mask if needed (according to health measures). advicing for social distance, avoiding crowded places, spending time only with those usually met

- avoid confined spaces for long periods of time and organize outdoor activities. In case of indoor activities or crowded places take precautions
- inform visitors on the full range of symptoms of COVID-19 and keep up to date on the latest information from trusted sources
- ask visitor to self-isolate if having symptoms of COVID-19
- get tested
- in shops, sports facilities, swimming facilities to have clear signage of the maximum number of visitors allowed.

Future visitors are likely to avoid major crowded cities and explore remote places.

For some agencies there was an expectation to have a decline in queries for small places.

That's why, agencies are trying to adapt their product in respect to the demand of potential tourists and to the pandemic safety criteria. They are setting the criteria and are designing new ways of offering tourism. Some are thinking to be focused on religious, cultural and natural tourism and offer competitive prices. These thoughts are related to past experience, as most preferred and required destinations to visit till now remain the city center, the castle, the cultural sites, the lake, and the mountainous areas as it is the case of Shkodra region with its beauties of the city and the mountainous areas of Thethi, Valbona, Razma, Lepusha and Vermosh.

Considering all, agencies are trying to be very careful in their planning concerning the number of tourists to not reach overcrowding. Also to guarantee a healthy stay, was being regiewed the minimum and maximum length of stay restrictions as a way to keep all safe and healthy. For instance, when applied a minimum length of stay restriction of three-night stays, the offer won't be targeted to people interesting just for two-night stays. So it can be restricted also for maximum lengthstay. New travel arrangements were being considered such as making reservations, being more flexible in cases cancellation or re-booking. Regardin transport of tourists, focus was given to plan the right mean of transport and care about the space and environment to ensure social distancing.

Agencies are collaborating with the foreign agencies to match tourist offer and demand at best considering all.

At about 40-50% of agencies hope and expect for the remove of limitations movement.

During summer 2021 and autumn 2021, they hope and expect to have incoming visits for tourism purposes, visits to friends and relatives, leisure and pleasure (e.g: vacations at seaside), business reasons etc.)

Such predictions on touring reasons are hopes to lead the comeback in the tourism sector. Business visits as well represent an important source of revenue for hotels, restaurants, cafes, souvenir shops and airlines etc and are in the target of agencies.

Trying to keep optimistic some agencies planning consist on:

- promotional offers discounts for existing customers as they will avoid expensive destinations, and for new originated customers.
- new tours design for small groups of tourists in order to keep safe, pay more attention to the protocols and adapt in respect to demands.

But, these can be just expectations and predictions for the future. About 35% of agencies are skeptical and fear the future.

Conclusions

The tourism industry was severely impacted by the outbreak of COVID-19. Therefore, this paper aimed to present an overview of the impacts of pandemic situation to the inound tourism development.

From research it resulted that Covid-19 pandemic gave a tremendous negative impact on whole tourism in Albania, including inbound tourism which was affected drastically in terms of tourist arrivals and expenditures. The challenges faced by incoming agencies were:

- very limited operations of travel agencies, closure or suspend of activity
- low interest of international tourists to visit the destinations
- fear to travel because of possible infection by virus etc.

The way of dealing with tourist groups, offering and providing tourism changed as an imposing need to adapt to the situation.

Travel agencies in general and in specific incoming agencies operating with tourists were negatively highly impacted. They were almost paralyzed with their activity. A small number of them, was doing small activity just trying to survive.

In such conditions, it was urgent to struggle efforts for recovery and restart again and reactivate tourism based on tourism potential. Agencies operating with incoming tourists tried to work hard and deal with the crisis.

The challenges and changes were bringing a “new normality” from hygiene measures and practices to new travel arrangements such as making reservations, being more flexible and offering exemptions for cancellation or re-booking considering the uncertain situation.

Also choose the right mean of transport and care about the space and environment to ensure social distancing e.g reorganizing the common areas by increasing the distance between people. Address the concept of overturism, which generates extremely adverse effects for both human health and the environment.

Within the difficulties related to COVID-19, the challenges come across with opportunities for new developments. Some changes on organizing tours inside destinations such as shortening the overnightstay of tourist were being planned to promote sustainable development by fostering tourism, eliminating overcrowding the destination and as a result continuation of business activities while ensuring the community and visitors health.

Recommendations

Some travel agencies representatives are skeptical for the ongoing situation and don't have any plan how to adapt or overcome this difficult period.

To withstand the impacts of COVID-19, it is important to create plans and get support to keep incoming agencies alive. As it follows are some recommendations.

- Establish a working group with representatives of travel agencies, tour operators, guides, hotels, guest-houses, tourist attractions representatives ect. to find solutions and design the survival and right strategies.
- Strengthen the coordination mechanisms among businesses and government to find best solutions for tourism
- Enhance coordination of associations of tourism
- Diversify and shift to more sustainable tourism models
- Combine different types of tourism, design innovatively and respect the necessary protocols to give the comfort, build confidence to visitors and employees.
- Ensure transparent and clear communication.
- Introduce classification of destinations based on minimum risk and maximum risk to ensure the safety of residents and tourists.
- Take specific measures which regulate the movement within the country, within and between destinations, and control and care the operation of tourist businesses.
- Optimize tourist routes and admit a maximum number of people in compliance to health prevention measures e.g tourist must have negative Covid-19 tests.
- Design a return scheme for qualified employees.
- Integrate more intensively digitally and make investments in digital technology

- Design branding and marketing unique strategies that target international tourists and to be launched once restrictions have been eased.
- Continously promote tourist destinations and present the natural beauties.
- Promote as well virtually through professional images and videos.
- Enable digital and data transformation within the tourism industry
- Make market research and analyze customer behavior, identify needs, preferences etc.
- Set and monitor right standards of a qualitative service.
- Plan and create a tourism fund as a financial guarantee in case of other unpredicted crisis in the future.
- Make other future studies, future research to keep track of the situation progress and assess potential measures for continous and more rapid improvement.
- Design projects for concrete interventions and support according to the needs identified.

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The use of debt as a tax avoidance form in Albania

Prof. Assoc. Dr. Elvin MEKA
Dean of Faculty of Economy, Business and Development
European University of Tirana, UET

Ilva ISA, PhD(c)
St.Kliments University, Sofia Bulgaria,
Statutory Auditor
Lecturer, European University of Tirana, UET

Krisela NGJELA
Statutory Auditor
Assistant Lecturer at Faculty of Economics
University of Tirana, UT,
Faculty of Economics, University of Tirana.

ABSTRACT

Under the Albanian law, the entrepreneurship may be organized in any of the following forms: the sole entrepreneur, general partnerships, Limited Liability Companies (Shpk), Joint Stock Companies (SH.A).

Limited Liability Companies, otherwise known in Albanian law as "sh.p.k", are companies founded by natural or legal persons whose liability for obligations undertaken by company are limited to their contribution and the share is divided in proportion of the contribution. The basic capital of a "sh.p.k" (or LLC) is fixed to ALL 100 and cannot offer its shares in public. Our research interest will be focused on Limited Liability Companies and their financing activities. These activities include financing in forms of debts or loans and owner's contribution.

Otherwise, the owner may grant funds to the business, the loan is formal with a contract including interest; interest on the loan is taxable to the owner personally when it is repaid. The repayment of the principal is not taxable, since *one has already paid the taxes on it and this is the first reason why we often find "Owners Liabilities/loans" in the liability section of the balance sheet. As this item, found in the balance sheet can be included, funds are withdrawn by the owner for "an illegal" purpose, such as bribery.*

Many companies face bribery and other non-declared transactions. There appears to be no unified definitions of bribery that specifically states what is considered bribery. However, it is globally recognized as giving a reward or 'knockback' to a person, in an attempt to sway opinions or behaviors for personal advantages.

In this paper, we look through a descriptive and comparative analysis at how companies use debt to avoid tax, actions and policies government is expected to take and what is the current approach to combating this form of tax avoidance, and what more needs to be done.

The focus of this paper is to consider debt as a deductible cost, but many of the same issues arise for other deductible costs, such as management fees, insurance contracts or intellectual property fees. The aim will be to have a look at how companies account for bribes paid to third parties in their financial statements and what should be done to detect and prevent this phenomenon?

***Keywords**: Loan, tax evasion, IFRS, Fiscal policies.*

Introduction

Financial statements are used by entities to accumulate and report financial information about the performance, financial position and cash flows of a business. Entities need information to manage the business, to invest or to lend money to it. They are aimed to systematically record transactions, sort and analyze them. Nevertheless, financial statements compiled under the full set of characteristics of qualitative information fall under the whirlpool of financial information manipulation. What is accounting manipulation in itself? What are the main traits and techniques? What is the niche allowed by the standards and what is the tendency of auditors to profit from it?

Accounting, in itself, is a subject based on social ethic much more than it is usually considered. The history of financial manipulation is older than it might be considered. Most of the auditors refer to the well-known examples of last World Crisis, such as: Enron, Lehman Brothers, but indeed accounting manipulation dates from area of Luca Pacioli. Almost 500 years ago he shaped the practices of creative accounting in his book "De Arithmetica".

Other authors, such as Copeland, invented the term to be referred to as '"some ability to increase or decrease reported net income, at will".

The history of accounting in Albania is relatively young. The first plan of accounts was presented by Mr. Jani Vreto. After the declaration and establishment of Albania' s independent state there was emerged the need to have and establish an accounting organization and regulation for registering the incomes. The next phase that marked a positive transition was the period where Albania started the implementation and convergence of International Accounting Standards, in 2008. After this period, financial statements had a better information quality and equal chances to be presented in broader markets, outside Albania.

However, despite all the measures taken, Albania faces a constant challenge in information asymmetry between all parties involved in economic relations.

In this paper, we look through a descriptive and comparative analysis at what practices are mostly used by companies to use debt to avoid tax, what actions and government policies are expected to take and what is the current approach to combating this form of tax avoidance, and what it needs to be done in this regard. We take into focus some of the motives for creative accounting. We look for the development presented in scientific databases in evaluations of debt as a deductible cost, as we face that the same issue arise for other deductible costs, such as: management fees, insurance contracts or intellectual property fees.

There appears to be no unified definitions of bribery that specifically states what is considered bribery. However, it is globally recognized as giving a reward or "knockback" to a person, in an attempt to sway opinions or behaviors for personal advantages.

Literature Review

Previous publications are giving us an insight on the development of relation between tax and debt. These two factors cannot be studied as separate element, but they will be studied in samples with more variables, as it happens in the dynamic of the business.

Numerous studies from researchers such as (Desai. M.A ., Dharmapala .DH, 2006) , (2009); Ge.W (2006); They concluded in their research that there does exist a relationship that approves the agency perspective that emphasizes the relationship between corporate governance and proves that management tries to profit from tax shields in creating a diversion of rents when applied the tax avoidance activities.

Other researchers conducted studies where finding stated that the cost of debt of a firm is determined by the characteristics of the firm. These characteristics affect default risk, agency cost and the information asymmetry problem as presented by (Centindamar and Husoy ,2007)

The average effect of tax avoidance on firm value was with little significance on cost of debt. It is stated that in firms that are well governed entities have a positive effect on the cost of debt caused by the tax avoidance practices.

Practices, such as: tax avoidance, may cause agency conflicts between management and debtholders. Despite the efforts to create tools that can monitor managerial performance, still there can be created managerial rent diversions that induce information asymmetry.

Other studies conducted by Fernandez (2004) and Massari et al. (2008) give recommendations that tax shelters and tax avoidance are a substitute for the use of debt.

Fernandez (2004) states that it is important to give recommendations to managers, treasures and CFOs to re-valuate their companies' debt policies. Firms should made careful calculations on the benefits obtained by increasing leverage. If the entity is in the position on using debt and the profits of its usage will be larger than not using it then it is recommended to increase leverage. If not, the firm should not consider at using debt.

Massari et al. (2008) examines whether participating in tax avoidance activities is negatively associated with the cost of debt (COD), and whether institutional investors, as shareholder activists, intensify the effect of tax avoidance on the COD. They have found a negative relationship between tax avoidance and the COD for a large sample of Korean firms, supporting the trade-off theory. Further tests reveal that the negative relationship becomes stronger when institutional investor ownership is high.

