

ECONOMICUS

18
ISSUE 2

Editor-in-Chief: Selami Xhepa / Scientific Journal of the Faculty of Economics, Business and Development / No. 18, issue 2 / 2019

ISSN: 2223-6295



ALBANIA: FROM HISTORY TO TECHNOLOGY

Ana KEKEZI/ Lida MIRAJ/ Mimoza DURRËSI/ Altin ZEFI/ Valon KASTRATI

ECONOMICUS

No. 18, issue 2/ 2019

SCIENTIFIC JOURNAL / FACULTY OF ECONOMICS,
BUSINESS AND DEVELOPMENT

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ISSN: 2223-6295

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ISSN: 2223-6295

Approved as scientific journal from the Commission of Academic Titles Evaluation at the Ministry of Education and Science no. 153 , date 08. 10. 2010

European University of Tirana / Tirana

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UETPRESS Published October (Fall 2019)

Published under the series “ACADEMIC JOURNALS”.

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The journal has been catalogued at the National Library of Albania and the Library of the European University of Tirana, Albania.

(print ISSN: 2223-6295/ online ISSN: 2958-8901)

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www.uet.edu.al/economicus



Published by:

EUROPEAN UNIVERSITY OF TIRANA / ALBANIA

This issue collects selected articles, presented at the Albanian Studies Days International Conference: “The State and Public Goods/Services: Regulator or Provider?”, held at UET, 27-28 April 2018.

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Exploration of marketing tools for the promotion of protected areas (Albania) —

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Abstract

Promotion and marketing are identified as main pillars to tourism sector in Albanian Government strategy 2017 - 2021. Protected Areas as a tourism destination is a new notion to Albanian citizens and stakeholders given isolation of these areas during communism regime and the decade after. This study will aim to bring light on how new tools of marketing may influence and impacts the promotion of PAs in Albania as tourism destinations and how stakeholders are engaged, accept and perceive these new marketing and communication approaches and the use of modern and digital promoting tactics. This study responses the call of researchers for further studies in developing countries for a deeper exploration in tourism industry

Key words: destinations, promotion, marketing, stakeholders, tourism, Albania

Introduction

At a glance

“Albania is truly blessed with spectacular natural and cultural heritage, the backbone of its tourism sector, a sector which has shown impressive growth over recent years,”
UNWTO¹ Secretary-General, Taleb Rifai, December 2014

Worldwide recently seems to have a reallocation of media investments away from TV, radio, print or OOH in online media. Nowadays in Albania, as per the findings of studies done by researchers and business companies, the media outlets that are internet based are considered with important role on promoting the products and services, but also other forms of communication. The internet market of ad spend in country has rapidly increased from 0.8 million euro in 2013 to 2.4 million euro in 2017 (Monitor.al 2018)² even though the online market is identified as difficult to correctly report due to the high informality. The tools of new media in country are rapidly embraced even from central and local government, public sector and their high ranking representatives. Articles suggest that in tourism industry worldwide the digital communication and marketing are leading this industry and on the recent year tourism in Albania is facing a boom in its growth. The statistics show an immense growth of the sector offering important contribution to the economy. The National Institute of Statistics (INSTAT), Republic of Albania report that 5.1 million foreign visitors visited our country in 2017, + 8.1 % more tourists than the previous year (2016) and WTTC (2018) reports that the total contribution of Travel & Tourism to GDP was 26.2% of GDP in 2017, and is forecasted to reach 28.9% of GDP by 2028. But stakeholders suggest that tourism is not a sector in a secure path yet, considering many present threats and showing the incapability of the Albanian government to rely on a steady mid-term or long-term strategy.

The tourism law in country has been going through many changes during the period of post-communism. The actual Tourism Law, set on Article 1 the main scope of the law “the promotion of Albania, as a touristic destination for foreigner and domestic visitors, relying on the development of a sustainable tourism”.³

¹ World Tourism Organization (UNWTO), UN agency

² <http://www.monitor.al/tregu-reklamave-fut-median-ne-krize-televizionet-pa-fitime-online-mund-print/>

³ Tourism Law, Republic of Albania [accessed February 2018] http://www.qbz.gov.al/Ligje.pdf/turizem/Ligj_93-2015_,27072015_%20perditesuar_%202017.pdf

Mapping the tourism in the Albanian Economy

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

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

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

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

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

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

Risks and Challenges

Yet tourism strategy path in country seems to be unclear and unsafe. “From 1990 up to date many strategies proposed by international donors have been refused or

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

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

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

not approved, and the ones that have been considered were partially implemented due to lack of capacities, expertise or willing” said a representative officer of one of the biggest international donors in country for tourism sector.

She emphasized that the shifts government does from a strategy to a new one, costs money and extent lack of trust among stakeholders. A high ranking representative in the Ministry of Tourism and Environment (MTE) recognize the situation and claim that due to the new tourism law entered in force December 2017, a new strategy is need.

IMF (2017) reports that though Albania has benefitted from the recent tourism boom in the region, the outlook for exports remains challenging. On the other hand, European Commission (EC) reports that the services sector development contributes 70% of the gross value added. EC emphasizes tourism sector in particular is identified with significant development potential, but is impeded by a number of challenges linked to the lack of skills of tourism professionals, low accessibility of tourism services, the absence of a sustainable natural and cultural offer, etc. The measure to standardize the tourism sector, if implemented successfully, could be a driving factor for competitiveness.

The bank industry in country see a high perspective on the sector. ‘Tourism has high potential, but and a masterplan for the development of the tourism would give access to a structured development’ suggests Blanc, Frederic (2017)⁷. EU Delegation in Albania (2018) also seek a Master Plan for sustainable tourism in country. EU Ambassador in Albania Romana Vlahutin, underlined that “a national Tourism Master Plan is a must”⁸.

“The government have no official strategy for tourism yet. This means lack a clear vision for the sustainable development of sector. There can’t be marketing and promotion, if there is no strategy” said Rajmonda Lajthia, Executive Director of ATOA⁹

Domestic Tourism

At the heart of tourism is the excitement of new cultural experiences¹⁰

The statistics from the National Institute of Statistics (INSTAT) report that 5.1 million foreign visitors visited our country in 2017, + 8.1 % more tourists than the previous year (2016). Monitor.al (2018) reports that the boom of 2017 from foreigner visitors and tourist may not be stable and on the other hand WTTC (2017) has defined Albania as a high risk country, as it has a poor infrastructure

⁷ Blanc, Frederic, CEO, Societe Generale Albania Bank, Interview for Monitor.al Magazine

⁸ Round table “Support to Tourism companies in Albania, organizer European Bank for Reconstruction and Development (EBRD)

⁹ Rajmonda Lajthia, Executive Director, Albanian Tour Operator Association (ATOA), Interview with Ana Kekezi, March 2018, Tirana

¹⁰ Theunissen, P., Mersham, G., & Rahman, K. (2010). Chapter 5: The New Media, Cultural Transformation,

network in quality and quantity, a threat for the development and sustainability of tourism.

On MTE's Draft Strategy of Tourism 2018 – 2022 is identified that aiming a sustainable development in this sector leads the strategy. Though a clear direction for domestic tourism was not identified.

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

FIGURE 1: Visitors in cultural attractions 2014- November 2017

Figure 1: Visitors in cultural attractions 2014- November 2017					
Visitors	2014	2015	2016	Nov. 2017	2017 vs 2014
Domestic	198,536	148,669	185878	202557	2%
Foreigners	156,446	238,187	282157	349390	123%
Total	354,982	386,856	468035	551947	55%

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

The Albania Tour Operators & Travel Agencies Association (ATOA) reports that given the non-secure path the Albanian tourism is having on attracting the foreigner visitors, a proper mid-term strategy is urgent need, to attract Albanian citizens to domestic tourism. They claim that the Bank of Albania reports should be taken in consideration and proper evaluation is need, to understand how much money can stay in-home¹¹.

ATOA concerns are connected mainly to a low seasonality of Albanian tourism, even though a high touristic potential for 365 days tourism and the potential of niche segments, to encourage and attract domestic visitors. RisiAlbania (2014 p. 4) has identified why Albania agonizes from a short seasonality. In their finding country suffers from a numerous limitations such as poor or absence of infrastructure, absence of information for market, poor customer service, and absence of the set standards, poor marketing and a touristic product that often does not meet the expectations of the customers. There is no survey on domestic tourism and efforts are needed to improve the business register (EU, 2016)¹². GIZ (2016) reports that 98% of tourists who have been interviewed; have responded positively to the expectations of

¹¹ Scan TV ,Studio Interview with Kliton Gërxhani, Chairman ATOA (March 2018)

¹² European Commission, Albania 2016 Report

accommodation in Albanian Alps, but in their research is not defined either they are foreign or domestic tourists. While on the survey done for this study 64% of the respondents of Q1 answered that accommodation quality vs price is the main reason, they do not prefer to choose domestic tourism. On the Q2 survey participants on this research, 16 out of 16 responded that focus on domestic tourism should be immediate from the government and public sector and 11 out of 16 responded that government has worked far better with the promotion on foreign tourist's target. Leonard Maci said that domestic tourism will be on National Agency of Tourism (NAT) focus, but he acknowledged that yet NAT have not worked with a proper strategy or plan on this direction. He claimed that the efforts and tools of NAT during (2013 – 2017) have been focused to reach the market beyond borders, as a good economic potential.

Internet fast penetration

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

Electronic and Postal Communications Authority (AKEP) on the Annual Report of 2010 estimates that the number of families that have broadband internet access until the end of 2010 is about 110 thousand or about 13.7% of families, while it is estimated to be over 10.000 business subscribers. Based on these data, the number of broadband lines per 100 inhabitants is about 3.7%, compared to 2.5% that was by the end of 2009. AKEP(2018)¹³ reports that the number of active users Broadband in internet from mobile networks on (Oct-Dec 2017) was around 2 million, with an increase of +20.4 % with same period in 2016 and an increase of approximately +124% vs. 2014. The number of customers Broadband accessed in Internet from fix line networks was around 295.000 having an increase of +10.6% with same period of 2016 and approximately +42% comparing with 2014. This data show the fast penetration of internet, especially the increase from mobile networks. Internetworldstats.com (2018) reports for Albania that 1.932.024 or 66.4% of population are internet users and 1.400.000 are Facebook users¹⁴

¹³ <https://www.akep.al> [accessed March, April 2018]

¹⁴ internetworldstats.com, statistics reported for June 2017



Protected Areas in Albania

We aim to have the Albanian tourism in a real development industry
(Blendi Klosi 2017)¹⁵

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

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

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

The legal, political, economic and social contexts for tourism in and around protected areas vary widely across the globe, yet there are many common elements and a diversity of experiences that can enrich the understanding of those involved (IUCN 2018).

The first law of Protected Areas in Republic of Albania¹⁶ entered in force in 2002 and was reviewed in 2017¹⁷ to align with the EU directives and allow to reach the goal of 17% PAs of the country territory by 2020.

The National Agency for Protected Areas (NAPA)¹⁸ manages the national system of protected areas in Albania, whereas day-to-day management is delegated to 12 Regional Administrations for Protected Areas (RAPA)

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

¹⁵ Minister of Tourism and Environment, Mr. Blendi Klosi, Press Statement, 06 October 2017

¹⁶ <http://www.qbz.gov.al/doc.jsp?doc=docs/Ligj%20Nr%208906%20Dat%C3%AB%2006-06-2002.htm>

¹⁷ Law 81/2017 http://www.qbz.gov.al/botime/fletore_zyrtare/2017/PDF-2017/116-2017.pdf

¹⁸ The Agency was established by Act of Council of Ministers , February 2015

FIGURE 2: Protected Areas in Albania, Year 2017

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

Source: National Agency of Protected Areas (NAPA)

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

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

Natura 2000 (2016)¹⁹ on the assessment conducted has identified tourism as a potential risk for Albanian PAs. In their research infrastructure development for tourism purpose have been identified as a threat in 27 protected areas (50%), though at a low level. Threats from recreational activities and tourism were reported for 31 protected areas in Albania (76%).

¹⁹ Natura 2000 is the largest coordinated network of protected sites in the world. www.natura.al

Marketing strategies for the PAs as Tourism Destination

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

Leonard Maci, Director of Marketing, National Agency of Tourism(NAT)²⁰ said that on the promotion and marketing strategies to regional and international markets, PAs have been promoted as a competitive advantage due to a unique experience, the wilderness, virgin landscapes, flora and fauna richness they offer. Rajmonda Lajthia, ATOA also confirms that tour operators never avoid PAs on their touristic guides, even on daily ones. Villa Jose (2018) argues that the marketing industry has been focused — and somewhat obsessed — with digital for the better part of the last decade. The discussion and insights offered in the segmentation sections of the report, highlight the importance of using a robust segmentation strategy in order to understand visitors and potential visitors and the experiences they see (Reid 2008). “We do not have yet a marketing and promotion strategy short-term or middle-term one. The actual communication plans applied by NAPA, do not rely on a segmentation strategy or any previous research done for this purpose” said Denisa Xhoga, Communication Specialist, NAPA²¹.

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

NAPA has clearly identified as main target the domestic visitors. The NAPA statistics show that 2/3 of the total are domestic visitors and 1/3 are foreigners. The Agency has supported the raising awareness and promotion and in two main directions (i)Media communication and promotion and (ii) extensive collaboration with local communities of the PAs. (NAPA, Annual report 2017). NAPA reports that on 2015 there were not any information center or infopoints accesable. “Only promotion and marketing can make domestic visitors attracted to Albanian tourism. The potential our country is huge, but unfortunately albanians are not awared yet of this potential.” said Fation Plaku²²

NAPA statistics reports (see Figure 3) a boom of visitors in PAs sites. NAPA reports that for 2017 statistic 62.8% are of daily visitors and the rest accomodates at least one night. The most visited category by 50% of visitors is Category II, national parks.

²⁰ Leonard Maci, Marketing Director, National Agency of Tourism (NAT), Interview with Ana Kekezi March 2018, Tirana

²¹ Denisa Xhoga, Communication Specialist, National Agency of Protected Areas (NAPA), Interview with Ana Kekezi, March 2018, Tirana

²² Fation Plaku, Travel & Tourism Influencer, Interview with Ana Kekezi, March 2018, Tirana

FIGURE 3: Number of Visitors in PAs

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

Source: National Agency of Protected Areas (NAPA)

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

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

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

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

New Media is new concept in marketing theory and developed after 1991 the www was presented to the world.²³ Nowadays industry seeks to gain from the advantages of two-way dialogue with consumers primarily through the Internet. Manovich, Lev (2002) proposes new media in 8 perspectives, arguing that new media is born in early 1920, differently from now, where information and technology are the basement with base on Web 2.0 technology. Törenli, (2005: 159) suggests that one of the main characteristics of new media, the flows

²³ The World Wide Web was invented by **Tim Berners-Lee** and **Robert Cailliau** in 1990.



of information can be possible between user groups or individual users. Piontek, Dorota (2014) proposes that new media, especially the Internet, can be defined as a channel of communication in terms of technology or as a platform of resources, co-created by all users. Piontek reveals that in new media there are three types of them: institutional (similar to the traditional model), social - the different social actors that through access to new media have become independent from institutional media agency, and individuals - each user of new media, who has the need to actively co-create them. Crosbie, Vin (2002) described on his study three different kinds of communication media. (i) Interpersonal media as “one to one”, (ii) Mass media as “one to many”, and (iii) New Media as Individuation Media or “many to many”.

This paper uses the term “new media” with the meaning which is widely accepted among researcher. Social media maybe the most well-known tool of new media is accepted by researchers to have two main concepts: Web 2.0 and user site (Rouse, 2013). Web 2.0 applications support the creation of informal users’ networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing of informational content (Constantinides & Fountain, 2008). User generated content can be defined as information that users provide or share on a website. The information might be a photo, video, blog or discussion forum post, poll response or comment made through a social media web (Constantinides, E., & Fountain, S. J. (2008). There are still many ongoing debates and discussions regarding social media’s universal definition; as social media has been transforming and merging into the evolving development of New Media (Solis 2010).

“Lately, the marketers in Albania are mostly focused on social media comparing other tools of new media” said Elvin Civici, Online Account Manager²⁴. Nevila Popa, tourism expert, emphasizes the usage of online tools, social media networks, blogs etc are determinative for Albanian tourism; not only as destination, but also for the foreign investments²⁵. Rajmonda Lajthia stress the importance of social media in the promotion of domestic tourism. She claims that social media gain weight during last years, as per the high time consuming spent in social platforms. She identifies that most of tour operators in country have shifted from traditional media in online marketing, having a positive outcome. McCann Agency report that for 2017 Albanians consumed 143 minutes/day on social media and 91 minutes/day on online news portals.

