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## **FINANCIAL MANAGEMENT AND CONTROL IN HEIS IN ALBANIA: CASE STUDY**

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### **Abstract**

In recent years, Albanian Higher Education System has undergone major changes and reformations, challenging both public and private institutions' capacities to efficiently manage limited resources available. Law No. 80/2015, dated 22.7.2015 "On Higher Education and Scientific Research in Higher Education Institutions in the Republic of Albania" introduced a new approach for the financial management of tertiary education providers in Albania and the implementation of these structural interventions are yet at the piloting phase. This paper has a threefold purpose. First, it aims at providing a comprehensive literature review on the financial management and control for higher education institutions. Second, it explores the structural changes introduced by the new law on higher education. Last, this paper presents practical interventions already adopted by Albanian HEIs and explores some preliminary results of these interventions.

**Keywords:** Financial management, higher education, revenue structure, financial stability, business control.



## **IFRS 9 CHALLENGES AND OPPORTUNITIES OF THE BANKING SYSTEM**

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### **Abstract**

The financial crisis had an impact on international financial reporting standards. Endeavors to revise IAS 39 should be seen in the context of the 2008 global financial crisis, and as an effort to react against the factors that caused the crisis and measures needed to be taken to curb its adverse effects on the banking and financial markets, and in response to a specific demand from G 20, too. The International Accounting Standards Board (IASB) prepared a new standard for financial instruments. The IASB published a final version of the international financial reporting standard IFRS 9– Financial instruments in July 2014, which will replace the current international accounting standard IAS 39 – Financial instruments on 1st January 2018. All organizations that have financial instruments in the statement of financial position must replace the existing IAS 39 with IFRS 9. The replacement changes the view to accounting data in financial statements and changes the view to data in organizations, especially banks, and financial institutions. Historical prices are replaced with expectation in the future, which is not anymore, a decision of the managers but has its basis on business operations. New IFRS 9 should enhance financial safety in banking system by an increase of the stock provisions in comparison with pre-state before its implementation. However, there are still numerous open issues related to implementation IFRS 9 and Basel regulation which should be further investigated. This article presents the comparison between standards, a swot analysis for IFRS 9, impairment of financial instruments, the challenges of the banking system faced by IFRS9 and changes in decision making in the organizations.

**Key Words:** IFRS 9, IAS 39, Financial Instruments, Financial Crisis, Credit risk.



## **THE REBUS PROJECT AT VOLGA TECH: ON THE WAY TOWARDS STUDENT-CENTERED LEARNING**

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### **Abstract**

The paper analyses the impact of the REBUS project (Ready for Business) on development of student-centered learning (SCL) at Volga State University of Technology, one of the two Russian universities participating in the EU funded Erasmus+ endeavor to introduce entrepreneurial education for engineering students.

Along with mobility, lifelong learning and employability, SCL composes philosophical grounds of a European Higher Education Area. Such tools as ECTS, Diploma Supplement and Qualification Frameworks are all aimed to help students to achieve certain learning outcomes, or statements that describe the knowledge or skills students acquire by the end of a particular assignment, and help students understand why that knowledge and those skills will be useful to them. The authors perceive SCL as a complex phenomenon, representing both a mindset and culture of teaching and learning. In practice, it deploys innovative methods of teaching, and fostering transferable skills such as problem solving, critical thinking and reflecting thinking. The Russian government signed the Bologna declaration in 2003, thus giving path to series of reforms aimed at modernization of national university system, and increase of global competitiveness of Russian higher education institutions. Since that, Russia has taken extensive efforts to adjust its higher education system to the European standards. One of the most prominent steps was move towards Bachelor's - Master's - Postgraduate learning cycles in most universities, along with introduction of mobility programs, ECTS-like credit transfer system and Diploma Supplement. However, not too much has been changed at programme and classroom level to make learning process more student-centered. The authors argue that REBUS project with its intense use of blended learning, personalized tools for validation of competences and skills, and international mobility has created a new type of student-teacher relationship within one piloting programme, and can serve a good example of SCL in practice.

