

1st INTERNATIONAL CONFERENCE

South-East European Countries toward European Integration

20th October 2012

Elbasan – Albania

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SECTION I: CHALLENGES FOR THE INTEGRATION TO THE EUROPEAN UNION

APPROXIMATION OF ALBANIAN COMMERCIAL AND COMPANY LAW WITH EU LAW
(CORPORATE GOVERNANCE PRINCIPLES IN THE ALBANIAN LEGISLATION ON COMPANIES)

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Abstract:

The Albanian path towards European integration involves several matters, different changes on a large range of issues, particularly on legal reforms, law modifications, approximation and harmonization. This paper aims on presenting a panorama of the new Albanian law on entrepreneurs and companies, its approval, historical view, efforts and achievements, and its main changes due to the approximation and convergence with European Union Law. This panorama includes other respective European Union documents and rules adopted by State members on such matter, and how these affected the entire Albanian Commercial Laws. Considering that good corporate governance is one of the most important topics on commercial and company legislation, this paper attends the special issue of principles and standards on corporate governance, development of Albanian principles and standards on corporate governance, as well as clarifying the distinction between “Corporate management” and “Corporate governance”. Conclusions summarize the efforts to accomplish approximation of the Albanian commercial and company legislation towards European legislation, as an entire reform along the Albanian integration process.

Keywords: *European integration, approximation, Albanian Company Law.*

JEL Classification: *K19.*

MARKET ABUSE AND INSIDER TRADING LIABILITY AFTER THE CHANGES INTRODUCED IN THE ALBANIAN CRIMINAL CODE: COMPARATIVE PROFILES WITH THE ITALIAN EXPERIENCE

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Abstract:

Meeting international standards when building or rearranging the State institutions and their functions seems to be the viewpoint from which Albania wants to paint her future. This is inspiring but for an emerging country, it's also a big bet. Our purpose here is to describe in a brief way which are the changes brought to the Criminal Code concerning the financial market abuse. To this moment, there exist a body of laws and dispositions which aim to timidly enable this market of immaterialized goods but it is yet to be seen how they'll be implemented. What is insider trading and market abuse? What is the relationship between administrative sanctions and criminal ones with regards to these main offenses? Since these changes comply broadly with European Community guidelines we've chosen to bring a comparative viewpoint with the Italian experience, especially since the Italian Criminal Code has been an important reference point for the Albanian Criminal Code of 1995. It seems like a natural step to use the Italian experience as a bridge when making hypothesis and suggesting answers.

Keywords: *insider trading, market abuse, criminal liability, administrative misdemeanour, financial instruments.*

JEL Classification: *K14.*

THE IMPACT OF MILLENNIUM DEVELOPMENT GOALS IN ALBANIA DEVELOPMENT

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Abstract:

Millennium Development Goals were established by an agreement of 193 UN members and at least 23 international organizations, in September of 2000 and with a time deadline in 2015. The United Nations Millennium Declaration commits world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. Major successes in combating extreme poverty, improving school enrolment and child health and controlling spread of killer diseases like AIDS, Malaria and TB in almost all developing countries- even in the poorest countries – demonstrate that the Millennium Development Goals (MDGs) are achievable. Albania is part of this agreement and a monitoring group is to observe the progress of these goals. Considering that the fulfillment of these goals is a big step for EU integration, in this paper will be conducted a study on the impact of these goals, in the economic development as a significant part of overall and sustainable development of Albania. So all the eight goals will be analyzed in order to estimate the situation in Albania. Through an econometric model, it is examined the impact of some of the goals in the economic growth, coming up with the conclusion that which of them is the most important for the overall development.

Keywords: *Millennium Development Goals; European Integration; Economic Development; Econometric Model*

JEL Classification: *I32, I38.*

1. Millennium Development Goals (MDGs).

In September 2000, 147 heads of state and government which represented 193 members of United Nations were gathered to sign a declaration in which they pledged that by 2015 they would meet the fulfillment of certain goals that would improve the overall development of the world states mainly of developing and of poor countries. These goals were called Millennium Development Goals and were as above: eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality rates, improving maternal health, combating HIV/AIDS, malaria, and other diseases, ensuring environmental sustainability and developing a global partnership for development. In this initiative, were also participating the EU States and this latter has made a specific commitment to attain these goals in 2015. According to the European Commission President these goals are achievable if all the EU countries follow a strong political commitment with the right policies and the right resources. So for the European Union the progress toward the Millennium Goals is a very important issue and for all those countries who are potential candidates to be part of this Union the fulfillment of these goals must be an obligation.

Millennium Development Goals in Albania.

Given that from 14 December 1955 Albania is a member of United Nation then it together with 192 other members has pledged that it will be ready to do it best to achieve these goals in 2015. On July 2003, Albanian parliament passed a resolution in support of the Millennium Development Goals (MDGs). Also the UN office that operates in our country supervises and coordinates the national efforts of Albania to achieve these goals. The Government has prepared its National Strategy for Development and Integration (NSDI), 2007-2013, which is based on a number of sectional and cross-cutting strategies, including national strategies for regional development and social inclusion.

EFFICIENCY IN THE LEGAL PROTECTION OF TRADEMARK AND FOREIGN DIRECT INVESTMENT
IN REPUBLIC OF MACEDONIA

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Abstract:

The aim of this paper is observation of the economic functions of trademarks of improving the competitiveness and development of the business community in Macedonia, attracting foreign investment and thus economic development and growth of the national economy. The data obtained from structural analysis of trademarks will be compared to the amount of foreign direct investment and will identify any relations among them. It will also aim to detect the violations of trademark rights in R. Macedonia in order to discover the effects they have on the business community as right holder, but also on the functioning of market and national economy as a whole. It will try to discover the problems the business community faces as a holder of trademark rights in seeking legal protection, critical review of the speed and effectiveness in the reaction of courts and administrative bodies, and comparative observations of Southeast Europe countries with recommendations for improvement. In this research, the method of scientific description and explication of existing theoretical views will be used, as well as the analytical method and the comparative method. This paper supports the thesis that a significant part of the business community in Macedonia is still at the beginning of the utilization of economic benefits arising from the registration of a trademark, particularly in terms of economic benefits from the transfer of rights of trademark, without any serious understanding of the advantages of the registration of trademarks. This requires strong efforts for continuously informing the business community regarding the potential that the protection of trademark brings for them, along with the reforms of the institutions responsible for prevention of the violations and protection of the rights of trademarks, which is one of the factors that promotes the growth of the foreign direct investments that could result in growth of the national economy.

Key words: trademark, registration, rights, foreign investment.

JEL Classification: K11.

GLOBALIZATION, GROWTH, AND POVERTY

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3. Phd. Ljupco Davcev

Abstract:

For the health community, globalization offers opportunities but also poses important challenges. Dramatic progress has been made in the area of health over the past forty years; however, improvements have been unequally distributed across regions. Developing countries share a disproportionate burden of avoidable mortality and disability, primarily attributable to preventable infectious diseases, malnutrition, and complications of childbirth. Globalization affects global health, which in turn may improve or worsen the health of the poor in developing countries. This paper reviews the different meanings of globalization and indicators for some of its components. Using a simple framework, it examines the channels, which links globalization and health outcomes and identifies among them five main pathways. The first two pathways connect globalization with general outcomes on the economy and the government of developing countries, which affect the global health situation. The last three connect directly globalization with health, through its effect on institutions, nutrition, and the environment. In conclusion, this paper presents some policy and institutional responses that seek to reduce the negative and enhance the positive effects of globalization on health in developing countries.

Kew words: *growth, poverty, inequality.*

JEL Classification: *O11.*

THE RIGHT OF ESTABLISHMENT FOR THE COMPANIES UNDER THE EUROPEAN AND ALBANIAN LEGISLATION

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Abstract:

The right of establishment for the companies is a fundamental right guaranteed by the European legislation. The principle of freedom of establishment which is set in article 49 it refers to a person or a company which is able to carry on an economic activity in a stable and continuous way in one or more Member State. This right is strongly connect with the freedom of companies to provide cross border services which is set out in article 56 of the Treaty. In particular, an economic operator of a Member State is able to offer services in another Member State without having to be established. The Services Directive 2006/123/EC of 12 December aims to create a legal framework for ensuring that both, service providers and recipients benefit more easily from the fundamental freedoms guaranteed in Articles 49 and 56 of the Treaty. The principles of freedom of establishment and free movement of services have been clarified and developed over the years through the case law of the European Court of Justice. These provisions have direct effect that means that Member States must modify national laws that restrict freedom of establishment or the freedom to provide services maintaining only the restrictions justified by overriding reasons of general interest. Due the fact that Albania has apply to obtain the status of candidate member of EU the aim of this paper is the study of the most important aspects of the right of establishment and the comparison between the Albanian and European legislation.

Key words: companies, establishment, legislation, cross-border, services.

JEL Classification: K19.

CHALLENGES AND OPPORTUNITIES OF NONPROFIT SECTOR IN ALBANIA

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Abstract:

This paper marks an important step in the process of analyzing the development of nonprofit sector in Albania since the nineties. It includes a serious attempt to record the historical background of the third sector as well as to qualitatively assess current areas with major interest: mission and goals, human capacities, areas of activity, governance structures, funding availability relationship with the Government etc. The transition to democracy had a huge impact on nonprofit sector in Albania and is associated with emergence of hundreds of NPOs. Albania has a rich history of working with communities, assisting those who are vulnerable, lobbying and performing advocacy and participating in policy debates. The growth of nonprofit sector has been greatly assisted by international donors and development agencies. Although the role played by nonprofit sector in the political, social and economic live of the country has been unique and of vital importance, and there have been ups and downs in recent years. This paper will examine the stages of growth, challenges and achievements of nonprofit sector in Albania. Several methodologies have been used during the analysis of this paper: Secondary data, such as reports and documents focused on nonprofit sector in Albania published during last two decades. These documents include the annual reports and different working documents of NPOs in Albania, the annual reports of international institutions. Websites of international donors and NPOs as well as information from national and international conferences have also been a useful source during the preparation of this paper. A questionnaire, divided in several sections (general information, staff, organization management, areas of activity, relations with the Government and relations with different donors), was prepared to find information for this research.

Key words: *nonprofit sector, development, challenges.*

JEL Classification: *I31.*

DEPOSIT OR INVESTMENT IN VOLUNTARY PENSION FUND – CASE STUDY IN THE REPUBLIC OF
MACEDONIA

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Abstract:

Purpose of this paper is the comparison for investments. The cases of small economies which are including in developing countries usually bring the question about the most effective investment. The main purpose is the display method of operation that applies to countries with lower financial market. Method of operation is a theoretical approach and understanding of the management structure in banking institutions and the outcome is to show that working in banks has competitions from the other kinds of financial institutions. The paper has consistent form. The significance of this paper is great for countries where financial markets are less developed. Meaning is important because in these economies shocks to the global financial markets have affected to them but they are small countries and they have small opportunities to avoid the imbalances.

Keywords: Voluntary pension funds, deposits, assets management, investments.

JEL Classification: G11, G21, G23, G24, G32

FISCAL SUSTAINABILITY AND MACROECONOMIC STABILITY IN AN
ENLARGED EUROPIAN UNION

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Abstract:

This paper is about the fiscal rules that govern countries in the European Union (EU) and their implications for the countries which are candidates for early EU accession. There are likely to be persistent and significant differences among EU members in the growth rates of real GDP and in the rates of inflation, because enlargement will substantially increase the structural diversity of the economies inside the European Union. In this paper is argued that existing fiscal rules are ill equipped to deal with the increasing economic diversity of EU member countries. All new EU members will automatically, upon entry in the EU, be bound by the rules of the Stability and Growth Pact (the Pact) and the Broad Economic Policy Guidelines (BEPGs). In this paper are suggested ways of amending and improving fiscal-financial rules of the Stability and Growth Pact so as to enhance fiscal-financial sustainability and macroeconomic stability. The likely early addition to EU membership roll of eight EBRD countries of operation, and a-fortiori the later accession of Bulgaria and Romania and the eventual accession of the remaining South East European countries will, however, increase the importance of addressing the problems that will be encountered when the one-size-fits-all fiscal-financial criteria of the Stability and Growth Pact and the Maastricht Treaty are confronted with the heterogeneous real economic structures of an enlarged EU. We do not argue that countries with markedly distinct real economic structures cannot all prosper in the European Union. They will prosper, provided proper allowance is made in the design of fiscal-financial rules for marked differences in economic structure. We also do not argue that countries with very difference real economic structures should not join together in a monetary union or that there should be any protracted delay between EU accession and EMU membership for the leading cohort of current accession candidates.

Keywords: Fiscal Sustainability Macroeconomic Stability

JEL Classification: E0, E19.

BENEFITS OF IMPROVING THE FINANCIAL REPORTING IN REPUBLIC OF MACEDONIA

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Abstract:

High-quality financial reporting is the foundation of a functioning market economy and the basis of a healthy financial system. Quality financial reporting in Republic of Macedonia depends on the adoption and application of a variety of benchmarks, standards, codes and practices. Improving the quality of financial reporting will have a significant and positive impact on the economy by: 1) reducing the risk of crisis in the financial market and related adverse economic impacts by strengthening the domestic financial architecture; 2) contributing to foreign direct and portfolio investment and helping to mobilize domestic savings; 3) helping the access of small enterprises to loans from the financial sector by reducing the high costs of information and borrowing; 4) enabling investors to properly assess business perspectives by informed investment and voting decisions, resulting in lower cost of capital and better allocation of resources; 5) allowing shareholders and public to assess the success of the management of enterprises, which promote active development of capital markets, and 6) supporting economic integration regionally and globally.

The priority goals of this paper are to mark the activities and actions necessary to achieve the previously mention benefits, such as: 1) improving the framework for financial reporting; 2) strengthening the key stakeholders in the framework for financial reporting; 3) supporting the auditing profession; and 4) supporting education, training and public awareness.

Keywords: financial reporting, accounting, auditing, standards, framework,

JEL Classification: G19.

PROFESSIONAL ETHICS IN THE AUDITING PROFESSION

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Abstract:

The word revision comes from the Latin word audire - to listen. The auditor is defined as a listener: one who reviewed the bills. Internal audit is a systematic, objective evaluation by the internal auditors of various activities and controls within an organization to determine whether: the financial and operating information is accurate and reliable; risks for the enterprise are identified and minimized; follow external regulations and generally accepted internal policies and procedures; satisfied the relevant criteria of performance; resources used in an efficient and economical manner and purpose of the organization are met in an effective manner - all in order to ensure consultation with management and to help members the organization in relation to the effective fulfillment of their management responsibilities. This definition not only indicate the role and objectives of internal auditors, but it identifies the opportunities and responsibilities. Internal audit must have professional guidance and be technically competent. Given that the review does not work in a vacuum, senior management of the audit must well know the working environment of the organization. Ideally staff audit should have previous experience of management and should not spend their entire career in internal audit because without such experience would not have a realistic idea of what is actually managing the organization. Internal audit may well not function if there are stable systems of governance and accountability. Therefore, in these circumstances that the reports to top management should focus on providing and implementing recommendations that will seek to ensure: the separation of managerial and political roles, a high level of integrity and ethical standards, quality planning and assessment risks and building a strong and reliable financial systems and internal controls that management becomes aware that it is responsible for the operation of internal controls. This paper deals with precisely the issue of professional ethics in the auditing profession.