The above results of the searches indicate that firms use less debt when they engage in tax sheltering. Using the tax avoidance measure modified from Desai and Dharmapala (2006), Fernandez (2004) determines the existence of a substitution effect of tax avoidance for the use of debt for a large sample of Korean firms. These results were consistent with the results of Inselberg and Kaauford (2004). If tax avoidance is a substitute for the use of debt (Cooper and Nyborg (2008), Hoti (2014)), it could increase financial slack, reduce expected bankruptcy costs, enhance credit quality, lower default risk, and therefore reduce the cost of debt

Method

Evaluation of interest and debt from National Accounting Standards and Law on Tax Procedure

There is a divergence between the Albanian Tax legislation and the part of recognition of the real costs and expenses valuated under IAS. Albanian tax legislation does not recognize as tax deductible a large part of costs. For example, there is a fixed rate of depreciation recognized as a deductible expense by tax authorities. In case when entities for different causes or circumstances have passed that rate they might evaluate the depreciation according to IAS for their internal managerial process in decision making, but never the less when compiling financial statements for tax purposes they need to make corrections on expenses recognition only at the approved level of tax authorities. They need to make it accordingly and correctly after their guidance to calculate the tax profit otherwise fiscal penalties get applied upon them.

Often the divergence encourages the entrepreneurs to make changes for decision making purposes, but sometimes they find the niche to use for incorrect behaviors. In cases when there is a need to take a loan entities are encouraged to submit a position/ financial performance financial statement to financial institutions to obtain the LOAN. As banks make the risk evaluation on financial statements information. Tax law makes even some more drastic open niches where bigger abuse finds place. Tax law predicts that when an entity is submitting no profit for three consecutive years, the entity might not be subject of control.

According to international accounting standards, loan interests are evaluated according to the specific of the case they are being treated as part of the performance financial statement or as part of the cost and exposed at the position financial statement. In Albania, all financial statements should be in full accordance with fiscal law nr 129/2016 "Income Tax", as changed. Specifically, the article 21: "Unrecognized Expenses"

For the purpose of determining taxable profit, expenses listed below are not recognized:

- Paid interest that exceeds the average 12-month interest rate on the banking market, according to the official publication of the Bank of Albania.
- Also, according to the normative act No. 5 dated 30.11.2019 it is determined that if during the tax period, the loan and the prepayment exceed on average four times the amount of its own capital, the interest paid for the exceeded amount is not recognized as a deductible expense.
- Except as provided in paragraphs 2 and 3 of the Article, in cases of loans, borrowings of financing by related parties, the excess of the net interest expense exceeding 30 percent of the profit of the tax is not recognized as deductible expenses of the tax period.
- Property, plant and equipment IFRSs: Must be estimated by reporting entity: Revaluation; Amortization, depreciation and depletion;

- Useful life. Albanian tax rules: The rate of amortization, depreciation is determined by tax law. Assets
- Intangible assets. IFRSs: Must be estimated by reporting entity; Useful life; Amortization; Revaluation. According to Albanian tax rules: The rate of amortization is 15 %, based on straight- line method. Revaluation not permitted for tax.

Ratio on liabilities/capital

Most of entities have a tendency to use a higher level of loan and debt, compared to the owner's equity. This derives only due to the favoring of the bankruptcy law in liquidation of the company. The debt-to-equity ratio, also known as risk or gearing ratio, is a solvency ratio that shows the relation between the portion of assets financed by creditors and shareholders. Using figures obtained through financial statements, the ratio is used to evaluate a company's financial leverage i.e. the percentage of financing that comes from creditors and investors. This report shows the extent to which the company is being financed with debt with its own capital. It serves to measure the firm's viability and ability and ability to pay its obligations.

The increase in this ratio is a signal that the company is being financed by creditors, rather than its own resources, which could be a risk signal. Lenders and investors usually prefer these debt-to-equity ratios, because their interests are more protected, their interests are more protected in the event of a potential in the event of a potential business failure. However, leverage is not always a "bad" indicator, as it can lead to an increased return on investment of shareholders. Also, very often there are benefits from taxes, associated with borrowing. In general, a high level of debt to equity indicates that a company may not be able to generate enough money to pay its debts. However, the low level of debt/equity may indicate that a company is not taking advantage of the increased profits that may come from using leverage.

The optimal debt-to-equity ratio is considered to be 1, but this ratio depends on the specific industry, in which an entity operates, because it depends on the composition of current and non-current assets. The more non-current assets, such as capital-intensive industries, the more the capital is required to finance these long-term investments.

To test these theoretical and fiscal restrictions we have worked on the ratios of debt to equity on a group of the most influential of private entities on the sectors with the highest economic growth in Albanian economy. The variables taken into in consideration when choosing the sample are the activity, liability and owner equity.

There are fourteen entities under the study. We have worked on the financial statements submitted to the Business National Database of Albania. Each one of the statements has been double checked by authors whether there are corrections, accounts arrangements, consolidated accounts or other corrections indicated according to fiscal law.

To test this correlation and behavior of entities in Albania we have worked on the reports as presented below on the table.

TABLE 1. Table of ratios of liability/owner equity

	ACTIVITY	LIABILITIES	OWNER EQUITY	RATIO LIABILITY/ OWNER EQUITY IN %	RAPORT TOTAL DET/KAP NE HERE
Gener 2	construction	4,005,192,386	3,885,759,963	103%	1.03
Alb-Building	construction	2,158,675,974	4,132,217,263	52%	0.52
Gjoka Construction	construction	6,471,361,229	5,967,527,576	108%	1.08
Fratari Construction 1990	construction	2,441,678,116	1,242,600,243	196%	1.96
Gjikuria	construction	2,611,309,518	542,776,198	481%	4.81
Gega Center GKG	Fuel	317,456,869	711,342,266	45%	0.45
Skenderi G	Fuel	1,088,217,734	294,504,933	370%	3.70
Adriatik Pertolum Albania	Fuel	411,406,724	- 270,279	-152216%	-1522.16
Eroil	Fuel	5,143,912,914	177,484,186	2898%	28.98
Europetrol Durres Albania	Fuel	4,735,605,231	1,924,224,463	246%	2.46
ADD	Distribution	1,282,202,181	2,534,855,992	51%	0.51

Interbrands	Distribution	144,305,232	242,135,999	60%	0.60
Agna	Distribution	5,724,187,306	8,672,065,870	66%	0.66
Marketing & Distribution SHpk	Distribution	2,403,838,162	3,564,358,851	67%	0.67

Results

As stated by the table we have focused our study in three different fields in our industries.
Construction industry has had the biggest growth during these last 30 years in Albanian economy. Entities operating in this market have been numerous and few of them have stand the challenge of the market dynamics. Here we could state that there are enitities that, even though are operating from the beginning, are taking part in biggest projects accomplished still they have a very high rate of liabilities compared to their equity. Interesting, is the fact that companies mostly present a very high level of liabilities compared to their equity. Surprising, to the fact that prices of residential and commercial dwellings is continuously increasing much more that the prices of raw materials and cost of labor has increased during the years.

Another question rises naturally…..how is it possible in these circumstances there is no sufficient self liquidity…where is the profit going to???

The next is fuel. Fuel has another characteristic compared to construction. Fuel industry is naturally characterized by a high level of liquidity. Also, the market of fuel is mainly centralized on the hands of few companies. Even these facts still companies operating in the market are submitting Financial Statements that show a high level of liability compared to their equity. Companies are having a rate higher that 1. Sometimes an absurd one such as a negative one, or higher than 1,2 or even3.

Distribution is the last sector of economy taken into consideration In our study. As expected distribution sector Is characterized by a normal level of liability over owner equity. Distribution such as fuel industry is characterized by a high level of liquidity, a high turnover rate and is giving satisfactory ratios of profit. Here entities are showing that one of the forms of using the profit is reinvesting it on the company in the operational and managerial transactions. The ratios of liability/ on owner equity are lower than 1.

Conclusions

It would be unrealistic to think that it is possible to eliminate creative accounting or earnings management practices at all. However, it would be possible to minimize at least the negative effects of them by adopting the accounting standards, giving more importance to ethical considerations and decreasing the flexibility of the managers in deciding among different accounting methods.

Tax is a significant motivator. Imposition of tax levies are based on the income. Tax authorities should find ways to control fiscal evasion and corruption. The motivation for creative accounting is the gap between the actual performance and the firm expectation when there is a significant capital market transaction anticipated.

As previously stated, expenses according to international accounting standard will be recognized as deductible expenses and therefore will be a reduction in profit. As we have stated from our search in databases most of the entities have low capital investment which makes the interest of loan to be a deductible expense.

By placing online cash registers, with a stronger organization and control of the customs system, with new guidelines for controlled payments through banks and especially through the operation of the online declaration system of businesses, we can say that we have a reduction of this asymmetry of information. But a reduction not enough! This is because the administrators' economic units are always prone to corruption and tax evasion and seek to present financial situation totally different to tax authorities in comparison the real financial situation.

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Venture Capital Funds in Albania – Is it the Right Time to Show Up?

Dr. Eugen MUSTA
Lecturer, Department of Economics & Finance
European University of Tirana, UET

Prof. Asoc. Dr. Elvin MEKA
Dean of Faculty of Economy, Business and Development
European University of Tirana, UET

Abstract

In the age of innovation and technology there is a lot attention put into start-up business ideas. This is no surprise considering the great and unbelievable changes that happened in the last 50 years, because of companies like: Microsoft, Apple, Google, Amazon, Facebook (just to mention a few), all of which started as "garage" start-ups. What made it possible for these start-ups to make it though was not because they started small out of garages, but because they were able to find financing from Venture Capital and Private Equity funds.

Private Equity capital and specially Venture Capital funds are a crucial part of the start-up ecosystem as they specialise in providing financing to start-up companies and small businesses that are believed to have long-term growth potential and thus their presence in the economy promotes entrepreneurship, improves borrowing and also can strengthen the capital market.

Even though there have been some PE initiatives in Albania, for the time being, there are no established PE or VC funds. However, with recent years attempts to establish a functional capital market and with the prospective changes made to the legal framework, regarding the regulation and support for the innovative start-ups, etc. may be the time is right for us to witness the birth of Private Equity/Venture Capital Funds.

Keywords*: private equity fund, venture capital, innovative start-up, capital market.*

Intro

There is no doubt whatsoever that innovation has been the biggest drive of economic growth and progress throughout the mankind history and we are for sure living in an era marked by spectacular innovation. The big technological achievements of the last century and specially in the last 50 years have been unbelievable and the transformation that happened in the world is unprecedented. The big technological changes have disrupted almost every aspect of the way people interact with one-another and the economy is at the core of it. Today it's hard to imagine a world without internet, free video communication, and powerful smartphones in your pocked able to get you connected in an instant with everyone, everywhere in the world, be it for business, educational or entertainment purposes, but this wasn't so a few decades ago. This ongoing transformation is demanding new more efficient ways of doing business and thus opening all new opportunities for everyone. So, in this new reality, at the peak of the "Third Industrial Revolution" a.k.a the "Digital Revolution", as OECD states "the capability to innovate and to bring innovation successfully to market will be a crucial determinant of the global competitiveness of nations over the coming decades" (OECD, 2007).

If innovation is what is needed than start-ups are where to find it. Even though we can't deny the crucial role of government programs which have financed some of the biggest R&D projects, it was actually the innovative genius and entrepreneurship of some random individuals which brought to light technologies or disruptive approaches which in turn transformed entire industries. These start-up businesses sometimes born in garages are accountable for non the less but a real social and economic revolution. (Apple, Microsoft, Amazon, Disney, Google, HP, Facebook… just to mention a few were all companies that started modestly in what is known as "garage" setup). There are several reasons why these start-ups brought more innovation than what big companies or governments which had resources to spare and large R&D departments, but what actually is more important to analyse is why and how did these start-ups made it. By doing so, by finding the reasons that helped bring these risky start-up ideas to life, we can than build a fertile environment which can spur innovation in the future.

A star-tup per se is any new business, but in the sense intended when the label is usually used, among different definition "A start-up is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable economic model (Startup company, 2021)."

According to Forbes (2019), citing data from the 2019 Global Start-up Ecosystem Report (GSER), the start-up global economy generated somewhere around $ 2.8 trillion in economic value over the last 2 years which was a 20% increase from the previous period. Although most of this growth is happening in already established top locations there is also tremendous growth taking place everywhere. The so-called start-up ecosystems are popping all around the world with various levels of success.

In literature there are different mixes to an ecosystem, but the main components we find in there are: Access to great ideas; Access to talent; Access to capital; Access to customers; etc. Even though all of them are important per se, one of the most important and crucial components is the access to capital. Without the proper funding a start-up can't make it and usually start-ups find difficulties in raising proper and adequate funding, especially from banks and capital market, this is mainly due to moral hazard and asymmetric information thus their options for financing are limited. Most of the time their options are in accordance to their respective stage of growth. In general, a start-up company at its early stages can benefit from pre-seed or seed funding (classification of stages and options is different in literature) and can go up to equity funding which happens usually in several funding rounds known as Series A, Series B and Series C, up to IPO. At every funding stage there are several types of investors of financing options and operators.