²⁴ Elvin Civici, Online Account Manager, McCann Tirana, Interview with Ana Kekezi February 2018, Tirana

²⁵ Interview for Monitor.al, January 2018 [accessed February 2018 <http://www.monitor.al/turizmi-ne-2018-ne-trend-pozitiv-problem-infrastruktura-2/>]

Methodology

Methods applied

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

Data Collection Tools

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

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

Observation (conducted in sites of 2 PAs Divjak-Karavasta National Park, Fier RAPA & Shebenik-Jabllanicë, Elbasan RAPA in natural settings, February 2018)

Semi-structured interviews with 14 participants (9 employees/civil servants in MTE, NTA, NAPA and RAPAs; 1 official of UNDP Albania, Denisa Xhoga, communication specialist, NAPA; Leonard Maci, Director of Marketing, NAT; Rajmonda Lajthia, Executive Director of ATOA; Elvin Civici, Online Account Manager, McCann Tirana)

In deep interviews with 3 participants (Ardian Koci, Director, RAPA of Fier; Fatmir Brazhda Former Director, RAPA of Elbasan; Fation Plaku, Photographer, travel and tourism Blogger and Influencer)

Online Surveys; Q1 (109 citizen respondents); Q2 (16 respondents employee/civil servants in central and local government bodies directly related to tourism sector); Q3 (6 participants; 3webdesigners 3 online content experts), Q4 (6 participants Influencers & Bloggers living in Tirana)

Observation of Internet sites (webportals, blogs, Facebook, Twitter, Instagram, forums, photo and video sharing) (similar to netnography proposed by Kozinets, R. but simpler)

Official data and documents for this research by MTE, NAPA and NAT

Challenges & Limitations

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

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

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

Cool media impact on Albanian protected areas

Not military zones: Protected Areas as touristic destinations

“Protected areas before ‘90s have been considered by state as isolated areas. Recently the government, stakeholders and community in country agreed, that access to them will assure sustainability and development to the economy and bring boost to the domestic tourism” Lefter, Koka (2016)²⁶.

PAs in Albania during communism regime and even in post-communism (1990-2005) have been considered as isolated areas, to be protected and conserved. “The mentality and actions of stakeholders on development and sustainability in PAs begun changing during the last decade” a high ranking official of MTE said. Recently the decision makers and stakeholders in PAs have been proactive to develop strategies toward a sustainable path for PAs along with access to tourism. Articles suggests that in developing countries the new conceptualization of tourism which incorporates sustainability and community participation as dominant elements is favorable to an alternative theoretical framework of development. A high ranking NAPA's staff claims that to fight the mentality of open access to PAs as tourism destinations have been quite a challenge to NAPA staff themselves. It is clear that promotion through all stakeholders of hospitality and tourism can give to PAs, the opportunity to grow and raise awareness on the unique experience they do offer for visitors. MTE (2018:9) in the draft national strategy reports that the product

²⁶ Former Minister of Environment, Republic of Albania (2013-2017) media statement, OraNews TV Interview 2016

of ecotourism (where PAs are included) has increased with 10%-20% /year.

Fatmir Brazhda²⁷ emphasizes that in the early promotional activities (2013), their motto used to be “A protected area is not a military zone”. “Protected areas were perceived few years ago, by administration staff itself, as isolated perimeters to guard” said Ardian Koci, Director of Elbasan RAPA 2018²⁸).

Destination Image

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

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

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

²⁷ Fatmir Brazhda, Former Director, RAPA of Elbasan, incl Shebenik-Jabllanic National Park, Interview with Ana Kekezi, 2018, Librazhd

²⁸ Ardian Koci, Director, RAPA of Fier, incl. the National Park of Divjaka, Interview with Ana Kekezi, 2018, Divjakë

The many to many media need for domestic tourism

“One click in your profiles, photos, videos or share from the coast, Alps, Tirana, Berat, Gjirokastra, nature, culinary or history of Albania has the a much higher impact than dozens of fairs, official meetings, or money spent for promotion. This is a good thing that you can do to Albania, to Albanian tourism. “(Blendi, Klosi, 2017)²⁹

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

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

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

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

²⁹ Blendi Klosi, Minister of Tourism & Environment, Speech during launching event of ODA, January 2018 <http://www.javanews.al/shpallet-nisma-per-turizmin-rrjet-blogeresh-per-promovimin-e-shqiperise/>

is evidence that customer reviews posted in different forums or online communities, Web blogs and podcasts are much more powerful as marketing tools than expert product reviews (Gillin, 2007); the influence of blogs and podcasts is increasing because of the fast expansion of the audience and contributors.

16 out of 16 participants of Q2 respond that to promote their work they use mostly new media tools (social networks and online news portals). 78% of respondents of Q1 confirm that when deciding to visit a destination, they get information from social media, while 94.4% are daily users of social media with at least 1 hour access in them.

The cool media impact on Albanian PAs promotion

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

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

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

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

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

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

Mapping Websites and social media accounts of tourism entities

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

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

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

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

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

The observation on Facebook and Instagram pages of actual Minister of Tourism and Environment (September 2017 – January 2018)³⁰ and former Minister of Environment³¹ show that posts related to PAs or nature in general, seems more likable to the virtual community getting a higher number of likes, comments and shares, comparing other posts.

³⁰ <https://www.facebook.com/klosiblendi/> ; https://www.instagram.com/blendi_klosi/

³¹ <https://www.facebook.com/leftekokapolitikan/>

Web portals as “purely online media”

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

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

Word of Mouth in online context

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

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

87.7% of respondents of Q1 trust more a recommended destination by a friend/relative rather than from other forms. 100% of them consider the online comments, posts and suggestions of their friends/familiars equal trustable as the traditional WOM. Ardian Koci claimed that +70% of domestic visitors in Divjaka National Park have been referred by a relative or friend, or a person they do follow

in social media. Particularly as surveys indicate that word-of-mouth generally plays an important part in influencing visitation to national parks (Eagles & McCool 2002). 77 out of 109 respondents of Q1 used word-of-mouth sources to make destination choices.

Wiki Platforms & Blogosphere

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

85.2% of the respondents of Q1 use Wikipedia as 2nd source of search, after Google. Another finding was that 55.6% of respondents of Q1 were using even social media (such as Facebook, Instagram or YouTube) as searching vehicles for tourism destinations.

The largest number of blogs in Albania are created and hosted by Wordpress and fewer Blogspot platform. But it is hard to track in Albania bloggers or any blog for traveling, hospitality and tourism. Albanian bloggers and influencers are mostly focused on culinary and fashion.

Bloggers and Influencers

Social media also support the emergence of influencers that occupy a middle ground between consumers and commercial users (Kozinets et al., 2010). eMarketer 2018, reports that for Influencers, Instagram is the clear-cut favorite and nearly 80% consider it their primary platform for collaborations. 6 out of 6 participants of Q4 members of ODA's network claimed for this study that they prefer better Instagram, while advertisers they collaborate prefer to use both Instagram and Facebook. None of them had a Twitter account.

Only 9.1% of respondents of Q1 confirmed that they were not noticing or ignoring the destination of a post done/tagged by a VIP/public person (they fan/like and follow in social media).

Albanian ODA³² - the bloggers' network

A 2015 survey by Tomoson³³ emphasizes how influencer marketing can be highly lucrative for those brands who engage in it. Businesses are making \$6.50

³² ODA word in Albanian language means room

³³ Survey 2015 "Influencer Marketing Study" [Accessed 10 March 2018 <https://blog.tomoson.com/influencer-marketing-study/>]

for every \$1 spent on influencer marketing. Most businesses get solid results from influencer marketing, with just the bottom 18% failing to generate any revenue. 59% of marketers intend to increase their influencer marketing budget in the next year.

ODA – the Albanian blogger’s network was an initiative of MTE launched in January 2018, to promote Albanian tourism. Over 200 Albanian representatives of art, culture, business from Albania and beyond borders are part of this network. “Jehoje dhe ti”³⁴ was a 60 second promoting video of the Albanian tourism that was posted firstly on the Minister Blendi Klosi social accounts, and after posted or shared by 200 bloggers. This video became rapidly a viral one. Marketers suggest that influencer marketing is about data, not celebrity deals. “We have not done yet any measurement or analyze on “Jehoje dhe ti” promotional video” acknowledged a civil servant staff of NAT.

Own Media

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

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

Fation Plaku, whom passion for nature, have “transformed” him on photographer, a blogger and mostly identified as a key Influencer, while sharing his thoughts for this research admitted that he desired to make people visit the beauty of Albania nature, but he didn’t know how. New media tool or “his own media” as Fation refers to his website and social media accounts (Facebook, Instagram, YouTube and Twitter) opened a real window to him. He started to share and shoot his unique moments for fun and from many years now he is doing it professional way. He also confirms that his favorite and most followed channel is Instagram.

Fation claims that this is the first time he is interviewed/approached for study purpose. Same claimed even the 6 participants of Q4. Researchers admit that there is a lack of research that investigates the travel and tourism influencer marketing phenomenon Gretzel, U. (2018).

³⁴ Jehoje dhe ti - Echo even You – a direct appeal to the users, to make share the video, Video launched on January 2018

PAs success stories; cheers to cool media

Social media allow destinations to contact visitors at relatively low cost and higher levels of efficiency that can be achieved with more traditional communication tools (Kaplan and Haenlein 2010). M.E. McCombs, D.L. Shaw (2004) suggest that those topics which are the most frequently covered by the media are seen as the most important. The crossing of secondary data and statistics of NAPA “decided” on the 2 success stories of this study (see figure 4 and 5).

As the outcome of the increasing influence of tourism, natural and protected area management is evolving from one primarily focused around onsite management and conservation, to one that more broadly encompasses a greater range of holistic recreation and tourism experiences. In dealing with this evolution, national parks and protected area managers are now required to balance onsite interpretation activities with marketing and demand management activities. (Reid, Mike 2008). Natura2000 Albania (June 2016) in their assessment findings emphasize that protected area managers complained, that they are often not informed about or involved in research activities, and that researchers do not address their management priorities and needs. In the assessment is also reported, that in some protected areas in country, research has not been conducted for a long time. IUCN reveals that the continuing and dramatic increase in both international and domestic travel poses significant opportunities for managers of the globe over 100,000 protected areas.

FIGURE 4 : Visitors in Shebenik-Jabllanicë National Park

Year	2015	2017
Visitors	400	13.000

Source: RAPA of Elbasan

FIGURE 5: Visitors in Divjak-Karavasta National Park

Year	2015	2017
Visitors	1.500	383.000

Source: RAPA of Fier

Divjakë-Karavasta National Park – The shelter of Curly Pelicans

Divjakë-Karavasta National Park, managed by RAPA of Fier is well known, as the Shelter of Curly Pelicans (Dalmatian Pelican). 97 out of 109 respondents

of Q1 identified this PA with the colonies of curly pelican and 100 of them have visited it at least once.

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

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

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



Source: Facebook, Screenshot 2018

Statcounter Global Stats (2018) report that, Facebook leads with 93.4%, followed by YouTube with 1.64% for April 2017- March 2018 period, social media in Albania. Ardian claim that the National Park was not visited at least once, even by citizens that live next to Divjaka. He identified Facebook as the only free of charge tool he had in power, to raise awareness of the park and make people visit the lagoon. The page he opened back time in 2013 is still active, and with the establishing of NAPA by law 2015, Ardian activated a new page (see figure 6, right). Ardian claims that it was Facebook that attracted the journalists and reporters to promote the lagoon and raised interest in tour operators.

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

Shebenik-Jabllanicë National Park – The biggest national park

“Shebenik-Jabllanicë National Park³⁵, managed by RAPA of Elbasan is a new discovery to key stakeholders; media, citizens and tour operators” claims Fatmir Brazhda, Former Director, RAPA of Elbasan. The park is known in online media, as the biggest national park in country, but yet not clearly identified by potential visitors. 76 out of 109 respondents of Q1 have heard of the park, and only 22 out of 109 have visited it.

Shebenik-Jabllanicë during 2013 was on a critical stage of brand awareness, given the fact that it was a brand new National Park. “The role of media have been vital to make the introduction of our Park. On early stages, we started with a Facebook page (2013) and after that focused on local media and community” state Fatmir. In the Facebook page mapping of this park³⁶, it shows that the authority of influencers is adopted as a tool to promote the PA. Denisa Xhoga confirmed that national TV and newspaper journalists/reporters never heard of Shebenik-Jabllanicë, when she joined NAPA in 2015. Fatmir claims that social media is crucial to attract potential visitors, but success on delivering the experience in the Park is considered decisive that visitors go back or return “Shebenik-Jabllanicë ambassadors”.

Conclusions and recommendations

Zeng & Geristen 2014 call for future research into social media in tourism and in developing countries suggesting that this may provide productive research environments. This study gave some important findings for impact of new media tools in protected areas as tourism destination in Albania as a developing country, where PAs have been lately considered by stakeholders as a high potential for tourism sector.

³⁵ In 2008 declared by law National Park

³⁶ <https://www.facebook.com/ShebenikJablanicaNationalPark/>

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

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

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

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

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

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

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

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

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

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

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The Italian Archaeological Mission in Albania before and during _____ World War II

_____ *Lida MIRAJ* _____

In 1924 Albania was in a very chaotic political state. After the elections of January, when Ahmet bej Zogu (1895-1961), a former Austro-Hungarian officer, educated in Military school in Constantinople (1903-August 1912), took power, there was a coup attempt against him on February 23, and the government changed in March. Ahmet bej Zogu left Albania in early June and, from June 16 Father Fan S. Noli, head of the Democratic Revolution and Albanian Prime Minister, led the government. Zogu was back in Tirana on December 24 and assumed power again. On the January 31, 1925 Ahmet bej Zogu was both President and the head of the Government.¹

On the Italian side there was a long discussion and correspondence took place between the head of the Levante Scientific Mission and the director of the National Archaeological Museum of Rome, Roberto Paribeni, the head of the Italian Legation of Durres, Marchese Carlo Durazzo and Mussolini himself regarding the creation of an Italian Archaeological Mission in Albania. So it was proposed a young archaeologist Luigi Maria Ugolini to organize the Italian Mission in Albania.

Based on the documents preserved in the Central State Archives in Tirana, the official date or the first step towards the realization of Italian archaeological excavations in Albania was taken on April 12, 1924, when the Ministry of Education notified the Ministry of Interior of the visit to Albania of Dr. L. Ugolini, “well-prepared Italian archaeologist in the prehistoric studies” and “a friend of Albania”.²

¹ *Historia e Shqipërisë*, V. III (1912-1944).

² Luigi Maria Ugolini was born in Bertinoro (Romagna) in 1895 and graduated in the University of Bologna in 1921. He frequented during 1921 and 1922 the Archaeological School of Rome and in

The Albanian Embassy in Rome had informed the Ministry of Education of his visit.³

The young Italian archaeologist, Luigi Maria Ugolini, student of the Italian School in Athens, journeyed through northern and southern Albania in April and September 1924. In this climate Ugolini twice met Mussolini at Bertinoro, once having a long conversation on the 'belvedere' terrace of the town.⁴ The creation of the Italian Archaeological Mission was linked with the political propaganda of the "Roman Empire" that Mussolini wanted to recreate.

On January 6, 1925, Ahmet Zogu changed the government and declared himself the Prime Minister. Then on January 21 he was declared the President of the Republic of Albania and in 1 February the new government was created. Three years later he will declared himself the King of Albania. In 30 January Zogu asked Mussolini for creation of the friendship relations between Roma and Tirana. The Albanian government was looking to have relations with both Italian and British governments.⁵

Beginning in 1925 Rome wanted to have a better rapport with Albania. In March of that year an economic accord was signed between Albania and Italy and in August there was a secret pact that concluded in November 1926 with a treaty of friendship and security, known as the First Pact of Tirana.⁶ This pact was valid for 5 years and had 5 articles, but the most important was the first one. British government approved this pact and the Greek government declared that they considered this pact as a diplomatic instrument. The French and Yugoslavian media were against it. In 8 February 1927 this pact was approved in ONU.⁷ Before the approval of the pact, on September 30, 1926 in Livorno, was organized a meeting between Benito Mussolini and the British Minister of Foreign Affairs, Austen Chamberlain. In this meeting Mussolini was clear that he couldn't invade the western part of Mediterranean, but he understood that he might go in the South East Europe.⁸

On March 15, 1925 the Albanian Minister of Finance in collaboration with an Italian financial group signed the agreement of the creation of the Albanian National Bank with principal 'sede' in Rome and the name of currency: Franga

1923 he stayed a year in Athens. It was always mentioned that he was member of Partito Nazionale Fascista (National Fascist Party) from 1924. See Zevi F. 'L'Archeologia italiana in Albania', *L'archeologia Italiana nel Mediterraneo* (Catania 1986) 171.

³ Central State Archives, Tirana: F. 295. V. 1924, K. 4, D. 34, Fq. 1-7, P. 10, Xh 709

⁴ Newspaper *Il Resto di Carlino*, 23 September 1924, 26 September 1924.

⁵ *Historia e Shqiperise*, V. III (1912-1944) 319.

⁶ Pastorelli, P. *Italia e Albania, 1924-1927* (Firenze 1967); Roselli, A. *Italiae Albania. Relazioni finanziarie nel ventennio fascista* (Bologna 1986).

⁷ Idem, 324. See and Pastorelli, P. *Italia e Albania, 1924-1927* (Firenze 1967); Lefebvre d'Ovidio F. *L'intesa italo-francese del 1935 e la politica estera di Mussolini* (Roma 1984); Roselli A. *Italia e Albania. Relazioni finanziarie nel ventennio fascista* (Bologna 1986).