Keywords: *audit, ethics, behavior.*

JEL Classification: *M42.*

PUBLIC ADMINISTRATION REFORM IN THE CONTEXT OF EUROPEAN INTEGRATION

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Abstract:

The status of public administration, and its adjustment to rapidly changing needs of society and government, is currently a universal debate in European countries. The Albanian government has committed itself to walk into the path of European integration. With its aim of EU membership, the Government and the EU have identified public administration reform as a basic priority to achieve this membership.

Purposes or objectives: *The paper analyzes main aspects of public administration reform in Albania during the last decade, focusing especially on trends and restructuring strategies to achieve European standards and requirements. At the beginning of this study, we are going to describe briefly the principal issues of this sector, a general view of the past and the critical moments to be rebuilt. A narrative approach is employed to analyze essential characteristics of the new law on "Status of the Civil Servants" and on "Organization and Functioning of Public Administration". An important moment of our study will be to highlight the main rules on modernizing the process of a "Good Administration" as an inclusive concept.*

Methodology & Conclusions

Primary search in the form of interviews and close contacts to the managers/directors of central and local public institutions and secondary search reviewing of recent reports, previous statistics, papers and articles of the field.

Finally the paper concludes by emphasizing the necessity of the reform through the strategy with a series of changes not only in law, procedures or policies, but also recommending a strict attention to the human resources management as the most substantial asset of the implementation.

Key Words: *Public Administration Reform, Good Administration, EU integration, Modernizing Standards, Law on CSS*

JEL Classification: *H190; H830*

CHALLENGES IN ACCOUNTING AND MANAGEMENT OF THE INTELLECTUAL PROPERTY IN
ALBANIA AND STANDARDIZATION WITH THE EUROPEAN UNION

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Abstract:

In this study we are going to explain the achievements made in Albania regarding the Intellectual Property in accounting and the developments made to protect this right from the Albanian authorities and respective institutions.

We will begin the introduction of the implementation of the intellectual property in Albania with a brief history of the legislation that protect it and respective accounting standards applied in Albania and the difficulties in implementing them.

We will consider each institution in detail involved in the management of intellectual property by giving the progress that they have made in reaching the objectives in the field and the goals that they have in the coming years.

The information gathered will be displayed in charts and tables comparable with other years to come to clear conclusions.

An important part of our study will be the economical aspect of the Intellectual property and the important role that it has in the Albanian actual economical system .We will give information of the registered trademarks and patents in Albania by each year and explain by questionnaires the importance of Intellectual Property from the aspect of the Albanian businessmen.

Examples will be given to support the ideas and theoretical aspects showed in the study in order to explain the actuality of the Albanian market compared with the global trends of the field.

The methodology used in the preparation of this paper will be that of utilizing the foreign and national literature , and the utilization of the questionnaires .

The conclusions and the recommendations for the Albanian market will be the final part of this paper.

Key words : Intellectual property, ALPTO ,IAS 38 , Albanian IP strategy , trademark value.

JEL Classification: M49.

SECTION II: ALBANIAN FINANCIAL AND BANKING SYSTEM

BANKS PROFITABILITY DURING RECESSION- CASE OF ALBANIA

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The current economic crisis has highlighted that a well-functioning financial system is significantly important for economic growth. The financial system make possible an economy to be more productive as it permits the investors with less resources to use savings from those with few willingness of investing. Several studies demonstrate the existence of a significant relation between the business cycle and bank profitability. Since the last financial crisis weak balance sheets have increased the risk, thus resulting in an unprecedented rise in non-performing loans and credit-related write-offs in mortgage lending. Based on aggregate data of the banking sector in a our country we will try to evaluate the relation between bank profitability, economic growth and mortgage lending supply. Among the different components which define bank profits, more than one may be responsible for the co-movement with the business cycle.

Keywords: bank profitability, business cycle, economy growth, mortgage lending.

JEL classification: G2, E32, O4, G21.

CAPITAL STRUCTURE AND FIRM PERFORMANCE:
A REVIEW OF LITERATURE

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Abstract:

The relationship between capital structure and firm performance has been the subject of debate of earlier and actual studies. This debate consist on whether there is an optimal capital structure for a firm or whether the use of debt is irrelevant to the firm's performance or value as Modigliani-Miller theory of 1958 suggest. Many studies are focused on optimal capital structure and each firm has an optimal (target) capital structure, defined as that mix of debt, preferred and common equity that causes its stock price to be maximized. This paper provides a brief review of literature of the main capital structure theories .The paper also provides review of literature of different studies which have proved the existence of a relationship between capital structure and firm performance.

Keywords: *Capital Structure; Modigliani and Miller Theory; Trade off Theory; Pecking Order Theory and Agency Theory; Firm Performance.*

JEL Classification: *G32.*

EFFICIENCY OF THE BANKING INDUSTRY – RELATIONSHIPS AND DEPENDENCIES BULGARIA,
ALBANIA - COMPARATIVE STUDY

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Abstract:

The financial sector has an important role in the process of allocation of financial resources in the economy. Disruption of this movement and its limitation for any reason, its failure would trigger an acute need for resources to invest in the economic system on the one hand and the surplus of free resource accounts, and thus unjust and inefficient growth so-called. "Total savings to society." Thus the efficiency of the banking industry is closely related to the positive development of the economy as a whole. Analysis of international experience defined as determining the application of a number of methods and systems derived from authentic performance level and to explore the causal relationships and connections stochasticity and relativity of the results. As a benchmark used official statistics announced by the central banks of Bulgaria and Albania, as well as databases of European institutions.

Keywords: *global economic crisis, the banking system efficiency, performance factors.*

JEL Classification: *G21.*

OPTIMUM CURRENCY AREA THEORY:
AN APPROACH FOR ALBANIA CASE

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Abstract:

Regional currency areas originated from various roots such as historical, economic and especially political reasons. The optimum currency area (OCA) theory tries to answer one of the most difficult question : what is the optimal number of currencies to be used in one region. The OCA theory provides an explanation for monetary integration process in Europe such as the ability to explain exchange rate. Estimateing costs and benefits of adopting a common currency would argue Albania's access to the common currency area? In this difficulty Economic situation, the actions to adhere in International Organizations should follow the individual interests of the state or must reconsider against to repeal of the state's most powerful. Use of joint reserves offers to soften the impact by losses in foreign exchange rates, but once the depreciation of domestic currency even though the adjustment are proportionally distributed for a long period of time. Statistical methods will show the strength of the country supporting the use of a common currency or the birth of a new regional device. Which way supports monetary integration and how is it acceptable measures, are questions to be answered in the paper development.

Keywords: *Optimum Currency Area, Monetary Integration, International Organizations, Exchange rate, Regional Currency and Statistic method.*

JEL Classification: *B4, B5.*

THE BOOMERANG EFFECT OF NON-PERFORMING LOANS ON THE
ECONOMY OF ALBANIA

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Abstract:

The main purpose of this study is to examine the impact of Non Performing Loans in overall Albanian economy. Through this study I want to give in details all the effects in macroeconomic variables of an economy, especially in Albania. In the same time I would like to describe the main factors whose causes the increasing of NPL in Albania banking system. Analysis is focused on dynamics of the main macro economic indicators, based on figures for the period 2005–2011 and forecast for 2012. The main reason that I choose to study this phenomenon is because NPL is one of the best indicator of credit risk in Albanian banking system, since the credit risk remain the most important part of total risk. Specifically, this paper will examine the financial institutions in Albania and the effects that Non-Performing Loans have had on the economy of Albania. It will look at the ways in which failure to repay loans by borrowers have affected the economy of Albania, and it will provide recommendations about possible solutions for the problem of Non- Performing Loans.

Finally, some conclusions and policy recommendations are outlined, intended to get all possible solutions in how to reduce as much as possible the rate of Non Performing Loans in term of total loans gave by the Albanian commercial banks.

Key words: non performing loans, macroeconomic, credit risk.

JEL Classification: G21, G29.

1. Introduction.

THE CONCENTRATION BETWEEN
AMERICAN BANK OF ALBANIA & BANCA INTESA SANPAOLO

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Abstract:

Intesa Sanpaolo was created on 2006 as a result of the concentration between Banca Intesa and San Paolo Imi. From the beginnings the aim of this group was the extension of its activity in Center Eastern Europe countries, in the Mediterranean seaside and in the developing countries. In these days the group owns a very strong foreign division, which banks occupy almost in every country of origin the first places. The objectives of the group to increase its presence in the Center - Eastern Europe, led to the participations acquisition of two Albanian banks: the American Bank of Albania (ABA) and Banca Italo Albanese (BIA). Intesa Sanpaolo represents the majority shareholder for the two banks, owning at about 80 percent of the stocks on 2007, aiming to buy the other 20 percent within 2009. On December 2007 ABA and BIA banks have realized their merger in which the first has included the second one. The new created bank was named Intesa Sanpaolo Bank, as the controller of both concentrated banks. This kind of operation is new in the Albanian contest and has never been actuated before. Thanks to this operation the Code for Corporate and Commercial Companies was issued, which previews an accurate discipline related to the integrations. The purpose of this work is to evidence the effects of the banking merger and to discuss about the importance of the foreign intermediaries presence in Albania. The analysis is based primarily in accounting data considered before and after the merger and also in mergers support theories.

Key words: *American Bank of Albania, Banca Intesa Sanpaolo, Banca Italo Albanese, Integration, Mergers, Financial Situation.*

JEL Classification: G210.

FROM THE ECONOMIC CRISIS IN EUROPE THE ERRORS TO AVOID FOR THE CANDIDATE
COUNTRIES FOR EU ACCESSION

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Abstract:

It is, especially, the strong debt crisis of some European States to trigger the fear of an effect contagion on other national economies to cause a global crisis. This it's a historical moment that we are living, particularly, difficult that seems to be prelude, however, of a bend without previous able to subvert the same way that the banks and government have created the finance and economy. In this context, the paper aims to examine this crisis which it is certainly the most studied and at the same time remains still the most unpredictable to its evolution. In view of this objective and the grave situation of Greece on which are pointed the eyes of the world that seems to be the focus of the contagion, a situation that results difficult also in others European States, the paper, being based on the analysis of EU discipline and financial systems of Member States and non-EU Member States, aims to analyze the consequences that would there be for Greece and Europe if this State exit from the EU. In consideration of this issue, the paper aims to evidence also the leading role in guiding the others States on the output of an emergency from the crisis, a role that it is providing the Germany for which arises the issue if its economy it is really very strong. The paper analyses also the delicate situation of others European States as Spain, Portugal, Ireland and also Italy that has a public debt. Nonetheless the overall economic comparison between Italy and France, it is even positive for Italy that now shows his pride at the strategy “Save Italy”. Meanwhile, in the EU zone grows everywhere the unemployment. In this situation it is yet an opportunity for the States as Albania to join the Europe?

Key words: *economic crisis, financial systems, accession, EU, Albania.*

JEL Classification: *F15.*

THE INTERNAL CONTROL CULTURE IN THE ALBANIAN BANKING SYSTEM UNDER FRAUD PREVENTION CONTEXT

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Abstract :

In South- Eastern Europe a general increase in fraud and a recent shift from traditional, basic forms of individual fraud to more sophisticated fraud schemes performed by organised criminal groups or business owners and their relatives has been reported in the banking systems. The sophistication and resourcefulness of fraud are increasing, particularly where organised crime is involved. The best way of avoiding fraud, in the Albanian banking system, is implementing and maintaining of an internal control system in accordance with the standards set by Basel II and fully compliant with the Albanian legislation in force. So, the implementation and maintenance of an internal control system is the ultimate responsibility of every operating bank. By acting proactively, they can be safe in an environment which attracts and will potentially cause fraud. Despite the circumstances, the Albanian banking system should reinforce the success factors and provide the standards for operations in respect of business and reputation, by paying particular attention to the following areas:

- *Internal Control System (in HO and branches in place/distance);*
- *Follow –up of the internal control results;*
- *Segregation of duties between “front & back office”;*
- *Motivation related the fraud investigation;*
- *Fraud identification (through civil and penal code);*
- *Fraud monitoring (customer, products, activities);*
- *Fraud mitigation objective (ethic rules and prevention culture);*
- *The fraud management regulation establishment (from Central bank);*
- *Fraud pool data sharing (which aims the banking cooperation and the practice learning).*

The fraud management regulation establishment and respective data pool sharing ensures consistency and a harmonised approach across all banks which operate in Albania on fraud fighting as well as contributing in a safe banking business.

Keywords: *Fraud Management, Internal Control Culture.*

JEL Classification: *G20, G29.*

PROBLEM LOANS, THEIR PERFORMANCE AND MANAGEMENT

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Abstract:

Our economy as well as the economies of the region is facing difficulties in managing the microeconomic and macroeconomic problems. The financial crisis even in Albania did not pass as claimed by stakeholders. Our banking system has been quite stabilized, however one of the problems it is facing today is the decline of the quality of loans. This means that the quality of credit in domestic and foreign currency granted to individuals and the business sector has decreased significantly. In this paper it will be properly analyzed the performance over years of problem loans according to relevant categories and industries. Another important element of the paper is the identification of factors that have led to the decline of the quality of loans. This phenomenon has made banks more cautious in lending to individuals and business entities.

Key words: problem loans, loan portfolio quality; coercive measures.

JEL Classification: G21, G29.

FINANCIAL CRISIS AND BANKING SUPERVISION: THE BASEL ACCORDS

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Abstract:

Since 1974, with the collapse of the German Herstatt Bank and the Franklin National Bank based in New York, the quick propagation of the financial crises showed clearly the immediate need of an international coordination and regulation system. The crisis had become for real unmanageable and too dangerous. The Bank for International Settlements (BIS), became than, the meeting place where the Basel Committee of Banking Supervision (BCBS) rose. In order to avoid another financial crisis the Basel Committee started compiling banking supervision accords also seen as recommendations on banking regulations based on international convergence of capital measurements and standards. Detecting this topic, the work done in this article, emphasizes precisely the need of the creation and the evolution of these international regulations. Indeed, each financial crisis that the world has experiences has brought its problems but also, after long studies, has brought several answers and solutions. Between 1975-1988, the creation and implementation of the Basel I accord, perfectly fulfilled the market needs and provided a financial harmony, which lasted unfortunately only until the next crises. The events of 1990-2000 with the propagation of several bankruptcies presented the time for an upgrade of the international banking regulatory system. With the Basel II accord in 2004, the leaks of the first one were filled, but yet the system was incomplete. The financial crisis of 2008 proved the Basel II accord wrong; there was once again failure of the international market harmony. The question stands, what will provide the Basel III accord? Is the international financial environment finally going to find the right equilibrium? In order to answer these questions, the work presented in this article will provide a "guided tour" through the components and pillars of the Basel III accord, but also its objective is to compare and contrast the accords with the intention to highlight the improvements reached.