Seed capital – can be from own personal savings, credit cards, loans from friends and family, crowdfunding, etc.

Angel Investors – usually approach startups at early seeding stage and offer funding in exchange of equity. They are usually wealthy individuals who are using their own money.

Venture Capital Funds - focus on high-growth prospects and scalability. They, as well as business angels, are considered 'value-added' investors, who in addition to the supply of funding also contribute industry-specific knowledge and access to business networks (Carpenter and Petersen, 2002)

Mezzanine Financing - is a hybrid of debt and equity financing usually helps expansion toward new markets, merger & acquisitions, or preparing for an IPO

IPO - going public is an option which opens new ways to access to finance through direct access to capital markets making it easier to expand further, but it can also be an exit strategy for some of the equity investors which want to cash out.

The focus of this study is on start-up funding options in the Albanian market and specifically on the private equity / venture capital (VC) as an important part of the start-up ecosystem.

Thus, the objectives are to:

Assess the demand - Is there a need for Private Capital Funds and specially Venture Capital Financing in the Albanian market, especially from startups?

Review History - Have there been PE/VE funds or attempts to

Identify obstacles and challenges.

Theoretical framework

In the classic quest to find the main drivers of economic growth and prosper, many researchers have identified innovation to be one of the main factors. Innovation itself is frequently associated with entrepreneurship since the early works of Schumpeter (1934). We find especially entrepreneurial start-ups to be strongly ambitious for growth and innovation by continuously spotting and exploiting opportunities, as opposed to rent-seeking small conservative businesses (Burns, 2016; Carland, 2015; Murphy et al., 2019; Sonfield & Moore, 1990).

By definition Startups are new innovation-driven entrepreneurial ventures seeking a scalable business model (Blank, 2013), that have been in business for less than 10 years, were created by individuals as a "stand-alone firm" (OECD/Eurostat, 2018). Even though new ventures and small businesses share several characteristics and constraints, what differentiates start-ups is their entrepreneurial nature and their capacity to create, discover, and exploit opportunities to create new products, services, or business models (Alvarez & Barney, 2013; Burns, 2016; Foss & Klein, 2017; Shane & Venkataraman, 2000; Zahra et al., 2006). But startups and other innovative companies, which bring innovation in the market are not usually big and established firms, but instead they are mainly a produce of young entrepreneurs and small companies, which find difficulties in raising proper and adequate funding, especially from banks and capital market, duet to moral hazard and asymmetric information. Venture capital firms are experts at solving problems of moral hazard and asymmetric information and thereby earn their keep by bridging the gap between financiers and entrepreneurs (Lerner and Tag (2013).

Also, Lerner et.al (2012) stress that venture capital involves long-term investments in risky, young companies, often with unproven management teams addressing new technologies in uncertain markets. Yet, the innovation that occurs in these small companies is an important force in moving a country into the knowledge economy, which can balance a prior dependence on resources or extraction. In addition, it can attract talented nationals who were educated elsewhere and are eager to return to either start or invest in exciting companies in their home country.

According to Bottazzi (2009), venture capitalists are financial intermediaries who organize limited partnerships to finance their activity by raising funds from institutional investors, such as pension funds, insurance companies, or endowments that are passive limited partners.

Gompers et al. (2015) point that PE investors place a heavy emphasis on adding value to their portfolio companies, both before and after they invest. The sources of that added value, in order of importance, are increasing revenue, improving incentives and governance, facilitating a high value exit or sale, making additional acquisitions, replacing management and reducing costs. Consistent with adding operational value, the PE investors make meaningful investments in employees and advisors who provide advice and help in implementing operating improvements.

On the other hand, Lerner and Tag (2013) argue that an active venture capital market can boost economic growth. Economic growth is driven by innovation, spearheaded by young entrepreneurial firms, where financing of these firms can be difficult because of moral hazard and asymmetric information. Venture capitalists specialize at solving these problems, thereby connecting idea-rich entrepreneurs with cash-rich investors. Ensuring funding for innovative firms has positive externalities on the economy, so it makes sense for governments to promote an active venture capital market.

Innovation coming from start-up businesses is higher than that done by big corporations which spend considerably more funds on R&D. According to Gompers and Lerner (2001) a dollar of venture capital appears to be about three to four times more potent in stimulating patenting than a dollar of traditional corporate R&D.

Everywhere in the world, both developed and developing one, PE/VC are emerging as an important source of capital and those initiatives are not coming as stand-alone companies; even banks are getting involved is such endeavors.

On the other hand, for PE/VC to exist and develop in a certain financial system some preconditions must exist. Ribeiro et al. (2006) show that there are several factors which heavily impact the PE/VC industry, like: legal system, tax procedures, bureaucracy and corruption, infrastructure and stock market. The lack of proper stock market means high direct and indirect costs in raising capital from the market.

Local start-ups ecosystem

During the 20th century, a significant part of innovation in the high-tech industry was carried out within medium and large organizations (Chesbrough, Vanhaverbeke, and West 2008). While the development cycles, from idea conception to product commercialization, within large companies and traditional technology transfer mechanisms typically last from 5 to 10 years (Ries 2011) due to the inherent bureaucracy and lack of agility associated with large, structured organizations, in the Internet-age, innovative ideas can be developed, tested and adopted in 1 or 2 years and, in some extreme cases, in a matter of a few months (Benkler 2006; Goldman and Gabriel 2005).

A small start-up founded by two or three entrepreneurs with a handful of employees can produce and test the feasibility of tens of possibilities for a new business idea, producing a viable product in a matter of a few months (Kon et. al. 2014). This agility fosters the creation of thousands of startups around the world annually. Based on the largest start-up database (Crunchbase 2014), there has been more than 200,000 founded startups in the last 10 years.

According to Forbes (2019), citing data from the 2019 Global Startup Ecosystem Report (GSER), the start-up global economy generated somewhere around $ 2.8 trillion in economic value over the last 2 years which was a 20% increase from the previous period. Even though most of this growth is happening in already established top locations there is also tremendous growth taking place everywhere. The so-called start-up ecosystems are popping all around the world with various levels of success.

Even though there are different mixes to an ecosystem the main components we find in there are:

- Access to ideas
- Access to talent
- Access to capital
- Access to customers

Also, in an optimal start-up ecosystem we find some key players operating in at least one of the components.

- Incubators – This category serves as ideas and talent discovery structure and it usually includes shared office spaces, accelerator programs, formal educational curriculum, etc.
- Entrepreneurs – Here you are looking for people dare to push ideas forward, building teams and running the start-up businesses. They must be equipped with skills in strategy, administration, marketing, technology, etc.
- Mentors – experienced leaders who can mentor first time entrepreneurs up the learning curve, trying to teach them not to make the same mistakes of their predecessors.
- Investors - Any type of them from family and friends, to business angels, VC, etc. the important is to have the money needed to get through different stages of business growth.
- Universities – with a focus on cultivating an entrepreneur mindset, universities can be a cradle where big business ideas are born. Active research and successful technology transfer process can produce ideas and monetize them.

- Corporations – Can find solution to their problem through local startups which can find and develop ways or innovative products by taking advantage of their flexibility and creativity not binded by corporate bureaucracy. Often corporations may serve also as exit strategies for startups that have become large in size.
- Associations/Events – within the ecosystem there are needed several activities and events to promote new startups to the potential investors or collaborators. Competition or pitching events are usually best practise for this.
- Government – The role of the government can be very important. By providing tax incentives, by having friendly laws for startups, financing directly or through VC funds, it can contribute for a better ecosystem.

When looking for these components in the Albanian start-up ecosystem we find that for the most part of the list we have a good presence for quite some time now. But there is one missing piece which happens to be a very important one which is the investors. As mentioned before due to moral hazard and asymmetric information usually start-ups find difficulties in raising adequate funding, especially from banks and capital market and thus their financing options are limited and the presence of PE/VC funds is crucial for the local startups ecosystem.

Private equity funds presence in Albania

In the post-communist era, Albania and its respective financial system has not experienced any typical functioning of private equity funds, at least in the form known and applied in US, or anywhere in the world, in terms of the full value chain pursued, up to IPO in the capital market (Meka, 2021).

Although there have been several institutional-level initiatives introduced in the Albanian financial market. The Albanian Reconstruction Equity Fund (AREF) was set up by the EBRD and the Italian Government, with a total capital of US$ 14 million to support the restructuring and expansion of private enterprises (OECD 2003).

Also, Albanian American Enterprise Fund (AAEF), incorporated as a not-for-profit organization, the AAEF is managed as a private investment fund, with the primary purpose to promote private sector development. Funded with a grant from US government program USAID, during its activity in Albania, the AAEF has invested in a wide array of private enterprises. In addition, AAEF provides its portfolio investments with training to establish best business practices that incorporate acceptable financial reporting standards, as well as guidance in enhancing management capabilities, recruiting skilled personnel and strategic planning (AAEF, web n.d.).

However, the most successful PE initiatives in Albania have been those of purchasing BKT, the establishment of the American Bank of Albania (now part of Intesa SanPaolo Bank - Albania) and the American Bank for investments.

In 2006 BKT became a portfolio company of Çalik-Seker Konsorsiyum Yatirim A.S, Turkey, which owns now 60% + 2 of BKT shares (BKT, web n.d.), along with IBRD and IFC, which own 20%, respectively. By 2015 BKT is the biggest bank in the Albanian banking systems, in terms of assets.

The American Bank of Albania was established in 1998, and according to AAEF itself, it grew to be the second largest financial institution in Albania and was a pioneer in offering corporate and individual customers innovative products. In June 2007, Intesa Sanpaolo and AAEF signed the majority participation of Intesa Sanpaolo into the ABA for $156.9 million, a multiple of 3.7 times the net equity. In August 2009, the AAEF completed the exit from ABA, which now is Intesa Sanpaolo Bank Albania.

The American Bank of Investments, ABI, emerged within the Albanian banking system as the rebranded ex - Credit Agricole – Albania, which was sold in 2015 by the French banking group itself to "TRANZIT Finance", an Albanian non-bank financial institution, and a portfolio company of NCH Capital Inc, where the latter is one of the largest American investors in Eastern Europe with over USD 3 billion under management (ABI, web n.d.). Since its founding in 1992, the firm has built a successful investment track record in Eastern Europe. NCH's funds over the last 24 years have acquired, founded or co-founded numerous companies in Eastern Europe including Russia, Romania, Ukraine, the United Kingdom, Latvia, Bulgaria, Moldova, Brazil, Greece and Albania. The firm has invested in several banks and non-bank financial institutions in Albania, Romania, Moldova and Latvia that have quickly and consistently grown their balance sheets and improved their performance (NCH, web n.d.). In 2007, NCH Capital started investing in the Western Balkans region and established a regional office in Tirana, Albania. The purchase of a bank by a non-bank financial institution like "TRANZIT Finance", part of an international portfolio investor, marked a new phenomenon for the Albanian financial market, which was accustomed to "natural" bank purchases by banks, themselves. Such atypical purchase could establish for the first time a new custom or practice in Albania, in terms of modeling the financial institutions' activity in a developing market like Albania, which could aim the inter sectorial & institutional synergy. The presence of a private equity capital fund like "NCH Capital" with two institutions, a commercial bank and a non-bank institution, specialized in debt and bad loan collection, creates the first precedent of a strategic alliance of two activities of mutual cooperation and benefit. Typically, "TRANZIT Finance" intends to help the bank toward easing its operational activity, with regard to problem loans and taking new risks in the market, by way of granting new loans. Meanwhile, the bank may assist "TRANZIT Finance" with a much larger clientele basis, through cross selling its products and services, thus increasing the operational efficiency, flexibility and profit margins.

Obstacles and Challenges

The presence of PE/VC funds in Albania as we analysed before is not yet established because for PE/VC to exist and develop in a certain financial system some preconditions must exist. According to Ribeiro et al. (2006) there are several factors which heavily impact the PE/VC industry, like: legal system, tax procedures, bureaucracy and corruption, infrastructure and stock market.

Stock markets

The lack of an established and functioning stock exchange in Albania could have been perceived as an obstacle of creating and operating such initiatives, within the financial market. Normally, the presence of PE/VC require a functioning capital market or stock exchange, as they are supposed to be the final destination of companies funded and supported by PE/VC, and in the same time, the market is the best evaluator of PE/VC's performance (Meka, 2021).