⁸ Idem, 325-326,

(Albanian) and Franchi (Italian) were both written on them.⁹ The financial Italian group was from the Società per lo Sviluppo Economico dell Albania-SVEA. On May 29, 1925 Albanian government asked a debt for 40 years in 62, 7 million golden francs from SVEA.¹⁰ On July 1925 Zogu gifted to the Yugoslavian government the Monastery of St Naum in the coast of Ochrid Lake and a piece of land in northern part of Vermosh region.¹¹

In this situation the letter of Roberto Paribeni on March 15, 1925 confirmed the beginning of archaeological excavations. On October 14, the head of the Italian Legation of Durres wrote to his office in Saranda that the Albanian President had ordered local authorities to permit archaeological excavations in Feniki (Phoinike).¹²

But only on May 10, 1926 did Ahmet Zogu, and the Minister of Foreign Affairs, J. Vrioni, approve the agreement for archaeological excavations by Italian Mission in Albania.¹³ The tract of the friendship between Italy and Albania began at the end of 1925 and was in effect in September, being concluded only on November 27, 1926.¹⁴ The parties did not forget to note that this agreement had the same articles as the one approved for the French Mission.¹⁵ Jacomoni, the Italian Consul in Albania, had a strong political interest in the archaeological agreement, because archaeological research demonstrated the ancient links between Albania and Italy and these could serve as a base for the future “convivenza” between the two peoples.¹⁶

Ugolini began excavations at the classical site of Feniki (Phoinice), the capital of Epirus, its large acropolis is seven times bigger than that of the acropolis of Athens. Ugolini was the first to undertake systematic excavations there, and he uncovered a Greek treasury of the fourth century BC, a Roman cistern, a bath-house, and ruins of temples. The two successful campaigns revealed a complex archaeological sequence and the Albanian King sent to Ugolini a letter of appreciation for the good job he was doing.¹⁷ At about the same time, interest in the classical past of the country was rekindled, and the first Albanian scholars, most notably Hasan Ceka, began to explore the archaeology of their country.

⁹ See Ratti, A. M. ‘La vicende dell’economia albanese e la fortune del franco’, *Rassegna Monetaria* (Roma 1936).

¹⁰ Ibidem.

¹¹ Ibidem.

¹² Ibidem, p. 16.

¹³ Aloisi, P. & Vrioni H. ‘Il patto d’amicizia tra l’Italia e l’Albania’, *Rassegna italo-albanese* Nr. 1 (Palermo 1927).

¹⁴ In the Central State Archive in Tirana is preserved the article from the newspaper and the translation into Albanian. (F. II. 251, V. 1929, D. 1043, Fq. 1-3, P. 6, Xh. 1309). See also Central State Archives, Tirana: F. 263, V. 1926, K. 16, D. 212, Fq 9-14, P. 6, Xh. 679, p. 10.

¹⁵ Central State Archives, Tirana: F. I. 295, V. 1925, D. 119-132, Fq. 1-6, P. 65, Xh. 1636

¹⁶ Jacomoni di Sansavino, F. *La politica dell’Italia in Albania* (Bologna 1965) 30-31.

¹⁷ Ibidem, p. 43, 44

The antiquities of Dyrrachium are published in 1926 from an Austrian fellow, B. Saria.¹⁸ The British writer, Paul Edmond, did some trips in Albania in the period when Italian and French Missions were doing excavations in antique sites, and published a book for “the land of the eagle”.¹⁹ In the review of the French Mission, *Albania* a French travel Agency, Etoile, with page publicity invited people to visit Greece, passing from Dalmatia and Albania.

On November 22, 1927 was firmed a tractate of “protective alliance” between Albanian and Italian Governments that was named “The Second pact of Tirana”. In fact this was the same pact with the first one of 1925, but it was not any more noted the limit of time for 5 years. The new alliance was signed for a period of 20 years. Some month later, in August 31, 1928, other hidden military pacts are signed between Italy and Albania. On December 1927 Zogu approved the diplomatic relations between the Republic of Albania and the Vatican State.²⁰

On December 30, 1927 the President of the Albanian Republic proclaimed the decree of the Convention between the Albanian and Italian Governments for Archaeological Excavations, although the Italian Archaeological Mission had already been in action for several years. Ugolini had already published a book on the archaeological survey he did in Albania from 1924 to 1926, and Paribeni had written the preface.²¹ Two famous Italian archaeologists, Pericle Ducati and Giuglio Quirino Giglioli, immediately published long articles that mentioned this book and the activity of Ugolini and his Mission in Albania.²² Another scholar, Radu Vulpe, included Ugolini’s book in an historical review.²³

In January 1928 Ugolini moved the excavations from Feniki to Butrint.²⁴ This great classical, Byzantine and Venetian site is beautifully situated on the southern frontiers of Albania, between the Ionian Sea and Lake Butrint. Ugolini never forgot to mention the fact that the first exploration in this archaeological site was conducted in 1418 from the Italian humanist, Cyriacus of Ancona.²⁵ Butrint was undoubtedly selected as the focus of the Mission because of its Vergilian associations. The approaching celebrations intended to mark the bimillennium

¹⁸ Saria, B. ‘Antiken aus Durazzo’, *JÖAI*, 23/2 (1926) 242-246.

¹⁹ Edmond, P. *To the land of the eagle* (London 1927).

²⁰ *Historia e Shqiperise*, V. III (1912-1944) (Tirana 1984) 329-330.

²¹ Ugolini, L. M. *Albania Antica* (Roma 1927).

²² Ducati, P. ‘Albania Antica’ *Resto del Carlino* (Bologna 22. VI. 1927); Gigliolo, G. Q. ‘Albania Antica’, *Giornale d’Italia* (Roma, 1. X. 1927).

²³ Vulpe, R. ‘Luigi M. Ugolini. Albania Antica, Vol. I, Ricerche Archeologiche’, *Revista istorica* (Ottobre-dicembre 1927).

²⁴ Central State Archives, Tirana, F. 263, V. 1928, Dosja 162, Faqe 1-6, Poza 11, Xh. 984. See and Magnani, S. ‘Butrinto, Virgilio e l’immaginario antico’, *L’archeologo scopre la storia. Luigi M. Ugolini (1895-1936), Quaderni bertinoresi*, (Bertinoro 1996) Giornata Internazionale di Studi per celebrare il Primo Centenario della nascita del cittadino L.M. Ugolini, 59-71..

²⁵ Ugolini, L.M. ‘L’Antica Albania nelle recenti scoperte archeologiche italiane’, *Rassegna Italiana* (Roma, marzo 1928) 221-222.

of the poet's birth were undoubtedly a factor in the move.²⁶ The brief sojourn of Aeneas at the city en-route for Italy was an attractive element that was well fitted to the precepts of *Romanità*. Butrint was to be one of the destinations of the prestigious 'Crociera Virgiliana', an extended cruise around many Mediterranean archaeological sites with Vergilian connections, sponsored by the Accademia Reale d'Italia. Aeneas and Butrint reinforced Italian policy on the eastern side of the Adriatic and Ionian seas, already seen as interventionist thanks to the Corfou incident in 1923.²⁷ Ugolini's professor of archaeology, Pericle Ducati, visited Butrint in 1929 and published an article in an important Italian newspaper, publicizing the activities of his "giovani amici," Ugolini, Monaco and Nuccitelli.²⁸

Ugolini, however, utilized the Virgilian connection sparingly. His reports to the Foreign Ministry do not emphasize this factor, and his academic works concentrate on the later classical archaeology of the city. However, he did go so far as the one of the Hellenistic gates of the city, the *Porta Scea*, after the gate supposedly seen by Aeneas. His archaeological results were tremendous and included the Theater, the Asclepius temple, the Baptistery, the *stoa*, the Lion Gate and Scea Gate, Roman Baths, city walls, and the Venetian castle.

The Albanian Government was changed again in May 11, 1928. On July 11, 1928 in a letter of Mussolini for the Italian minister in Tirana was clear the order of Italian government that in the moment of the changes in Albanian constitution Italians have to protect Ahmet Zogu, the Albanian President. On August 31, was firmed a military pact between Italy and Albania. On September 1, after that was approved the constitution and the statute, A. Zogu, the Albanian President, declared the change from the Albanian Republic to the Albanian Kingdom and himself as the Albanian King, under the name Zog I. On September 5, he created the new Government and named Koço Kota, as the Prime minister. On December 1, the National Assembly was changed into the Parliament and with the new Statute the monarchy was the democratic-parliamentary system. After that the Albanian Kingdom, was known from Italy, Greece, Hungary, Uruguay and U.S.A. (15 September 1928), before being known from Great Britain, France and other European states.²⁹

During the years 1929-1933 Albania was involved in the general post war crisis. On January 1930 the Head of Albanian Parliament, Pandeli Evangjeli, met in Rome with B. Mussolini. On March 4, 1930 the Government of Koço

²⁶ Zevi, F. *op. cit.*, 179. See and Ancel, J. *Le Balkan face à l'Italie* (Paris 1928) and Tittoni, T. *Questioni del giorno (Tunisia-Abisinia-Bessarabia-Libia-Jugoslavia-Albania)* (Milano 1928).

²⁷ Susini, G. *op. cit.*, 109.

²⁸ Ducati, P. *Archeologia Italiana in Albania*, Corriere della Sera (24. I. 1929). In 1937 Ugolini's popular book, and his last work on the subject, *Butrinto, Il Mito d'Enea* (Butrint, the Myth of Aeneas), was published posthumously; it referred directly to the Virgilian connection.

²⁹ *Historia e Shqipërisë*, V. III (1912-1944) (Tirana 1984) 346. See and Swire, I. *Albania, the rise of a kingdom* (London 1929); Id. *King Zogu and Albania* (London 1937).

Kota changed and the new Government was headed from Pandeli Vangjeli.³⁰ The Government was changed again in 1935 and M. Frasheri was elected as the Prime Minister. This Government stayed in the power until November 7, 1936. Two days later the new Government was headed from Koço Kota. On January 31, the new elections approved the Government of Koço Kota.³¹ The Balkan Pact of February 9, 1934, signed by the Balkan countries except Albania (Albania was not invited in the talks) and Bulgaria, is hard to say that was transformed in a war instrument, but it did not become a peace instrument, too.³² The big problems of a small country, such as Albania, were published on September 1, in the *Revue de Paris*.³³

In the beginning of 1931 in Saranda and Corfu arrived for the second visit the group of British Navy, composed with 6 big war ships. They stayed there for 10 days (17-26 January). The admiral, James, 6 officers and the son of the head of Gendarmerie, the General Sir Joclyn Percey, went down to Saranda in 21 January for hunting. The "Queen Elisabeth" stayed in Vivary and officers visited Butrint accompanied from Italian Mission who was excavated there.³⁴ The first group of British Navy, under the command of Admiral Davies, visited Durres on October 7, 1930.³⁵ The British Navy composed from war ships "Queen Elizabeth", Anthony and "Bryony" arrived again in the waters of Durres on July 10, at 9.30 a.m. and stayed there till 9.30 a.m. in 15 of July. The "Queen" stayed three miles distant from the port and was visited on July 12 from 300 persons and on July 14 for other 300. In the yacht "Bryony" was the Lady Chatfield, the wife of Admiral, Sir Ernle Chatfield, the commandant of British Navy in Mediterranean, and their daughters. The admiral Chatfield had the appointment with King Zog in the morning of July 14. The Albanian government organized an official dinner in the same day for the honor of Admiral Chatfield, his head, Admiral Bailay and other British in the Hotel Continental in Tirana. There were invited Italians and the commandant Silvio Montanarella, the captain of Fregata. In this reception participated the Albanian Minister of Foreign Affairs, J. Vrioni, etc.. The British Navy left Durres in the morning of July 15, and in the same date Sir Chatfield wrote a letter to the captain Silvio Montanarella thanking him for the hospitality in the first day of their arrival and the assistance during the sojourn.³⁶ In that period the British Consul was Mr. Hadwin and he stayed in Durres.³⁷

³⁰ See and Traglia, G. *L'Albania di re Zog* (Roma 1930).

³¹ *Historia e Shqipërisë*, V. III (1912-1944) (Tirana 1984) 362.

³² See Shpuza, G. 'Albania and the Balkan Pact of the year 1934', *Studime Historike* 1-4 (1996) 37-58; Id, 'Albania between the Balkans and Apenines-1934', *Studime Historike* 1-2 (1998) 59-77.

³³ Martin, V. 'Petit pays, grand problème: l'Albanie', *Revue de Paris* (1st September 1932).

³⁴ Central State Archives, Tirana: F. 263, V. 1931, D. 100, p. 1; F. 263, V. 1931, D. 6, P. 6-7. See and the newspaper *Ora*, Nr. 272, 16 January 1931; Nr. 281, 27 January, 1931; newspaper *Arbënia*, N. 126, 18 January 1931.

³⁵ Newspaper *Ora*, N. 272, 16 January 1931.

³⁶ Central State Archives, Tirana: F. 263, V. 1931, D. 100, p. 10-13, 18..

³⁷ Central State Archives, Tirana: F. 263, V. 1931, D. 102, p. 1.

Except the official members of the Missions that stayed in Albania for most of the time, other fellows came to visit Albania and they published either studies on different topics connected with their excavations and research or paintings. Vincenzo Ciardo was the painter who came in Albania in 1929 and painted landscapes and portraits.³⁸ Dario Roversi Monaco, Ugolini's collaborator and engineer, published an article in 1934 on the Italian Archaeological excavations.³⁹ G. Castellani (1858-1038) published an article on Albanian coinage in 1932.⁴⁰ Another Italian fellow, Pericle Perali (1884-1949), published a book for the earliest origins of Albania.⁴¹ The architect, Follin, from R. Istituto Veneto came to Albania to study Venetian monuments and stayed in Butrint in the winter 1931. Italian fellow, E. Armao published in Rome a book about the reports between Venice and Albania.⁴² The Venetian and Italian traces in northern Albania are the theme of a study of S. Bettini, published in a Venetian Review in 1933. Some years later he will published another article in the review *Albania* about the traces of art in Albania.⁴³ Luigi Cardini from Istituto di Paleontologia Umana di Firenze, as member of the Mission, excavated the prehistorical site near the village of Xara, 8 km distant from Butrint. M. Monti Gennaro published two studies with the sources founded in Naples on the history of Albania.⁴⁴ Alfonso De Franciscis, from the University of Naples, and Antonio de Luca were also members of the Italian Archaeological Mission in that period. De Franciscis wrote an article on the inscriptions of Butrint.⁴⁵ Giuseppe d'Amico was the restorer of the Venetian castle and other monuments in Butrint. In the same period an English baron, Geoffrey Neale Cross (1904-) published a book with the study in the Greek Constitution of Epirus.⁴⁶

Meanwhile Leon Rey continued his excavations at Apollonia, the Albanian Minister of Education informed the Municipality of Fier on August 14, 1931 that Mr. Clarence Manning from Columbia University was supposed to visit Pojan (Apollonia), but no other documents are preserved concerning his visit.⁴⁷

Another scholar, Brühl, published two articles in the volume *Albania*, about the

³⁸ Ciardo, V. 'Una breve campagna pittorica in Albania', *Japigia* (Rome 1931); Id. 'Il clima pittorica dell'Albania', *Meridiano di Roma* (Roma 1940).

³⁹ Monaco, D. R. 'Rilievi e Scavi Archeologici Italiani', *Bolletino del Sindacato Provinciale Fascista Ingegneri* (Bologna 1934).

⁴⁰ Castellani, G. 'Albania numismatica', *Rassegna Numismatica* (Roma 1932) n. 7, 8, 9 203-221.

⁴¹ Perali, P. *L'Albania e i "divini Pelasgi"* (Roma 1942).

⁴² Armao, E. *Venezia e Albania* (Roma 1935).

⁴³ Bettini, S. 'Testimonianze di civiltà d'arte in Albania', *Albania*, I, (1939) 93-146; Id. 'Orme d'Italia e di Venezia nell'alta Albania', *Rivista di Venezia* VII (1933) 535-550.

⁴⁴ Monti Gennaro, M. 'La storia dell'Albania e le sue fonti napoletane', *Studi albanesi* I (1931) & Monti Gennaro, 'Due documenti sconosciuti sull'Albania, di Alfonso d'Aragona', *Studi albanesi* I (1931).

⁴⁵ De Franciscis, A. 'Iscrizioni di Butrinto', *Rend. Accad. Napoli* XXI (1941).

⁴⁶ Cross, G. N. *Epirus: a study in Greek constitutional development* (Cambridge 1932).