Key words: *Financial crisis, Basel Committee of Banking Supervision, banking regulatory accords, international capital measurements and standards.*

JEL Classification: *E44, E52.*

ANALYSIS ALAN –REYNOLDS, THE FISCAL-MONETARY POLICY MIX

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Abstract:

There are two kinds of policies that can be used in a macroeconomic view, the monetary policy that is implemented by the Central Bank and Fiscal Policy that is implemented by the Government. One of the most important debates of all times in macroeconomics is about the effectiveness of monetary and fiscal policy. Which is more effective the fiscal or the monetary policy? One of the economists who is a supporter of Monetary Policy is Alan Reynolds. He is a supply-side economist. In his paper (Reynolds, 2001) he tries to explain the significance of the Central Bank policies and criticizes the so called fiscalists. He begins with a short overview of the macroeconomics opinion during the postwar era. At that time monetary policy was not seen as an important tool that could be used to solve the macroeconomic problems of countries. The main function of this institution was to keep the interest rates low enough to enable the government to borrow money. The inflation could be fought only with fiscal policy, with surtaxes and the control of wages and prices. One interesting thing is the difference between Tobin and Mundell ideas. The higher tax rates and fast money growth during the 70s produced stagflation. This increased the attention in monetary policy. Tobin developed a theory, called the “funnel theory”. This theory has the name “funnel theory” because according to Tobin the use of monetary or fiscal stimulus would cause a faster growth of nominal GDP. If the economy is below the full employment the faster growth of nominal GDP will cause faster growth of real GDP. If the economy is above the full employment, the workers will demand higher wages and this will be a pressure for increasing inflation. This will require the control of wages and prices.

Key words: macroeconomic, interest rates, tax rates.

JEL Classification: E0.

SECTION III: CORRUPTION MANAGEMENT AND TRANSPARENCY

CORPORATE BRAND STRATEGY AND MANAGEMENT WITH KEY STAKEHOLDERS OF COMPANIES

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Abstract:

Corporate reputation is one of the unused resources of many companies. Key people who assess corporate reputation, especially consumers, employees, stakeholders, competitors and others are that have an impact on the business sector. Corporate reputation plays a major role in achieving the objectives of each organization. It is very difficult to build a good reputation in the eyes of consumers and other stakeholders. But also once built a reputation very difficult to change. Each company in its business faces a number of different stakeholders. What is most important to determine is which of all these stakeholders are key to the company and work with them to be well managed. Management is working with stakeholders that never ends, and is aimed at balancing and integration of multiple connections and tasks arising from the interrelationships of the stakeholders. Each company is interested in building a sustainable and profitable relationship with its stakeholders. Good relations with customers and business partners, healthy corporate reputation, satisfied employees and efficient internal process to define the winners in today's global economy. Most of profitable companies have strong long term relationships with their stakeholders. As stakeholders on the Company Profile which can to some extent affect include: employees, its management, strategic partners and internal processes taking place in the Company Profile. On the other hand, are stakeholders on which company does leather affect and include: customers, distributors, suppliers and shareholders. Finally, the behavior of all these influences creating corporate reputation.

Key words: *corporation, brand, reputation, stakeholders, strategy.*

JEL Classification: *M15.*

MANAGEMENT OF BANKING OPERATIONS TO AVOID CRISES

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Abstract:

Purpose of this paper is the management of banking activities in order to avoid imbalances. The main purpose is the display method of operation that applies to countries with lower financial market. Method of operation is a theoretical approach and understanding of the management structure in banking institutions, and the outcome is to show that working in banks must be followed by consistent monitoring of the regulations and has exactly coordinated and strict control. The paper has consistent form. The significance of this paper is great for countries where financial markets are less developed. Meaning is important because in these economies shocks to the global financial markets have affected to them but they are small countries and they have small opportunities to avoid the imbalances.

Keywords: bank regulation, financial regulation, monitoring, risk management.

JEL Classification: G21, G22, M10.

1. LEGAL FRAME OF THE FINANCIAL REGULATION IN THE BANK SECTOR

SECTION IV: CORRUPTION MANAGEMENT AND TRANSPARENCY

CORRUPTION AND ITS INFLUENCE ON ECONOMIC GROWTH AND POLITICAL STABILITY: THE CASE OF ALBANIA

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Abstract:

Corruption has been evidenced as a problem in many new democracies and especially in developing countries which are facing a transition phase from a nondemocratic country to a democratic country. This paper aims at providing an analysis of corruption as the main indicator of the political stability in Albania. Corruption as a persistent phenomenon and its relationship to the overall political stability of Albania is discussed through the use of quantitative and qualitative data. Moreover, corruption is also considered by many authors as an influencing factor of economic growth, by so reflecting the political stability of a country. That is why, this paper is focused on examining the relationship between corruption and the economic growth in the lenses of the country's political stability. It follows with offering a general overview of the case of Albania considering this logic. The data shows that considerable levels of corruption affect negatively the economic growth, especially when the political stability of the country is not high enough as in the case of consolidated democracies.

Key words: *corruption, political stability, economic growth, transition to democracy.*

JEL Classification: 043.

FREE ACCESS TO PUBLIC INFORMATION - MORE TRANSPARENCY, LESS CORRUPTION:
THE CASE OF REPUBLIC OF MACEDONIA

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Abstract

The traditional model of not transparent administration today disappears step by step. Citizens are increasingly becoming an equal entity with state institutions which have responsibility to ensure protection of their rights, accountability, openness and transparency in its operations - as the basic principles upon which rests the principle of good governance. Therefore, adoption of a law of free access to public information in many countries in the world which seek to enhance democracy in their societies today is a trend (process) that can not stop. Nowadays, countries that don't have such a law can not claim that they have full democracy. One of the reasons for passing this law is reducing corruption. Corruption is based on secrecy. Citizens and institutions become corrupted when the public has no insight into their work. If the work of public institutions is transparent and offered for public inspection, then the chance for them to be corrupt is smaller. Republic of Macedonia has adopted the Law of free access to public information in 2006. This paper analyzes the law and its application; the situation in Macedonia after the adoption of the law; concluding that despite some inconsistencies, the law has contributed to increasing transparency and reducing corruption.

Keywords: *Free access, information, transparency, corruption.*

JEL Classification: *K19.*

LEGAL ANALYSIS OF CORRUPTION AS PART OF THE WAR AGAINST ECONOMIC CRIME

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Abstract:

The transition process in Albania has revealed a number of problems, one of which is corruption. By signing the Stabilization-Association Agreement between Albania and European Union, this sharpened and emerged the problems of Albanian society. Obviously the fighting of corruption was one of the fundamental conditions that Albania had to implement to achieve its aspirations for membership in EU. Stemming from this, we decided to analyze this issue in order to provide a clearer picture of the phenomenon and we thought to analyze it in 4 different aspects. Firstly, we will present an overview of the phenomenon of corruption by making a general conspectus of it. Secondly, we will handle corruption by looking how has it changed throughout the Albanian history, divided into different stages. Then we will write a detailed analysis of specific types of corruption offences according to the current legislation of Albania. Finally, we are going to treat corruption according to the international framework in order to give the relevant conclusions.

Keywords: *corruption, economic crime, transparency, money laundering.*

JEL Classification: *K19.*

SECTION IV: E-MARKETING, E-BANKING & E-COMMERCE

THE APPLICATION OF E-MARKETING AND ITS IMPACT AT COMPANIES
MANUFACTURING OF DRINKS IN THE KOSOVO MARKET

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Abstract:

The electronic marketing In recent years is being applied more and more in the production sector in Kosova market. This has come as a result of low expenses, and the use of information technology by the population. Promoting products through E-marketing in manufacturing companies, in this case those of drinks in the market of Kosova is considered as a very convenient and a quick form to get to the customer. This research will bring different ways of promotion through E-marketing, which are being applied by manufacturing companies, particularly those producing drinks in the market of Kosova. What are the costs required by the application of these promotional form? How much do companies applying E-marketing save from their budget? How much do companies benefit during the application of E-marketing ? etc are some of the questions in this research. Case study in this research will be the company producing drinks in Kosova "BIBITA" which applies E-marketing in all its promotional campaigns. The purpose of this research is the sensibilization of manufacturing companies on the opportunities offered by E-marketing to promote their products. This scientific paper applies quantitative and qualitative methods of research. These two methods serve us to analyze the facts related to the promotion of drinks in the Kosova market via E-Marketing. Resulting recommendations in this research relate to the concrete and advanced and advanced E-marketing forms to manufacturing companies. How necessary is the application of E-marketing, which are opportunities for companies to save their budget, how are new consumers won through E-marketing etc, all those will be shown on this research associated with case studies.

Key words: E-Marketing, market, products, company, internet

JEL Classification: M31.

FACTORS OF E-COMMERCE THAT AFFECT MANAGERIAL ACCOUNTING: CASE OF ALBANIA

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Abstract:

The aim of this paper is to define the impact that will have application of e-commerce in managerial accounting in Albania. The prime objective of this study is to reflect the effect that has brought application of e-commerce in the world countries in accounting field for define the changes and effects that will have application of virtual commerce in managerial accounting in Albania. Now, from financial international institutions application of e-commerce in promoted like one of the ways to overcome economic crisis. But, except the effects in other economic fields, application of virtual commerce affect also managerial accounting. In this context, primary in the study I will analyze the factors of e-commerce that have influenced in managerial accounting in the countries that already apply virtual commerce for determine the changes that may occur in Albania. For take reliable results from this study I will analyze also the accounting experts' opinions about the effect of e-commerce application in their work. In order to reflect only the impact in accounting field and to not complicate the analysis in this paper I will not be focused in the effect that cause virtual trade in other areas of the economy.

Keywords: *E-commerce, accounting experts, Albanian businesses, professionals organizations, managerial accounting*

JEL Classification: *M41.*

AN EMPIRICAL ANALYSIS ON MARKETING AND CUSTOMER-ORIENTATION FOR E-COMMERCE FROM THE FIRM' CUSTOMER'S PERSPECTIVE. THE CASE OF ALBANIA AND MACEDONIA

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Abstract:

Electronic commerce has not been as successful as expected by many companies in the business-to-consumer sector. Theories from information systems and strategic marketing are integrated to develop a framework for understanding the direct, mediated, and moderated influences of contextual marketing and customer-orientation strategy on site satisfaction. The present study is an initial, exploratory step in empirically investigating the associations between the perceived importance of contextual marketing and e-business customer orientation strategies, and user satisfaction with Internet storefronts. It also studies the link between off-line business strategy (market/customer orientation) and on-line commerce development. Departing from the simple linear association approach, it investigates the moderating role of privacy concerns and site design complexity and the mediating role of perceived site value. The framework of the study integrates business theories such as contextual marketing and privacy concerns in information systems, customer orientation in strategic marketing, and site value in advertising. Empirical testing shows that customers' perceived contextual marketing and customer-oriented strategies are associated with site satisfaction and loyalty. Departing from the simple linear association approach, the study also investigates the moderating role of privacy concerns and site design complexity and the mediating role of perceived site value. It finds that the influence of contextual marketing and customer-orientation strategy on site satisfaction is moderated by the perceived complexity of the site design but not by consumer privacy concerns. These influences may also be mediated by perceived site value. Overall, the contextual marketing approach of providing personalized, real-time information to customers at the point of need will obtain competitive advantage in e-commerce.

Key words : consumer behavior, contextual marketing, customer orientation, Internet marketing, privacy concerns.

JEL Classification: M39.

TRAFFIC SOURCES FOR TRAVEL RELATED WEB SITES IN ALBANIA

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Abstract:

Travel and Tourism is one of the main industries in Albania with 21.8% total contribution to GDB in 2011. The Internet as new and highly interactive medium enables Albanian travel providers to reach and communicate with numerous prospective clients all around the world and significantly increasing their revenue. According to latest studies, the most important traffic sources for web sites in most industries are search engines and social media sites like Google and Facebook (respectively). There are different strategies and methods available to web site owners for reaching internet users regarding these sources in order to increase the number of website visitors. The main purpose of this paper is to identify the most important traffic sources for Travel related Websites in Albania and give directions to web site owners where to focus their future Internet marketing effort.

Keywords: *Tourism, Internet Marketing, e-Commerce, Social Media Marketing, Search Engine Marketing*

JEL Classification: *L81, L83, L86, M15, M31.*

E-BANKING AND ITS ADOPTION IN ALBANIAN BANKS

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Abstract:

A strong banking industry is important in every country and can have a significant affect in supporting economic development through efficient financial services. In Albania the role of the banking industry needs to change to keep up with the globalization movement, both at the procedural level and at the informational level. This change will include moving from traditional distribution channel banking to electronic distribution channel banking. Given the almost complete adoption of e-banking in developed countries, the reason for the lack of such adoption in developing countries like Albania is an important research that will be addressed by this paper. In recent years, the adoption of electronic banking (e-banking) began to occur quite extensively as a channel of distribution for financial services due to rapid advances in information technology (IT) and intensive competitive banking markets. Despite this growth of IT worldwide, Albanian banks continue to conduct most of their banking transactions using traditional methods. Understanding the reasons for the lack of such technological innovation in developing countries such as Albania will develop a fruitful research. This paper will address what are the enablers and the inhibitors of e-banking adoption in the Albanian banking industry. In this study, four perceptions issues were explored: relative advantage; organizational performance, customer relationship and ease of use. From an analysis of 16 semi structured interviews, the findings revealed that all these four perceptions issues jointly provided an excellent understanding of what were the enablers and inhibitors of e-banking adoption.

Key Words: *e-banking, adoption of e-banking, enablers and inhibitors of e-banking.*

JEL Classification: *E59.*

E-MARKETING

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Abstract:

Marketing is a process that has existed forever, in one form or another. Its roots date since the first attempts of human beings to exchange goods and services. Humans firstly used marketing to convince others to trade. With the passing of years, new ideas were arisen that effected also in the marketing development. Marketing methods have passed through a lot of changes and improvements, and its efficiency has increased a lot. With the creation of internet, new frontiers have been opened before marketers. Internet makes possible for the companies to reach more customers than ever before, and in the simplest way that could ever be imagined. This leads to a today's marketing world more challenging than ever. In this paper, we will introduce e-marketing and try to explain why did it become one of the fundamental trade methods nowadays, and we will make a list of pros and cons of this kind of marketing and its differences from traditional marketing method. We should notice that e-marketing, as the product of the collision of old marketing strategies with the new modern communication technologies, has become a really important method for every sector of today's marketing. Despite its not so small disadvantages, e-marketing profits are becoming so high that a lot of companies are transferring their businesses completely to the Web.

Keywords: *marketing, internet, technology, trade.*

JEL Classification: *M39.*

THE EFFECTS OF THE USE OF THE INFORMATION SYSTEMS IN THE UNIVERSITY OF ELBASAN "ALEKSANDER XHUVANI"

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Abstract:

This paper treats the positive effects of the information system in the case of the University of Elbasan. Today's society is developing in a fast pace towards information society, usage of information systems and information technology. This orientation has brought important innovation in the economy and to the society as a whole. Likewise, the education sector has been subject to these rapid changes. Universities are required to use the information systems in order to increase their transparency, improve their quality of administration, to increase their competitiveness and the quality of academic and scientific processes. This paper treats how the administration of the students is accomplished from the time of their enrollment until graduation, and how these processes are realized through the help of university's information systems. It simultaneously treats in a comprehensive way the areas that have reflected improvement and change in the management of the university's academic and administrative processes. This positive impact is evaluated in terms of a better management of the university campus and buildings, staff recruitment, student admission and registration, academic counseling, administration of student finances, student self-services, e-learning platform, administration of human resources, secretary, and so on. This paper presents also some suggestions in regards to some improvements that can be done in the information system in order to make a better utilization from the user's side.