Additionally, as Gompers and Lerner (2000) point out, the presence of an organized stock market is a pre-requisite for PE/VC to enter the financial market, as well as to measure their respective success and contribution toward value-added within the national economy and financial market.

In this context although previous attempts to establish an operating stock marked in albania hasn't been able to achieve their objectives, the latest attempt by the Albanian Security Exchange (ALSE), a private capital enterprise licensed in 2017, has the potential to finally fill the lack of a functional market (stock exchange), where domestic businesses can raise capital as an alternative capital to the banking sector. In February 2018, ALSE started to officially trade Government securities (T-bills and T-bonds) (ALSE, web n.d.) and hopefully soon it will start trading corporate securities.

Legal framework & taxation

The existing legal framework in Albania does not hinder investors and banks to establish any PE/VC, or otherwise impose any tight restrictions on their operation.

Rather, the legal framework does not offer any precise coverage with proper and full-scale acts and regulations. Such lack of proper regulatory coverage of such institutional establishment within the financial system may be considered as a missing piece of the integral institutional framework mosaic, which could fill in the existing credit and funding powerhouse of the whole system for the national economy.

On the other hand, contract enforcement is not one of the strongest points, in terms of attracting foreign investors and this could be deemed as an obstacle for the private equity industry. This may call for substantial improvement, in order to lay strong foundations for the private equity industry to flourish and establish, accordingly.

In addition to these legal challenges, private equity/venture capital is quite underdeveloped, as there is no fiscal incentive for them to finance and they are not exempted from taxes, in order to be competitive. Taxation affects entrepreneurship in general and the private equity industry, in terms of stimulating or discouraging it. Taxation policy in Albania does not contain any tax holiday or special treatment, in terms of investments in capital market.

Furthermore, tax treatment for capital gains and interests form investment in securities, like corporate bonds, is the same as those on interest and corporate tax. Such treatment does not encourage venture capitalists, as their income from divestiture will be taxed in the same way as incomes generated in a passive way, like investments in government papers or bank deposits.

In this way, they are not rewarded for their success so such tax treatment hinders entrepreneurship in this regard.

The need for a dedicated law/legal basis, which regulates the innovative startups and their respective ecosystem, has been addressed for quite some time now by several organizations and initiatives and finally a new draft law on supporting and developing the innovative start-ups has recently (November 2020) been proposed.

The draft law aims to accomplish the following objectives:

- establishing fiscal incentives, programs and measures that support Innovative Startups, in the initial phase of business (incubation period) and the creation of a favorable ecosystem for them in Albania;
- establishing relevant government bodies and their relevant tasks & competencies, particularly the creation of "Startup Albania" - the National Agency for Start-ups;
- defining criteria, rules and procedures that apply to the certification, support, evaluation and monitoring of Innovative Startups.

In its entirety, the draft law is considered as a milestone in the road towards creating a supportive environment for private equity/venture capital entrepreneurship in Albania.

Conclusions and Recommendations

There is an undisputed need for PE/VC funds in the Albanian market specially in regard to fill this important missing piece in the startup's ecosystem so important for funding new startup companies with innovative ideas, which are otherwise unfundable by established financial institutions. For this to happen the legal framework in Albania needs to be completed, in order to provide better and proper regulation, as well as supporting and monitoring the activity of private equity/ venture capital entrepreneurship. Also, relevant changes must be considered in the Albanian tax legislation, which could allow tax breaks, or holidays for such specific industry, within the Albanian financial system.

The establishment and functioning of a capital market is also a prerequisite as it offer the final destination of the exit strategies which VC pursue through an IPO. The large rewards reaped in such cases are the very reason why VC accept such risks when invest in start-up companies.

The Albanian government can establish directly or through ministries and state agencies government founded PE/VC which will support and finance innovative startups, thus creating the "good example" for the rest of stakeholders to follow suit.

Investment funds and other stakeholders, either institutional or private individuals in Albania, may explore the opportunity to allocate limited funds to innovative startups, following the established international practice,

Banks need to consider and explore the opportunity of opening and starting to provide PE/VC services to their existing, or new clients, as a new way to expand their loan portfolio and ensure successful cross-selling and better-quality loans.

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Comparisons of stakeholders' perception towards the developing of cheese tourism. Case study – Gjirokastra region

Irina CANCO, PhD
Lecturer
Faculty of Economics, Business and Development
University European of Tirana

Prof.Dr. Drita KRUJA
Vice-Rector
University European of Tirana

Abstract

The rapid development of tourism in recent years opens study perspectives of various dimensions. One of these dimensions is culinary tourism. This paper is an attempt to present, find and discuss from a theoretical and practical point of view some of the problems of culinary tourism, focused on treating the Cheese Road as a specific direction of culinary tourism. The paper offers new knowledge on the cheese road referred to a certain area, specifically in the district of Gjirokastra, which has outstanding tourist values. The analysis proved that cooking is a direction with significant priorities for the development of tourism. Empirical data collected from terrain through the questionnaire were processed using descriptive statistics. The analysis of the data evidenced the interest of the inhabitants of the area for the cheese road. The paper will also bring real obstacles to the development of the cheese route.

Zhvillimi i shpejtë i turizmit në vitet e fundit, hap perspektiva studimi të dimensioneve të ndryshme. Një nga këto dimensione është turizmi kulinar. Ky punim është një përpjekje për të prezantuar, gjetur dhe diskutuar nga pikëpamja teorike dhe *praktike i disa problemeve të turizmit kulinar, të përqendruara në trajtimin e Rrugës së Djathit si një drejtim specifik i turizmit të kulinar. Punimi ofron njohuri të reja mbi rrugën e djathit referuar një zone të caktuar, konkretisht në rrethin e Gjirokastrës, i cili ka vlera të jashtëzakonshme turistike. Analiza provoi se gatimi është një drejtim me përparësi të konsiderueshme për zhvillimin e turizmit. Të dhënat empirike të mbledhura nga terreni përmes pyetësorit u përpunuan duke përdorur statistikën përshkruese. Analiza e të dhënave evidentoi interesin e banorëve të zonës për rrugën e djathit. Materiali gjithashtu do të sjellë edhe pengesa të vërteta për zhvillimin e rrugës së djathit.*

Literature review

Tourism, an activity developed for several decades, is now presented in the gastronomic tourism. Approximation of tourism with the concepts of gastronomy stimulates the interest of studying and discovering its specifics such as cheese tourism.

Food or Culinary tourism has been under constant development and expansion over the previous decades, thus leading to the emergence of food tourism studies that tend to focus on food destination. According to these studies, gastronomic tourists are those tourists drawn into certain locations by their willingness to experience satisfaction in all senses but especially in terms of flavour. The gastronomy is an integral part of the cultural, social, environmental, and economic history in every area, it tends to reflect the local lifestyle in the various regions. In addition, it operates as a bridge between tradition and contemporary lifestyle and culture. The local and regional food often provide added value to destinations, particularly in the cases of regions or areas that effectively promote their culinary traditions a major attraction and as a major part of the local identity. The gastronomy and its relation to tourism can become a key aspect in the analysis of the Cross-Border region as a tourist destination, supplementing the already present cultural elements.

Development of this important sector for this region has increased demand for milk which is raw materials for processed products as: cheese, yellow cheese, yogurt, butter, etc. Cheese is a milk product that occupies a crucial place in the diet of both healthy and sick people. Cheese has been used since prehistoric times, since when comes the knowledge of the beginning of its production. Archaeological discoveries are the basis, in the knowledge of the beginning of this process. The oldest pictorial letter for the beginning of the production of cheese, found in Mesopotamia, dates from the period between 3500-2800 BC. There are some examples of previous researches that elevate cheese from a food product, to the status of a tourist product.

There are some examples of previous researches that elevate cheese from a food product, to the status of a tourist product. In this sense, although cheese tourism as a specific type of tourism is still an emerging field of research, there is a growing trend where "cheese tourism creates new destinations and contributes to existing destination branding" (Ermolaev, Yashalova and Ruban, 2019). They stressed: "cheese tourism can be abbreviated as casetourism - 'caseus' is a Latin word meaning 'cheese'".

The nutritional value of cheese has attracted the attention of both domestic and foreign visitors, making it a tourist destination. Blanko-Murillo (2012) analyzed cheese tourism in Costa Rica, Ecuador, Mexico and Peru and concluded that cheese tourism affects tourist preferences and local growth in food production and diversification. According to studies Ritter (1987) who has been a pioneer of cheese tourism studies it turns out that the Cheese Fair in Trujillo, Spain contributes to sustainability.

A very important factor in food tourism is not only the process of eating and tasting, but above all to be interested in the process of preparing meals and traditions related to them. Frequently so-called 'culinary trophy' are products that can be easily transported. Based on, Global Food Report (2012) 'culinary trophy' is organized in the different forms. So, 35 % of respondents bring cheese, 14 % of them brought food items connected with the local region, such as, honeys and different variants of fish (Global Food Report 2012, 10).

Local cheese in farmers' markets affected to community and tourism development in Canterbury, New Zealand. Food tourism has been spreading during the recent decades, both in urban and rural zone. As far as cheese tourism involves visiting areas of cheese making and milk production (Fusté, 2015), where largely milk production means richness of the land.

The cheese making process in the Canterbury region is mainly carried out from cows' milk, but some of the producers uses milk from goats and sheep. The Region of Canterbury has some cheese firms – among which Barrys Bay Traditional Cheese, Emilio's Cheese, Karikaas Natural Dairy Products, Mt Grey Cheese or Talbot Forest Cheese. Can be highlighted and their presence in local markets is important to promote their brands and supply their pieces of cheese, especially for cheese producers such as Emilio's Cheese and Mt Grey Cheese, who distribute only locally.

According to Naalyan (2014), visits to the markets themselves are an expression of the desire of tourists to experience authentic local products, nonetheless most of the visitors to New Zealand's farmers' markets are local people so far. "Food tourism creates wonderful opportunities for better integration of local communities in the tourism industry. Thus tourism acquire sustainable and socially responsible nature. Lizet (1998) explained that local cheese production in the Abondance region of the French Alps facilitates site marking and visitor perception.

Definitively, a Farmers' Market is a food market where visitors can find food produced in local areas and where the sellers must be directly involved in the growing or production process of the food (New Zealand Farmers Market, 2015). Cheese tourism involves the visit to areas of cheese making and milk production, which means that this special interest tourism is primarily practiced in rural, mountain, and natural areas.

Fusté-Forné (2015) stressed: "There are some examples of previous researches that elevate cheese from a food product, to the status of a tourist product. In this sense, although cheese tourism as a specific type of tourism is still an emerging field of research, there is a growing trend where "cheese tourism creates new destinations and contributes to existing destination branding". While, Blanko Murillo (2012) analyzed cheese tourism in Costa Rica, Ecuador, Mexico and Peru concluded that cheese tourism affects local growth of food production and diversification.

Ikenga (2001) acknowledged that cheese production in a local agricultural cooperative and availability in local restaurants supports the management of alpine pastures and their importance for ecotourism in the Austrian Alps. Lenglet and Giannelloni (2016) found that its perceived authenticity is a significant factor in consumer interest. For, Quan and Wang (2004), over a third of tourists spend their holidays on food. This proves that local cuisine is an inseparable aspect of the holiday experience. While, Hall and Sharples (2013) prove that the trip includes various gastronomic visits, festivals, food fairs and food producers, cooking shows and demonstrations, all that you have a chance to try a quality food product. These activities are important. For this, Torri and Salini (2016), examined the client's taste preferences in relation to the famous Parmigiano Reggiano cheese at a food exhibition. Some articles are about destination brand through cheese tourism.

As above, there are researchers who have also reserve about cheese tourism. Pachoud and Coy (2018) addressed a very specific problem related to the production of Serrano cheese in the Campos region de Cima da Serra of Brazil and its sale to local visitors. Surprisingly, this tourism is important craft activity faces sanitary reserves. Further they admitted this tourism is important, the craft activity faces sanitary restrictions and only the emergence of a local initiative representing the interests of cheese producers is it able to solve the problem? Bava et al (2018) have found that the increasing traditional production of the famous Grana Padano cheese produces quite a lot of environmental effects and contributes to the constant climate change.

In this context, Yonzon and Hunter (1991) found that the production of artisanal cheese (in response to visitor demand) in the Langtang National Park in the Nepal Himalayas leads to the point of overgrazing and landscape degradation. These specialists went so far as to recommend limiting cheese production and increasing the price of cheese (they also noted that the price is too high for locals, while foreign visitors would not judge it to be too high).