**Key words:** student-centered learning, learning outcomes, competences, entrepreneurial education



## **THE ROLE OF EU FUNDED PROJECTS IN THE DEVELOPMENT OF EFFICIENT ENTREPRENEURIAL EDUCATION APPROACHES – THE CASE OF FH JOANNEUM**

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### **Abstract**

This paper presents the implemented concepts and the lessons learned from the diverse experience in teaching entrepreneurship / entrepreneurial learning for different target groups, using the experience gained through the implementation of five projects funded through different European Commission schemes. These projects differ in the focused target groups and the objectives set, but all aim at development of the “Sense of initiative and entrepreneurship” as one of the key competences for life-long learning set by the European Parliament. Furthermore, this paper is analysing each of the cases through the Learning by sharing model by Thijssen & Gijsselaers and presents the entrepreneurial competences through the EntreComp framework. This research examines the notion that given teaching methods and approaches have different efficiency for alternative target groups or objectives. The results, the acceptance and efficiency of target group tailored teaching approaches, offers inside in the experience of the implementing organisation, sharing their main lessons learned as a conclusion. In this regard, the methods used for training of university students have to differ in non-curricular and curricular courses, not solely due to the strict quality assurance requirements of the higher education institution (HEI), but rather to keep the interest and further motivate the attendees. Students’ career development as an obligation of modern HEI is present in the development and the implementation process. In adult education, the structure of the course is influenced by the goals, creating entrepreneurial attitude or preparing people to undertake entrepreneurship as a new career.

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



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## **MANAGEMENT AS A SUCCESS FACTOR: A COMPREHENSIVE LITERATURE REVIEW**

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### **Abstract**

The economy and focus of the organizations are moving towards human resources. The challenge of global companies is identifying and being coherent with successful people in respective fields. The main aim of such organizations is to manage the relationships with the latter. As founder of Moz, Rand Fishkin said: "Don't build links, build relationships".

The research question of this study is: How does the network management affect the success of an organization? According to the literature review, Silicon Valley is the best example to understand the importance of network management, especially in innovation. "Shared creativity" suggests that the best problem solving is retained through sharing, diversity skills collaboration and experiences, targeting the achievement of a common goal. Leaders and companies, including Albania, which are concentrated in this field have achieved excellent results in overall revenue.

The main aim of the research paper is to successfully implement a network-oriented business strategy, the main components of which are: human resource strategy, network competence, and innovation success.

**Keywords:** network management, Innovation success, Strategy



## THE IMPACT OF CULTURE ON CONSUMER BEHAVIOUR

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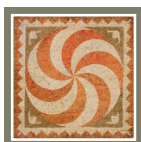
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### Abstract

Culture is the element that differentiates one country from another and necessarily affects the behavior of relevant consumers in various components of consumer behavior. Expansion of companies in international markets has increased their interest in studying the impact of culture on consumer behavior. Behaviors that consumers of the same product but of different countries express can be justified by the impact of culture. It is the culture of an individual who decides the way he or she behaves. From state to state the changing culture becomes more complex and diverse and the impact that the decision making process for buying or not of a product is high. Hence, the study of local culture is of great importance to international companies. The main purpose of this study is to analyze the impact of culture on consumer purchasing behavior by following the means-end model. Provide a new way of assessing consumer behavior that will serve the international companies to be successful. Assuming an influential link between culture and consumer behavior, taking as elements to analyze product attributes, the consequences of its use, and the desired consumption value. The selected countries have different cultural characteristics, which influence the cause of relevant consumer behavior. The instrument used to measure these differences is laddering interviews. The measurement of each response is calculated on a wage chart of values that outputs the relevant results on the influencing factors in consumer value, the latter leading the relevant consumer behaviors.

The results highlighted the difference with regard to the main cause of the purchase of the product, so consumers had different incentives for their behavior in the purchase decision.