Keywords: Information, information system, information technology, e-learning, transparency, university campus.

JEL Classification: O3.

A NEW TOOL FOR ELECTRONIC FINANCIAL REPORTING

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Abstract:

In this study we are going to explain the universal format for financial reporting, XBRL.

We will analyze this issues:

- *The history and development of XBRL*
- *Three important markup language*
- *The components of XBRL*
- *The benefits for users and prepares*
- *The relationship between Adobe and business reporting*

Also we will explain the impact of XBRL in Albania in the near future. How it will be adopted by our financial environment.

The methodology used in the preparation of this paper will be that of the utilizing the foreign and national literature , and the utilization of the questionnaires .

The conclusions and the recommendations will be the final part of this paper.

Key words: development, advantages, disadvantages, benefits for user and prepares, Adobe PDF, markup language, business intelligence.

JEL Classification: G00.

SECTION V: EUROPEANIZATION PROCESS AND CROSS BORDER ENTREPRENEURSHIP

CHINESE INVESTMENTS IN THE WORLD MARKET AND THEIR PERSPECTIVES IN
ALBANIA

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Abstract:

The goal of this article is that through the gathering of primary and secondary data's from different sources in years, study the performance of Chinese IHD in the world, including here USA, Germany, Australia, Japan, and later on some countries of Europe and Latin America, Africa, their advantages and disadvantages, as well as their tendency of development in our country. Chinese investments have an important characteristic because their specter is very wide. They extend from mines, harbors, industrial parks, production, foods, telecommunications, wood and paper, agriculture, equipments and metallurgy, tourism, not to mention their basis as electronics, informative and communication technologies etc. This fact is very important for countries in development (but even in our country) because it creates development opportunities in many field of economy. Another characteristic found on the study is that countries hosting IHD have given an opportunity to investments in their priority fields of the economy. At the same time by this article can be seen their real situation in Albania, their position in IHD in general and some benefits our country can dispose from this investments. Through this article can be evidenced clearly even the influence of the other countries in the Chinese trade and economy, by investing them also in different sectors of this country. The ratio of IHD between host countries and their investment in China is different and varies between countries, this variance depends on many factors. At the same time, need to be studied and carefully managed, the disadvantages that may have these investments to be as minimal for Albania, as well as sectors where the experience and their intervention can be effective efficient and productive.

Keywords: chinese investments, trade, economy.

JEL Classification: D04.

POLICIES TO COMBAT HIGH UNEMPLOYMENT AND POVERTY RATES IN KOSOVO

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Abstract:

Employment and poverty are main and complex challenges for institutions of Republic of Kosovo. Employment generation, poverty alleviation are phenomena that are related to the macroeconomic policies, social policies and other related policies. Based on macroeconomic indicators Kosovo in comparison to other countries in South East Europe has been less from the economic global crisis and has experienced positive GDP growth where the real GDP growth has been 3.9 % in 2011 (KAS, 2011). However Kosovo remains one of the highest poverty rate and with the highest unemployment rate in Europe and Western Balkan. Unemployment and poverty are two indicators that need to be improved from Kosovo Government, respectively from the Ministry of Labor and Social Welfare (MLSW). Existing data reveal that in the last decade the number of jobs created and number of labor market entrants were not matched-too few jobs and high entrance into the labor market which have prevented improvement of employment rate. Development of strategies and efficient policies will contribute to reduce unemployment rate and alleviate high poverty rate existing in Kosovo. According to the latest data, unemployment in Kosovo is estimated to be 45% (KAS, 2010) and the extreme poverty rate is at 8.2 % (World Bank, 2011). Therefore it remains crucial to improve the two noted statistics high by any international standards. Kosovo has young population where one third of population is below 15 years and half of population is under age of 24. The unemployment rate is highest among the two noted age groups. Poverty rate is strongly related to employment status, type of employment, household size, remittances, etc. In this article brief presentation of unemployment and poverty statistics will be provided and will as well present some policy guidelines on how Kosovo could combat the persistent high rates of unemployment and poverty.

Keywords: *unemployment, policies, poverty, strategy.*

JEL Classification: *I32: Measurement and Analysis of Poverty; I38: Government Policy; Provision and Effects of Welfare Programs; J18: Public Policy; J21: Labor Force and Employment, Size, and Structure; J64: Unemployment: Models, Incidence, and Job Search.*

SOUTH EAST EUROPE: TRADE LIBERALIZATION, ECONOMIC INTEGRATION, QUALITY, SECURITY AND GUARANTEE OF PRODUCTS AND SERVICES

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Abstract:

Southeast Europe is a political designation mostly for the states of the Balkans. The strengthening of security and the political situation, intensification of economic relations and co-operation in the areas of human resources, democracy, justice, and battle against illegal activities, it is the intention of these countries to enable approaching the European and Euro-Atlantic structures through the strengthening of good neighborly relations and transformation of the region into an area of peace and stability. This requires trade liberalization, economic integration and quality, security and guarantee of products and services. Trade liberalization is the removal of or reduction in the trade practices that thwart free flow of goods and services and includes dismantling of tariff as well as non tariff barriers. Economic integration is the unification of economic policies between different states through the partial or full abolition of tariff and non-tariff restrictions on trade taking place among them prior to their integration. This leads to lower prices with the goal of increasing the combined economic productivity of the states. Quality of product or service refers to the perception of the degree to which the product or service meets the customer's expectations. Safety is the state of being "safe", the condition of being protected against physical, social, spiritual, financial, political, emotional, occupational, psychological, educational or other types or consequences of failure, damage, error, accidents, harm, any other event which could be considered non-desirable, the control of recognized hazards to achieve an acceptable level of risk, being protected from the event or from exposure to something that causes health or economical losses. Guarantee is anything that assures a certain outcome. Continuous changes in developing economy, technology, environmental regulation and public safety concerns are the main areas where SEE countries are being focused for their common future, using their human and natural resources.

Keywords: trade liberalization, economic integration, products and services.

JEL Classification: F15.

COOPERATION BETWEEN THE VARIOUS ECONOMIC SECTORS IN SUPPORT OF A JOINT
DECISION-MAKING – A CHALLENGE FOR THE INTEGRATION IN THE EUROPEAN
COMMUNITY

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Abstract:

In the moment of confrontation with the consequences that the global crisis brings about in the economy of all the countries, our country can not be an exception. The situation in Albania, like in all the rest of the developing countries, is characterized by situations in which even the short-term decision-making take a special importance when they derive from a possible cooperation between the different parts of the private sector. For various reasons, even a simple cooperation between the actors of this sector needs to be arranged in order to have positive effects in favor of the country's economy. Fishing is a typical sector in our country. On one side this sector is presented with small fishing-boats and ships which operate with the purpose of selling fish in possible markets. On the other side, a manufacturing industry continues to grow in different areas of the country. Moreover, this industry continues to develop based on the import of the raw material which is brought from overseas. Such a typical market is that of fish-manufacturing of sardines and anchovies. While there is a manufacturing industry based on the imported raw material, in the Albanian coast there is a considerable amount of the raw material of this type of fish, which unfortunately is not hunted and manufactured in the country. Such a possibility which transmits the power of the synergy created inside the country requires that the necessary measures be taken for the planning of the cooperation of the private sectors. This survey deals with the possibilities that derive from such a possible cooperation and the impact that will result beneficiary for the Albanian economy due to the flow of currency from commerce with the European Community countries and the creation of vacancies into the country.

Keywords: *integration, globalization, over fishing, processing sector.*

JEL Classification: *FO2.*

SYMPTOMS AND EFFECTS OF ENTREPRENEURSHIP, INSTITUTIONAL STRUCTURES:
HOW TO COORDINATE INSTITUTIONALLY?

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Abstract:

Albania has taken steps towards bringing its legislation into line with the EU standards by approving a new public procurement law. The new law takes into account the principles of non-discrimination and equal treatment, transparency, and legal protection of interests of bidders on public contracts. Direct tendering has been abolished except in cases of extreme urgency and for the purchase of electricity, and criteria to identify abnormally low bids have been introduced. The new e-procurement regulations approved by the GOA in October 2007-2009 paved the way to the e-procurement system implementation at the central and local government level. Contracting authorities are required to publish procurement notices and tender dossiers on the Public Procurement Agency (PPA) website, which can be accessed electronically by the public. However, its application is hampered by technical problems and the insufficient IT capacity of many contracting authorities.

Key words: *Anticorruption activities, Local government, Decisions, Public procurement, Tax administration,*

JEL Classification: *M1 M14 M38 M48 M M49.*

THE INSTITUTIONAL SUPPORT TO SME'S DEVELOPMENT AND ENTREPRENEURSHIP IN COUNTRIES OF SOUTH EASTERN EUROPE

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Abstract:

Taking into consideration the facts, that current market conditions and economic conditions are characterized by a dynamic technological change, increased competition, uncertainty and risk in the operations, the key for success in development is the dominance of small and medium businesses. Therefore, the small and medium enterprises in a growing number of countries are gaining epithet as a key driver of the economic development, and the performance of the sector of small and medium enterprises has a direct impact for development of national economies. Strengthening and support to small and medium enterprises is required in order to be able to feel their effects as possible, primarily in: employment, increased production, strengthened competition, social and human development. Most of South Eastern European countries still don't take serious the role of small and medium enterprises, for the economic development and consequently they don't have appropriate strategies, full institutional support and other mechanisms for their support as is the case developed countries. Institutional infrastructure and the financial infrastructure are the key link in the development of small and medium sized enterprises. Institutional infrastructure comprises of state, mixed and private institutions that assist entrepreneurship development. The lack of adequate infrastructure has inhibited effects not only for the development of small and medium enterprises but also of the economic growth. The main aim of this paper is the analysis of institutional support to SME's in the South Eastern European countries and proposing a measures and instruments for improving the institutional support.

Key words: SMEs, institutional support.

JEL Classification: F63.

EU FINANCIAL ASSISTANCE TO WESTERN BALKAN COUNTRIES WITH SPECIAL FOCUS ON ALBANIA

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Abstract:

The overall objective of EU financial assistance is to help prepare the Western Balkan countries to meet the challenges of future EU membership. From 2000 to 2007, SAPARD, ISPA, PHARE and CARDS were financial instruments which help candidate and potential candidate countries to carry out reforms, important for accession preparations, as per the membership criteria, but also for the economic and social modernization of the countries. In 2007, with a view to streamline all pre-accession in a single framework and under the same regulation, the new Instrument for Pre-accession Assistance (IPA) replaced the previous pre-accession programmes. The main objective of the IPA is to help the countries to face the challenge of European integration, to implement the reforms needed to meet EU requirements and progress in the Stabilization and Association Process and to lay the foundations for fulfilling Copenhagen criteria for the EU membership. The European Union, in the last few decades, has been particularly interested in providing support to countries which are potential candidates such as Albania. In the past, until 2007, the EU supported Albania through various instruments like: ECHO-Humanitarian Aid programme, PHARE and CARDS. The IPA 2007-2013 is aimed at supporting the accession process of Albania focusing on political, institutional and economic transition. EU assistance has been delivered within four priority areas: public administration; justice and home affairs; economic development; and environment and infrastructure.

Key words: *potential candidate, assistance, financial instrument, accession preparations, membership criteria, requirements.*

JEL Classification: F36.

THE RIGHTS OF ALBANIAN NATIONALS UNDER THE STABILISATION AND ASSOCIATION AGREEMENT BETWEEN ALBANIA AND THE EUROPEAN COMMUNITIES

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Abstract:

This paper investigates the legal effects of the EU Association Agreements in the EU legal order and in the legal order of Albania with a special focus on the rights established for Albanian nationals by the Stabilization and Association Agreement (SAA). It first considers the legal effects of the EU Association Agreements in the EU legal order during the pre-accession period. Such analysis shows that agreements between the Union and non-member states countries which follow the procedure provided by Article 218 of the TFEU form part of the EU legal order. According to the ECJ, provisions of association agreements can have direct effect provided that they contain a clear and precise obligation. Therefore, nationals of non-member state countries party to an agreement with the EU can rely on the provisions of those agreements before the courts of the Member States. On the other hand, the legal effects of the SAA in the Albanian legal order during the pre-accession period depend on the interpretation of the Constitution from national courts and on the interpretation of the objectives of the SSA itself by national judges. Therefore, the second part of the paper will analyse the relationship of international and national law according to the constitution and also the possibilities for supremacy and direct effect of the European law in the Albanian legal order. We will supplement such analysis with recent Constitutional Court decisions, which address the problem of legal effects of EU law in the Albanian legal order. The overall purpose of such analysis is to shed light on the citizen's rights in regard to the so-called pre-accession effect of EU law when the aspiring member state is on the way to full membership. This analytical perspective is important to both Albania and other South East European countries which are in the same legal position and are confused about the rights that their citizens gain from the SAA.

Keywords: *the European Union, Europe Agreements, EU law, Albania, Stabilisation and Association Agreements, pre-accession effects.*

JEL Classification: K33.

INDICATORS FOR MEASURING ICT INNOVATIONS – THE CASE OF THE REPUBLIC OF
MACEDONIA

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Abstract:

The business has been always dependent upon the technologies. Nowadays, ICT and especially the Internet, has become an integral part and a key logistic system to support the business processes. The imperative is not only being a part of the so called e-globalization, but the responsiveness to changes and the possibilities to be proactive while using innovative business technologies is to be attached an extreme importance. Given the above considerations, this paper aims at identifying the indicators measuring ICT innovations. They are considered extremely important so as to properly measure the ICT innovations of the companies in the Republic of Macedonia. In accordance with the framework to define innovation we have classified four types of indicators intended for quantifying the ICT innovations (ICT product innovation, ICT process innovation, ICT marketing innovation and ICT organizational innovation). Each of them is to be composed of five sub-indicators.

Keywords: ICT innovation, indicators.

JEL Classification: O30, O31.

TRADE INTEGRATION BETWEEN ALBANIA AND EUROPEAN UNION
A GRAVITY MODEL BASED ANALYSIS

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Abstract:

International trade integration of an economy is a stone for a successful economic development of a country. In the context of European Union enlargement there is a specific interest in exploring the regional trade integration of the countries inspiring the involvement in the EU. As a rather successful econometric approach the gravity model has been widely used to infer and predict substantial foreign trade flows between countries more empirically than theoretically.