Methodology

The study purpose is to identify connection between primar sector, culinary tradition and tourism. It will study in Cross Border region opportunity to involve of Cheese Route in regional policies and strategies.

Geographical coverage:

Geographical coverage is the region of Gjirokastra. This region was chosen for the following reasons:

1. a medieval town dating back to the 13th century;
2. for the typical buildings of Oriental architecture with native elements. For the uniqueness of its architecture and its rare medieval values.
3. Gjirokastra is a UNESCO World Heritage Site.

Questionnaire study:

The purpose of the questionnaire was to explore the local interest in the Cheese Route and the ways each interested party could be interested to participate or to support to the Cheese Route activities, in addition to their viewpoints on any potential problems that could be encountered. The questionnaire is structured in three sections: 1. General Information, 2. Production Information, 3. Link to Cheese Cult.

Target groups: The questionnaire study was based on information from tourism and cultural stakeholders, local enterprises, dairy producers, retailers, and local authorities.

Analysis of result

Gjirokastra region has important tourist attractions, and this has led to an increase in the number of the tourists over the years. Based on available statistical data for the period 2017-2019, number of visitors in two important destination of this region show:

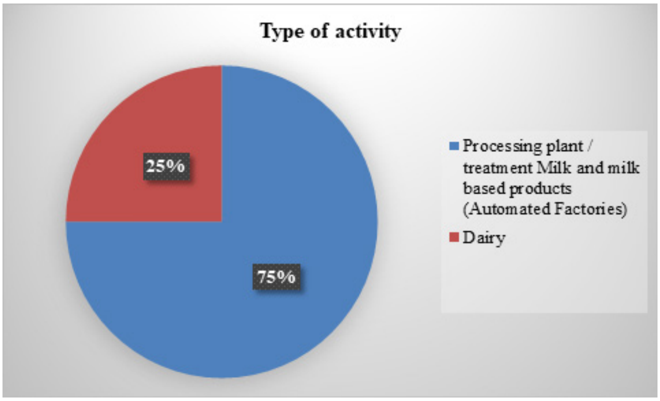
Description	**2017**	**2018**	**2019**
Gjirokastra castle	76.666	113.228	115.353
Protected area	26.344	34.091	52.305

Gjirokastra is a valuable regional tourist destination and many intentional. The purpose of the trips in Gjirokastra region for the year 2018 show:

For business	*2.9 %*
Visit relatives and friends	*57.5%*
Holidays and leisure	*39.6 %*
Total district	*100 %*

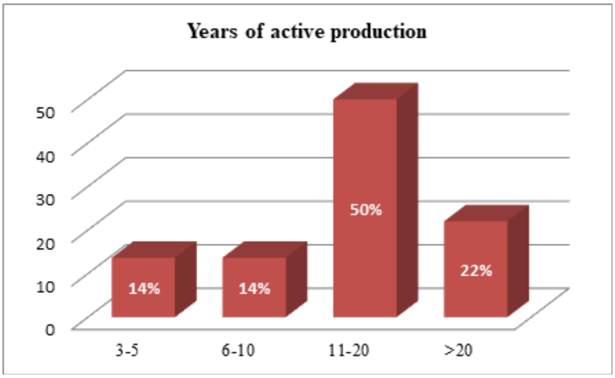
Tourism gives evidenced impact in socio-economic development of district. In this region, have developed also accommodation and food service enterprises. In year 2017, in this region had 582 active accommodation and food service enterprises and in year 2018 had 522 accommodation and food service enterprises.

Considering that the basic product from which cheese derived is milk, the milk processing activity was studied. This activity occupies an important place. From the interviewed producers, 75% of them deal the processing and treatment of milk and milk based products.

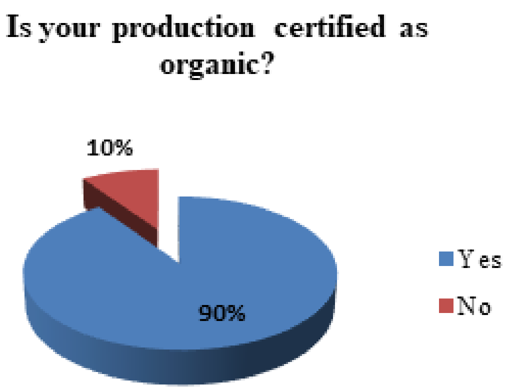


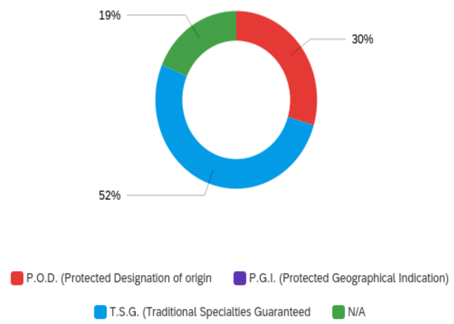
The milk processing for cheese production is one of the activities that engages a significant workforce with this region. Producers process sufficient quantities of milk and produce cheese both to meet the needs of the family and for trade. The study showed that tourists have demands not only for cheese for consumption during their stay in this area, but also for purchases for later consumption. This has led to different ways of trading cheese. The largest part of the interviewed producers, 61% of them sell their products through traders. The other 39% of them sell their products directly to the market.

The cheese trading is an activity practiced for a long time. For this the producers have different experiences both in the production and in the trade of cheese. The latter has to do with the active presence of cheese producers in the market. From the analysis it resulted that 50% of the interviewed businesses have around 11-20 years of active production in the market. Only 22% of these businesses have over 20 years of active production. On the other hand a low percentage of 14% respectively have only 3-5 and 6-10 years of active production in the market.



For a sustainable tourist activity, the quality of the products offered, in this case cheese, in restaurants or inns is a focal point for business performance. As the demand for cheese, as avery popular product for tourists, increased as well as to be successful in the market, a considerable number of producers have significantly improved the quality of the product and have certified it with various certificates.. From the analysis of the questionnaires, it results that 90% of the interviewed producers have their production certified as organic and only 2 of the interviewees don't have their production certified as organic. It should be highlighted that the largest part of the interviewed producers have their production certified according to a defined certificate. 52% of the interviewed producers have their production certified as T.S.G (Traditional Specialties Guaranteed) and the other 30% of the producers have their production certified as P.O.D. (Protected Designation of origin). Only 19% of the interviewees have no certifications for their production.



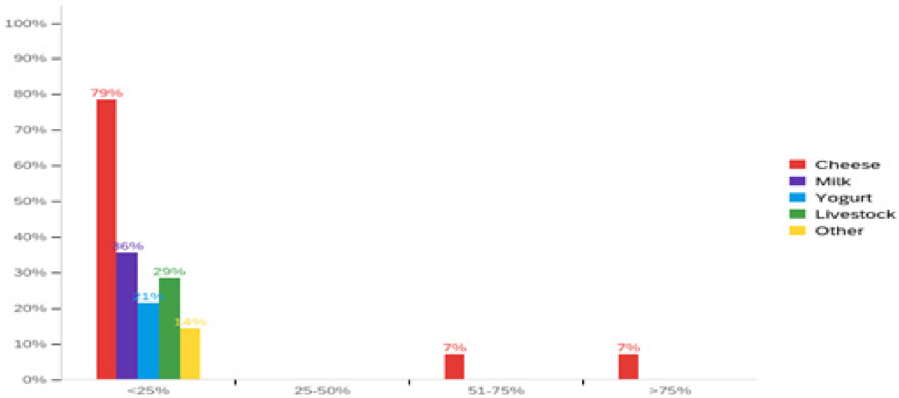


Product certification increases the degree of product safety and customer reliability. Certification opens up prospects for the product not only in the domestic market, but also for export. There are many manufacturers that export.

Only 50% of interviewed producers export their products. Export sizes are different. From the analysis it results that 79% of them export <25% of cheese, 8% export 51-75% of cheese and 7% of them export >75% of cheese production.

36% of them export <25% of the milk product, 21% of them export <25% of the yogurt, 29% of them export <25% of Livestock and 14% of them export <25% of other products. Thus, we can conclude that our producers sell their products not only in domestic market, but they export their products outside Albania.

As it can seen, milk processors in the Gjirokastra region, in addition to cheese, trade in the domestic market and export other dairy products such as milk, yogurt, etc. as shown in the following graph:



The increase of the range of products for export affects the improvement of the economic conditions of the inhabitants of the region. However, cheese accounts for most of the exported products.

Customer satisfaction puts the manufacturer in front of a series of problems that enable a guaranteed product. In this context, our study also identified a number of important problems. These problems are both the responsibility of local and state level.

According to the analysis of the questionnaires the most important technical problems encountered from the interviewed producers were the problem with vaccinating livestock during production, bad infrastructure, lack of tools for storing milk in stalls, problems with the trade of the products, problems with the sale and the prices of the products. Only a small number of the interviewees had no technical problems.

The most important quality problems encountered from the interviewed producers are the raw product, which is milk, as there are cases when the farmer abuses with the quality of the milk, this directly affects the quality of the cheese, even the equipment are not up to date, also problems with the veterinary care. It should be highlighted that a considerable amount of the interviewees had no problems regarding the quality of the raw products.

The most important financing problems encountered by the interviewed producers were no financial support and subsidies from the state, it is impossible to participate in Agricultural and Rural Development Agency (ARDA) schemes because there are difficulties in applying, making documents and securing the fund to make the investments in factories.

Regarding the trading problems, the interviewed producers encounter lack of market for the sale of products, the price of the product is decided by traders and not by producers, there are entities that deal with processing the production of cheese and abuse the quality, therefore reduce the price, this directly affects the small producers. Also, the unfair competition in the market causes many difficulties for the producers.

The main problem regarding the sales/pricing problems for the interviewed producers is that the selling price moves very often based on the excessive amount of production while the price of milk remains stagnant, the purchasing power has fallen, the lack of cooperatives to have a unique market price for the products.

Livestock development in the Gjirokastra region has provided strong support for cheese production. Increasing cheese production, continuous quality improvement and certification to a considerable extent of production enables the organization and development of activities at national and international level. In this context, we can also talk about the creation of Cheese CulT Cross Border Cheese, which has been the main problem of this study. For this study showed that for the activity Cheese CulT Cross Border Cheese are interested all structures both production and management of Gjirokastra region. About 77% of the interviewed authorities are interested to support the Cheese CulT Cross Border Cheese Route through:

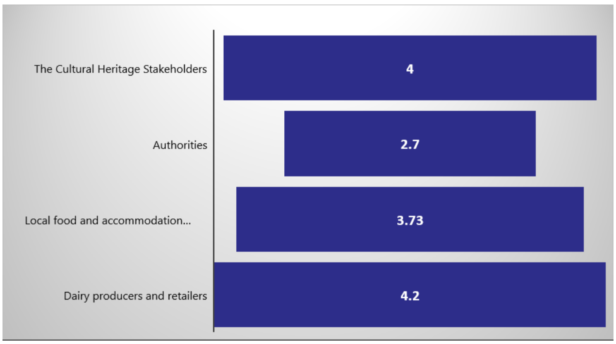
the organization of cooperation between stakeholders, cheese exhibition and promotion. Organizing of culinary exhibitions and specifically cheese exhibitions are important. The importance of cheese exhibitions is evidenced in the willingness of local producers and companies to get involved in these types of activities.

Most of the interviewed structures consider CheeseCulT Cross Border Cheese as an opportunity to benefit in their work as shown in the following graph:

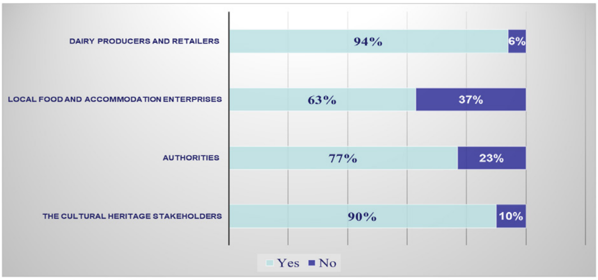
Slide 13 according to Drites

It is understandable that the benefits from the creation of a Cross Border Cheese Route make xxxx manufacturers more interested. About 94% of them express a high degree of interest. Relatively less interested are the accommodation structures and xxx. Thus only 63% of them express interest. While 57% of local authorities and cultural heritage stakeholders claim to be interested in the benefits it brings to their work the creation of a Cross Border Cheese Route

The respondents were asked to rate the useful of creation of Cheese Route according to the LIKERT five level scale. Their answers are presented in graph below.