⁴⁷ Central State Archives, Tirana: F. 263, V. 1931, D. 6, Fq. 104-112, P. 6, Xh. 39, P. 110; F. 295, V. 1931, D. 79, Fq. 122-131, P. 10, Xh. 1217, P. 127



archaeological excavations in Apollonia in 1931-1933, for the inscription in the Agonothetes monument, and for the inscriptions of Durres city.⁴⁸ The mints of ancient Albania and their circulation are studied from the Italian numismatist, Lorenzo Cesano e Laura Breglia, and published in different reviews.⁴⁹ Another French scholar, Lemerle, published the chronic of the excavations and discovering in Albania.⁵⁰ The American fellow, J. Whatmough, published in 1933 the Illyrian inscriptions founded in Italy, as the pre-italic dialects.⁵¹ The Venetian and Italian remains in northern Albania were the theme of a study published in the *Revista di Venezia* in 1933.⁵²

Ugolini excavated at Butrint for eight years (1928-1936) despite many health problems. His voluminous correspondence shows his special personality and passion for archaeology. He did his best to integrate the originally politically motivated Italian Mission into the political life of Albania. Increasingly marked Ugolini's final years as the director of the Mission ill health, which he neglected for the sake of continuing his work. He was in Butrinti, excavating and waiting visitors, in November 1934. In a letter, dated November 10 he mentioned the visit of the English Consul of Corfu and Cefallonia and other English people and, the continued "a good faze of excavations". He was preoccupied with whether or not his funds would arrive.⁵³ There is no other information until the summer 1935, when on the August 14 Ugolini was sick and sent on short notice a telegram from Corfu "Operatomi urgenza unico rene condizioni allarmi".⁵⁴ A month later Italian Legation had not been informed further regarding his health and wanted more information.⁵⁵ We do not know how long he stayed in the hospital and when he was returned to the excavations. A telegram of March 28, 1936 noted that Ugolini was in Rome in a "Casa di cura", in Villa Torri.⁵⁶

In 1936 he was again seriously ill, and by September had left Butrint and was hospitalized in Italy. On June 7, 1936 Ugolini was in Butrinti planning aerial photos of the excavations, proposing that one of the Mission members be on board the plane. He suggested that the best hours were 9 a.m. and 4 p.m., when the light

⁴⁸ Brühl, A. 'Fouilles de la Mission Française à Apollonie d'Illyrie (1931-1933). L'inscription du monument des Agonothetes', *Albania* Nr. 5 (Milano, Roma, Paris 1935) 43-46; Id. Inscriptions de Durazzo et de Tirana. Inscriptions du dépôt municipal de Durazzo', *Albania* Nr. 5 (1935) 7-42.

⁴⁹ Cesano, L. 'Monetazione e Circolazione sul suolo dell'antica Albania'. *Atti e mem. Ist. Ital. Di numism. VII* (Roma 1932); Breglia, L. 'Monete di Babba', *Numismatica* (1941); Id. 'Nuovi elementi di conoscenza per la circolazione monetale e la storia dell'Epiro', *Rend. Accad. Napoli XXI* (1941).

⁵⁰ Lemerle, P. 'Chronique des fouilles et découvertes archéologiques: Albanie', *BCH* (1936) 473-474.

⁵¹ Gosturani, Xh. *Historia e Albanologjise* (Tirane 1999)37.

⁵² Bettini, S. 'Orme d'Italia e di Venezia nell'alta Albania', *Rivista di Venezia VII* (1933).

⁵³ Central State Archives, Tirana: F. 263, V. 1934, K. 4, D. 147, F. 92-98, P. 6, Xh. 1358, p.96.

⁵⁴ Central State Archives, Tirana: F. 263, V. 1935, D. 240, F. 1-6, P. 7, Xh. 898, p. 4.

⁵⁵ Ibidem, p. 5.

⁵⁶ Central State Archives, Tirana: F. 263, V. 1936, D. 196, F. 1-5, P. 6, Xh. 777, p.2.

was good.⁵⁷ On July 8, 1936 Mr. Vrioni with a telegram from Corfu informed the Albanian Ministry of Foreign Affairs that the Prince of Greece, that was staying in Corfu, wanted to visit Butrint. On July 2, the Ministry of Interior has ordered the Prefect of Gjirokastra, Mr. Nikolla Zoi, to organize the reception and accompany of the Prince.⁵⁸ There are no other data about his visit, etc. but is mentioned that a lot of tourists went to visit Butrint in August of 1936 and Ugolini was still there.⁵⁹ On October 5, the visit of the French Minister in Tirana was announced, but Ugolini was not at Butrint.⁶⁰ There are not documents recording when he left Butrint for Bologna at “Casa di Cura” and in what conditions his health was, but is clear he was in very alarming state. In the night of October 4, 1936 Ugolini died in Bologna at the age of 41 years.⁶¹ No one had believed that Ugolini, a very active and hardworking scholar, was in such dire physical health. His niece, Alma Buratti, told me that the physician who operated him during the First World War and did the fatal surgery, understood his hard and very serious problems. Ugolini himself entered in hospital with optimism to resolve his health problems and after that he had to go married with his girlfriend from Rome.⁶² The death of Ugolini closed the first phase of the activity of the Italian Archaeological Mission in Albania.

⁵⁷ Central State Archives, Tirana: F. 263, V. 1936, D. 196, F. 6-11, P. 6, Xh. 778, p. 7.

⁵⁸ Central State Archives, Tirana: F. 152, V. 1936, D. 279, page 1-17

Page 1

Mbretnija Shqiptare
Prefektura e Gjirokastrës
Nr. 215 RES

Gjirokaster, me 6/6/936

P.T.

Ministrise P. te Mbrendeshme

Zyres Sekrete

Tirane

Per dije, parashtrrojme se mbas shkreses Nr. 7-35/2 RES d. 5/6/936 te Komandes Qarkut ketueshem, ka mbrit ne Butrinto Arqeologu Z. Ugolini dhe ka filluar nga germimi i germimeve

Prefekti

(Timber+firm)

Page 5

Min. For. Affaires

Tirane

Kerkyra, me 8. VII. 1936

Princi trashëgimtar i Greqisë që është në Korfuz ka dëshirë të vizitojë Butrinton ditën e hënë.

Lutemi nemnani instruksione

Vrioni

⁵⁹ Central State Archives, Tirana: F. 263, V. 1936, D. 196, F. 18-22, P. 6, Xh. 780, p. 21.

⁶⁰ Central State Archives, Tirana: F. 263, V. 1936, D. 196, F. 18-22, P. 6, Xh. 780, p. 21, 22.

⁶¹ He was back from Casa di Cura Villa Toschi, where had a surgery from Prof. Gasparini, the same physician who cured him during the war.

⁶² I thank very much Mrs. Alma Burati, Ugolini's niece, who lives in Forli, for the details and her mother memories about Ugolini.

The Albanian Ministry of the Interior preserves documents pertaining to a German, Werner Niemeyer, who came on June 27, 1936 to write a book on an Albanian topic, but it is not clear what type of book he wanted to write and we do not know if he ever succeeded.⁶³ On December 4, 1936 the Italian Ministry of Foreign Affairs announced that Roberto Paribeni, President of Reale Istituto Archeologico, proposed Pirro Marconi, professor of Archaeology and Art History in the University of Naples and University of Palermo, to be named the Head of the Italian Archaeological Mission in Albania, as the successor of Prof. Ugolini.⁶⁴ On December 22, 1936 Francesco Jacomoni di San Savino, the Italian Minister at the Embassy of Tirana, proposed the opening of the Italian Institute of Culture in Tirana.⁶⁵ There is a gap in the information until February 1937, when Pirro Marconi arrived to continue the excavations.⁶⁶ On March 27, Cont. Galeazzo Ciano visited Belgrade and signed with the Yugoslavian Primeminister, Millan Stojanoviç a pact of the friendship between Italy and Yugoslavia. On April 1937, the Italian Minister of Foreign Affairs, Cont. G. Ciano, visited Albania.⁶⁷ On July 17 Marconi had an audience with Ahmet bej Zogu and had with him a “cordiale colloquio”.⁶⁸ During the summer, Pirro Marconi did some survey in Acrocerauni and the cave of Velcia, near Vlora.⁶⁹

On January 1938 CTI (Center of Italian Tourism) was asked to publish a Guide of Albania in English, Italian, German and French. This Guide was to be ready by the end of 1938 and was printed in the beginning of 1939. In a letter that Marconi wrote on January 26, 1938 to the Italian Minister in Tirana,⁷⁰ he detailed the chapters:

Geology, geography, climate, flora, fauna	6 pages	Prof. Almagià	Anthropology, demography, religion
6 pages	Prof. Baldacci		
Linguistic e literature	4 pages	Prof. Leotta	
Costume e folklore	5 pages	Dr. Larusso	
Ancient History	1 page	Prof. Marconi	
Medieval and modern History	5 pages	Prof. Montanelli	
Archaeology and Arts	5 pages	Prof. Marconi	
Public works, roads, etc.	7 pages	Eng. Zanuccoli	
Economy, industry and trade	7 pages	Comm. Lombardi	
Bibliography e cartography	3 pages	Prof. Marconi	

⁶³ Central State Archives, Tirana: F. 152, V. 1936, D. 291, p. 106.

⁶⁴ Central State Archives, Tirana: F. 263, V. 1936, D. 198, F. 1-4, P. 5, Xh. 782, p. 1.

⁶⁵ Central State Archives, Tirana: F. 263, V. 1936, D. 200, F. 1-2, P. 2, Xh. 786.

⁶⁶ Ibidem, p. 4.

⁶⁷ *Historia e Shqipërisë*, V.III (1912-1944) (Tirana 1984) 413.

⁶⁸ Ibidem, p. 28

⁶⁹ Central State Archives, Tirana: F. 263, V. 1937, D. 244, F. 15-19, P. 6, Xh. 1000, p. 12.

⁷⁰ Central State Archives, Tirana: F. 263, V. 1938, D. 140, P. 16.

In March 1938 Albanian King, Ahmet Zogu, approved the creation of Naples Bank (Banco di Napoli-Albania) in Albania with the administrative center in Tirana. Some days later, in April 1938, Cont. Ciano was invited in the wedding of Albanian King. During this sojourns he tried to approve a minierary concession of the Azienda Mineraria Metaliferi Italiana-AMMI. This concession was signed from Albanian Government a year later, in March 1939.⁷¹

The tragic death of Marconi at the age of 41, as he was flying to Rome, in late April 1938, interrupted his work. After his death the excavations continued in June and July under Igino Epicoco and later that year, in accordance with a proposal by Paribeni, Prof. Domenico Mustilli from the University of Naples was named the director of Italian Archaeological Mission.⁷²

On August 13, 1938 the King Zog, with his wife, Geraldina, and his sister, Senije, visited Butrint. They signed the visitors' book and added the date of their visit.⁷³

On July 11, 1938 the Italian Legation of Tirana by telexpresso n. 1971,⁷⁴ noted that Father Fulvio Cordignano (1887-1951) was doing archaeological research in northern Albania on Byzantine and Venetian art. (Studio completo delle chiese, monasteri, castelli e rovine dell'Albania, metendo in piena luce l'apporto di Roma e di Venezia).⁷⁵ An English numismatist published a book about the coinage of Damastion, the Illyrian city that was supposed to be near silver mines.⁷⁶

On February 5 Mussolini decided to invade Albania. The occupation of Czechoslovakia from Germany on March 15, 1939 obliged Mussolini to have stronger position into Balkans. The definitive decision for the occupation of Albania

⁷¹ *Historia e Shqipërisë*, V.III (1912-1944) (Tirana 1984) 417-418.

⁷² Mustilli, D. 'L'ultimo quadriennio di attività della missione archeologica in Albania (1937-40)', *Centro studi albanesi dell'Acc. D'Italia* II (1943); Id. 'Relazione preliminare sugli scavi archeologici in Albania (1937-1940)', *Rendiconti della classe di scienze morale e storiche* VI, Vol. II (1942) 678-685; Id. 'Roma e la sponda illirica', *Quaderni dell'Impero. Roma e il Mediterraneo* (Roma 1942); Id. 'Rassegna bibliografica', *Rivista d'Albania* III (1942); Id. *La conquista romana della sponda orientale adriatica* (Napoli 1941); Id. 'Relazione preliminare sugli scavi archeologici in Albania 1937-40', *Rend. Acc. Italia* II (1941); Id. 'Gli Illiri nell'Epiro', *Le Terre albanesi redente. II.- Ciameria* (Roma 1941); Id. 'L'opera di Luigi N. Ugolini', *Rivista d'Albania* Vol. II, Fasc. 1 (Napoli 1941); Id. 'Rassegna bibliografica', *Rivista d'Albania* II (1941); Id. 'Archeologia del Cossovo', *Le terre albanesi redente* (Roma 1941); Id. 'Gli scavi italiani di Butrinto', *Romana* (Roma Aprile 1940) 183-191; Id. 'Rassegna bibliografica', *Rivista d'Albania* I (1940); Id. 'La civiltà preistorica dell'Albania', *Rivista d'Albania* Vol. I (Milano 1940); Id. 'Gli scavi italiani di Butrinto', *Romana* IV (1940) 1-11; Id. 'Roma e l'Albania', *Conferenze dell'Ist. Sup. Orientale*, n.3 (1940); Id. 'Viaggiatori e archeologi italiani in Albania', *Romana* II (1939) 1-9.

⁷³ In the personal archive of I. Epicoco, now propriety of his grandson, Mr. Tadei, is preserved the page of visitor's book with their firms.

⁷⁴ Central State Archives, Tirana: F.263, V. 1938, D. 140. Fq. 135-140, P. 6, Xh. 1125, p. 138.

⁷⁵ See Cordignano, F. *L'Albania attraverso l'opera e gli scritti di un grande missionario italiano: il p. Domenico Pasi (1847-1914)* (Roma 1933-34); Id. *Geografia ecclesiastica dell'Albania degli ultimi decenni del secolo XVI alla metà del secolo XVII* (Roma 1934) (*Seria Orientalia Christiana*), XXXVI-4, nr. 99; Id. *Saggio di un regesto storico dell'Albania* (Scutari 1937-40).

⁷⁶ May, J. M. F. *The coinage of Damastion* (London 1939).



is dated in 23 March 1939.⁷⁷ Mussolini intended on showing his independence from Hitler and, perhaps aiming at the formation of a new Mediterranean empire, free of German control, invaded Albania early in 1939 and, from the Albanian frontier, crossed into Greece late in 1940. Beginning on April 7, 1939, with the first day of the Italian invasion, led by General A. Guzoni, Albania was involved in the Second World War. In the same day Zogu left Albania and went to London.⁷⁸ On April 8 Tirana was occupied from Italian army.⁷⁹ After that were closed totally both French and Italian Archaeological Missions in Albania, although French Mission had already almost closed since 1938. The hiatus in archaeological research lasted a year. The outbreak of war with Greece in October 1940 found Butrint in the front line. The feeble Italian offensive of that year was repulsed and Santi Quaranta was captured by the Greek army on December 6, although subsequent intervention by German forces placed Epirus and Butrint again under Italian control. After the Italian invasion the number of publications on Albania increased. Michele Gervasio published an article for ancient Albania.⁸⁰ Borrelli published an article about the coins of ancient Albania.⁸¹

“We could see nothing of Europe’s old Kulturland”- Wilhelm Prüller wrote in his diary at the end of three weeks in the South Balkans-Crease people and poor, impossible clay huts and houses As far as I can judge, this nation is at least two thousand years behind and lives only from its age-old, if epoch-making, cultural tradition.”⁸²

On July 19, 1940 the Albanian Ministry of Education, asked for the Italian specialists as advisers in the office of “Archeologia e Belle Arti”, one, Iginio Epicoco for “Belle Arti” and the other, Claudio Sestieri, for Archaeology, (Ispettore nel ruolo delle Antichità e Belle Arti attualmente presso il Museo Nazionale di Napoli).⁸³ After that both Iginio Epicoco and Claudio Sestieri lived in Tirana attached in the Ministry of Education. In Naples they organized an exhibition about Albania that was called “Oltre Mare”.⁸⁴ According to Prof. Selim Islami, Domenico Mustilli in his last visit at Albania in sixties told him that he have seen parts of sculptures from Albania remained in the Museum from the exhibition.

When Albania was part of the Italian Kingdom, interest in publishing studies with Albanian themes increased. In this period a Center for Albanian Studies was

⁷⁷ *Historia e Shqipërisë*, V.III (1912-1944) (Tirana 1984) 437.

⁷⁸ He stayed in London till the end of the Second World War and after that moved first to Egypt and later in France, where he died in 1961.

⁷⁹ Udina, M. ‘L’unione italo-albanese e sua natura giuridica’, *Rivista d’Albania* (Milano 1940) fasc. 4, 425-427.

⁸⁰ Gervasio M. ‘L’Albania antica’, *Iapigia* X (1939).

⁸¹ Borrelli, L. ‘Le monete dell’antica Albania’, *Numismatica Romana* (May-June 1939) 68-73.

⁸² Prüller, W. *Diary of a German Soldier*. Translated by H. C. Robbins (London, New York 1963).

⁸³ Central State Archives, Tirana: F.261, V. 1940, K. 18, D. 313, Fq. 17-24, P. 10, Xh. 2839, p. 22.