The aim of this study is to examine the potential trade volume between European Union and Albania which is trying to join it in the near future. The focus of Albania is how Albania can integrate to the EU market and gather benefits from this international trade possibility to foster its economic development. Considering the previous agreements bilateral or involving reciprocity between Albania and EU, as well as the recent status of Albania as the country favored in the international reciprocal economic exchanges, where it is verified a not very happy situation for Albania, the analyze of the situation through the gravity model, gives us some conclusions on how Albania should move in the future in this international trade process to increase its benefits. The new situation coming in the near future, in case Albania gets the status of the candidate country (acceding country), this model can help us find the most weighting variables in the increase of the benefits from the Albania-EU international trade in our favor, in favor of Albania

Keywords: *International trade, Common currency, Gravity model, Trade integration*

JEL Classification: *FO2.*

SECTION VI: GENERAL MANAGEMENT

CONSUMER ATTITUDE TOWARDS GLOBAL BRANDS: EMPIRICAL ANALYSIS FROM THE CONSUMERS' PERSPECTIVE

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Abstract:

The aim of this paper is to investigate consumer attitude regarding global brands in the Macedonian market. Foreign brands are very important value for the citizens in the Macedonia and other countries in the world. However, little scholarly research has been conducted regarding this issue. This study proposes a model that integrates key variables measuring consumer attitudes and consumer characteristics. Every day, some brands seem to disappear from store shelves while others reappear sometimes later in the same shelves or in different shelves. Methodology that we are going to use is quantitative research, particularly regression analysis which belongs to hypothesis testing who will be very important issue that can lead us to the final conclusion and discussion. As well, qualitative method that is most important method is designing questionnaire and collecting information from consumers will be used.

Keywords: Brands, consumer attitudes, global brands, local brands.

JEL Classification: M19.

MODELS OF HUMAN RESOURCES MANAGEMENT: CASE OF PUBLIC AND PRIVATE COMPANIES IN ELBASAN

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Abstract:

Current trends in practices and perceptions of human resource functions have changed, especially the dynamic and growing role that is expected to be performed by human resources managers. The High level position that HR Manager occupies in the organization and human resource department has a special importance in the organization's success. Human resource management is a basic organizational function, which gives an important contribution in achieving the objectives not only in business companies but also in other spheres of human activity. "The quality of human and intellectual capital owned by an organization is viewed as a key factor to differentiate them from rivals and achieving high qualitative results." (Armstrong and Brown 2001). It is important to everyone, especially for managers, to better understand these challenges, in order to increase chances of success through more effective responses. The current competitive business environment, has great expectations of the manager of strategic partner and model of the human resource manager is becoming more popular in American and European organizations. The purpose of this paper is to highlight the different patterns of the human resources management in general and in particular in public and private firms in the city of Elbasan. For realization of this study is using a methodology that consists of a combination of primary data with secondary ones. Results of this study are interesting and important for all human resource managers of firms operating in the city of Elbasan. The results of this study will help the work of human resource managers in albanian companies and other people interested in the field of human resource management. At the conclusion of this study verified that the model used for human resource management firms Elbasan is the traditional model.

Kew words: management, human resources, public and private firms.

JEL Classification: M10.

KNOWLEDGE MANAGEMENT AND COST BENEFIT ANALYSIS OF CREATING HUMAN CAPITAL

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Abstract:

The most traditional economic literature on growth and growth factors, relied on production functions, is based on using capital and labor as inputs. Human capital has always been considered as external factor and its impact on production has always been questioned. Recent approaches in economic literature are introducing human capital and knowledge as a specific input to growth and there is much talk of knowledge economy, based on human capital and key role of human capital in generating economic growth. Investment in human capital led to increased productive capacity of other factors of production and can also change these factors into new products and operations. Traditional economic aspects, such as labour and materials, are still important, but now it is crucial to be able to add value to products and services through knowledge. This points that knowledge and investing in human capital is one of the main factors for increasing returns and long term economic growth. The basic goal of processes for creating national human capital is the improvement of the quality of population, which leads to the improvement of the productive capacity of the society and national economy. Human capital creation represents a certain form of investment in which every investor expects a certain degree of return of the investment (ROI). When investing into human capital, two basic aspects arise: income and cost. In this paper we will try to apply the methodology of cost-benefit analysis. Based on this analysis we will discuss the necessity of financing, investing, improving and optimizing human capital as a key element to successful organizational growth.

Key words: Human capital, knowledge, knowledge economy, economic growth, national human capital, income, cost, cost-benefit analysis, organizational growth.

JEL Classification: M10.

CHALLENGES OF PPP PROGRAMMES

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Abstract

Over the last decade or so, private sector financing through public – private partnerships (PPP) has become increasingly popular as a way of procuring and maintaining public-sector infrastructure, in such sectors as transportations (road, bridges, tunnels, railways, ports, airports), social infrastructure (hospitals, schools, prisons, social housing), public utilities (water supply, waste water treatment, waste disposal), government office and other accommodation, and other specialized services (such as communications networks or defence equipment). Many countries are developing PPP programmes. In this paper we will try to consider some of the general requirements for developing a PPP programme, and its legal framework. Method used for the considering the general requirements in developing PPP programme and its legal framework, is the reviewing of PPP activity in a representative selections of countries:

- *United Kingdom*
- *United States*
- *Australia*
- *France*
- *Korea*
- *Spain*
- *South Africa*
- *Portugal*
- *Italy*
- *Hungary*

In Albania are given concessions (a form of PPP) only in the field of water power, electricity centrals in a value of 5 milliard Euro, but there are not yet developed such PPP programmes for the other fields of infrastructure. But Albania is in the right way of taking the candidacy of the European Community member. In this point of view, having those experiences, standards and limitations of such EU institutions as the International financial reporting standards (IFRS), EU legal framework for PPP, will be very helpful for the Albanian Public Authorities to understand the problems and challenges that are to be faced in developing PPP programmes.

Key words : *Public – Private Partnership, PFI Model, Value for Money, Affordability, balance sheet treatment, Economic Justification.*

JEL Classification: *M11.*

KNOWLEDGE MANAGEMENT (KM)-CRUCIAL IN A WORLD OF INFORMATION

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Abstract:

Knowledge, if managed properly, turns into value and adds higher yields in life and work. It comes as a result of time to certain degrees and starts with general empirical data, where facts and observations are “raw material”. Content of such data comprise what we call information. Knowledge is next to the last of “Information pyramid” at the top of which is wisdom. Albania’s integration process is accompanied with a “boom” of information flowing. Such information is a great endowment in acquisition of knowledge, experiences and best practices. We think that is required maximum exploitation of existing structures. Knowledge is acquired in allocated conditions and for this its treatment is a job for appropriate structures of human resources management.

Key words: *knowledge, manage, human resource management (HRM), codification, knowledge dissemination.*

JEL Classification: *M10.*

MANAGING INVESTMENT CONDITIONS: THE CASE OF MACEDONIA

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Abstract:

Foreign Direct Investments (FDI) are one of the fundamentals that enables and accelerates economic development of a national economy. Therefore, each national economy must layout preconditions that will enable attracting of foreign capital. Among other things, an adequate legislation considering the FDI's is a prerequisite. Hence, the governmental role and policies towards FDI issues may have significant influence on improving the investment climate. The purpose of this paper is to present the manner and scope to which the governmental policies approach this crucial issue. For this purpose, the first goal is to look upon legislative aspects for attracting FDI in Macedonia. The second one is to explore the institutional mechanisms that present coordinates and determinants of the framework for doing business. Simultaneously, the research subject is legislative that regulate this area, as well as some other legal aspects, as: the laws related to the foreign trade, fiscal sector, institutional frame, foreign exchange operations, the area of labor relations, etc. The research results lead to conclusion that the legislation framework, as significant factor of national business environment, provides opportunities for FDI enhancement in Macedonia. Although significant results have been achieved so far, particularly in the last decade, still, there is a need for further improvement of current legislation.

Keywords: Foreign direct investments; Foreign capital; Legislation; Business; Macedonia.

JEL Classification: M15.

PORTFOLIO MANAGEMENT IN BANKING INSTITUTIONS OF THE REPUBLIC OF
MACEDONIA

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Abstract:

The portfolio management is a continuing process for controlling the risk and return of the securities comprising the portfolio, as well as the adaptation of the portfolio towards the changes in the environment, in accordance with the predetermined objectives of the banking institutions. The bank invests its capital in more securities, that is, he creates a securities portfolio, because although investing in one security can bring the largest return, it also means taking a great risk. Therefore, in this article, the short-term and the long-term securities in which the banking institutions can invest the available financial assets in order to optimize the structure of the portfolio are elaborated. Special emphasis is put on the derivative financial instruments, which represent an effective mechanism for increasing the performances of the portfolio. Namely, the derivative financial instruments enable investors to decrease and control the important business risks. Through them the risk of interest rates change, the risk of change in the securities or in the currency exchange rate can be controlled. That means that the transactions with derivative securities can in fact, allow to maximize the return and to minimize the risk when managing the portfolio.

Key Words: *portofolio, management, bank.*

JEL Classification: *M15, E59.*

READINESS OF THE COMPANIES IN THE REPUBLIC OF MACEDONIA FOR USING
THE MODERN DECISION SUPPORT SYSTEMS (DSS-Decision Support System)

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Abstract:

The Decision Support Systems give logistic support to the process of making decisions in the contemporary companies. DSS are complex computer programs which based on the input data from the database can predict the activities of the real system and some future circumstances. DSS provides the management to test the system activities of the environment's different changes and to test the environment's reaction when different changes occur. Namely, DSS provides a very fast way to consider the effects of the made decisions. All the methods that are used as a support in the process of decision making could be based on different simulation models, optimization techniques or heuristic algorithms. When solving practical problems, large application procedures are based on combination of optimization and heuristic procedures. With an adequate combination of optimization, heuristic and experiential procedures that describe different segments of the real system for a very short time can emerge a separate satisfactory solution. In this project will be implemented a method of objective collection, analyzes, and interpretation of the data, by which the research process gets a scientific character. This methodological approach has been used through the gathered information about the application of the modern DSS through systematic, empirical and analytical research of the previously shaped hypothesis. In order to research the condition in our country is used the method of the structure survey, by which we will get information about the implementation of DSS in the business entities in Macedonia. As priority objectives that are established by this project are the following: »Assessment and conclusion on the application of Decision Support Systems; »Indicating the benefits of implementation of the Decision Support Systems ; »Providing strategic guidance under which the companies will develop in the implementation of the contemporary Decision Support Systems

Keywords: *Decision Support Systems, decision-making, information systems.*

JEL Classification: *M20.*

THE IMPACT OF SERVICE PERFORMANCE OF LOGISTICS ACTIVITIES ON CUSTOMER
COMMITMENT AND LOYALTY

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Abstract:

The aim of this study is to examine the role of logistics activities and on customer loyalty, commitment and performance. The main objective is to analyze the logistics service quality (LSQ), commitment, loyalty and performance in a supply chain context. Logistics services include activities that contribute to consistent quality, productivity and efficiency, as well as activities that help companies to better meet customer expectations and needs. Customer loyalty is increasingly recognized as a path to long-term success because finding new customers and doing business with them takes time, effort and money. Increasing the level of performance, while maintaining low costs create value for customers and for companies, too. A questionnaire based on personal survey was conducted among retail customers of a wholesale company in Albania. The study collected data from 204 companies. The hypotheses were tested using structural equation modeling (SEM) which is a comprehensive statistical approach for testing hypotheses about relations between observed and latent variables. The reliability and validity tests show satisfactory results. The conclusions confirm all the relationships hypothesized, and emphasize the crucial role of LSQ in the loyalty-commitment-performance chain of relations.

Keywords: *Logistics service quality, Commitment, Loyalty, Performance*

JEL Classification: *M31*

THE FUNCTIONAL ANALYZE OF THE SYSTEM FOR THE HUMAN RESOURCE MANAGEMENT IN THE DISTRICT OF KORCA

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Abstract:

Today, more and more organizational evidences are conditioned by the affectivity of the management of the human resources. The most affective and successful companies in our days apply successful ways for motivating, training, compensate and encourage their employers. This is a fact for all the kinds of producing or service companies, small ones or big ones. For the success in business the performance of the management of the human resources functions are very important because it reflects all the duties and the jobs which assure and coordinate the human resources. In this point of view, through this study we will try to show how these functions are applied in the organizations which operate in the district of Korca and to conclude the problems which are shown during their implementation. Also we will try to give our recommendations for finding solutions in increasing the affectivity of the human resources functions. To assure theory data we will be based in the previous writings and the confrontation with the contemporary literature. To assure the generalization of the conclusions will be using a type of questionnaire for all the big, small and medium businesses. The collected data will be processed in the SPSS and Excel from which will be assured also the statistic data. By our research we expect to prove the hypotheses that there are differentiations in the implementation of the human resources functions in the businesses of the district mainly in variety of their size.

Key words: *functions, management, resources, human, business.*

JEL Classification: *M19.*

THE OPERATIONAL RISK EVALUATION AND MANAGEMENT PROSPECTIVE IN THE ALBANIAN BANKING SYSTEM

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Abstract:

Albanian banking system has recently introduced the operational risk management techniques aiming to implement all necessary steps towards a sound and comprehensive operational risk management process. It's relatively difficult for the second level banks to identify or assess levels of operational risk by facing a different approach especially where it's no possible to generate profit. That's the reason why previously Albanian banking system has accepted operational risk as an unavoidable cost of doing business even representing a real and live issue. But nowadays as per The Operational Risk Regulation in force established from Central Bank, it is focused on:

- Operational Risk Events Identification;
- Operational Risk Assessment (Risk Map, Validation of Results)
- Operational Risk Monitoring (Incident Database, Comparison of Risk Assessment, Key Risk Indicators and thresholds);
- Operational Risk Mitigation (Management and Insurance Management);
- Operational Risk Reporting.

Furthermore, the most important steps that remain to be achieved are the:

- Operational Risk Management (by aggregating the previously mentioned steps);
- And the calculation of the operational risk capital under operational risk management prospective through:

- a) **Basic Indicator Approach** (BIA- based on annual revenue of the Financial Institution),
- b) **Standardized Approach** (STA- based on annual revenue of each of the broad business lines of the Financial Institution)
- c) **Advanced Measurement Approach** (AMA- based on the internally developed risk measurement framework of the bank adhering to the standards prescribed , methods include IMA, LDA, Scenario-based, Scorecard etc.) in a continuum of increasing sophistication and risk sensitivity.

The Albanian banking system is encouraged to use an approach that is appropriate for the risk profile and sophistication of respective institutions by making reference even to the best methodology implemented from the group which they belong aiming to challenge the entire operational risk management philosophy.

Keywords: Operational Risk Management Prospective

JEL Classification: G20, G29.

A REVIEW ON PRODUCTIVITY

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Abstract:

The main stakeholders in the productivity and profitability of the firm are the employees, the owners and the government. The importance of research on productivity is outlined in Mawson et al (2003). With further reviews of the literature on productivity found in: Barteslamm and Doms (2000); Mawson et al (2003). We can divide studies on productivity into three strands: Studies exploring the definition of productivity, studies measuring factors that may influence productivity and comparative studies on productivity. We conclude that the definition of productivity is crucial for the results on productivity research. There is a “menu” of alternatives in the empirical research on productivity and the lack of micropanel datasets makes the comparative studies difficult. According to empirical research we find that variables correlated with productivity are: institutional change, technological progress, IT investment, innovation and R&D.