**Keywords:** culture, consumer behaviour, means end theory, laddering interviews



## **REBUS APPROACH IN TRAINING PROFESSIONALS FOR DIGITAL ECONOMICS THROUGH EDUCATIONAL INFORMATION TECHNOLOGIES**

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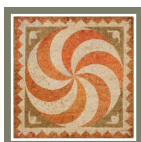
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The development of the digital economy raises issues of harmonization of students' knowledge, skills and competences with actual social challenges. In this regard, educational institutions around the world actively investigate innovation approaches to teach disciplines of higher and additional professional education. The approach of the European educational Erasmus+ REBUS project represents one such approach, in the frames of which a course "Digital Entrepreneurship" is taught at SibSUTIS. Experience in teaching the course showed that student training in the learning environment Mahara with the use of such tools as Moodle and LEVEL5 allows students to acquire additional education of the European quality by developing new competences in a quicker and more effective way. Moreover, REBUS approach allows to develop, implement and teach new courses for students of telecommunication and info communication profiles. In the light of global trends in the development of digital technologies, and also in order to logically continue the trend of cooperation between SibSUTIS and universities of the European Union, it is necessary to consolidate and develop the competences achieved by students through the design on further educational programs and commercially successful cases of Russian and European IT companies in the field of e-commerce, Internet of Things and Artificial Intelligence. The relevance of the study of commerce in the digital economy is since information and communication technologies (ICT) are becoming increasingly important for businesses, consumers and governments in all sectors of the economy and around the world. The Internet of Things Entrepreneurship program allows to improve an ability to develop business plans, manage projects on computer networks of devices. The Artificial Intelligence Entrepreneurship program aims to improve an ability to develop business plans, manage projects on creation of networks that can correctly interpret external data, learn from these data and use the results to achieve specific goals and objectives through flexible adaptation.

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



## **ANALYSIS OF CONSUMER BEHAVIOUR FOR FROZEN PRODUCTS.**

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### **Abstract**

The consumer behavior study is important at the microeconomic level, because it helps businesses improve the effectiveness of marketing strategies and the level of consumer satisfaction. Also, countries that conduct genuine consumer behavior studies have higher levels of living standarts. Global demand for frozen products has increased as a result of consumer awareness of safety and quality, technological advances and lifestyle change. Even in Albania, as in many developing countries, the time dedicated to domestic cooking has been reduced due to women's engagement and intensive lifestyle. Consequently, demand for frozen products has increased. But how does Albanian consumer perceive frozen products?

The main purpose of the study is to analyze the behavior of Tirana city customers for frozen products. The most appropriate research strategy to achieve this goal was survey. The research tool used for collecting primary data was a questionnaire consisting of three parts: demographic characteristics; Customer Attitude toward Frozen Products and Purchase Decision. Accidental sampling was used and 98 questionnaires were distributed to persons at the supermarket entrance. Data analysis showed that consumers do not prefer frozen products because they think they have less nutritional value than fresh ones, are less delicious than fresh ones and they have no assurance of conservation conditions, especially for Albanian products. Even consumers are not sure about the quality of frozen import products. If more guarantees were given on the quality of frozen products, their consumption would increase. Respondents stated that fresh products are healthier, more delicious and nutritious, so they are willing to pay more for them, even double.

**Key words:** consumer behavior, frozen products, safety, nutritional value





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## **CUSTOMER BEHAVIOR TOWARD E-BANKING**

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### **Abstract**

Technology development has a great role in many industries and services of the economy. Its acceptance has become a vital issue in the business operations. In the banking sector, the use of online banking from customers has increased continually but it is also associated with difficulties. Many studies have tried to explore the impact of such innovation practices in the banking sector on banks' customers. They propose that a key issue on achieving profits while using e-banking is the adaptation and usefulness of it to customers. This study aims to understand the customer point of view and customer behavior in the e-banking sector in Albania. Secondary data from previous studies are used to understand the factors that impact customers on using e-banking. Based on prior studies, a questionnaire is developed and primary data are taken through the use of it. 150 questionnaires are distributed and 101 completed questionnaires are returned. The main results of data analysis show the factors that affect Albanian customers toward the use of e-banking. At the end of the paper, the results of the study are discussed and recommendations for stakeholders are given.

**Key words:** e-banking, customer behavior, Albania.



## THE EFFICIENCY OF FISCAL SYSTEM FROM THE ALBANIAN TAXPAYERS' VIEWPOINT

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### Abstract

In the frame of building an efficient fiscal system, it is important to analyze not only the government's activity in the design and implementation of fiscal policy and fiscal system administration, but also how such activity is perceived by taxpayers, as one of key stakeholders of this system.