⁸⁴ Alizoti, D. ‘L’Albania alla mostra d’Oltremare’, *Albania* 2-3 (Roma 1940) 102-106.

created near the 'Reale Accademia d'Italia' and the 'Istituto per gli Studi di Politica Internazionale', which published an Albanian Journal every three months edited by Francesco Ercole (1884-).⁸⁵ The Italian Touring Club published a guide book on Albania in Milan, by Luigi Vittorio Bertarelli (1859-1926) with 221 pages, geographical maps, etc.⁸⁶ In the same year were published maps of the Albanian coast.⁸⁷ Giuseppe Massani published in Rome from Il Rubicone a book with the title Albania. Of course in this book is described the glory of fascism and was mentioned that the perspective of this country and this people "ordinato e fiero. Orgoglioso del suo passato, conscio del suo avvenire" is only in the conditions of the fascist Albania.⁸⁸ De Franciscis, a former member of the Italian Archaeological Mission in Albania, published an article on the inscriptions of Butrint.⁸⁹ Giuseppe Valentini published a study on the numismatic of Albania.⁹⁰

From the December 1940 to April 1941, Albania was involved to the Italian-Greek war. From that period existed a war law in Greece, considering Albania as an enemy state. The Italian King, Vittore Emanuele III, declared the king of Italy, Albania and Etiopia, came to visit Albania in May 1941. In Tirana, while he was going across the principal road, on May 17, he was shouted from a young Albanian, named Vasil Laçi (1922-1941) and this was a sign against Italian occupation. The young Albanian was condemned in Tirana by the army-court and executed in 27 May 1941.⁹¹ The Albanian Ministry of Education authorized the Italian Consulting specialist for Archaeology, Arts and Libraries, Prof. P. C. Sestieri, to go to Byllis to excavate in May 1942. They paid him with 10 000 Albanian gold franks.⁹² Leon Rey's old excavations at Apollonia were also re-opened by Sestieri. The Italians had always been curious on the work French did in this ancient city, although Ugolini in his first book did not described Apollonia in details since it was under French authorities. Ugolini did not forget to mention in the first volume of *Albania Antica* that firstly Apollonia was visited from an Italian archaeologist, B. Pace, and after that was explored from an Austrian Mission (Praschniker and Schober) and then some French archaeologists were doing some archaeological excavations.⁹³ M. Buffa published an article about the gravestone founded in Durres,⁹⁴ and S. Masci an article in the same review about Apollonia.⁹⁵

⁸⁵ See Ercole, F. *Rivista d'Albania* (Milano 1940)

⁸⁶ Bertarelli, L. V. *Albania* (Milano 1940).

⁸⁷ Sestini, A. 'Le pianure costiere dell'Albania', *Bollettino della Reale Società Geografica Italiana* (Roma, Settembre-Ottobre 1940) 513-527.

⁸⁸ Massani, G. *Albania* (Rome 1940).

⁸⁹ De Franciscis, A. 'Iscrizioni di Butrinto', *Rend. Accad. Napoli XXI* (1941) 284-290.

⁹⁰ Valentini, G. 'Saggio di numismatica albanese', *Numismatica Romana* (1941).

⁹¹ *Fjalori Enciklopedik Shqiptar* (Tirana 1985) 592.

⁹² Central State Archives, Tirana: F. 295, V. 1942, K. 33, D. 333-343, Fq. 1-8, P. 59, Xh. 726, p.8.

⁹³ Ugolini, L. M. *Albania Antica* 1 (Roma 1927).

⁹⁴ Buffa, M. 'Trovamento di un cippo iscritto a Durazzo', *R. Alb.* IV (1942).

⁹⁵ Masci, S. 'Lo scalo d'Apollonia', *R. Alb.* IV (1943) 206-211.



Security deteriorated over the next two years, with the partisans active in the southern mountains. During this period Italians continued excavations in Butrint, in 1942-43 under Umberto Marchetti, who continued these excavations. The materials of the Mission were transferred, according to the Ministry of Foreign Affairs, to the Ministry of Popular Culture in Tirana, in February 1943. On March 17, Umberto Marchetti informed the Italian Legation in Tirana that it was important to create the Office, to preserve the archaeological site and its deposits.⁹⁶ The Italian surrender of September 1943 effectively ended all Italian concern with Butrint and with the archaeology of Albania. Italy had other more pressing problems closer to home.⁹⁷

The 29 November 1944, the Liberation day of Albania, opened the new chapter in the long history of this country, the period of communism or the so called 'proletarian dictatorship' and, archaeology came to be organized in a very different way.

⁹⁶ Central State Archives, Tirana: F. 261, V. 1942, D. 841, P. 2-11.

⁹⁷ Ciano, G. *Journal Politique, 1939-1943* V. I-II (Paris 1947).

In-line water safety systems based in wireless sensor networks

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Abstract

Living in the modern times is becoming more challenging every day. Industrial wastes, pesticides, toxins used from the humans are becoming a real threat for their health. In all this closed cycle the most important is to secure the air and water purity. All the wastes go in the water that we drink and this happens every minute and every hour. Public health threats are major incentives encouraging the development of new technologies for in-line monitoring systems that can optimize operation of the large scale supply networks, prolong service life, evaluate performance and improve the security of water supply to customers. The purpose of this paper is to contribute toward improving the water purity, testing and monitoring the resources where we get the water or in other words the in-line monitoring and control of the water systems. In this paper we study, design and test a new protocol of communication between toxin detecting sensors. This system is going to help with monitoring of water sources in order to signal any change in the toxicity threshold. The protocol makes possible the communications between sensors covering a wide area ensuring the quick and efficient communications with the monitoring centers and updating their respective databases. On the other hand the database entries over a threshold value will cause an alarm for stopping filling water from the respective spot, until the parameters become normal as a result of automated systems interventions. In this protocol only few nodes will hold the communication within a mini cluster of sensors, giving the possibility for good quality and low cost communications. Those mini clusters can be fixed or moving depending from the kind of the water source.

Key words: *Wireless sensors networks, GPS, actuators, wireless sensors protocols, ad-hoc networks, hierarchical schemes, etc.*

Introduction

The purity of food, air and water is the biggest concern for everyone in the planet since the more we use the industrial and technological benefits the more conscious we become for their waste's influence in our resources purity. But even knowing the importance of the water safety, the investments from governments are inadequate and mostly go for collecting hydraulic data usually to control the status of pumps, valves and pipes. On the other hand the number of continuous data collections locations is small in number and usually the purpose of their collections is the maintenance or the billing (e.g. data from Automatic Meter Readers, AMR). As for the water quality sampling generally is done through the so called grab samples (single point in time) taken in special locations which are even rare in number.

Wireless Sensors for In-Line Water Monitoring

Many problems and situations raise the need for Real time Water monitoring such as: High water toxicity and pollution throughout the world, communications quality, information delay and security, infrastructure, range of surfaces surveyed and communication cost. These are serious challenges for the research community and raise the need to use new sensing ways and communication control techniques.

There exists a lot of work previously done in this field. In [1] paper the authors consider how to sense the quality of the pipes, monitoring their condition, but they don't consider monitoring the quality of water and further more considering the water quality in the source. Recently monitoring the water quality in the source is taking more attention from the research community.

Usually the drinking water quality measures are determined to respect the World Health Organization (WHO) [7] guidelines for drinking-water qualities. The standards for drinking water quality parameters require that the microbiological, chemical and indicator parameters must be monitored and tested regularly in order to protect the public health. When from the samples received results a contamination problem the contamination warning system (CWS) launches a public warning about the threat. But at this point it might be too late. Maybe the contamination starts at the source and it would be much more effective and less harmful to detect the problems right there. But it would be more economical, safe and manageable if this testing would be in-line, in the rivers and reservoirs.

Previous Research in Water Quality Monitoring

As we mentioned before, the government investments are usually directed toward monitoring the water systems *in the populated areas*.

But most of the problems would be resolved if the water monitoring would happen *at the source*. The earliest detection would cause less harm to humans and the possibility to fix it would be higher. Knowing the importance of in-line water monitoring recently it is a lot of work done in this area. Here we can mention the work of researcher group from the Valencia University.

In [2] the group of researchers use sensors network to detect the river pollution. They focus their work mainly in nitrates water pollution without considering *the heavy metals detection* and moreover the water quality in the sources. They use *only a few points* and the communication is overlapped which causes delays in information collection.

In [4] the authors consider monitoring the drinking water system by using sensor that detect mostly bacteria (e-coli) and the sensors are placed in a small area.

In [5] the authors consider that sensors will be connected to the Internet, but this is not possible always especially in the case of water sources that are found in rural areas. Also there are Safety problems. On the other hand the sensor nodes used to collect data are static. This means that the data will be collected only from few points as a result the conclusions about the water quality in the large area might be wrong. The existence of the large areas makes it costly to cover with sensors. One of the possible solutions to this problem might be the use of moving sensors as we propose in this work. As by our protocol sensors will be organized in groups and they move towards the flow.

SafewaterComm protocol's qualities

We think that we should monitor the water before it enters the pipes, because is safer and less costly. In this way we prevent the use of toxic water from both water companies and populated areas.

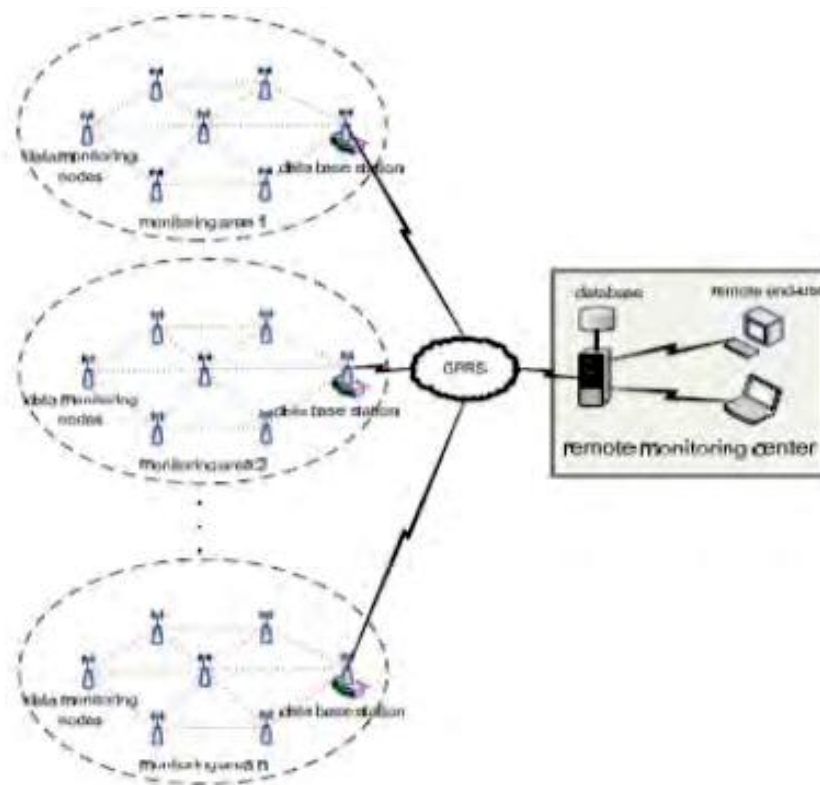
In the other hand we will monitor the water during the flow, creating in this way a detailed view of everything that goes in it. The sensors are organized in groups that move towards the water flow recording data during the tunable time slots. The data will be collected from a certain sensor in each group. A similar scheme is used for sensing air pollution in Dubai area [7]. But in this work they suppose the

urban area has communicating infrastructure and each node communicates with a base station. In our protocol the sensors will communicate with the Cell Center creating a wireless ad-hoc communication protocol. Their data will be forwarded to the central data base and be updated according to the data acquisition rate. This protocol prevents spreading of the problem in the case when a higher toxicity than the threshold will be detected. In a later time the respective services informed by the collected data in the central data server will take care of the problematic area. This will be part of the control and actions decided by the respective companies.

As by this protocol sensors will be organized in groups and they move towards the flow. The hierarchical protocol saves cost in the point of view of the need for more complex sensors only for the centers. The moving clusters of sensors represent nodes of an ad-hoc network with a hierarchical 2 level communication scheme.

Most of the previous papers take in consideration the use of the wireless infrastructure (fig.1). SafeWaterComm protocol considers the ad-hoc wireless network created from the wireless sensors that transmit the information between the sensor nodes.

FIGURE 1. Water environment Monitoring System based on WSN



In the case of SafeWaterComm protocol the role of the base station is played by the head group sensor which will have more processing power than the other

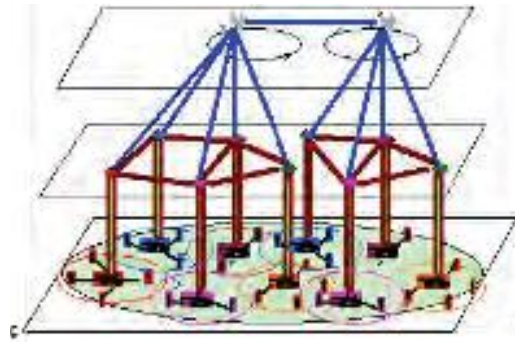
nodes. Our approach is based in our previous work on intervehicle communication protocols adapted and developed for water safety sensors communications. The river area is divided in virtual cells (fig.2) and their sensor nodes density is changeable. This is related to the area specifics or to a certain critical moment. For example for urban areas or points where the water safety is doubtful, it will be important to have more data, which means more sensor nodes and a fine grained study is needed.

FIGURE 2. Sensor distributed in the river area.



In this protocol we use a virtual infrastructure created from distributed sensors. As we mentioned before the nodes density is tunable and as a result the levels of hierarchy of this infrastructure are tunable, too. We use a hierarchical communication scheme in order to have a low cost approach. This can be explained as in figure 3, where the 3 levels of the hierarchy correspond to the three planes. At the bottom we have the first level. Each sensor represents a simple sensing unit that transmits to the sensing neighbor with a higher scale of hierarchy (called Cell Centers). Then, the second plane is the second level of the hierarchy created from all the Cell Centers. Here each node represents a sensing unit that has a certain number of neighbors (less than a certain number M). Each one of them is a cell center for the first level and is located somewhere in the center of the cluster. The third level of the hierarchy is created from the centers of the previous level.

FIGURE 3: Multi-level hierarchical ad hoc sensors network

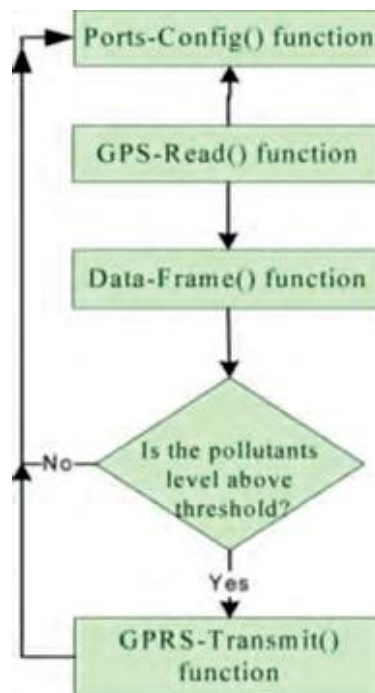


Data flow and quality control in SafeWaterComm protocol

As we mentioned before the data flow corresponds to the hierarchical scheme of our communication protocol. The data collected from sensors will be transmitted from the GPRS together with the GPS data giving the current node position. The cell center will forward the data set from all the nodes included in its cell to the next hierarchy center till they reach the sink. After that moment the data set will be transmitted to the data center. The traffic in the network will be of a lower load if the nodes transmit with a lower rate. The algorithm that gives more intelligence to the nodes and less traffic load to the network selects the data set and transmits only the data which is above a threshold. (fig.4). The threshold value can be changed or tuned depending on water quality requirements or toxicity situation severity. On the other hand the density of sensors inside the cells is changeable. This can be completed by using the sleep-awake scheme depending on the situation, weather, season etc. The data flow selection algorithm, the sensor sleep-awake scheme and the data collection rate are tunable giving a lot of flexibility to the protocol functioning in order to contribute to a minimal power consumption and network load. A flexible Virtual Infrastructure is created and maintained to enable scalable and effective communications. In each cell we select one node to connect and manage the communications with all the nodes of that cluster which will be considered as Cluster Head or a Cell Center(CC). The hierarchical distribution of cluster Heads will be transferred to the hierarchy of their costs. This structure enables the optimization of the routing process. Depending from the technology used the Cell Center is placed from the designers group or is self-chosen and is located approximately in the geographical center of the cell in order to have same communication distance from the other nodes. At a certain rate each node updates the data from the GPS, which gives the Coordinates (x,y) for each node at a certain moment(fig.4). Then the higher ranked nodes transmit the

data along to each-other using them as intermediate communications points and finally transmit the data to the gateway connected to the Internet, toward the Information Management System (IMS), that can be a data center connected to the Water controlling centers that might be of a local or national rank. On the other hand those centers decide about the active nodes distribution modifications in real-time