Key words: *stakeholders, productivity, profitability.*

JEL Classification: *M11.*

CLOUD BUSINESS INTELLIGENCE-A NEW PARADIGM IN PROVIDING BUSINESS
INFORMATION

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Abstract:

Effective and timely business information is essential for any company, not only to achieve some success in the area in which it operate but also for surviving of the company. In today's changing environment, gaining competitive advantages are more a result of implementing new technologies and their use in business processes, but also knowing how to use such technologies and thus to increase the level of knowledge. New information needs, led to change in decision making process in companies. To provide high quality basis for decision making large amount of data must be converted into useful information. In addition there is important the ability to convert large amounts of fuzzy data into useful information in the shortest possible time, which will represent a competitive advantage for any company. One of the technology that allows this, is business intelligence. In a broader sense, business intelligence sometimes is defined as a managerial philosophy, but in a narrower sense it is information technology that helps companies in managing business information in order to reach effective business decision. The real innovation which offers business intelligence is its ability to present business information in a quick, simple and effective way so that users can easily understand the logic and meaning of the same information. Cloud computing is new paradigm in the providing of information resources that works on principles on-demand, offers scalability and services are charged depending on time of use. In this way companies can save money by using application, on-line. Companies that use business intelligence on principle of cloud computing are facing many challenges, such as safety in operation, the availability of certain application, performance, integration, regulatory issues and limitation of bandwidth on the network. Also management of application for business intelligence can facilitated through cloud computing approach.

Keywords: cloud computing, business intelligence, data, information, decision making

JEL Classification: C88.

THE ROLE OF OPERATIONAL RISK IN THE RISK MANAGEMENT FUNCTION

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Abstract:

The purpose of this paper is to discuss the different types of risk and general approaches to analyze risk in a company, and to describe the importance of implementing a formal risk management policy in a company. Business risks are diversifiable and specific to the industry and the market in which a firm operates. Part of the business risks is operational risk which incorporates the direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events. The paper explains the components of operational risk and situation of his appearance, as well as the steps for creating risk management policy.

Keywords: *business risk, risk policy, corporate culture, information management*

JEL Classification: *M19.*

SECTION VII: GLOBAL MARKETING AND ECO-MARKETING

CREATING VALUES THROUGH GENEALOGY TOURISM

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Abstract:

Construction of values is not easy and complex task. In a globalizing world, the survival of the individual is a matter of value thinking. Value system itself is constantly changing. In its essence has a major role as a science and genealogy. The associated genealogical tourism contributes to this. Presented is a survey with students from the Economy Faculty. Its purpose is to reflect students' knowledge in this area.

Keywords: genealogy, family memory, quest research.

JEL Classification: M19.

DOES MARKETING RELATE TO FINANCE? - "... MARKETING IS FINANCE?"
THEORETICAL PERCEPTION

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Abstract:

As market develops and grows continuously and internationalizes, the confusion among companies increases regarding their orientation of the business. They find it each day more difficult to grab new shares in the market, to capture and gain new customers, to hold their clientele, to increase continuously their customers' satisfaction, to position properly in the market and to face competition, as well as to answer to the spontaneity of the market evolution. This tells for an increasing role of marketing in the companies' organization, and of course in their performance and profitability. Even this necessity, the top management and other departments, but especially the finance ones are often debating on the marketing role and its contribution in the overall profit of the company, as marketing is very much oriented and familiar with performance indicators rather than financial results and profit in itself. There are views recently which emphasize that marketing is finance too, as it completes the value chain and realizes indirectly all the company's targets. To this logic it has become necessary to measure its performance not only using marketing KPI (Key Performance Indicator) but financial metrics too.

The study aims to show the reasons why marketing and finance are closely related and why "marketing is finance". This is a deduction-induction-deduction theoretical review and treatment of the question, based on some facts and arguments both, from the world wide experience, as well as from Albanian reality of business and marketing.

Key words: Marketing, KPI, Metrics, Performance, Profit.

JEL Classification: M30, G0.

INTERNATIONALIZATION OF THE COMPANY IN THE PROCESS OF GLOBALIZATION OF MARKET

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Abstract:

Nineties of the 20th century the first decades companies worldwide begin to think globally. The development of rapid communications, is a major movement, factors of international marketing. Although there are large differences in economic development and permanent resources in individual countries can generally be said that no country in the world live in conditions of full economic and market closure. On the growth of international marketing involvement affect three key factors: the continuing integration of world economy, technological changes and the creation of competitive environment on a global basis. Some of the former multinational companies with extensive operations in their home country and most foreign subsidiaries transferred to transnational companies, with activities and responsibilities evenly all over the world, profits and income from abroad is higher than back home. Such companies are losing their national identity. The reasons for the internationalization of international activities is the fact that today: competition becomes comprehensive, complex, strong and international, technological change is very rapid, and technological development is expensive, in order to maintain the competitiveness of the company needs a more appropriate economies of scale and the knowledge economy. Business people can not count on domestic competition space, but must embrace the vision of expanding competition relations in accordance with trends in international and global scales.

Key words: globalization, competition, internationalization, multinational companies.

JEL Classification: F02.

SOCIAL MEDIA AS A MARKETING TOOL

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Abstract:

Internet can certainly be seen as an invention, even as the greatest of all time. It has developed from a small university network into a worldwide communication tool. Today, Albanian can do their shopping, listen to music and read the latest news, pay the bills, socialize with their new friends and watch movies and TV shows using the web. The social media is becoming an increasingly important platform for consumers to position themselves in relation to their peers in, and as a medium for identity creation. Social media offer their users opportunities to interact with individuals with similar interests, with other members in the same social group or with individuals in groups in which they wishes to belong. But, the social media also creates a framework in which users can market themselves like product, many times reaching more consumers of their created selves than in real life. This paper analyzes and explores how Albanian companies could use social media to promote and improve their business to consumer relationship. There are two questions: what benefits could companies achieve from using social media? How to coordinate the use of social media with business? The paper consists in three parts. The first is focused on literature review on social media. The second describes the methodology used by authors. The empirical material is gathered through qualitative interviews with social media consultants and marketing managers. The third present the result from the study. However, the representativeness of our samples limits our ability to generalize to social media users, and other study on factors that influence on attitude towards social media might be needed.

Key words: social media, advertising, marketing communication, face book

JEL classification: M31

AN EXAMINATION OF PERCEIVED VALUE DIMENSIONS IN THE ALBANIAN HOSPITALITY
INDUSTRY

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2. Shpresa Brecani,
Accounting Expert

Abstract:

It is argued that products and services offering value for money not only influence customers' choice behavior at the pre purchase phase but also affect their satisfaction, intention to recommend and return behavior at the post purchase phase. Despite strategic importance of the concept of perceived value for marketing, it did not receive enough investigation in the hospitality literature. This study is an attempt to test the validity and reliability of the perceived value dimensions in the evaluation of hospitality services. To do that, two-dimensional instrument was adapted from the one presented by Grewal, Monroe and Krishnan (1998). The scale was applied to two types of hospitality services, hotels and restaurants. Although the scale was found to be reliable, there were some issues involved about its validity across the two studies. In particular although the dimension of acquisition value was valid, the validity of transaction value was found to be very poor. In conclusion, this study suggests that a new conceptualization of transaction value and a better scale should be developed for the evaluation of hospitality services.

Key words: value dimensions, Albania, industriality

JEL Classification: D0

EXPLORING THE RELATIONSHIPS BETWEEN SERVICE QUALITY, SATISFACTION, TRUST,
AND STORE LOYALTY AMONG RETAIL CUSTOMERS

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Abstract:

The purpose of the study is to investigate the relationships between service quality, satisfaction, trust, and store loyalty in a retailing context. All these variables have considerable importance on store performance, be it measured by financial indicators or market ones. The data were collected from a sample of 258 students in two universities in Albania, during the first quarter of 2012. The items included in the survey measured the variables of the study, as well as demographic characteristics of the sample. Confirmatory factor analysis (CFA) and structural equation modeling (SEM) were used to evaluate the hypotheses regarding relationships among model constructs. All the hypotheses developed in the study were positively confirmed, reinforcing the theory and previous research on this field. The study also reveals interesting implications on service quality, satisfaction, trust, and store loyalty, useful to both academics and practitioners. Managers will find this research helpful in better understanding these variables and their role on their companies' performance.

Keywords: Service quality, Satisfaction, Trust, Loyalty, Retailing

JEL Classification: M31

LITERATURE REVIEW ON CLOUD COMPUTING AND MODELING OF BUSINESS ECOSYSTEM IN ALBANIA

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Abstract:

Modern economical theorists and other social scientists resort to mainly systems of mathematical equations which are stochastic systems of nonlinear differential equations. The problem with this approach is that the value of describing the “economic” events is not always justified by the effort put in developing these systems which are generally outdated until they mature. We can describe the situation as “The economy changes faster than the theory” The computational methods described in this paper aim to provide an alternative way to explain economical phenomena without attempting to find an ultimate rule leaving room for future evolution and adaptation to unforeseen conditions.

Key words: *economical phenomenon, mathematical equations.*

JEL Classification: C20.

SECTION VIII: TAXATION, FISCAL SOVEREIGNTY &
FISCAL DECENTRALIZATION

CORPORATE TAX REFORM IN REPUBLIC OF MACEDONIA

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Abstract:

The Direct Tax System in the Republic of Macedonia has always been subject of continuous reforms and additional improvements in order to achieve primary tax policy goals for simplicity and efficiency, especially in the period after the country became a candidate for membership in The European Union. The efficiency principle usually demands a tax structure with lower statutory tax rates and therefore, lower effective corporate tax burden that will not distort the investment decision. On the other hand, the simplicity principle requires a structure with less tax items and tax brackets, as well as lower administrative and compliance costs. From this perspective, tax authorities in Republic of Macedonia have made great efforts to restructure and redesign The Corporate Income Tax System and ultimately produced some simple and interesting solutions. Therefore, the goal of this article is to describe the Corporate Income Tax System in the RM as well as the recent reform trends that included: introducing flat tax rates in direct taxing, implementing the Tax on Gross Revenues for small enterprises, restructuring the Corporate Tax Incentive System etc. Except the description, the intention is to evaluate the effect of these tax code derogations by using some of the reliable effective tax burden measures such as the marginal effective tax rates – METR, and its components. The basic research method used in this article is the descriptive method. The rest of the methodology is consisted of: the comparative method, the empirical method, and the method of the METR. After reviewing the article, readers will have an illustration of the concept of the Macedonian Corporate Tax System and its recent trends and solutions that made it more effective over time. Therefore, it is highly recommended for researchers in the field of comparative tax studies, tax officials, investors as well as any other interested parties.

Key words: tax rate, tax base, tax entities, tax burden, dividends, capital gains, etc.

JEL Classification: H25.

FLAT TAX AND ITS AFFECT ON ALBANIAN'S FDI

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Abstract:

Over the last 15 years waves of flat tax reforms have been rippling across the transition economies of Eastern Europe. Resulting economic consequences, globalization and special interest activities have spurred debates among politicians and economists in the Germany, Eastern Europe, and even in Albania. This essay investigates the potential efficacy of flat tax reform in the Albania with public choice tools. In this paper I develop two testable hypotheses to study the effects of the flat-tax proposal. The sections below include: 1) impacts of tax reforms, 2) comparison of between Albania and South East Europe FDI inflows. Also, the article discusses the impact of the new fiscal policies adopted by Albania, by implementing the flat tax on foreign direct investment. From this point of view were analyzed developments flow and the stock of foreign direct investment, taking into account the performance indicators of the flow of FDI.

Keywords: Fiscal Policy, Flat Tax, FDI inflows, Regression Model.

JEL Classification: H29.

PROGRESSIVE OR FLAT RATES ON TAXING PERSONAL INCOME?
THE CASE OF ALBANIA

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Abstract:

The tax system has an important impact on determining the behavior of economic agents, market distortions, government revenues, the redistribution of income, etc. The performance of the tax system can be measured according to the efficiency like administrative procedures, tax rates, flexibility on changing conditions of the economy and equity like shifting tax incidence from wealthy to poor individuals, or from small businesses to big corporate. Nowadays it is held a strong debate about the tax rates comparing progressive with flat ones. The advocates of flat taxes give point to administrative simplicity and the broader base of taxation reducing evasion. The increase of inequality, the shift of tax burden from high level income to low level income and sometimes the level of government revenue raised are some of the weaknesses of this tax. However many countries in the world including Albania have adopted this kind of tax. But it doesn't have the same impact. Some of the countries have shown good experiences of flat tax and some other have unclear effects of this tax. The aim of this paper is to show the situation of the flat tax in Albania with all the improvement made, the problems and the challenges for the future based on efficiency and equity problem. The analysis is focused in some important point like simplicity of the tax procedures, fiscal burden and government revenues. At the end will be drawn some conclusion and recommendations.

Keywords: *Progressive tax, flat tax, government revenue, fiscal burden, personal income tax, profit tax*

JEL classification: *H20, H23, H24.*

THE SOVEREIGN DEBT CRISIS IN THE EURO AREA:
CAUSES AND EFFECTS

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Abstract:

The present report focuses on the reasons for and the consequences of the Euro area sovereign debt crisis. Structural imbalances between the core and the periphery of the Euro area and the lack of fiscal integration are the main reasons for the crisis. After the creation of the EA its peripheral members borrowed large sums of money, mainly from foreign private lenders, and gradually aggravated their public finance stability indicators. The lenders' loss of faith in the solvency of these states stopped the cheap foreign financing and grew into a government debt crisis. The crisis drew attention to the asymmetries between the heart and the periphery of the Economic and Monetary Union (EMU), which can be seen in the different levels and dynamics of key macroeconomic indicators such as consumption, saving and investment. The debt crisis is not just a problem of EA peripheral member countries (Greece, Ireland, Portugal, Italy, and Spain) and cannot be resolved solely by fiscal austerity measures in these countries. The EA government debt crisis has systemic character and requires strategic solutions such as fiscal integration of EA member states (or at least increased coordination of their fiscal policies) and the establishment of a new governance structure of the EMU.

Key words: Euro area, sovereign debt crisis

JEL Classification Code: E44, F34

TOWARDS THE APPROXIMATION OF DIRECT TAXATION MODELS OF COMPANIES' INCOMES TAXES

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Abstract:

The inexistence of the harmonisation of the effective principles and the real non-homogeneity of the national's tax systems make the direct taxation a real factor of the competition for the companies. The companies, through specific planning and relocations, seek to exploit the current incompatibility of the national's tax systems in the field of direct taxation. In fact, this situation doesn't intend that the European tax harmonization in the field of direct taxation it is necessary to be pursued, but it means that an excessive incompatibility between the national's tax systems produces negative effects creating as result current distortions in the internal market and, in most cases, incompatibilities with the European order for which the Member States of the European Union need to apply a national tax policy in line with the European Union tax policy. Taking into consideration this issue, the proposed paper aims to analyze the question of the harmonization of national direct taxation systems in relation of the companies' incomes taxes with the European Union discipline taking into account that the task of the European Union is to supervise the Member States in way to ensure the correct application of the rules established by the European Union Treaty. In view of these purposes and final objective to respond improvement action in the field of direct taxation of companies' incomes, to verify if exist or not yet an European tax model for the direct taxation of the companies' incomes and to remove the distortions to internal market, the expected results of the research, being based on the analysis of the European Union discipline, will be the approximation and the coordination, in the context of the subsidiary principle, of national direct tax systems with the European Union discipline in order to ensure the community principles and the fundamental freedoms.