The highest rating for the useful of creation of Cheese Route have dairy producers and retailers with 4.2. While for the accommodation structures have evaluated with 3.73. Cultural heritage stakeholders have estimated with 4 point, which is understandable as the useful of creation of Cheese Route increases the number of visitors.



The interest to support Cheese Route is huge. According to the analysis, it turns out that the interest rate various from 63% minimum that refers to local food and accommodation enterprises to 94% maximum that belongs to dairy producers and retailers, as shown in the following graph.

Conclusions and recommendations

- Food tourism has been spreading during the recent decades, both in urban and in rural areas. Food is a key motivation for many trips.
- Local foods, supported by local agriculture can benefit local holistic development and the reason why more and more farmers are developing their business to include tourism and culinary experiences because they see the need to diversify and the consequent financial benefit.
- In the framework of the farmers' markets, everyone is part of the value creation process, from the cheese's artisans to the tourists, and the whole community that expresses its own sense of place by hosting the market. The experience can be even more positive when this cultural and natural landscape is enjoyed together with story-telling which allows in turn to diversify the tourism portfolio of a destination.
- The ancient tradition in dairy and cheese production; the natural / traditional way of production and the small-scale local production that still exists make so special the cheese in Gjirokastra region. Cheese lovers (almost all of us) are prompted to discover local cheeses, visit dairies and important cheese producers and production units.
- The creation and promotion of cheese routes is a good idea in order to attract tourists potentially visiting Gjirokastra region. Created cheese routes should

be complex by focusing on each aspect of tourism that would give travellers a fully satisfying tourist experience. Festivals and regional food products can promote increasing interest, but it should be combined with the promotion, going beyond the region (e.g., nationwide or international). Beside that food tourists are eager to gain knowledge about the culture, architecture, history, handcrafts of the destination and that is the main reason why touristic offer should be complex, it needs to give a feeling of offering a full package that includes quality food samples and related to the destination's historical, cultural and natural attractions combined with interesting sites proposition.

- Gjirokastra regional government departments and agencies responsible for branding and encouraging the tourists to visit a particular place can benefit from global trends in food tourism forecasting growth of tourist interest in local specialties.
- The certified food items clearly stand to be more recognizable among tourists not only domestic but foreign as well and it creates a chance to preserve regional tradition and culture of production. Nowadays, more and more often, people focus not only on product itself but they appreciate the traditional way of production that gives them additional value to the travelling experience.

The present investigation of cheese tourism in Gjirokastra region permits giving several recommendations to potential stakeholders.

- Farmers involved in cheese production should better communicate with the agro-industrial business community in order to facilitate joint development of rural and industrial activities relevant to cheese tourism (e.g., excursions, festivals, etc.).
- Large producers of cheese need to consider opening their enterprise for excursions and receiving the support of cheese festivals to stimulate interest from potential tourists (such activities are also important to their branding).
- The central and local governments of the main cheese-producing regions should think about preparation and successful implementation of special programs/initiatives aimed at cheese tourism promotion (also, as a kind of regional branding) and minimizing their negative effects. In some cases, this can become an efficient tool for rural area development.
- The good idea is to train local chefs in order to give them suggestions how to serve local products in the most attractive way. Additionally food festivals, events accompanied with brochures and leaflets could be a good step to try.

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Assessing the Technology and Innovation Used for Business Development by Albanian SME

Dr. Ismet VOKA
European University of Tirana
Faculty of Economics Business and Development

Prof. Assoc. Dr. Filip RUXHO
Universum College, Kosovo
Faculty of Business and Management

Abstract

The purpose of this paper is to analyze the technology and innovation used for business development by Albanian SMEs. This paper investigates if Albanian companies use innovation or integrate technology components into their daily activities with the purpose of developing their business. The instrument used was a questionnaire of 50 items and the participants where Albanian organizations (N = 163) from different sectors of the economy. Data were analyzed using IBM SPSS Statistics 20. Findings show that the sales team of these companies uses computer systems on the ground to manage customer-related business activities such as sales, billing, at a rate of 25.5% at a time when 74.5% of them do not use it purpose. The trade sector uses these systems the most (45.8%) followed by the Manufacturing sector (40%). Other data show that 95.1% of businesses think they have improved their products / services satisfactorily over the past 12 months, while only 4.9% of them do not think so. As far as product design / services are concerned, 40.5% choose to apply international standards, 37.4% of them think and create their own, while 19% of them use a mix of both methods.

Keywords: *Innovation, information technology, Albanian SMEs, entrepreneurship*

Introduction

Information technology drives innovation and the latter is the way to business success. Innovation in business has the same impact steam has on the industrial revolution. In fact, it is difficult to imagine any business that has not benefited from the digital revolution. Agriculture also uses information technology and computers to carry out work. Farmers use computers for production data, financial planning, research on technical issues and procurement (FAO, 2017).

Nowadays the formula for business success is simple: *Encourage innovation with information technology*. So, startups of the first things in every industry are trying to understand how to make smart choices of IT. Without a pillar of information technology, a business will not go far. Technology in business is a growing necessity (Dodgson, Gann, & Salter, 2006; Lindgardt, Reeves, Stalk, & Deimler, 2009). Over the years, the business world is increasingly inclined towards it, making it virtually impossible to divide two of each other. Innovation nourishes the business and as technology paves the way for its further development, no business needs technology to be sustainable (Chesbrough & Crowther, 2006; Huizingh, 2011).

Innovation, despite not being a recent phenomenon, is only receiving the attention it deserves from different scholars in recent years. This was mainly driven by the impact that innovation has had on the economic and social changes of recent years, but so far, there is no single discipline that deals with the study of specific aspects of innovation. Generally, innovation and its impact on the economy and beyond, are studied from various disciplines, mainly from those of social sciences. This is also noticed by the growing number of socio-scientific publications focused on innovation. As a result of these publications, innovation is taking the deserved importance also in schools, and as a result, there is seen some positive outcome of student knowledge about the innovation process, the economic and social aspects and impacts that they are bringing (Godin, Hatt, Iglesia-gomez, & Landabaso-alvarez, 2010).

Researchers (Adams, Tranfield, & Denyer, 2008; Cohen & Levinthal, 1990; Crossan & Apaydin, 2010; Garcia & Calantone, 2002; Gassmann, Enkel, & Chesbrough, 2010; Hall, Matos, Silvestre, & Martin, 2011) studied the field of innovation in different perspectives, four of which are the most disseminated. Questions like: "What is new?"; "How new?"; "New for whom?"; "When and where does the innovation process starts and finishes?"; "When is an innovation good or bad?"; represent different perspectives/dimensions of innovations. Innovation involves the creation of new businesses, products / services or new operational processes within an organization (Thurik & Wennekers, 2004). The concept of innovation and its development embraces five basic functions: (i) introducing a new product that consumers are not familiar with or introducing a new quality of an existing product; (ii) introducing a new production method which has not yet been tested in practice, which is discovered by new scientific testing and there may be one form that is commercial; (iii) the opening of a new market which is a market in which a particular firm has not entered before, whether or not that market has existed or not; (iv) possession of a new source of material supply; and (v) successfully implementing a new organization in any industry.

Schumpeter (1934) considered entrepreneurship as a catalyst that creates a disruption, a continuous flow into the economy, and therefore starts and maintains the development process, so the entrepreneur activates the economy at a new level of development. This author introduced the concept of innovation as a key element in the venture by increasing risk taking and organizing factors of production. Schumpeter defines entrepreneurship as a "creative activity". An innovator who brings products or services to the economy is given the status of an entrepreneur. He sees innovation as a means of entrepreneurship, the entrepreneur is seen as a "growth engine". This thought is supported also by recent authors, confirming that innovation and creativity are the fundamental tools that help entrepreneurs to transform opportunities into reality (Kilenthong, Hills, & Hultman, 2010).

Technology offers a wide range of tools that entrepreneurs can use to guide their new companies through start-up and growth phases (Ingram, 2011). Small business accounting, marketing, and communications have been revolutionized by advances in computer, network, and communications technology, and businesses across a range of industries are constantly adapting to take full advantage of technological developments (Hamidi & Safabakhsh, 2011).

Business technology has revolutionized how companies conduct business. Small businesses can implement business technology and level up the playing field with larger organizations. Small businesses use computers, servers, websites and personal digital products to develop competitive advantages in the economic market (Dodgson et al., 2006; Legris, Ingham, & Collerette, 2003; Mckechnie, Winklhofer, & Ennew, 2006). Small business owners should consider implementing technology in their planning process. This allows owners to create operations using the best available technology. In Albania, the integration of technology into the extravagant activities is thought to be still in the early stages of implementation and use.

Literature Review

According to Som et al. (2012) innovation remains very important for small and medium enterprises, as in most cases it directly or indirectly affects the business performance of enterprises. Innovation in business is accompanied by innovation and differentiation. In addition, innovation must bring economic impact in order to justify funding and further support. Innovation refers to a company's tendency to engage in creative processes, experimenting with new ideas that may provoke the creation of new ways of production or the introduction of new products or services for current or new markets (Hamel, 2006).

Orienting a company in an innovative way would be to promote creative change and behavior that push the active exchange of new ideas, expanding information flows and innovating in the development of new products (Conto, 2016). Entrepreneurial marketing entrepreneurs tend to be oriented towards innovation (driven by new ideas and intuitions), more than customer oriented (guided by market needs assessments) and tend to inform the informal networks instead of using systems search and intelligence (Morrish, 2011). Innovation-focused marketing activities allow companies to focus on new ideas that lead to new markets, products, or processes. The degree to which a successful organization underlines its activity in the market may range from the major market maker innovator to growing market builders. The market maker has to intervene with past solutions to offer a radically different value to the customer. The growing innovator builds relationships with existing customers. SMEs may choose to concentrate on innovative commercialization instruments as the company does not have the capacity and resources to intervene in the market with sector standards (Becherer, Haynes, & Helms, 2008).

Innovation is known for creating new knowledge that applies to practical problems (Melissa Schilling 2010), it is the most important driver of competitive success. Market demand results in shorter product life cycles and fast aging of products. Companies that are slow or inefficient to renew lose market share and ultimately move to the boundary of the competition field. Management has a decisive role that promotes innovation policies in a company. Management expert Peter Drucker (1985) said that if an established organization, which in this era that seeks innovation, is unable to renew, it faces decline and disappearance.

The importance of innovation in Albania

The private sector plays an important role in the Albanian economy. The private sector contribution is estimated at about 80% of GDP (Gross Domestic Product), while in employment it is over 70%. Referring to the structure of enterprises, SMEs, represent over 99.6% of active enterprises in Albania. In addition to the government's efforts to improve the business climate, the performance of SMEs is still weak to cope with the global growth of competition. The free trade agreements in the region today, as well as the implementation of the Stabilization and Association Agreement with the EU (the European Union) (2016), makes it imperative for the government to take concrete measures focusing on the most critical factors and areas of the NMP sectors, such as: (i) Entrepreneurship and business innovation; (ii) Implementation of European Union (EU) standards.

It is true that Albania has taken various measures to develop the spirit of innovation between enterprises, but innovation is not yet at the desired level. Indeed, various reports show that in the period 2013-2017 has remained on the spot by marking a regression in Albania's global ranking. In 2013, Albania was ranked 93rd with an index of the innovative strength of 30.9, and in 2017 it stood in the 93rd place but with a downhill index of 28.9 points. For innovation input index are important: 1) Institutions; 2) Human Capital and Scientific Research; 3) Infrastructure; 4) Market Sophistication and 5) Sophistication of Business. Whereas the innovation output index has to do with the results of the innovative activities of the national economy, there are two results that make up this index: 1) Knowledge and Technology and 2) Creativity. In the case of Albania. Calculation of these indices gives rise to the ultimate end result of innovation.

Internet services such as e-business and electronic signature, which are commonly used in the EU, in Albania, are simply a concept and are not widely used by Albanians. The main reason for this lack of use is that Albania does not have a properly developed infrastructure for online services. Another innovation-related problem is that Albanian enterprises do not focus so much on R&D. Usually, Albanian enterprises focus more on increasing their profit by ignoring that successful R&D ideas will help them generate more profits.

Objectives of the Study

The main goal of this study is to analyze the technology and innovation used for business development by Albanian SMEs, Being mainly of investigative and explorative nature, this study is aimed at discovering the extent of what the targeted businesses implement technology and try to be innovative. More specifically, the study tries to:

i. Assess if Albanian SMEs use innovation or integrate technology components into their daily activities with the purpose of developing their business, as well
ii. Evidence industry sectors are using technology components to further improve the business activities, especially the salesforce, and
iii. Analyze the specific design techniques used for the product / service design.