Fiscal policies implemented by governments over the years are largely focused on the objective of realizing budget revenues, rather than building an efficient fiscal system that produces consistent results. This paper addresses the efficiency of the fiscal system, in the perspective of Albanian taxpayers' viewpoint, by focusing on three main directions:

- (1) Fiscal burden. What is the fiscal burden and a general information on the fiscal burden in Albania compared to the region countries and the EU, and how the current fiscal burden is perceived by Albanian taxpayers.
- (2) Fairness (Justice) of the fiscal system. Deals with horizontal justice and vertical justice, the principles of well-functioning of a fiscal system and their implementation in Albania, as well as the perception of Albanian taxpayers on the justice system of the fiscal system.
- (3) The goods and public services received by the taxpayer in comparison with their contributions. Good public governance offers good and low-cost services and with the right standards. It also looks at how efficient the Albanian governments were in providing public goods and services, and how the taxpayers perceived the benefits they received compared to their contributions. The paper concludes with the main conclusions of the functioning of the current fiscal system and recommendations for improving the system based on the perception of taxpayers.

Key words: taxpayers, fiscal policy, fiscal burden, fiscal justice, public services, fiscal efficiency.



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## EVALUATING ENTREPRENEURSHIP FRAMEWORK THROUGH PERCEIVED INSTITUTIONAL QUALITY

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### Abstract

The aim of this paper is to emphasize the crucial role of the perceived institutional quality at entrepreneurial intention. Relying on literature review of institutional theory, competitiveness theory, and referring to the first pillar of Global Competitiveness Index (GCI) this study brings an assessment of public and private institutional framework, as an incentive to entrepreneurship action and behavior.

The paper investigates the institutional perceived framework from a sample of 72 business in several cities in which are concentrated business and entrepreneurship activities in Albania. By using a quantitative methodology the data collected through the survey of GCI, are processed by conducting descriptive statistics analysis in order to evaluate the institutional quality related with country competitiveness.

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

**Key words:** Entrepreneurial incentives, Economic growth, Institutional quality

## **PUBLIC SERVICES AS AN ACADEMIC CONCEPT AND A SOCIAL RESPONSIBILITY, ALIKE**

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### **Abstract**

Public services are services, provided by government to its citizens, either directly (through the public sector) or by financing the private provision of services. The term is associated with a social consensus (usually expressed through democratic elections) that certain services should be available to all, regardless of income. Even where public services are neither publicly provided nor publicly financed, for social and political reasons they are usually subject to regulation going beyond that applying to most economic sectors.

A public service may sometimes have the characteristics of a public good (being non-rivalrous and non-excludable), but most are merit goods, that is, services which may (according to prevailing social norms) be under-provided by the market. In most cases public services are services, i.e. they do not involve manufacturing of goods such as nuts and bolts. They may be provided by local or national monopolies, especially in sectors which are natural monopolies.

Any service is not a public one. Public services are considered those services which are vital for the functioning of a democratic society, which accepts the universal provision of those, considering this as a basic human right. The development of public services is an indicator of the social development. They may involve outputs that are hard to attribute to specific individual effort and/or hard to measure in terms of key characteristics such as quality. They often require high levels of training and education. They may attract people with a public service ethos who wish to give something to the wider public or community through their work and are prepared to work harder for less pay as a result.

Public services are provided through functioning of the welfare state. According to Briggs : The welfare state is a state in which the organized power is equally used through policies and institutions, as an effort to alleviate the market forces game in three directions: firstly, guaranteeing individuals and their families with a minimum level of income, secondly, providing a certain level of security through the whole life cycle and thirdly, ensuring quality social services to all citizens in special need. As such, the welfare state represents the responsibility of the state for the welfare of citizens in full accordance with their civil rights.

However, it is of interest to analyse whether some basic services are provided as public ones in Albania. Even though the Albanian government has adopted the Universal Declaration of Human Rights, it does not necessarily mean that article 25 is already implemented in Albania and basic services are publicly provided to all citizens, no matter of income or any other exclusion conditions. Hence, the submitted paper deals with the current state of basic services in Albania to verify whether they are publicly provided or not.