Key words: companies' incomes taxes, approximation, cross-border activities, discrimination.

JEL Classification: K33.

MACROECONOMIC ASPECTS OF PROPORTIONAL TAXATION OF CENTRAL AND EASTERN EUROPE

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Abstract:

Macroeconomic aspects of proportional taxation of Central and Eastern Europe. Over the last decade, most countries in Central and Eastern Europe have adopted proportional taxation as a measure to stimulate economic activity. The lack of conclusive empirical evidence, impaired social justice and the need to stimulate the economy, especially in a crisis moments, raise the issue of more clearly define the benefits of applying proportional taxation. The working paper aims to quantitatively test the underlying assumption in stimulating economic effects of administration of the tax. The object of empirical study is proportional taxation of the CEE countries (Bulgaria, Montenegro, Macedonia, Romania, Serbia, Slovakia, Albania, Russia and Georgia) and its impact on basic macroeconomic indicators such as GDP, employment, inflation, government debt and foreign direct investment. In order to conduct the econometric study of searched dependencies will apply an econometric methodology based on vector autoregressive model (VAR).

Key words: Gross Domestic Product, Proportional Tax, Employment, Investment, Inflation

JEL: E62; H21;H24.

IMPLEMENTATION RULES FOR FISCAL DECENTRALISATION IN BULGARIA: A SURVEY

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Abstract:

The main purpose of this study is to examine the impact of the current world wide financial and economic crisis on financial decentralization process in Bulgaria and identify the answers of the central and local governments to the critical situation in the context of specific conditions of the national economy and the stage of financial decentralization reform. Analysis is focused on dynamics of the main macro economic indicators, based on fact figures for the period 1990–2011 and forecast for 2012, and its impact on the public finance. The most important actions, taken by the national government to consolidate the crisis are described and evaluated on the base of their effects on the local finance. A comparison is made between the loss of Bulgarian economy in the beginning of transition (1991-1993), during the financial crisis in 1996-1997, caused by credit crunch and series of bank bankruptcies, and the current financial and economic crisis. Finally, some conclusions and policy recommendations are outlined, intended to improve crisis management in Bulgaria both on the national and local level.

Key words: *financial decentralization, local finance, economic crisis*

JEL Classification: *H71, H77*

FISCAL DECENTRALIZATION IN ALBANIA: PROBLEMS OF OVER-CENTRALIZATION

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Local government, is financed by a mixture of own revenues (primarily local taxes which are located within the limits established by law, and collected by local government), the division of collected revenues in the territory of the local units from national tax and grants transfer from central government. Local and regional governments have limited funds. Local revenue base is usually quite narrow; local-level governments are closely dependent on government transfers. These transfers require both administrative and economic costs, but are necessary in the majority of countries, particularly in transition and developing countries. The purpose of this paper is to analyze how deep the fiscal decentralization in Albania is. Political and administrative decentralization can have sense only if accompanied by fiscal decentralization. This is a necessary requirement for a successful decentralization. Political decentralization gives citizens the control over decision-making processes within the framework of rules established for institutional decentralization.

Administrative decentralization, transfers the responsibility for planning, financing and management of public services from central government, to regional or local governments. **Fiscal decentralization** describes the system of local expenditures financed through local revenues, various types of transfers and government borrowing.

Parker³¹⁷ (1995) recognizes the impossibility of designing a single strategy for decentralization and the importance of a healthy combination of all three types of decentralization. In this paper will be treated the historical, economic and political circumstances that have affected the process of decentralization after 1990. Given that the basis for institutional positioning of Albania was established with the approval of the 1998 Constitution and other laws we will focus on the main decentralization reform efforts made in 1998 and 2000 and particularly the depth of administrative and fiscal dimensions.

Key words: political / administrative / fiscal decentralization, local government, government transfers.

JEL Classification: H3.

SECTION IX: SERVICES INDUSTRIES BRANDING MARKETING AND CRISIS MANAGEMENT

COST QUALITY MANAGEMENT - IMPERATIVE FOR COMPETITIVE ADVENTAGE

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Abstract:

Within the contemporary economic conditions, enterprises might achieve a competitive advantage if only they sell goods and services with high quality and lower prices. Customers, usually, prefer quality goods with acceptable prices, while such goods create reputation with the particular brand. The perfect control system is necessary to achieve a high quality product, which the cost quality management is considered to be an indispensable part in. The cost quality is nevertheless created to ensure that customers' requirements are being appropriately attained. The most important objective of quality costs controlling is to assist the management in enhancing the product's value permanently. The superior cost quality control system helps the management to achieve other strategic objectives, such as: producing goods with acceptable costs and deliver the products to their customers in time.

Key words: *quality costs, quality management system, total quality management.*

JEL Classification: M10.

FINANCIAL CRISIS, CAUSES, IMPACT AND POSSIBLE SOLUTIONS

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Abstract:

This research concentrates on the fundamental causes of the current financial crisis and the impact of it in the banking system and more on the economy. The subprime mortgage crisis of 2007 was characterized by an unusually large fraction of subprime mortgages originated in 2006 and 2007 becoming delinquent or in foreclosure only months later. The banking crisis melted down a large part of the value of bank assets all over the world. This meltdown started with poisoned assets, notably subprime mortgages of US banks, but quickly spread to bank assets in other countries and a crash of global stock markets. The crisis that started in August 2007 originated from two factors: macroeconomic policy, especially the interest rate policy of the central banks, and a financial system built on the premise that there would always be too much liquidity, never too little.

Key words: *Banking system , Financial crisis, subprime mortgage, interest rate,*

JEL Classification: *G01, G15, G21, G24*

LESSONS FROM FINANCIAL CRISIS: ALBANIA AND INTERNATIONAL ORGANIZATIONS

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Abstract:

Now a days financial crisis is one of the biggest problems in the world. It has affected all the aspects of the economy in developed countries and in the developing countries. Banking sector is one of the most affected sectors. This is the reason why we will try in this paper to describe the types of the crises and the main factors that cause the crises. Then we will focus our analyses on the last financial crises that began United States of America and then it affected even Europe and the developing countries. At the next section we will try to give some recommendations about the possibility to avoid or to minimize the effect of the crisis. This will be done by analyzing the causes of the crisis and the way to avoid these factors. In the last section we will try to briefly show what happened in Albania. Are we avoiding the factors that caused the crisis? Where successful the followed policies? One of our conclusions is that countries that were in a way 'away' from financial markets were not affected directly from the crisis. They are suffering the consequences that came from the countries that were directly involved in the crisis.

Keywords: financial crisis, banking sector, bad loans, international organizations.

JEL Classification: E42, E44, G01.

MANAGING THE CRISIS IN THE ECONOMY BY THE RELEVANT STATE INSTITUTIONS IN
MACEDONIADoc. Ph. D. Miroslav Andonovski¹,¹ University “St. Kliment Ohridski” – Bitola, Republic Macedonia, Economic Faculty Prilep,
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The issue of inclusion of the state, more or less, in the economy is causing extensive hearings and will always present theme in discussions conducted in the area of economic issues. The same is especially apparent in the moments when the world is facing or already in crisis, not only in developed economies, but in others, and in particular the case in Macedonia. The great economic crisis since its emergence in the U.S. with unprecedented speed expanded in the countries of the European continent and did not circumvent the Republic of Macedonia. For preservation of the existing macroeconomic environment and for creating a favorable business environment in which the economic subjects can conduct business and minimize the negative impact the crisis has on domestic subjects, the Government in its efforts repeatedly direct the taking of proper anti-crisis measures which aimed to maintain favorable ambiances for management in the state. Maintaining quality dialogue with the business community, undoubtedly is a necessary prerequisite for creating a good business climate and without crisis, but this it is of particular importance in crisis so it is necessary for all stakeholders to bear part of the burden to find the exit this crisis with as little as possible consequences for them. In this context the Government since the first announcements of the crisis in the world and euro zone in the last quarter of 2008, based on indications of the business community, passed four packages of anti-crisis measures. With these packages Republic of Macedonia wanted to minimize the effects of the crisis on its economy and the economic participants.

Keywords: macroeconomy, crisis, anti-crisis measures.

JEL Classification: E29

THE ROLE OF SOCIAL PARTNERS IN COLLECTIVE AGREEMENTS NEGOTIATIONS IN R.M.: THE PERIOD FROM 1990-TIES TO 2012

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Abstract:

In our analysis of collective bargaining in the Republic of Macedonia in the period 1990-2010, we have applied the model of industrial relations of Harvard Professor John T. Dunlop. According to this model, collective bargaining is influenced by internal and external factors. Internal factors that affect collective bargaining are: the organizational capacity of the actors, followed by: the number of members, finances, personnel policy, unity and solidarity. External factors (external environment) that affect collective bargaining are: socio-economic and political context in the country, the legal framework, the ideology of the government, the policies of international financial institutions (IMF and World Bank), unemployment.

Key words: *collective agreements, Macedonia, external factors.*

JEL Classification: *F00.*

AN ANALYSIS AND ASSESSMENT OF CUSTOMER SATISFACTION WITH SERVICE QUALITY IN INSURANCE INDUSTRY IN ALBANIA. THE USE OF STRUCTURAL EQUATION MODELLING APPROACH FOR THE ANALYSIS

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2. Klime Poposki, PhD
President of the Council of Expert of the Insurance Supervision Agency, Macedonia

3. Alba Gjeka Myftiu, MA
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Abstract:

This study sought to assess and analyze customer satisfaction with service quality in the insurance industry of Albania. Specifically, it examined the determinants of satisfaction and the effects of customer satisfaction on behavioral intentions of consumers in Albania's insurance industry, as well as the influence of background data on the relationship between satisfaction and behavior intention. The study was a cross-sectional survey that used self-administered structured questionnaire to the target population of customers of insurance companies in Albania. Out of the one thousand and one hundred questionnaire administered, one thousand and fifty-one usable questionnaire were obtained constituting 87.6% for analysis. Structural Equation Modeling (SEM) approach was used to analyze and test relationships among variables. The study found that Reliability and Responsiveness are Functional quality dimensions that were found to have significant impact on customer satisfaction. Again, Technical quality, Price, and image quality were found to be factors that do not significantly affect customer satisfaction determination. Moreover, customer satisfaction was found to have significant and positive impact on behavior intentions such as likelihood to recommend, switching intention and repurchase intention. Furthermore, demographic characteristics such as gender, age, education, and income levels were found to have no significantly impact on the relationship between customer satisfaction and behavior intentions. The implications of the study to management and theory are discussed and recommendations for future research have been made.

Key words: customer, satisfaction, determination.

JEL Classification: M19.

RISK MANAGEMENT FOR LIFE INSURANCE WITH HIGH INVESTMENT COMPONENT. THE ISSUES RELATED TO SOLVENCY RISK MANAGEMENT FOR A RANGE OF HIGH SAVINGS LIFE INSURANCE PRODUCTS

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Abstract:

Regulation of life insurance with a high investment component depends on the objectives of the regulator and the range of products offered. Risk management for these products may involve the use of sophisticated financial instruments, but the use of these instruments can create risk as well. Regulation is necessary to correct market imperfections, and the degree of necessary regulation depends on the sophistication of the market. Regulators must balance the need for simplicity of regulation against the need to permit product innovation. This paper discusses issues related to solvency risk management for a range of high savings life insurance products. Evidence shows that a competitive free market allocates scarce resources efficiently, enhances the value of products brought to market, and enhances consumer choice. Previous research found that liberalization and deregulation seem to have increase productivity. This rigorous research confirms the results of economic theory, that a competitive market increases productivity. What, then, is the proper role of insurance regulation? A perfect market might be able to operate effectively with no regulation, but insurance markets tend to have imperfections that must be corrected by regulation. The proper role of regulation is to compensate for these imperfections with the minimum interference with the functioning of the market. The most important imperfections in the insurance market are information asymmetry, market power, and systematic financial risks. The classic example of information asymmetry in life insurance arises as adverse selection, when an applicant is aware of adverse risk information that the insurance company is not aware of. While this is a common potential problem, companies usually handle it effectively in their underwriting process. The more pertinent problems for this discussion involve information that companies have that their customers do not have. This information includes company financial strength, the risk profiles of investment products, and comparative value of products. These imperfections bring about the need for regulation of solvency and consumer product disclosure.

Key words: risk, management, insurance, life.

JEL Classification: M19.

SECTION X: SUSTANAIBLE AND REGIONAL DEVELOPMENT

CONSTITUTIONAL AND LEGAL BASE FOR SUSTAINABLE DEVELOPMENT IN MACEDONIA

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Abstract:

Sustainable development, as a new paradigm of development, imposes a challenge for every country which recognizes it as precognition for better life and wellbeing of its citizen's. Each country has a different, national solution for realization and implementation of this new philosophy of development. Yet, the essential elements that enable the creation of sustainable development policies are the Constitution of the state and its legislative, both containing the basic principles of sustainable development. The aim of this paper is to present the basis for conducting national policy for sustainable development policy in Macedonia. The subject of research is the Constitution of Macedonia and the Law on Environment which is fully complied with the Acquis Communitaire of the European Union. According to analysis done, the result is that the Constitution is founded on the sustainable development pillars and that the Law on Environment contains articles that impose obligations for fulfillment the concept of sustainable development. That leads to the conclusion that Macedonia follows the modern trends in implementation the sustainable development policy.

Keywords: *Sustainable Development; Constitution; Law on Environment; Macedonia.*

JEL Classification: O10.

ENCIRCLED REFORM OF THE PUBLIC ADMINISTRATION BASIS FOR RESPONSIBLE
WORKING
(CASE STUDY OF THE REPUBLIC OF MACEDONIA)

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Abstract:

The aim of this paper is to analyze the legal and sub legal acts in Republic of Macedonia by which it is regulated the liability of the state administration. The organs of the state management as holders of the executive authority have key role in the policy conduction in the execution of the regulations by the Assembly and the Government of Republic of Macedonia. For that aim it is necessary to create good organizational basis and staff potential, followed by plans and action measures for implementation to reach professional and other directions for conduction of those measures. The organs of the state management as liable for law execution as well as the organs of the state authority should set rules and procedures by which through clear indicators will be able to confirm the liability and at the same time it will be created a base for effective working. The execution activity of the organs of state management is consisted of direct application of the laws and the other regulations by reaching decision in the management procedure by which it is decided for the rules, obligation and interest of the citizens and other legal entities passing separate acts outside of the management procedure, making management surveillance, passing of sub legal regulations for successful execution of laws and the other regulations and performing management actions and taking management measurements especially in the achievement of the surveillance authorizations.³⁴⁰As news in the work of the government is the methodology for analyses of the policies and coordination with the ministries and the other organs³⁴¹ as initial document which represents a good base for the following of the organs of the state management. These policies contain more principles which could be applied and should be worked out and made to be more detailed. In the laws there should be clear directions how to control and evaluate the working of the state and the public administration and by that the irresponsible working of the administration can be proved. The conclusion of this paper is that in Republic of Macedonia the legal and the sub legal acts should be changed in the direction of clear completion of the liability of the state and the public administration.

Key words: state and public administration, liability, efficiency.

JEL Classification: M1.