FIGURE. 4 Data flow selection algorithm



Mixed Sensor-Actuators fleet architecture

In the case of SafeWaterComm protocol both strategies might be used, having fixed or moveable sensors. Especially for large areas it will be more convenient to have moveable sensors or actuators. The group of sensors to describe a certain area of the water source will be considering as a patrolling group. The cell members choose a center that will behave for a certain time interval as a Base Station. In the case when one node has more processing power than the others, this will behave as a cell center. Every node has its geographical position given by Global Positioning System (GPS). The moving set of sensors moves following the water river natural flow or with a different speed if a certain actuator is used. A very similar equipment created by the research team in Michigan State University (MSU) is robotic fish (fig.5) and (fig.6) can be used as the center of a certain configuration. The benefits of this architecture is related to the minimum number of sensors used for data

collection at a certain moment but having the data from the whole area in a certain time period after the whole sensors' fleet describes it. (Fig 5) The patrolling set can have a different number of sensors or several sets can patrol the river large areas. In (fig6) a more detailed actuator's (robotic fish) scheme is shown and the sensors set can be incorporated in it (fig.7). The sensors nature is related to the analysis and control requirements depending from the guidelines given from the National Water control Center for the certain river area in a certain moment. For this model, we propose a packed Sensing Box to be used in Cell Centers that includes: a microcontroller board with add-on sensors, a peripheral GPS receiver, and a cellular modem. The unit will be connected to the robotic fish that would provide the power supply needed to operate

FIGURE 5. The robotic fish

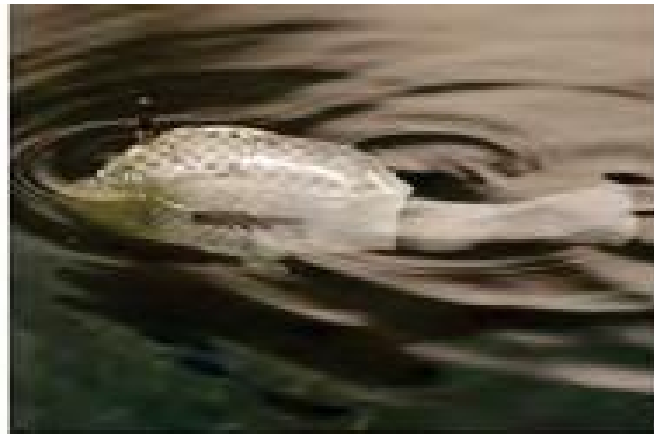


FIGURE 6. The MSU fish and sensors incorporated

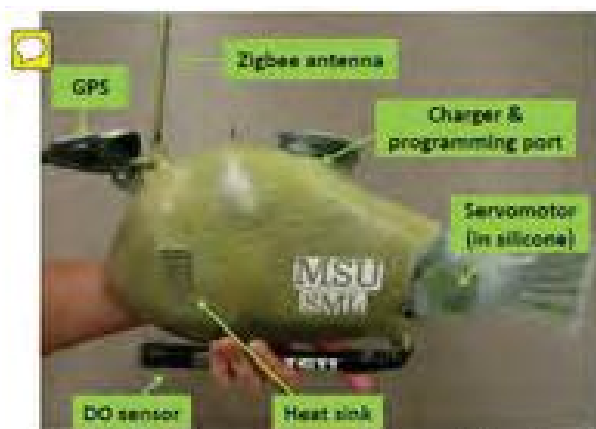
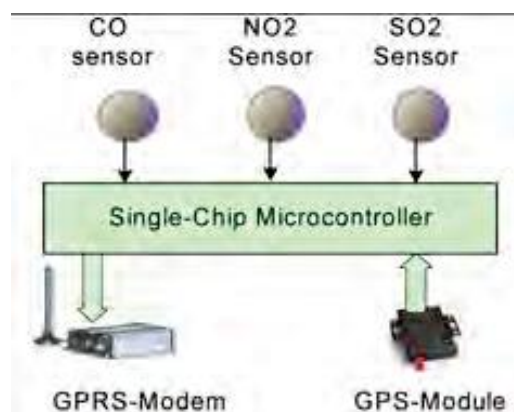


FIGURE. 7 Several sensors incorporated with the robotic fish



Mixed Standarts Benefits

The communication protocols might be IEEE802.11 mixed with Zigbee. It is known that Zigbee can be used for short distances. For this reason we can use Zigbee for all communications inside the cell, or as we can say for all communications in low levels of hierarchy. But for communications between the Cell Centers of different levels of hierarchy we can use IEEE802.11 This way we can save the batteries life. ZigBee represents a high-level communication protocols used to create personal area networks built from small, low-power digital radios. ZigBee is based on an IEEE 802.15.4 standard. Though its low power consumption limits transmission distances to 10–100 meters, depending on power output and environmental characteristics, can be increased by using intermediate nodes or mixed protocols.

ZigBee is typically used in low data rate applications that require long battery life and secure networking (ZigBee networks are secured by 128 bit symmetric encryption keys.) ZigBee has a defined rate of 250 kbit/s, best suited for intermittent data transmissions from a sensor or input device.

Protocols Benefits and future work

SafeWaterComm protocol is an ad-hoc wireless sensors' communication protocol designed to be used for in-line water monitoring and control especially in large areas before that the water gets collected. As we mentioned before this will save the cost of filling toxic water and will increase the water safety. The protocol that we propose is efficient and gives the possibility for studying, monitoring and controlling large areas water surfaces having the possibility for a fine grained data collection. The number of collecting points increase but this doesn't cause increase of communication network load, as we use a hierarchical scheme. The fact of using

hierarchical communication scheme brings several benefits, as: a) low cost for the hardware. Only the Cell Centers need to have more complex design, memory and transmission power, b) Low network load as it will be less communication toward the gateway. There are few centers that hold most of the communication with the sensor nodes. For the case of several levels of hierarchy there are mostly Center-Member communications, only few of second level of hierarchy communications and even less of the third one, c) Low consumed power and latency. d) More data collected as there are more sampling points, more locations visited from the moving sensors fleet. The hierarchical scheme ensures more flexibility on data collecting rate, data collection points and less processing power for most of sensors excepting the cell center which can ensure less power consumption.

On the other hand the possibility of using mixed sensors actuators scheme increases the collecting points and also gives the possibility of having a more limited number of sensors by using a moving patrolling set architecture. The cost saving analysis simulations comparison of this architecture will be part of our future work

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The Stability of Money Supply in the View of Monetary Unification _____

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Abstract

This study is focused on the effect of the money unification process of Albania and mainly in the effect of this process into the money supply. During the recent discussions about integrating our country into the European Monetary Union, a money illusion was conceived without taking into the consideration the rational effects of this process into the savers of the economy. Beyond this illusion— after analyzing the advantages and disadvantages of the unification process— this paper aims to look up into the main obstacles this process bears; for instance this article carefully observes the misalignment issue of inflation and exchange rate after the possible currency conversion in Albania. The main indicators on which our analysis is based are: money supply, interest rates, targeted inflation, GDP and velocity of money velocity. Further this paper aims to examine the relationship between money supply, GDP and targeted inflation. Based on this study we drive these following issues to a solution on the reference of Fisher's Quantitative Theory of Money. Based on an empirical analysis, we expect to find a controversial behavior of money supply after the currency substitution. This research paper opens a new lieu of discussion in terms of academic and decision making debates.

Keywords: Euroization, Money supply, GDP growth, Targeted inflation, Albania, Financial system

The Stability of Money Supply in the View of Monetary Unification

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Abstract

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1. Introduction

During the last decade, Albania has exposed itself to euro, apart of its local currency Albanian Lek (ALL). Many transactions are done in euro. Therefore, Albania can be considered as a dual currency countries. This paper is focused on the effects that dual currency countries have on the macroeconomic factors such as real GDP Growth, inflation and monetary base growth.

This study is organized as follows: in the second section there is literature review part where the relation and effects of euroization on the macroeconomic factors are shown; third section shows a macroeconomic perspective for Albania; the forth section shows an empirical evidence about the relationship between euroization and monetary base growth and inflation.; the fifth section is a result analysis; the study ends with the conclusion section.

This study aims to give a clear overview of the effects of using dual currency. Firstly, the study aims to give a clear frame on the theoretical effects of euroization in the Albanian economy; secondly the study aims to empirically analyze the effect of euroization into the macroeconomic factors such as inflation, exchange rate and real GDP growth; thirdly the study aims to give some recommendation regarding euroization level in Albania. What is the impact of a dual currency country on the monetary policy?

Data and Methodology

This study covers a twenty one year time frame of yearly data from Albania. The variables taken into analysis are euroization of deposits, euroization of credit, inflation level and economic growth. The analysis is computed using a multiple regression analysis, where the level of GDP and inflation is the dependent variable and the M2 growth and euroization of deposits and credit is the independent variable.

2. Literature Review

We want to study the effects of partial euroization on GDP growth and inflation in Albania.

Early literature considered "euroization" or "dollarization" as a phenomena in terms of "currency substitution" (Quispe, Agnoli, 2002).

There are two methods of euroization, or dollarization, partial and full. Full euroization exists when the Central Bank of a country adopts a foreign currency and eliminates their national currency. This phenomena is more widely spread in Latin America countries.(Quispe, Agnoli, 2002). In our region Kosovo has adopted full euroization as well.

Partial euroization exist when individuals in a country take rational measures to protect their purchasing power of their money and exchange them for a foreign currency. Partial euroization is observed more in countries where there is macroeconomic de-stability and high inflation. Although euroization in Albania has increased in spite a period of normal inflation and macroeconomic stability after 2000. (The reasons for increased level of euroization are studied more in-depth by Manjani, 2014).

The effect of euroization on Economic Growth

We are very interested to know the effects of euroization on our economic development, the transmittal mechanisms of these effects and how policy makers can respond. In her study on the issue Eduards and Magendzo (2001) states that "We also find that dollarized nations have had a lower rate of economic growth than non-dollarized ones".

Different conclusion are reached by Castillo (2006) where their findings suggest that

"...increased dollarization is positively associated with economic growth. Dollarization has a stronger impact on inflation. Data suggests that dollarization significantly reduces inflation."

We are interested in knowing how euroization impacts Albanian's economic development and inflation and what should be the policy responses.

Measuring partial euroization

Going back to our topic, how much is Albanian economy "euroised" and according to Bank of Albania, we have three kinds of Euroisation: **Firstly**, it is the assets' euroisation, which is measured as the ratio of deposits in foreign currency total deposits. Typically, deposits in foreign currency stand at 48% of total deposits in Albania. **Secondly**, it is the liabilities' euroisation, which is measured as the ratio of loans in foreign currency with total loans in Albania. This indicator speaks for a high level of euroization, as it currently stands at 67.5% of total loans. **Thirdly**, it is the euroization of transactions, which is measured as the total number of transactions in foreign currency, out of total transactions in the economy. This is the hardest to measure because it's not possible to measure all transactions by all individuals and the currency they use thus there are only estimates.

2.1 Advantages of adopting Euro, as a single currency

The prevailing opinion in both academic and political area, is that the advantages of euroisation for a short term period are profoundly evidenced, especially in developing countries, where the aspiration to join the European Union is greater. Upon joining the monetary union through the use of the single currency, the exchange and interest rate shocks will be eliminated.

2.1.1 Reducing transaction costs

These kind of costs, even though presenting a loss to the banking balance sheet, do practically affect countries with an import-oriented economy. The implementation of a single currency reduces transaction costs that materialize in the form of appreciation or depreciation of the currency.

2.1.2 Reducing the interest rate

Application of such a stable currency would bring lower interest rates. The rapid and significant reduction of interest rate would encourage investment growth, and as a consequence, it would bring a positive impact on fiscal policies and towards reducing the cost of public debt. Naturally, the effect would be more sensitive in countries where the central bank pursues a policy of real interest rates.

2.1.3 Reducing the exchange rate fluctuations

Monetary unification would eliminate possible pressures on exchange rates and, consequently, prices (inflation) would be more stable. Given that a currency operating in a wide market would be adopted, its exchange rate would not be affected by the domestic market parameters.

2.1.4 Effects on inflation

There appears to be a consensus on the effects of euroization on inflation. Most studies conclude that partial dollarization, which is similar to euroization, significantly reduces inflation (Castilo, 2006). Similar conclusions are reached by Eduardo and Magendzo (2001) stating that: "Our findings suggest that inflation has been significantly lower in dollarized nations than in non-dollarized ones". However, partial euroization can be a risky position for a country. Countries like Russia and Turkey saw a drastic devaluation of their currency together with inflation. This devaluation of their local currency was due to the flight of the capital and dumping of the national currency as well as rational expectations for higher inflation. Expectations for higher inflation have contributed to increased euroization or dollarization adding to the effects of exchange rate volatility and more inflation.

2.2. Disadvantages of adopting euro, as a single currency

When analyzing "euroisation" as a phenomenon, we need to examine the costs it bears to the economic and monetary system of our country. In all economic literature and discussion papers on possible disadvantages of applying a single currency, the Central Bank takes the central role at the stage.

2.2.1 Money Supply Shock

A very strong negative impact is considered the insufficiency of foreign exchange reserves in euro. Euroisation as a process charges a high cost bill to our economy, which does not seem to generate the amount of necessary money reserves to implement euroisation.

2.2.2 "Elimination" of the Central Bank's role

If we consider applying a single currency, euro, most of the basic and substantial functions of the Central Bank of Albania would "disappear". Through euroisation, countries accept losing the independence of the monetary policy, by removing Central Bank's instruments for implementing monetary policy.

2.2.3 "Seigniorage" Cost

Since the feudalism times, it was the ruler's right named "seigneur" to issue coins; therefore this process is called seigniorage. It is defined as the difference between the nominal value of each currency issued and its printed value. The cost of printing money is insignificant compared to its nominal value. Consequently, incomes generated from seigniorage are considerable. But,

as a result of euroisation Albania would issue less local currency (ALL) if not at all, thus reducing this source of incomes, which is estimated to be up to 5 per cent of Albanian state budget. Therefore, rejecting the Albanian Lek means no more rights to benefit from this source. Duraj (2008) has concluded that its cost, referring to the period from 2002-2008, is on average 1.73 per cent of the GDP. Duraj observed a downward trend of its weight in government budget revenues through years. In fiscal terms, this income for Albania, during the period 2000-2008 was only 0.44 per cent of the GDP and actually stands at 1.92 per cent of fiscal revenues. In terms of opportunity cost, the seigniorage income was at about 1.85 per cent of GDP . Therefore, euroisation would be, and has been, so an expensive process for Albania.

2.2.4 Lender-of-last-resort

Central bank acts as lender of last resort for commercial banks. In terms of euroisation of Albania, the Bank of Albania will lose the possibility to act as a lender of last resort.

2.2.5 Structural Costs

An important cost to be considered is the process of adapting the appropriate structures and mechanisms established for managing the euroisation regime, which is an unfamiliar process for our country.

2.2.6 Negative Effects of partial euroization on banks and bussneses.

There are negative effects on banks because the asset and liabilities euroization exposes them to the exchange rate risks.(Kokenyne, 2009).Businesses face the same problem, and in addition their transactions, at least a good part of them, are in a foreign currency but their taxes and balance sheet must be prepared in ALL.

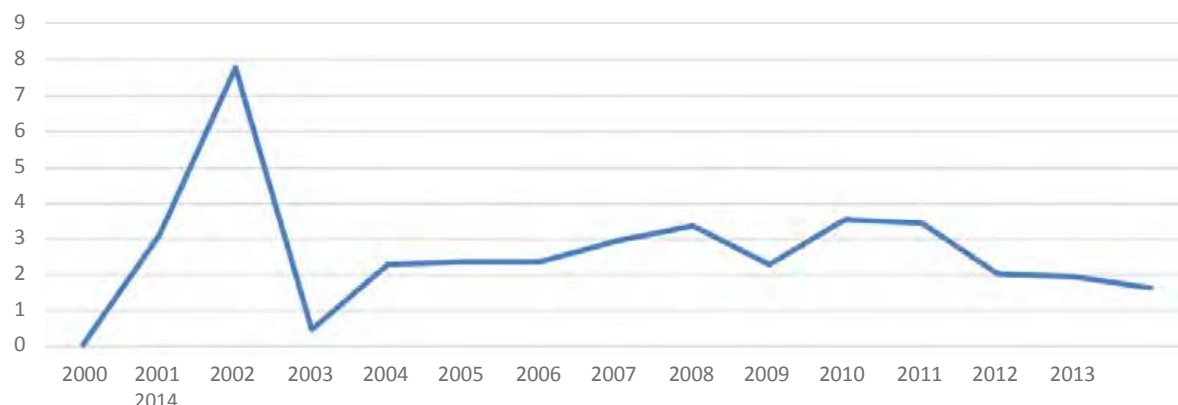
2.3 Brief Analyses of anti-deflationary policies

According to the World Bank the Central Banks have injected \$8 trillion in the world economy since the start of the last financial crises. The purpose of this massive growth of money supply is to escape the vortex of deflation, grow consumption and reach the targeted inflation of 2 – 4 %. Reaching this target seems harder in some periods of history and difficult in some others. During the 1970 inflation in USA reached double digit figures but after the 2008 Great Recession maintaining inflation target seems a difficult task.