The paper is composed of four sections in addition to abstract. Section 1 explains the definition of public services and their features. Section 2 deals with the reasons why the government should intervene to market economy to ensure that some basic services are publicly provided. Section 3 examines the Albanian experience, advancing some arguments which demonstrate that very few services are publicly provided in Albania, while the last section formulates some conclusions, tackling the shared responsibilities, not only to produce public services, but foremost to provide in a public manner.



## **THE IMPACT OF THE THEORY OF PLANNED BEHAVIOR ON ENTREPRENEURIAL INTENTION OF BUSINESS STUDENTS IN ALBANIA**

**(EUT Economic Students)**

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### **Abstract**

Entrepreneurship plays a key role in the country's economic development. The impact of the planned behavior theory on students is an integral part of scientific studies, business schools and government policies. The entrepreneurial intention of students will impact starting up new businesses, encouraging the economic development of the country.

The aim of this paper is to measure and compare the entrepreneurial intention of the European University of Tirana (EUT), Bachelor and Master faculty economics students in order to determine the impact of the curriculum and to assess the role of the Theory of Planned Behavior on entrepreneurial goal.

The paper is part of a series of similar studies on economics students in different countries, based on a questionnaire distributed through the online digital platform of EUT and completed by students of both BA and Master level. Its results, collected by 148 surveyed students, are important for the university and beyond, to improve and diversify forms of entrepreneurial education in Albania.

The Theory of Planned Behavior influences the formation of business student intention. The role of curriculum and entrepreneurial content is key to increase business student intention to push them toward opening a new business on their own. Master students, after three years of study and course attendance, show relatively higher or equal entrepreneurial intentions compared to Bachelor students.

**Key words:** entrepreneurial intention, entrepreneurial curriculum, theory of planned behavior, economics students.

## **PUBLIC SERVICES AS AN ACADEMIC CONCEPT AND A SOCIAL RESPONSIBILITY, ALIKE**

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### **Abstract**

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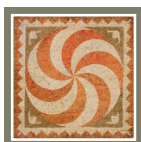
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## **ASSESSING EXPORT CHALLENGES FACED BY ALBANIAN SMEs**

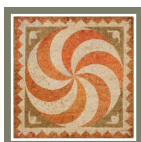
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### **Abstract**

Nowadays, small and medium-sized enterprises (SMEs) are increasingly being recognized as a vital part of a country's economy. Albania is a country in transition and after the communist era, has been on a difficult path to overcome many social, political and economic difficulties. The purpose of this paper is to analyze and investigate the SMEs in Albania and the levels of exportation as an important element for the EU integration. This study is mainly of investigative and explorative nature, aiming to conclude which industry sector exports the most and to highlight the main partners (in terms of nations) and also to identify or flag the perceived barriers that Albanian companies classify as impediments to exporting goods. The instrument used was a questionnaire of 50 items and the participants were Albanian organizations (N = 163) from different sectors of the economy. Data were analysed using IBM SPSS Statistics 20. The results indicate that the main three barriers that impede them from exporting are: the lack of planning about exportation, the difficulty of finding new clients in EU and the high levels of the accompanying risk. For 30% of the tradable sector, the difficulty of finding new clients in the European market was considered as one of the most challenging, anyway, it should be noted that only 36% of this sector plans to export in the next 1-3 years. Despite their perception towards barriers, most of the organizations were planning to export in the future.

**Keywords:** Export, Albanian SMEs, Barriers, European Union, Financial aspect, Trade Balance.



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## ENVIRONMENTAL PROTECTION COMPARED TO ALBANIA AND HUNGARY

### Gyarmati Gábor

Environment protection receives a huge focus in the life of the EU. There are lot of programmes and action plan to handle the problems and the questions. According to the main statistical data we research and compare to countries in this topic Albania and Hungary. We can see the advantages and disadvantages of these countries, as low level of capital, good conditions of environment but there are no effective programmes actions. What can we do and what would we use more effective the advantages? We can use the lands, water and wild animals' potential as a touristic and agricultural potential, We can reduce the level of artificial fertilizers using in this method and lack of capital we can turn into the higher level of hand work required production methods like horticulture. We can give the opportunities for the members of the society for peaceful and restful free time activities and interactive education methods like face to face teaching in the forest.