Method

The target group selected for this study are the Albanian companies from different sectors of the economy, whereas, the sectors were selected based on the current percentage of their contribution to the GDP. Regarding sample selection, there was adopted a non-probabilistic approach, but there was also used an intentional selection, which is the most common technique of sample selection (Marshall, 1996). 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) refers to 163 different SMEs distributed in different sectors (Civil construction industry -7%; Trade - 32%; Hospitality & Tourism - 34%; Manufacturing industry - 6%; Information and Technology -4%; and Services & others -17%). The questionnaire was designed based on the suggestions of the relevant literature. Later, the questionnaire was distributed to Albanian businesses operating mainly in Tirana, but also in other important cities such as Berat, Durres, Lezha, Fier, Elbasan, etc. In order to have a sample as more representative as possible, it was decided that the participation of businesses be fairly proportional to the distribution of sectors in accordance with their contribution to the Albanian Economy, which is actually: 43.4% Trade, Hotels and Restaurants-16.2%, Transport and Communication - 9.9%, Manufacturing - 9.6%, Civil construction - 4.3%, Agriculture and Fishing - 1.7%, while the Other services account for 14.9% (according to INSTAT, 2015). The questionnaire used for this study included five questions aimed at evaluating the training and development level of Albanian SMEs. Anyway, since some questions consist of different alternatives, they were considered as different variables, therefore, the total of considered variables was 24. Technology and Innovation in the underlying instrument of this study were measured through questions related to having a company's website, using software or hardware specific to day-to-day activities, design techniques, and product or service improvement. The questionnaire was distributed by sectors referring to their contribution to the economy; the source for this information was INSTAT (2016).

Data Analysis and Results

Participants in this study have responded to some general information in this field. First, 72.7% of respondents (N = 161) have websites. An interesting finding of this study is that the sales team of these companies uses computer systems on the ground to manage customer-related business activities such as sales, billing, at a rate of 25.5% at a time when 74.5% of them do not use it purpose. The sector that uses it the most seems to be the trade sector (45.8%) followed by the Production and Processing sector (40%).

TABLE 1: Salesforce using computer systems

Industries	Frequency (N)	Percentage
Civil construction industry	3	25%
Trade	22	45.8%
Hospitality & Tourism	1	1.8%
Services	4	30.8%
Manufacturing	4	40%
Information and Technology	1	14.3%
Others	6	40%

Source: Author

Other findings suggest that 95.1% of businesses think they have improved their products / services satisfactorily over the past 12 months, while 4.9% of them do not think so. Ways to measure this aspect are different: through sales (49.7% of them), by spending (9.4%), by means of re-duplication of purchases (2.7%) and 37.6% of them have used such as profit, customer satisfaction, performance, increased customer number, new purchases, and more.

An important element of technology and innovation is the product design, and the path chosen to do so has been taken into consideration in this section. As far as product design / services are concerned, 40.5% choose to apply international standards, 37.4% of them think and create their own, while 19% of them use a mix of both methods.

Conclusions and Recommendations

The data analysis showed that there is still room for improvement and for an increase in the usage of the technology and innovation by Albanian SMEs. To achieve this, the competitiveness of Albanian SMEs will need to be enhanced through the promotion of innovative SMEs as well as technology transfer. Referring to the EU SME Charter, business innovation in the Albanian market is far from other countries in the region. To improve this situation, there is a need for better policy instruments that will enable businesses in Albania to be closer to the pace of development of Entrepreneurship, Innovation and Technology in the EU, better cooperation between the Direct Investment (IHD) and NVEs, investing more in human resource development.

Based on these results, the below recommendations would be helpful for the further development of this sector in Albania:

i. Small and medium enterprises in Albania should consider innovation as a very important activity in their daily and long-term business. Investing and applying innovation in a variety of business, especially in improving their processes, can help small and medium enterprises to improve their business performance.
ii. The Government should continue to support financing schemes for innovation as an appropriate tool to help foster the development and modernization of small and medium-sized businesses in Albania.

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Prof. Assoc. Dr. Kreshnik BELLO
Senior Lecturer
Faculty of Economics, Business and Development
European University of Tirana

MSc. Bledi SELAJ
Assistant Lecturer
Faculty of Economics, Business and Development
European University of Tirana

Abstract

Imagination feeds progress in the arts as well as science. Music, painting, sculpture, architecture, novels and other works of art, are created by individuals who are not content with the old, and instead see and express ideas and emotions in new ways. Copyright protects original works of authorship fixed in a tangible medium of expression. It protects literature (e.g. poetry, musical lyrics, writings, software, etc.), drama, music and choreographic works, pictorial, graphic and sculptural works (e.g. drawings, photos, blue prints, computer screen displays associated with software, buildings, etc.), and many other intellectual works. Original works are protected upon fixation. Notice, e.g. „© Name, Year, All Rights Reserved", is not required, but is recommended. It bars innocent infringement defenses and may deter some copying. The copyrighted work may also be registered at the Copyright Office. Registration is generally required for filing an infringement action and provides enhanced remedies. Copyright registration is therefore recommended for works having commercial significance. Copyright management (protection) is seen as an important issue in the management of the firms and institutions, whose key products include written or audio and video materials. Those firms use copyright actively for *protection. Under this general framework, it is important for us to understand (research) if the Copyright/s is/are important, for those entities. The methodology used in this paper is unfolded with its own dimensions as: 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 and on the testing of the main Hypothesis. Some important conclusions are given at the end of the paper.*

Key words: *copyright, copyright management (protection), companies in Albania.*

Introduction

The history of the human race is a history of the application of imagination, or innovation and creativity, to an existing base of knowledge in order to solve problems. In countless discoveries and innovations, it has been the imagination of the world‘s creators that has enabled humanity to advance to today‘s levels of technological progress.

From the earliest rituals, through the beginning of music and dance, burial rites, cave paintings, the written word, and theatrical representation, to the use of modern technologies such as the phonogram, celluloid film, wireless broadcast, software, and digital recording, humankind has identified and defined itself through cultural creativity and expressions in the form of artistic creations and performances. Much of this creativity survives and thrives today in folklore or other forms of traditional knowledge.

Todays“ music, films, books, art, and other forms of creations or expressions are indicators of social progress and the quality of life. As the private property of their original creators, they are prized by society for many reasons (including their economic, political and cultural role) but their particular value is that the legacies of human endeavor live in their expression.

Indeed, as the former Director General of WIPO, Arpad Bogsch. stated:

„The search for new technological solutions and cultural creative activities deserves constant encouragement because, as the history of nations has shown, in addition to spiritual development. inventions and cultural creations are the main sources of social and economic development of mankind. Food, health, communications and other fundamental needs for the survival of the human race have improved, are improving and will continue to improve because of inventions and creations. „

The continuum from imagination - to idea - to knowledge - to creation - to copyright protection continues to be a powerful driving force for social and economic development. And what is important here is the national and international protection of the works of mind.

Copyright may subsist in creative and artistic works (e.g. books, movies, music, paintings, photographs, and software) and give a copyright holder the exclusive right to control reproduction or adaptation of such works for a certain period of time.

As almost every nation has some form of copyright protection for authors and artists, international protection of copyright was first addressed in treaties beginning in the late 19th century. In the mid-1800s, renowned authors were finding their works illegally reproduced and for sale in countries other than their own, and from which they received no royalties. In order to eliminate this practice, the famed French author of Les Miserables and The Hunchback of Notre Dame, Victor Hugo, organized a group of prominent authors into the International Literary Association, which later became known as the International Literary and Artistic Association, with the intention of establishing some basic form of international protection for their works.

In 1886, to provide the basis for mutual recognition of copyright between different states, a major international IP treaty was enacted, the Beme Convention for the Protection of Literary and Artistic Works. The crux of the convention was the principle of national treatment, that is, equal protection between nationals and foreigners.

Several important international treaties also deal with copyright law among nations. In 1994 most countries of the world signed another important treaty dealing with copyright law. This agreement, called the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), clarified several aspects of copyright law and strengthened copyright protections internationally.

Some nations of the world have weak copyright laws or few resources devoted to enforce those laws. These countries often have a large market for counterfeit goods made in violation of the copyright protections of authors. Unauthorized recordings of music on compact discs, computer software, and videocassettes of movies are often available at very low prices in these countries. This activity costs different copyright owners billions of dollars each year in sales and royalties.

To protect these copyright owners, for example, the United States attempts to persuade other countries to enforce copyright laws vigorously. This issue has been a source of particular tension between the United States and China. Although the Chinese government has signed agreements promising to combat copyright piracy, copyright violation continues to be a serious problem there. Certain provisions of the TRIPS agreement may help to persuade foreign governments to fight piracy more vigorously.

In the first one hundred years since the establishment of the Berne Convention, we have seen growth in the protection of copyrighted works at the international level. In these first hundred years, we have also seen the early development of cooperation among states in this field. What is important to note here however, is that the premise underlying copyright protection has always been the recognition that ownership of inventions and creative works stimulates their creation and with such creation, also stimulates economic development.

Copyright as part of Intellectual Property

Copyright is part of Intellectual Property (IP). Intellectual property is the term that describes the ideas, inventions, technologies, artworks, music and literature, that are intangible when first created, but become valuable in tangible form as products. However, for purposes of this introduction, suffice it to say that IP is the commercial application of imaginative thought to solving a technical or artistic challenge. It is not the product itself, but the special idea behind it, the way the idea is expressed, and the distinctive way it is named and described.

The word „property" is used to describe this value, because the term applies only to inventions, works and names for which a person or group of persons claims ownership. Ownership is important because experience has shown that potential economic gain provides a powerful incentive to innovate.

It is also important to note that IP results from innovation based on existing knowledge. It is the result of creative improvements on what has worked well in the past or of creative new expressions of old ideas and concepts.

The term „intellectual property" has recently become topical and, at times, controversial. It is easy to find articles describing recent events related to IP. Some critics attack it as a negative force or as irrelevant to developing countries; some others in developing countries maintain that it stymies creativity. These beliefs have become popular myths and have acquired a cultural momentum.

We must acknowledge at the outset that for most people, IP is either an unknown, misunderstood, or mysterious term. Technology and creative arts pervade modern society, yet few actually realize that their daily lives are surrounded by IP creations' from which legal rights of all sorts, including their own, arise. Building public awareness of the role of IP is key to fostering a broad understanding of, and respect for, it and the system that promotes and protects it. To truly convince the public, including civil society activist groups, it is essential to engage them in such a way that they all see themselves as stakeholders in a healthy and robust IP system. To do so they must be included in an ongoing dialogue and feel empowered by the system.

The World Intellectual Property Organization (WIPO) has proclaimed the universal value of IP,' and has shown that IP is native to all peoples, relevant in all times and cultures and that it has marked the world's evolution and historically contributed to the progress of societies. Intellectual property is the heritage of us all.

Intellectual property laws confer a bundle of exclusive rights in relation to the particular form or manner in which ideas or information are expressed or manifested, and not in relation to the ideas or concepts themselves. It is therefore important to note that the term „intellectual property" denotes the specific legal rights which authors, inventors and other IP holders may hold and exercise, and not the intellectual work itself.

The shift in terminology towards „intellectual property" has coincided with a more general shift away from thinking about things like copyright and patent law as specific legal instruments designed to promote the common good and towards a conception of ideas as inviolable property granted by natural law. This shift has led to the use of terms like piracy and theft to refer to violations of copyright laws and has underlain arguments in favor of the expansion of such laws.

The term intellectual property has been criticized on the grounds that the rights conferred by exclusive rights laws are in some ways more limited than the legal rights associated with property interests in physical goods - chattels or land - real property. The inclusion of the word property in the term can be seen as favoring the position of proponents of the expansion of exclusive rights in intellectual products. For example, most nations grant copyrights for only limited terms; all limit the terms of patents. Additionally, the term is sometimes misunderstood to imply ownership of the copies themselves, or even the information contained in those copies. By contrast, physical property laws rarely restrict the sale or modification of physical copies of a work (something that many copyright laws do restrict).

A common argument against the term intellectual property is that information is fundamentally different from physical property in that a „stolen" idea or copy does not affect the original possession. Another, more specific objection to the term, is that the term is confusing and that the term implies a non-existent similarity between copyrights, patents, trademarks, and other forms of exclusive rights, which makes clear thinking and discussion about various forms difficult. For example, those that pertain to intellectual content (copyrights and patents) have limited terms, hence differ from conventional property, whereas trademarks, which have unlimited terms, are merely signs and lack intellectual content. Furthermore, most legal systems, including that of the United States, hold that exclusive rights are a government grant, rather than a fundamental right held by citizens.