There may be different reason but mainly they have to do with the "liquidity trap" (Hicks, 1937 and Krugman, 1998) as interpreted by the Keynesian model of money markets.Krugman, a Nobel Price Laurate in 2008, explains the liquidity trap as "that awkward condition in which monetary policy loses its grip because the nominal interest rate is essentially zero, in which the quantity of money becomes irrelevant..." (Krugman, 98).Despite the massive growth of money supply deflation vortex continues to be a danger for the European and American

economies. Reported data on Eurozone inflation for August 2015 were at 0.1%, practically a flattening which means that prices were not changed. Similar trend appears to happen in Albania. The 2014 inflation recorded historical lows (except for 2001) of 1.63% with downward trends. The same trend has been observed through 2015 recording figures well below that of the targets of BoA.

Table 1: Inflation Trend in Albania during the period 2000-2014

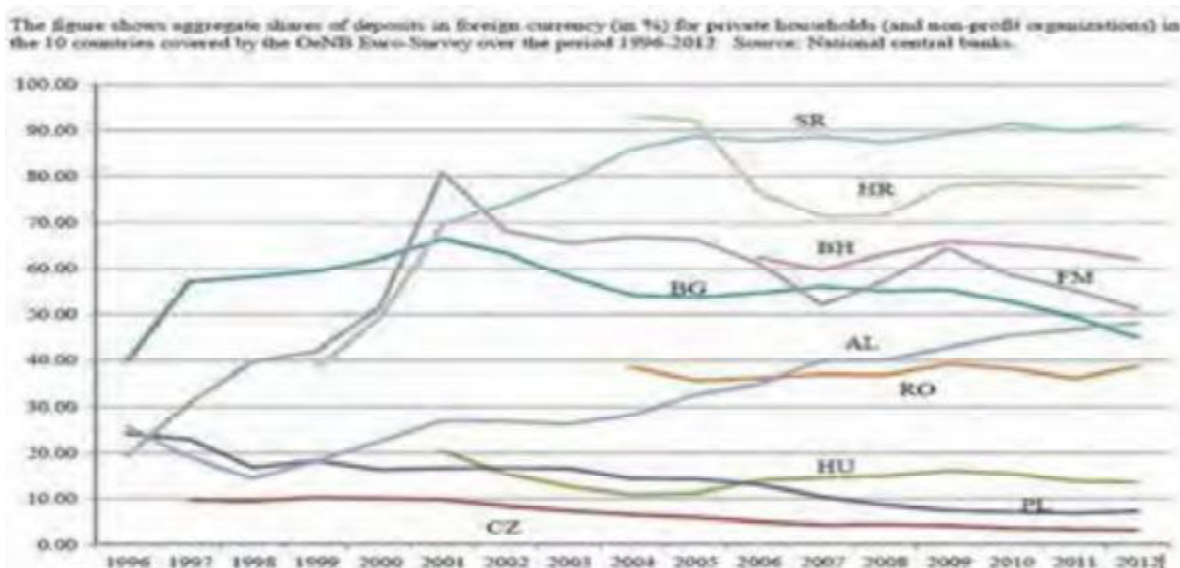


Source: Authors

In the Bank of Albania yearly report it was argued that mid-term inflation was within the BoA's objectives. "Average yearly inflation for the period 2007 – 2011 was 3.1%, very close to the midterm objective of the BoA. This level of inflation has supported the dynamic, positive economic growth, which in yearly average for the mid-term was at 4.7%. In the meantime the average interest rate for ALL was at 5.6%. (Raporti Vjetor BSH, 2011)

This analysis doesn't mention the fact that these results were achieved thanks to expansionary budget deficit. This assessment is supported by the IMF in the yearly conclusions in 2012. The IMF concluding statement, issued on October 2012, says that "since the onset of the global crisis in 2008, Albania has avoided a sharp fall in output and maintained banking system stability, thanks to a fiscal stimulus,...". (IMF, 2012)

Table 2



Average inflation for the period 2010 – 2014 was 2.5% me with a downward trend. The goal of this study is analyze the effects of euroization on the monetary base, inflation and economic growth. Albanian is one of the countries with higher levels of euroization compared to other countries in Eastern Europe. (Dvorsky et al, 2007, Brown et al, 2014) and euroization continues to grow. In his study Brown (2014), reports a 20% increase in the level of euroizatoin of family and NGO deposits compared to 2007.

This development is accompanied with lower levels of inflation, well below the targeted level of 3% (+-1%) (Bank of Albania).

As shown in the graph below there is an overall decrease in the consumer price index (CPI) in Albania. There has been a stable trend from the year 2003 to year 2014. While the monetary base has faced a more stable increase during the period from 1995 until 2014.

Table 3 Consumer Price Index and % and monetary base expansion



Source: Authors

Experience from the History of the Great Depression.

Monetarists Theorists maintain that reasons of the prolonged crises in the US, and the world, are due to the sharp decline in the monetary supply. Monetary Supply declined by as much as 30 percent. It practically put the brakes on the economy. The real economy contracted by as much as 40%, deflation was 25% and unemployment rose to 24.5%. Another fundamental was affected greatly. Money supply, M1 and M2, fell by about 30%.

Table 4: Money Supply Trend in Albania



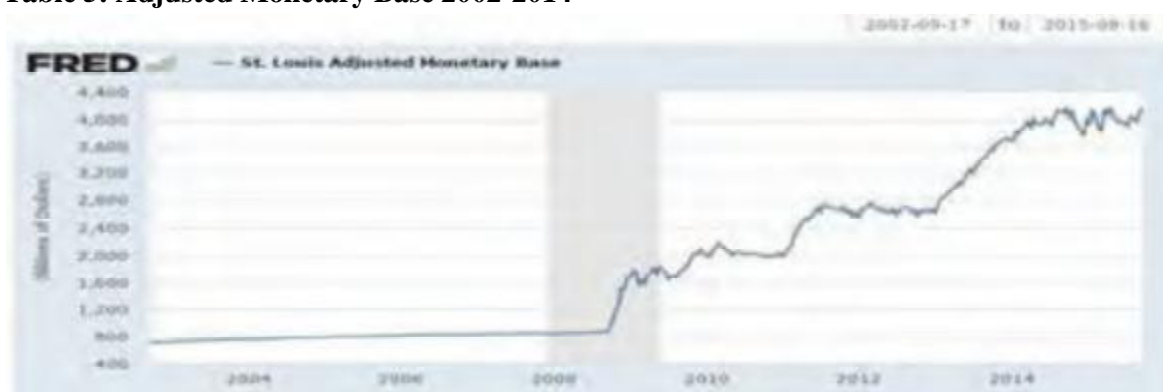
Source: Historical Statistics of United States

Milton Friedman says: "The contraction is - a tragic testimonial to the importance of monetary forces... Different and feasible actions by the monetary authorities could have prevented the decline in the stock of money... [This] would have reduced the contraction's severity and almost as certainly its duration (Friedman, Schwartz 1963, pp. 300-01).

Money Supply exercises its pressure on the real economy through deflation. The Monetarist believes that in the short run prices fall but not as fast as the money supply effectively reducing money supply.

The American FED learned its valuable lesson. Ben Bernanke would say on Milton Friedman's 90th birthday "I would like to say to Milton and Anna: Regarding the Great Depression. You're right, we did it. We're very sorry. But thanks to you, we won't do it again." (Bernanke, 2002). Thus the FED monetary policy in response the last Great Recession was "great" as can be seen from the chart below:

Table 5: Adjusted Monetary Base 2002-2014



Source: Federal Reserve

A brief history of economic policy

One can say that the 40', 50 and 60' were the Keynesian years. It went so far that Nixon declared with confidence that "we are all Keynesians" (Friedman, 1965). '70s and '80s were a resurgence of neoclassical school of thought spearheaded by Milton Friedman with his Quantitative Theory of Money. An important role was played by George Lucas with his Nobel Prize paper on Rational Expectations. Philips curve brings more employment only when inflation is not expected. If rational agents of the economy expect inflation they will adjust the prices (wages) and higher money supply, in the long run, leads only to inflation and sometimes can even lead to higher unemployment.

Friedman suggested that growth of the monetary base should be done at a fixed rate every year. His famous saying that "inflation is always a monetary problem" and that "We don't need a Fed, I have, for many years, been in favor of replacing the Fed with a computer, would print out a specified number of paper dollars" to augment the money supply. "Same number, month after month, week after week, year after year." (Murdock, 1999). '90s and '00s softened the Monetarist dominance because velocity of money, V , was unstable and raising questions about

the relationship of inflation with money supply.(it is outside the scope of this study to consider the merits of criticisms and the responses).

As we will see below this relationship between money supply and Albania holds true for Albania but because of the euroization money supply has not had its full effect on inflation. This summary serves as a prologue to the next point as we discuss the case of Albania.

Theory and Model

Quantitative Theory of Money for a dual currency country like Albania

QTM states that: "... if a change in the quantity of (nominal) money were exogenously engineered by the monetary authority, then the long-run effect would be a change in the price level (and other nominal variables) of the same proportion as the money stock, with no change resulting in the value of any real variable." (McCallum, Nelson. 2010)

The QTM is expressed as a mathematical identity in the form of:

$$M*V = P*Q. \quad (1)$$

In other words: GDP of Albania = M*V.

So according to this identity, by taking V as stable BoA needs to print money at the speed the GDP grows plus the targeted inflation.

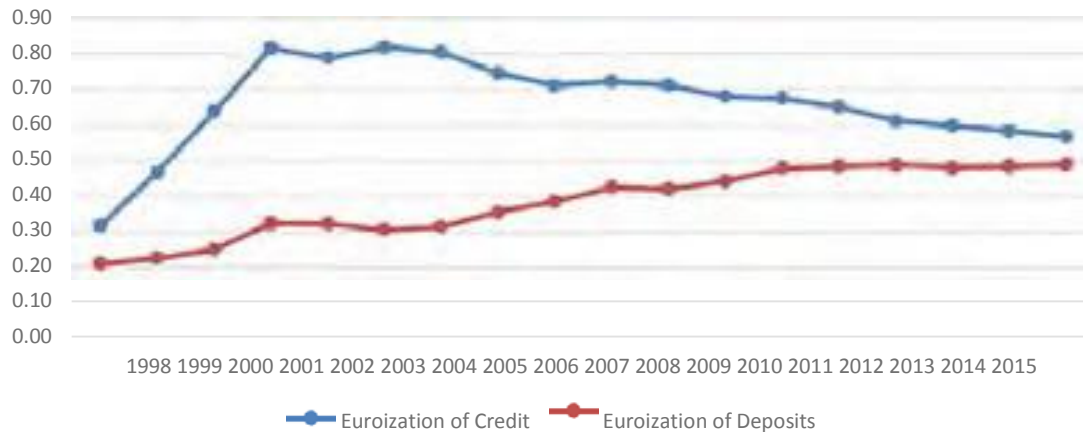
If GDP grows at 3% a year and the targeted inflation is 3 percent a year than BoA needs to print 6 % more money, increasing the monetary base by 6%.

This theory does not predict a state of being like Albania's where about 50% the economy is based on FC. If euroization, or dollarization, was 100% than BoA would have no leverage on the money supply. On the other had if euroization was 0% the money supply would be under BoA's control. (There are other factors that influence money supply besides the ability to print money but this analyses is beyond the scope of this study.).

The research questions of this study is if the increase of the euroization has any effect at all in the economic growth and inflation. If euroization does affect these indicators than we ask how? Does money supply serve as a transition mechanism for the effects of euroization onto GDP growth and inflation?

First let's look at Albania's euroization of credit. Our time series shows a staggering levels of partial euroization of credit and deposits as seen in the table below:

Table 6: Euroization of Credit Deposits



Source: Bank of Albania

There's no official data on the euroization of currency holding by the consumers but some studies have suggested that the figures are above 50% (Narazani, 2013).

These data suggest that in excess of 50% of the money supply used to fuel the economy is already in FC.

The adjusted Phisher's identity for such country would be:

$$(\text{DMB} + \text{FMB}) * V = \text{GDP of Albania} \quad (2)$$

Where: DMB = Domestic Monetary Base, FMB = Foreign Monetary Base, V = velocity, times money changes hands in a year.

The relationship between DMB and FMB is such that foreign currency monetary base is a percentage of the domestic monetary base.

$$\text{FMB} = x * \text{DMB} \quad (3)$$

Where x = a quotient that express the relationship between FMB and DMB.

In this case we can change in Phisher's identity as:

$$(\text{DMB} + x * \text{DMB}) * V = \text{GDP of Albania} \quad (4)$$

This identity can be simplified to take the form as below:

$$\text{DMB} * (1 + x) * V = \text{GDP of Albania.} \quad (5)$$

This conclusion is very important for monetary policy. It states that if the GDP grows at 3% and BoA's goal is to have 3% inflation than:

Monetary Base increase = 6% (1 + x).

This formula (5) implies that if money supply in Albanian Lek is equal to Foreign Currency, or x = 1, GDP growth is predicted to be 3% and targeted inflation is 3% then than BoA needs to increase monetary base by:

Monetary Base increase = 6% (1 + 1) = 12%.

This is a very important conclusion and we are going to test it using the long term relationship between M2 and Inflation as well as a bivariate function of the influence of credit and deposit euroization on inflation and GDP growth.

As suggested and supported by many studies, we expect to find a strong positive relationship between inflation and M2 and a negative relationship between euroization (of deposits and credit) and inflation. The data on the relationship of these variables in the case of Albania, supports those studies that conclude with a negative relationship.

Monetary Base and Inflation– An Econometric Model

A simple linear regression model is used. First we want to discuss the relationship between Money Supply, euroization of deposits and credit.

$$\text{GDP growth} = \beta_0 + \beta_1 * \text{M2\%Growth} + \beta_2 * \% \text{CreditEuroization} + \beta_3 * \% \text{DepositEuroization} + \varepsilon$$

Results of the analysis with OLS model

$$\text{GDPgrowth} = 0.277 + 0.31 * \text{M2\%Growth} - 0.14 * \% \text{Cr. Euroization} - 0.33 * \% \text{Dep.Euroization}$$

Box 1: Regression Output

Model 1: OLS, using observations 1998-2014 (T = 17)				
Dependent variable: GDPGrowthPerc				
	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>
const	0.277***	0.0706899	3.9207	0.0018
PercDepozitavene	-0.327***	0.108008	-3.0344	0.0096
FC				
M2growthyear	0.306	0.174523	1.7579	0.1023
PercKrediseneFC	-0.144**	0.0611528	-2.3604	0.0345
R-squared	0.789059	Adjusted R-squared	0.740380	

Both the percentage growth of deposit euroization and credit euroization are statistically important. While the effect of M2 growth in this model is not statistically important if M2 effect on GDP growth is studied alone it will affect GDP growth with a coefficient β_1 of 0.69. R^2 of 0.56 and statistically important even at 1%.

These results differs somewhat from the QTM which predicts that changes in the monetary base in the long run increase inflation be the same percentage. This difference is explained by our model of adjusted QTM for dual currency country. Our model explains that the mechanism as summed below:

- A country has a shock on Money Supply
- Euroization of the economy grows
- The economy and money supply finds a new equilibrium

- Monetary base should grow taking into account the new equilibrium

It is also important to notice is the negative effects of euroization on GDP growth. Our study suggests that because policy makers have failed to take into account the negative effects of euroization on money supply the monetary policy has been tighter than suggested by QTM. This tight monetary policy has exerted deflationary pressures and has negatively influence GDP growth.

Euroization and Inflation

The second econometric model we want to look at is the relationship between euroization of deposits and credit, M2 growth and inflation.

We use a similar model with multiple regression analyses using the OLS. Now we want to study inflation as dependent variable and keep euroization of deposits and credi as well as M2 growth, "ceteris paribus".

$$\text{Inflation} = \beta_0 + \beta_1 * \% \text{CreditEuroization} + \beta_2 * \% \text{DepositEuroization} + \epsilon$$

Our model shows that euroization of credit is negatively related to inflation. Asix percent increase of credit in FC lowers inflation by 1%, with $n = 17$ and $R^2 = 0.35$.

Box 2: Regression Output

Model 10: OLS, using observations 1998-2014 (T = 17)				
Dependent variable: Inflationconsumerpricesann				
	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>
const	0.199***	0.0612014	3.2629	0.0057
euroizationPercDepositaveneFC	-0.122	0.108604	-1.1269	0.2787
PercKrediseneFC	-0.176**	0.0798073	-2.2157	0.0438

The study shows that this is important at 5%. While the percentage growth of deposit euroizationPercDepositaveneFC has negative effects on inflation. It is not statistically important.

This was predicted by the mathematical identity of Fisher adjusted for dual currency country.