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## **IMPROVEMENT OF ENTREPRENEURIAL COMPETENCES WITHIN THE CONTEXT OF MECHANICAL ENGINEERS EDUCATION IN MONTENEGRO**

**Jelena Šaković Jovanović**

**Filip Pižurica**

**Zdravko Krivokapic**

**Aleksandar Vujovic**

### **Abstract**

The paper is focused on the process of development and validation entrepreneurial and intercultural competencies of the mechanical engineering students, created through Rebus project. There is shown the way of choosing and teaching group of students, as a piloting unit for testing the innovative teaching and learning approach, aimed at developing entrepreneurial and intercultural competences. In this direction, blended learning concept is shown as very useful tool.

Special attention is paid to entrepreneurial and intercultural practical training of students in Palermo and to the results of improving their competences.

**Key words:** entrepreneurial competences, intercultural teamwork, spotting ideas and opportunities



## TRADEMARK, THE MARKETING NAME OF THE BUSINESS

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### Abstract

Any sign which is “capable of distinguishing” the products or services of one business from the products or services of another business is capable of constituting a trademark. As the essential function of a trademark is to exclusively identify the commercial origin of products or services, any sign which fulfills this purpose may be registrable as a trademark. The symbol (™) is a symbol to indicate that the preceding mark is a trademark. It is usually used for unregistered trademarks, as opposed to the registered trademark symbol (®) which is reserved for trademarks registered with the appropriate government agency.

Trademarks and the rights they grant, are seen as one of the most important issues in the strategic management of the business organizations. Under this general framework, it is important for us to understand the role of mark in the marketing of product/service, the level of importance of the trademarks and their rights management, in business organizations in Albania. So, the purpose of this research is to investigate the role of mark in the marketing of product/service in business organizations in Albania, as well as to find out if a relationship between role of mark in the marketing of product/service and other specified managerial issues, is present in such organizations.

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

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



**ALBANIA AS AN OBJECT AND A CONTEXT OF RESEARCH IN ECONOMIC SCIENCES:  
MAPPING KNOWLEDGE DEVELOPMENT**

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**Abstract**

The aim of the paper is to map the research within Economic Sciences with the focus on Albania as an object or a context of scientific inquiry to identify and explore leading and emerging topics. The study is oriented to answering the following research questions: (1) What are the leading topics/streams of research in the field? (2) What is the status of research related to the leading topics/streams? (3) What are the most up-to-date (emerging) topics/streams in the field?

Bibliometric methods (co-citation analysis) and systematic literature review are combined to achieve the aim of the study. VOS viewer application (van Eck & Waltman, 2010, 2014) is used to support mapping of keywords co-occurrence and clustering keywords. The status of research within identified topics/streams is explored with the method of systematic literature review (Czakoń, 2011).

The paper is structured into four parts. First of all, the research methodology and the sampling process for the bibliometric study are presented. Secondly, keywords co-occurrence analysis is conducted resulting in the clustering of keywords into leading topics/streams of research. Thirdly, the status of research within identified topics/streams is studied. Finally, emerging topics/streams of research within the field are enumerated and explored.