Though it is convenient for direct incentive beneficiaries to regard exclusive rights as akin to „property", items covered by exclusive rights are, by definition, not physical objects „ownable" in the traditional sense. Others point out that the law itself treats these rights differently than those involving physical property. To give three examples from US law, copyright infringement is not punishable by laws against theft or trespass, but rather by an entirely different set of laws with different penalties.

Copyright protects original works of authorship fixed in a tangible medium of expression. It protects literature (e.g. poetry, musical lyrics, writings, software, etc.), drama, music and choreographic works, pictorial, graphic and sculptural works (e.g. drawings, photos, blue prints, computer screen displays associated with software, buildings, etc.), and many other intellectual works.

A computer program (software) is also considered literary creation and is protected by copyright. The copyright protection afforded software is generally not very great, since software is inherently utilitarian, but exists nevertheless. In some cases, software inventions may be eligible for patent protection in addition to that of copyright, as discussed below.

Original works are protected upon fixation. Notice, e.g. "© Name, Year, All Rights Reserved", is not required, but is recommended. It bars innocent infringement defenses and may deter some copying.

The copyright reserves to its owner the exclusive right to reproduce and distribute the work, or to use or display it publicly, although a limited number of reproductions of protected work, may be permitted by others, for honest purposes.

The copyrighted work may also be registered at the Copyright Office. Registration is generally required for filing an infringement action and provides enhanced remedies. Copyright registration is therefore recommended for works having commercial significance. In fact, many countries offer copyright protection without registration, while other countries offer little or no protection, especially for the work of foreign nationals.

Copyright subsists for a variety of lengths in different jurisdictions, with different categories of works and the length it subsists for also depends on whether a work is published or unpublished. In most of the world the default length of copyright for many works is either life of the author plus 50 years, or plus 70 years. Copyright in general always expires at the end of the year concerned, rather than on the exact date of the death of the author.

Like other elements comprising intellectual property, copyright can also be managed in the companies, whose key products include written or audio material, and copyright is actively used for protection. Intellectual property management is a key set of concepts, methods, and processes designed for aligning the intellectual properties of the firm with its business strategies and objectives. It represents one of the most fundamental approaches to maximizing the extraction of value from a firm's intellectual capital, that is, the sum total of all knowledge in an enterprise.

Methodology for research

Copyright management (protection) is seen as an important issue in the management of the firms, whose key products include written or audio and video materials. Those firms use copyright actively for protection. Under this general framework, it is important for us to understand (research) if the Copyrights are important assets, for the business organizations in Albania.

The aim of this research is: to investigate if the Copyrights are important assets, for the business organizations in Albania.

The research is based on the testing of the Hypothesis, expressed as:
H0: Copyrights are not important assets for the business organizations in Albania.
Ha: Copyrights are important assets for the business organizations in Albania

The methodology used in this paper is unfolded with its own dimensions as: 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 and on the testing of the Hypothesis as indicated above.

Specification of the research subjects

Many companies in Albania see copyrights as important assets, so the conduction of such a research adds value to their management strategies. So, after defining the hypothesis, 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 (businesses in the Tirana region of Albania), we started to collect the required information from the managers of these companies.

Tools used for the research

In order to collect the necessary information, analyze the data, and draw conclusions, a questionnaire composed of 10 basic questions were developed and delivered. The questionnaire was prepared to collect important data on different aspects of copyright management practice. The analyses of the collected information gave us the necessary level of understanding about the issue in discussion. Data were analysed using SPSS program.

Sampling

Our original sampling consisted of 48 managers, in 48 companies, in the Tirana region of Albania. 46 questionnaires were delivered, and the questionnaires' return rate was 83%, or 38 collected questionnaires. 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 2019-2020, comprising a period of five years (last five years). In order to prepare the findings and draw conclusions, collected data were processed. There were not present any difficulties in distributing and collecting the questionnaires.

Ethical issues

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

Presentation of the research findings

In this section research findings are presented.

Copyrights as important assets

In order to test Hypothesis 0, Descriptive analysis is used.

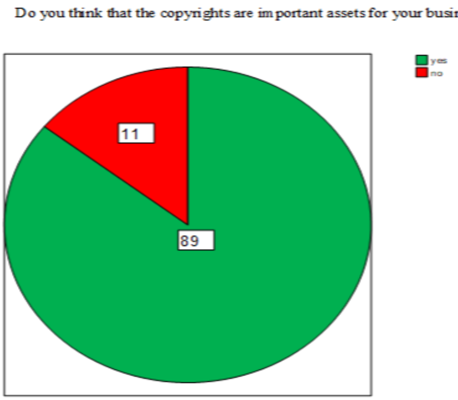
In regard with the importance of the copyrights as assets of the business, the results of the analysis are as following:

To the question "Are you aware of the concept of copyright?", 100% of respondents answered "yes", (0% of respondents answered "no", 0% of respondents answered "do not know"), clearly indicating that all companies are aware of the concept of copyright.

To the question "Do your institution owns copyrighted materials/products?", 100% of respondents answered "yes", (0% of respondents answered "no", 0% of respondents answered "do not know"), indicating that all companies own copyrighted materials/products.

To the question “Do you think that the copyrights are important assets for your business?“, 89% of respondents answered “yes“ (Graph 1), 11% of respondents answered “no“, and only 0% of respondents answered “do not know“, indicating that most of the companies are aware of the importance of their copyrights as business assets. However, there are companies (managers) thinking that their copyright/s are not important.

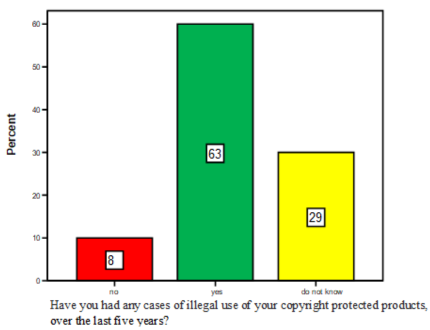
GRAPH 1. Importance of copyrights as business assets.



To the question “Do you know what piracy is?“, 100% of respondents answered “yes“, (0% of respondents answered “no“, 0% of respondents answered “do not know“), clearly indicating that all companies are aware of the concept of piracy.

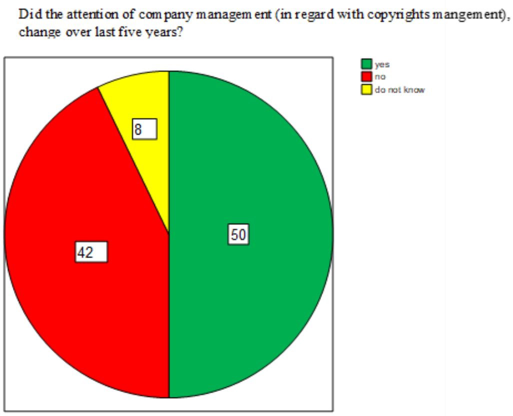
To the question “Have you had any cases of illegal use of your copyright protected products, over the last five years?“ (Graph 2), 63% of respondents answered “yes“, 8% of respondents answered “no“, 29% of respondents answered “do not know“, indicating that most of the companies are faced with the illegal use of their copyright protected products.

GRAPH 2. Cases of illegal use of copyright protected products.



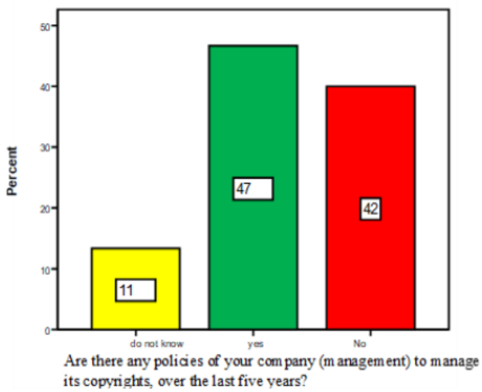
To the question “Did the attention of company management (in regard with copyrights mangement) change, over the last five years?“ (Graph 3), 50% of respondents answered “yes“, 42% of respondents answered “no“, 8% of respondents answered “do not know“, indicating that in most companies management pays attention on the copyright/s mangement.

GRAPH 3. Change in attention of company management.



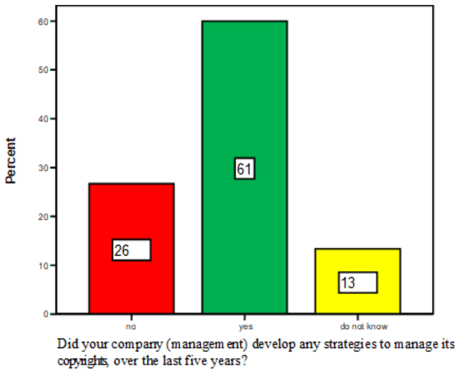
To the question “Are there any policies of your company (management) to manage its copyright/s, over the last five years?“ (Graph 4), 47% of respondents answered “yes“, 42% of respondents answered “no“, 11% of respondents answered “do not know“, indicating that most of the companies own policies to manage their copyright/s.

GRAPH 4. Existence of policies.



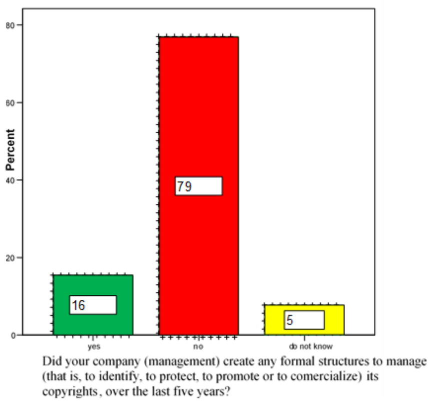
To the question "Did your company (management) develop any strategies to manage its copyright/s, over the last five years?" (Graph 5), 61% of respondents answered "yes", 26% of respondents answered "no", 13% of respondents answered "do not know", indicating that in many companies copyright is becoming part of their business strategies.

GRAPH 5. Development of strategies.



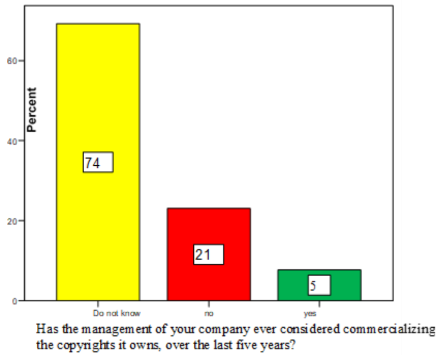
To the question "Did your company (management) create any (direct) formal structures to manage (that is, to identify, to protect, to promote or to comercialize) its copyrights, over the last five years?" (Graph 6), 16% of respondents answered "yes", 79% of respondents answered "no", 5% of respondents answered "do not know", indicating that a few companies own direct formal structures envolved in the mangement of their copyright/s.

GRAPH 6. Creation of (direct) formal structures.



To the question "Has the management of your company ever considered commercializing the copyrights it owns, over the last five years?" (Graph 7), 5% of respondents answered "yes", 21% of respondents answered "no", 74% of respondents answered "do not know", indicating that a few companies have considered the commercialization of their copyright/s.

GRAPH 7. Commercialization of copyrights.



The percentages, as indicated by the answers of the respondents, clearly showing the importance of the copyright/s, and the importance of the activities pertaining to its management. So, the results of the analysis above indicate that hypothesis H0: Copyright/s are not important assets for the business organizations in Albania, is invalidated, that is, alternative hypothesis Ha: Copyright/s are important assets for the business organizations in Albania, is validated.

Some important conclusions are given below.

Conclusions

Many companies in Albania are aware of the concept of copyright and they know how to make use of the protection it grants.

Many companies see their copyright/s as important assets for their businesses and in these companies management pays attention on the copyright/s mangement. However, there are some companies (managers) thinking that their copyright/s are not important.

Companies are aware of the concept of piracy and many of them are faced with the illegal use of their copyright protected products.

Many companies own policies to manage their copyright/s, but despite the fact that many of them see their copyright/s as important, yet there are companies that do not own any policies to manage their copyright/s.

Despite the fact that in many companies copyrights are becoming part of their business strategies, yet only a few of them own or have created formal structures envolved in the mangement of their copyright/s.

As companies in Albania recognize the importance of copyright/s management, yet a few companies have considered the commercialization of their copyright/s.

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