Why would this phenomena appear? After some shocks in the economy, and economic shocks happen for different reasons, the structure of monetary base is changed and the economy creates a new equilibrium. The Central Bank must take into account the new reality where the economy has cleared, a reality in which the local currency fuels only a percentage of the transactions in the economy. The increase of FC that funds the rest of the transactions is out of control of the Central Bank, it can only control the base of local currency. In the short run an increase of 6% of

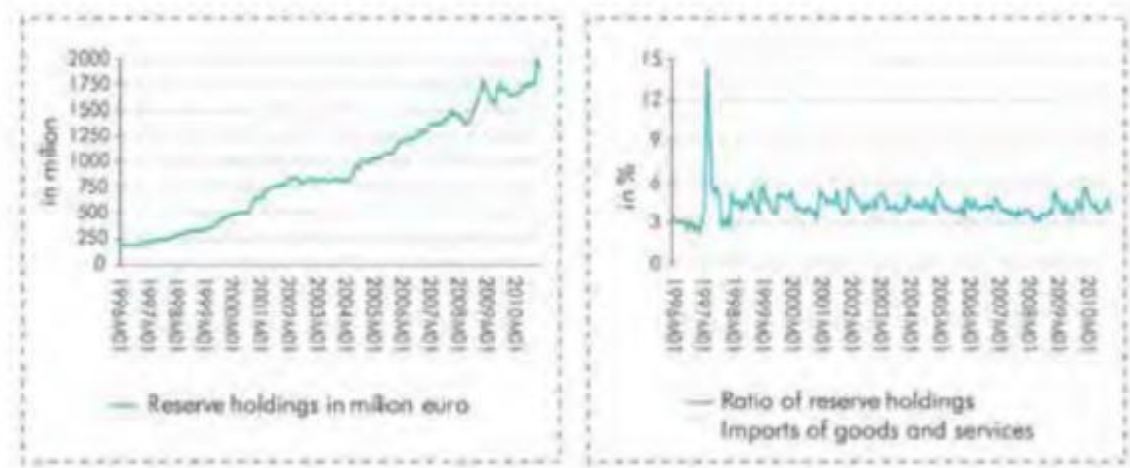
monetary base of ALL does not respond to an economic growth of 3% plus targeted inflation of 3%, this pushes toward a strong local currency and deflationary pressures.

Thus euroisation creates deflationary pressures. Moron and Winkelried (2005), for example, find same conclusion that "inflation targeting policies are compromised in highly dollarized economies".

Euro to ALL Exchange rate

One final indicator to look for evidence for our theory is Euro exchange rate. Despite the staggering reduction of the remittances for immigrants, a reduction of 43%, Euro has been relatively weak vs. ALL. There are other factors that theoretically would suggest a stronger Euro vs ALL.

Table 7: Foreign Reserve Holding By the Bank of Albania

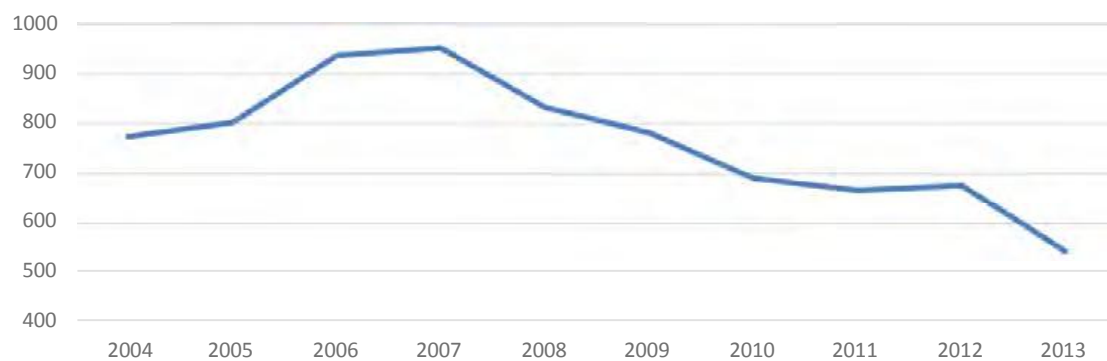


Source: Shijaku, Genti (2012)

First a worsening of the Balance of Payments would reduce the amount of Euros in the country needed to fund imports and thus pressure Euro exchange rate upward. Second BoA increased its Euro holdings, as shown below, primarily to accommodate for the fluctuations of remittances (Shijaku, 2012).

Third, Reserve Holdings of BoA were accompanied by a decrease in remittances as shown in the chart.

Table 8: Remittances in Albania 2004-2013



Source: Bank of Albania

Why did the Euro not appreciate against the ALL? The answer seems to point to the same conclusion reached above regarding the inflation and euroization effects on money supply; Euroization has contributed to lower inflation in Albania, and thus a stronger ALL. Despite the decrease of the supply of Euros, because of the fluctuations of remittances and increased foreign currency reserves by the bank of Albania, ALL exchange rate to Euro currency has remained strong and steady. This indicates that the Bank of Albania has maintained a tight monetary policy which has contributed to deflationary pressures and lower GDP in the short run.

Concluding Remarks

In the aftermath of the Great Recession central bankers have pulled out of their toolbox unusual tools to tackle fears of a second Great Depression. After this crises Albania economy finds itself with a different structure of monetary base. Euroization has increased both in household liabilities and bank deposits. All studies suggest the same is true of currency holdings by the public. The purpose of this paper has been to study the effects of euroization on our economic activity and inflation and suggest policies to respond. We have used time series data from the Bank of Albania and analyzed these data using econometric model of OLS in multiple regression model.

We found that euroization has a negative effect on our GDP. A 7% increase on the level of euroization tends to negatively impact GDP growth by 1%. Deposits euroization has an even stronger effect.

Also we found that credit euroization has a strong influence on inflation but deposit euroization has no statistical influence on inflation.

These indicators were substantiated by strong ALL toward major currencies, primarily Euro. Fall of remittances, growth of foreign currency reserves by the Bank of Albania and

worsening of trade deficit and balance of payments have not led to stronger euro and weaker Albanian Lek.

The response from BoA has not been adequate and proportionate compared to that of other countries. Base interest rate has been lowered but other tools in central bank's arsenal have not been used. In order to adequately respond to the current crises the BoA and the new reality should change its monetary policy.

As suggested by the Fisher mathematical identity, the monetary base increase should be adjusted to take into account the current structure of Albania's money supply. What would be the effect of a more expansionist monetary policy to compensate for the euroization?

- First growing money supply would result in higher inflation that would move closer to the 3% targeted inflation of the Central Bank.
- A monetary expansion, beyond current levels, would weaken ALL toward other major currencies, USD and EURO. Kadareja (2014) explains what would happen with a weaker ALL:

"A depreciation of local currency against other currencies would temporarily increase the competitiveness of our goods and services. On the other side it results with higher inflation because imported goods and services become more expensive."

Both of the above results are desirable in the current state of our economy. The correction of this asphyxiating monetary policy brings the desired results of better competitiveness of Albania goods and services. Secondly it results with higher inflation and better chances of escaping the dangers of deflation.

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Technological Innovation of Small and Medium Enterprises in Kosovo: Challenges and Barriers

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Abstract

The ability to innovate, is the main challenge in the fast changing global markets, to maintain a stable economic development in the long term. The ICT can carry strategic incentives to adjust the economic structure and to modify the economic model of a country. This process can build a resource-saving and an environmentally friendly society. The technological innovation can improve the international competitiveness of the economy and the overall employment rate of young generations. The rapid development of SMEs has become a major force to support economic growth of Kosovo. However, small and medium enterprises in transitional economies are not always trusting technological innovation. Several businesses due to multiple internal and external environmental factors, show a low level of confidence over technological innovation. In fact, from an internal point of view, the management can be afraid of security issues, like leak of strategic information, or moreover company secrets. The typical example can be the reluctance to adopt cloud technology platforms to improve the management tasks and operations. Meanwhile the external threat can be an overturn of the management style that threatens positions and hierarchy within the organization. This paper aims to analyze some key factors that prevent the spread of technological enhancement in small and medium enterprises in Kosovo. Some typical case studies will be analyzed and further policy recommendations will be suggested.

Keywords: *SME, ICT, confidence, success, transition economy.*

Introduction

The penetration of Information and Communication Technology in the management of SME's is substantial in the global economy. The way it is changing the business model is very dynamic and for the moment it is very difficult to determine if there are delimited frontiers to the ICT applications for business purposes. Let us think just to the 3D printing, how it can overturn the traditional business model. Nevertheless in some parts of the world, like the new born Republic of Kosovo, the diffusion of recent technologies is still relatively slow, especially if we consider the SME sector, when traditional culture of doing business still prevails. The world market is developing so fast that even if the local enterprises are just interested in the neighborhood commercialization, the global competitors will soon knock at your local marketplace swiping away, may be decades of business establishment.

Anyway to specific manufacturing sectors and processes, sometimes the intensive or recent technology can't bring any further improvement, if not can create inferior quality standards. Possible examples are EU certifications like PDO, PGI (Bureau 2003), where implementation of traditional (or primitive) technology is the key to the success (Mora 2009). This principles can apply easily to agricultural firms, or agro-industrial firms. Anyway other artesian manufacturers can benefit from this "competitive" slow motion technology of production. When it comes to trading gears, should not be any reasonable impediment to the firm from using social media to promote the goods, or to use cloud computing to manage sales, HR, website analytics, data intelligence etc. So the basic question is to what extend the Information Technology can be benefic to the company growth? What are the limits of applications, and what is the priority ranking of some recent technologies.

Methodology

We used mainly the information collected through 45 interviews of relatively successful SME entrepreneurs, and 38 interviews of failed or in process of failure entrepreneurs. The results were crosschecked between them in order to provide a better panorama of the potential ranking of priorities in the running of the SME.

The distribution of the interviews were mainly focused in the region of Pristina (23) and Peja (18) as described in figure 1, without excluding also the other regions from the survey. The size of the selected companies were less than 50 employers. This choice does not follow the World Bank definition (up to 99

employers), anyway due to the characteristics of this particular region other authors apply different definition measures of the SME's (Hauser, 2005).

FIGURE 1. Geographical Distribution of the survey

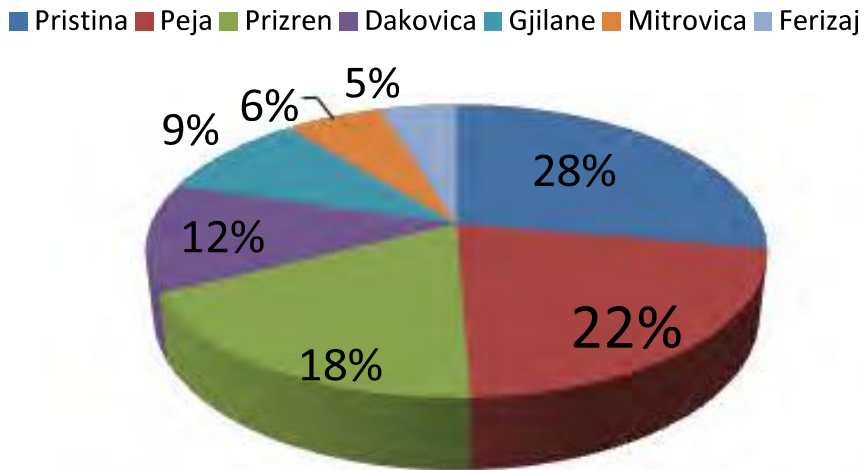
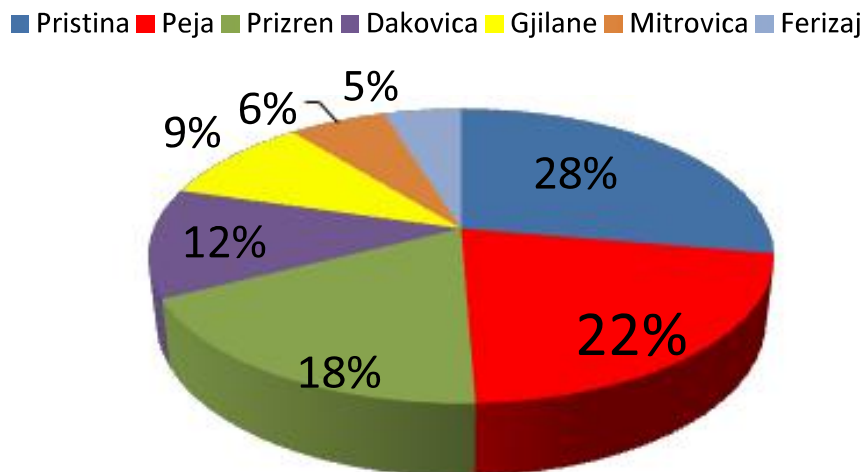


FIGURE 2. Distribution of SME's by Sector (survey)



In the second figure is showed the distribution of SME's by sector, trying to track a proxy of the population ratios. The main sector is the Service compartment with 38% of interviewed companies, the rest of the sectors is represented by close ratio between 12% Construction and 18% Transport.

TABLE 1. Responses to the question if the company is implementing the following technology (% of Yes)

Technological Tool	Group A ₁ (%)	Group B ₂ (%)
I. Communication		
a. Email	64	57
b. Telephone	100	100
c. Messengers/ Chat	45	38
d. Fax:	46	57
II. Web technologies		
a. Company Web Page	46	35
b. Web analytics	33	19
c. E-commerce	26	20
d. Social Networks	63	45
e. Pay Pal	26	20
f. Online Banking	32	16
g. Mobile applications	15	7
III. Cloud Computing		
a. ERP system	38	21
b. HR	28	26
c. Pay-roll	78	72

Results and Interpretation

The main results of the survey are aggregated in Table 1. It is clear that the diffusion of some communication tools is not under discussion any more, like the telephone and e-mail can be considered indispensable in the running of a SME or generally any kind of Business. In the area of communication technologies seem to be no significant difference between the ratios of group A and B. It is important to emphasize that in both groups there are still some 34% and 43% of companies that do not use e-mail for communications. The presence of agricultural firms to a certain extent is justified, but also some other firms like transport were ignoring email communication at all. Surprisingly the fax usage was more accentuated in the group B companies, may be as a sign of an obsolete technology.

Web Technologies reveal some important patterns of difference between the two groups. The main difference is the social network activity, that can be for communication purposes, marketing, public outreach, PR etc. The difference is about 18 points in percentage representing the very simple signal of a shifting

business environment. It is important to note that some companies do not have any web page at all but they have a Facebook or Twitter account. The penetration of E-commerce is still at a premature status, due to some financial constraints that Kosovo is facing from the lack of full recognition as an independent state. This apply also to the E-banking, or PayPal applications. Finally some companies are adventuring in the mobile applications customized for their business, mainly in the group A (15%).

Typical constrains

The costs

Generally the main obstacle to implement new technologies seems to be the cost of implementation, migration, running and maintenance. The SME's cannot cover the multiple burdens of implementing the technology. Generally the outsourcing seems to be the main solution (57%) anyway some companies rely totally on their own resources, typically run by young entrepreneurs or young members of the family (family run business). The results of the table 2 show that the outsourcing of ICT implementation is completely indifferent between group A and B. The main factor influencing the outsourcing component seems to be the geographical location. Companies located in Pristina seem to be more eager to utilize outsourcing resources rather than own.

TABLE 2 Percent of firms using technology from outsourcing companies*

Region	Group A ₁	Group B ₂
Pristina	62	69
Prizreni	46	38
Ferizaj	28	31
Đakovica	35	33
Gnjilane	38	39
Mitrovica	32	30
Peja	31	26

*At least 5% of the total costs of the company

¹Companies having a positive revenue in the past 5 five years.

²Companies declared failed or in the process of failure.

Information Asymmetry

The skepticism related to new technologies is a typical factor accompanying this global processes. From an internal point of view, the management can be concerned of security issues, like leak of strategic information, or moreover company secrets.

Meanwhile the external threat can be an overturn of the management style that threatens business as usual culture within the organization. To the question if the security issues were a major concern to implementing ICT within the company Table 3, the responses were quite different from region to region. But Pristina (28%) as a metropolitan capital had the tendency to be more confident, along Prizreni (36%). Meanwhile the highest hesitation was in Gnjilane (61%) considering a major concern the SME security, among running SME's. Considering that this is a subjective post occurrence question, the reliability of group B answers is to be evaluated with caution. Also from this table the main difference is just geographical location, meanwhile the difference between groups is still not significant.

TABLE 3 Percent of firms answering YES

Region	Group A ₁	Group B ₂
Pristina	28	34
Prizreni	36	27
Ferizaj	42	39
Đakovica	38	39
Gnjilane	61	46
Mitrovica	57	43
Peja	49	32

¹Companies having a positive revenue in the past 5 five years.

²Companies declared failed or in the process of failure.

Conclusion

The barriers to ICT implementation in Kosovo SME's are multiple, some of them relate directly to objective obstacles, like activation or maintenance costs, but some other barriers are directly connected to culture and lack of clear information about the potential settlement for the SME. Some significant benefits are confirming the thesis of ICT as a comparative advantage in the success of a SME. These advantages were more accentuated in the web technologies and the usage of social networks as powerful means of communication and outreach. The key factors of success and failure a SME are multiple, the aim of this study is just to show some comparative advantages of ICT implementation. Further investigation is needed to enlarge the sample size and to include other factors and relevant technologies that may influence the accomplishment of a SME growth. A simple element is missing from the attention of this study is the life span of a SME. It was not in the intention of the study, anyway the presence of young and technologically equipped companies among group B, was not excluded among the sample. Sometimes the life of these companies was less than one year, presenting an objection to the thesis that technology is an exclusive asset for the success.

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