## PRICE DISCRIMINATION IN THE AIRLINE INDUSTRY

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### Abstract

The definition of price discrimination, even if accepted as standard but not satisfactory, is the entry concept to understand how firms manage to segment the market into well recognized groups of consumers, proceeding then by requiring information about individual reservation prices. The crucial argument aimed to be explained in this paper regards the price discrimination displayed in the airline industry. Defined in different ways, from economic or legal point of view, the price discrimination results a very efficient key strategy to increase the profits of a firm. Its efficiency depends on the market current conditions, and it gives different results depending on whether the firm is in a monopolistic market, or whether it operates under competitive settings. The information about the consumers' willingness to pay, remains the necessary condition for the price discrimination to work. Following this line of reasoning, the price discrimination results to be the key strategy used in industries characterized by a common underlying technology where capacity is costly to provide, demand on a given day or for a given event is uncertain and capacity loses its value if it is not used. The airline industry is the case that better reflects these characteristics, where the high levels of price dispersion are a direct consequence of airline engagements in price discrimination strategies. Gaggero and Piga (2011) explain the fare dispersion in the airlines because of the airline engagement in price discrimination strategies, which consists in dividing passengers according to their price elasticity and charging them a different fare. The keys to identify and hence segment passengers can be various such as: advance purchase requirement, Saturday night stay-over, frequent flyer programme. The paper provides evidence that pricing in the airline industry is driven by models of scarcity based pricing. Testing leading theories of price variation in the airline market, under which the airline seats are priced such that higher prices reflect a lower probability of sale, or that advance purchase discounts are used to encourage travelers with low opportunity cost of time to fly in off-peak periods, the analysis provides strong evidence that actually there are certain sets of ticket characteristics that drive much of the variation in ticket pricing and these ticket characteristics affect fares independently of the load factor. This allow us to conclude that the airline pricing may be largely explained by theories in which ticket characteristics such as refundability, advance purchase restrictions, valid travel days or stay restrictions, associated with second degree price discrimination, drive much of the variation in ticket pricing.

**Keywords:** Airline market structure, Intertemporal price discrimination, Scarcity based pricing, Market Segmentation, Competition and fare dispersion.



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## **FINANCIAL MARKETS AND GROWTH: WAS SCHUMPETER RIGHT?**

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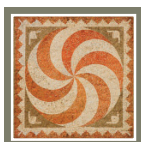
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### Abstract

The paper will discuss the role of financial markets in the economic growth and channels through which it is impacting real sector. Schumpeter wrote that it is the pricing of risk through which banks mostly contribute to economic growth and not just through the allocative function as traditional financial theory predicts. Based on the work of Levine et al., we will try to explore in the context of Balkan economies how the banking/financial sector performed and influenced economic growth. We will limit our sample with data for the period 2000 to 2017 and using regression analysis we will demonstrate the linkages between financial and real sectors.

Key word: economic growth, private sector credit, financial depth.



## HEALTH EXPENDITURE AS A DRIVER OF ECONOMIC GROWTH IN ALBANIA

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### Abstract

Human capital is one of the most important factors which affect the economic development of a country. Evidence shows that human capital is a leading driver in the economic development process of a country. Domestic growth models emphasize the effect that the human capital has on growth and development of a country. The indicators of the human capital measurement are different. In this paper we assume that health expenditure is a gross investment in human capital.

So, the growth of health expenditure affects the growth and economic development of a country. A healthier population means more productivity and more productivity means more income for the individual. Health investments increase the ability of individuals to work by increasing their workforce and the positive expectations they have for the future when they enjoy complete health.

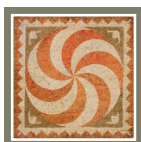
The aim of this paper is to show that health expenditure is a fundamental determinant of economic growth in Albania and that increasing expenditure on health leads to higher growth rates.

The research question that we rise is:

Does the health expenditure impact the economic growth in Albania?

For this purpose, our study will be based on relevant literature in order to assess theoretically if there is any link between health expenditures and economic growth. Then, we analyses and collect data to prove this relationship in the case of Albania. The main result that we expect is to show if there is any link between economic growth and health expenditure.

Key words: economic growth, health expenditure, human capital investment, GDP per capita.



## ABSTRACT – Foreign Exchange Risk in Albania

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



## **BANKS AND ECONOMIC GROWTH IN ALBANIA Impact of credit in economic growth 1998-2018**

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The Banking Sector in Albania has played a key and decisive role in the expansion and growth of the economy, by being the main source of financing with external resources for different operators in the economy. Although Albania inherited a lack of experience in bank credit, in the early 1990s, the banking sector marked a large growth, during 1998-2008, positively influencing and supporting economic growth during this period. This paper aims to analyze and measure the relationship between banking credit and economic growth, where through the correlation and linear regression has been studied the connection between the GDP growth rate and the banking credit, for the period 1998 - 2018, reflecting the real contribution of the banking sector to the economy and its growth. The study concludes that the banking sector could have made a bigger contribution in the economic growth and that the lack of market functioning of capital has limited the chances of securing an economic growth even greater than the one achieved over the period 1998 - 2018

Key words: banking sector, bank credit, economic growth