BUSINESS STRATEGIES FOR ALBANIAN ENTREPRENEURIAL SMALL FIRMS

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Abstract

The first part of this paper discusses the current evidence on the nature and purpose of strategic planning in entrepreneurial small firms. The second part develops an analytic approach to planning analysis, which shows that few of the earlier approaches to strategic planning are appropriate for the Albanian entrepreneurial small firm. Instead, four Meta strategies are proposed that firms might employ to cope with uncertain environments. The management of the Albanian enterprise needs to be focused more on the strategic level in the context of the overall aims and objectives of the organization and less attention should be paid to the tactical level that implies a belief in the linearity of action and effect.

Key words: *business strategy, entrepreneurial small firms.*

JEL Classification: *M19.*

RIORIENTATION OF DURRES PORT INTO A REGIONAL PORT

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Abstract:

Durres port is the main gateway of Albania, where more than 85% of the seaborne cargoes go through this port. During the recent years, the volume of general cargo that has been handled in this port has been gradually reduced and instead, a continuous and rapid growth of containerized cargoes has been observed.

***Objective:** the objective of this paper is to give an assessment of the reorientation of the trade in the western Balkans and its impacts on Durres port as the main Port of Albania. In order to have an effective and productive terminal, a number of factors need to be studied, because the higher the terminal productivity, the higher the competitiveness of the terminal will be therefore the port will act as a regional port.*

***Methodology and Results:** the methodology used in this paper includes an analysis of the trade situation in Western Balkans, main ports serving in the area, a picture of Durres Port and its activities compared to its competitors in the region, and infrastructure developments in Albania regarding to port activities. Durres Port handles more than 85% of the seaborne cargoes that are transferred in/to Albania and most of this cargo is originated and has as a final destination Albanian territory, making this port a port with local effects only. Lack of railway connections to pan European railway network, lack of available spaces for terminal expansion, lack of logistic centers or free trade zones compose some of the limitations of this port.*

***Conclusion:** Durres port as the main and biggest port of Albania has remained out of the main regional market due to its limitations. Development of transport infrastructure and logistic services will increase the effects of this port into the region's markets.*

Keywords: regional effects, Durres Port, infrastructure, logistic services.

JEL Classification : FO2.

STRENGTHENING INNOVATION CAPACITY
OF THE MACEDONIAN BUSINESS SECTOR

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Abstract:

Nowadays, the Macedonian companies are being faced with a strong pressure to improve the productivity, as well as to meet the high standards and quality requirements of the products and services in the global market place. It is therefore extremely important for the companies to systematically upgrade, innovate and improve their operations. In such a competitive environment, the business sector may possibly endure and function properly all the way through affirmation and adoption of the innovation-oriented strategies that will stimulate the creation and commercialization of new products and processes, but also the possibilities to obtain new knowledge and technologies from external sources. Thus, strengthening the firms' innovation capacity is to be a strategic priority that will possibly develop the potentials for creation and proper deployment of internal and external resources aimed at delivering a distinctive and superior market value. In the absence of developed innovation system, as well as the relatively limited resources for research and development, business sector in the Republic of Macedonia lags significantly behind the general trends on global scale and may not effectively respond to challenges imposed by new economy and the knowledge-based society. Hence, the main objective of this paper is to analyze the innovation capacity of the Macedonian business sector and to perceive the potential measures and policies for encouraging its innovation and technological development. Specifically, it aims at analyzing the level of R&D activities performed by the companies, as well as their capacity to acquire and use the knowledge from external sources and to increase the knowledge base itself. In addition, it explores the policy measures that affect the innovation performance of the firms, as well as the possibility to create an economy-wide framework conditions aimed at promoting innovation and technological development.

Key words: Business sector, innovation capacity, Macedonia, technology

JEL Classification: O30, O31.

WORK MOTIVATION AND WORK SATISFACTION
IN THE HOTEL BUSINESS IN MACEDONIA

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Abstract:

This is a study for Macedonian staff that works in the hotel business in Macedonia. The study investigates the relation of person-organization and confirms that Macedonian employees have very low criteria for work satisfaction. The salary is still the basic factor that contributes to the work motivation. Macedonian employees are motivated from the external factors only and they hardly take any initiative to self-realize and self-actualize themselves. By using a sample of 96 persons, the objectives of this research are to study the differences in work satisfaction and work motivation among managers and employees in the hotel business in Macedonia. Furthermore, the paper investigates the relation of particular factors of organizational behavior to the level of work motivation and satisfaction, analyzing them with the use of the correlational method. The managers in the hotel business in Macedonia have better conditions to satisfy their needs which means that they are significantly more satisfied than employees. However, the results from the t-test that investigates the differences of factors of work satisfaction among males and females presents that the gender is not a significant factor for the level of work satisfaction. Both factors - gender and working place, do not contribute to the level of work motivation. The results of the correlation method between the variables of organizational behavior - work motivation and satisfaction, show that there is a significant statistical association between organizational behavior and work satisfaction. However, the relation between organizational behavior and job motivation was not confirmed. Finally, the results for the level of work satisfaction do not relate to the work motivation, which means that the internal feeling of satisfaction does not relate to the motivation for work. The factors that contribute to these results are the subject of analysis and discussion through this paper.

Keywords: organizational behavior, hotel industry, work satisfaction

JEL Classification: D23; J28.

THE EMPLOYMENT AND WAGE STRUCTURE CONNECTION IN ALBANIA, AND THEIR IMPACT ON
THE STANDART OF LIVING

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Abstract:

The transition from planned economy to market economy has shown a powerful effect on key variables of the labor market: employment and wages. On the one hand wages are regulated by changes in relative supply and demand of different groups of employees. On the other hand, the redistribution of labor, an important element of economic restructuring is led by changes in the relative wages. Thus, the evolution of the wage structure, acts as an important signal of the labor market. The economic development has improved the structure of wages steadily over time and this shows that the wage structure is not rigid, but is a category that undergoes a dynamic change. Given that the income from wages constitute the bulk of income of workers, then they jointly determine the absolute and relative standard of living. So, wages have an important economic and social function. The aim of this paper is to determine the kind of connection between the wage structure and the employment structure in Albania, in order to evaluate the economic and social function of wages. Based on official data published by INSTAT and other official sources of information in Albania, this paper addresses the discussion in three main directions. First, it analyzes the evolution of the employment structure during transition in Albania, second, it analyzes the evolution of the wage structure during transition in Albania and third, it determines the impact of wage and employment on the Standart of Living in Albania. Interesting implications are explored for public authorities and policy makers to understand better this connection, in order to find new solutions for improving the standard of living in Albania.

Key words: wage, employment, labor market

JEL classifications: J31, J21, J40

UNEMPLOYMENT AND THE RELEVANCE OF THE SOCIAL WORK NORM IN ALBANIA

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Abstract:

In the modern welfare state, people who cannot make a living usually receive financial assistance from public funds. Accordingly, the so-called social work norm against living off other people is violated, which may be the reason why the unemployed are so unhappy. If so, however, labor market concepts based on the notion of promoting low-paid jobs that are subsidized if necessary with additional payments would appear far less favorable. For many countries, unemployment is one of the most pressing social problems. In the ongoing debate on the most promising policies in this context, economic advice focuses mainly on the real wage and its determinants. In line with the classical labor market model, in which wages above equilibrium levels lead to a labor surplus, the point is made that falling real wages can stimulate the demand for labor and reduce unemployment. However, even if not induced consciously by a particular labor market concept, large low-wage sectors are a reality in a number of countries. In contrast, there is widespread consensus that the community should ensure the minimum income needed to exist, at least for those who are not simply refusing to work. Given these facts, it is not surprising that, for many labor market economists, the design of low-wage sectors is seen as a fundamental economic challenge. It could be that people are employed, but still unhappy. Using Albanian data, this paper examines the relevance of the social work norm and finds a significant disutility effect of living off public funds. Although this is true for employed people as well, the results show that the individual is generally better off having a job that requires additional assistance, than having no job at all.

Keywords: *Unemployment, Social benefits, , Labor market policies, Social norms, Well-being.*

JEL Classification: *JO, J38.*

MARKET PRO POOR APPROACHES (M4P)
STRATEGIES TO STIMULATE RURAL DEVELOPMENT

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Abstract:

This paper aims to explain how strategies of M4P influence local products positioning and competitiveness including improvements of economic situation in rural areas.

The methodology used is Participatory Market Chain Approach (PMCA), which is a participatory R&D method for promoting pro-poor market chain innovation together with market chain actors and supporting R&D organizations. This methodology was first developed and applied in Peru and Bolivia by Papa Andina Initiative together with its local partners as a means to contribute to sustainable poverty reduction in rural potato producing areas.

Based on a structured and facilitated participatory process, PMCA gradually generates interest, trust and collaboration among market chain actors and supporting R&D organizations, as a mean to stimulate pro poor innovations. With its three 3-phase structure, PMCA has proven to be flexible and applicable in different contexts, having great impact potential in settings where crops grown by poor households are targeted and boosted through different type of innovations, including the development of new products, new technologies, and new institutions. In order to ensure optimal impact with tangible out-comes—adding value to both consumers and actors involved in the PMCA process—excellent process facilitation is required from R&D staff trained in the method and having good social skills, research and marketing knowledge.

At the end of this research work we found that development of Albanian brands may help producers to differentiate their local products, create competitive advantage in the market, arising from consumers demand toward these brands. As a final result of this research work a new local brand named “Albanian guarantee” was developed. This brand promotes Albanian products from different regions of the country through respective labels. Albanian Guarantee is a labeling system with clear rules for production and marketing, ensuring consumers to access high quality products from different regions of Albania.

Albanian Guarantee helps consumers to access products that generate important income in rural areas of the country, thus contributing importantly to rural development and the safeguarding of typical values. Although, this research has been applied in Food and Agribusiness industry, we believe that these finding can be very useful for other industries that are base operations in local production.

Key words: PMCA, rural development, competitiveness; research.

JEL Classification: O16.

EXPORT PERFORMANCE AND COMPETITIVENESS IN THE WESTERN BALKAN ECONOMIES: THE CASE OF ALBANIA

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Abstract:

Sustaining faster growth and reducing unemployment in the small open economies depends on improving export performance. Improving export performance can also help preserve macroeconomic stability by closing the current account gap to avoid losing reserves and to contain the growth of external debt. Improving export performance requires enhancing competitiveness. In this paper we analyse the competitiveness of the Western Balkan economies, especially in Albania. During the transition process, the export structure of the Balkan economies has undergone significant structural changes. The Western Balkans is cost competitive and has EU proximity advantages. While cost competitiveness as a source of differentiation might improve short-term export performance, sustained improvements require enhanced productivity and resources reallocation to more dynamic sectors, which depends on reforms to improve the business environment. The other aim of this paper is to analyse the connection of the competitiveness with the performance of exports in Albania using various indicators. Albanian exports were highly concentrated in structure (products and geographic markets) and around labor intensive, low value added inward processing products and raw materials. The import coverage index has continuously a low value reflecting a low competitiveness level of the country's exports. Finally we recommend that stable institutional setup, structural reforms, and targeted FDI are the internal supply capacity factors that will lead to increased export performance in the Balkan economies.

Key Words: *export performance, competitiveness, foreign/EU market access, internal supply capacity factors, structural reforms.*

JEL Classification: *F13, F15, F43, F63.*

REFLECTIONS ABOUT A LARGE STUDENT ENGAGEMENT AND INVOLVEMENT IN THE SOCIETY POLITICS

1. Msc. Kladiola Gjini³⁶³2. Dr. Alketa Vangjeli³⁶⁴**Abstract:**

Students will be the leaders of future changes, not only as individuals but also through their membership in different groups. Encouraged by ideas and experiences from foreign universities, from different initiatives for an effective leadership development programme, in this presentation we suggest several recommendations for changes in order to build a more active role of students in our university. Our faculty, by its own interdisciplinary nature, can be the promoter of a better stimulating environment, for the orientation and management of students' interests from all disciplines. Based on new visions and positive experiences from other academic institutions in the world, students will be motivated for more active engagement and collaboration at a university level. Student involvement in sensibilization campaigns, in community projects and in leadership development programmes will contribute to public politics and to the citizenship of tomorrow. These kinds of activities will be very valuable for the student curricular and extracurricular activities, for their future career, for project management skills and for expanding their network of social and professional contacts. The formation of critical and creative citizens brings progress to the whole society. Creating a new spirit of engagement will enable everyone to see him/herself as a responsible actor in the collective life- an essential value of democratic civilizations. These are some aspects of our presentation in this conference that will be accompanied by actual analyses and reflections from contemporary European experiences.

Key words: engagement, civic and social responsibility, development

JEL Classification: O1.

SUSTAINABLE TOURISM AND RECENT ECONOMIC CRISIS (ALBANIA CASE)

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Abstract:

In many countries around the world, the tourism sector is considered as much more important than even the production one, seen on both, the economic and social aspects. Albania is regarded as an unknown tourist destination in Europe, but it still provides a lot of precious and rare secrets of nature and also the cultural heritage. Sustainable Tourism development has to be taken under consideration from strategy design to its implementation. The main aim of this paper is to define the role of sustainable tourism and its impact to the current economic crisis in Albania and at the same time to evaluate the measures for the future development.

Finally, this paper provides some conclusions and recommendations for the phenomenon treated.

Key words: *Tourism, sustainable development, economic crisis, economic development, Albania.*

JEL Classification: *M39.*

SECTION XI: TOURISM MANAGEMENT

IMPACT OF SPORT TOURISM SERVICES IN ALBANIA

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Abstract:

Sport Tourism is an emerging field in our country. The main scope of this case study was to observe sports and recreational activities offered by hotels and tourist resorts. Services of Sport Tourism are more widespread in the coastal part, where the main tourism hotels and resorts of Albania are established. The research methodology of this study was descriptive, based on questionnaires and interviews. The data gathering was based into 2 perspectives: a) sport tourism service from the customer point of view, b) sport tourism offers from the manager's point of view. The selection of data was based on a random sample of eleven hotels located in the coastal part from Vlora to Saranda, three hotels in Korca and Pogradec and two hotels in Tropoja. The data was combined into two questionnaires. Interviews were conducted in order to collect information from managers for the the short term and long term planning of Sport Tourism offers. Statistical analyses results showed an evident increase of the Sport Tourism Offer and Request. This case study results outlined: a) Businesses of Sport Tourism are present in the Albanian market and sport products offer is expanding in the recent years, based on customer request. b) Analyzing customer needs and marketing of sport products by promoting sports and recreational activities during tourists' visits is very important for the present and future of sport tourism, c) Sport Package Offer has demonstrated a growing impact and plays an important role in the tourism field outcome.

Key Terms: Sport Tourism, Sports and leisure activities, Tourist Accommodations.

JEL Classification: M10.

MANAGING REGIONAL DEVELOPMENT:
EMPIRICAL EVIDENCE ON TOURISM CONTRIBUTION

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Abstract:

Tourism is one of the greatest sources of economic growth and is detected by many undeveloped and developing countries as the only way-out for economic prosperity. This study argues the inevitable relationship between tourism and regional development with an aim to investigate the potential of successful contribution of tourism to regional development in the south-west part of Macedonia. In particular, it makes an attempt to explore and compare the NUTS3 regions from the perspective of tourism potentials for regional development. This empirical evidence reports on analyses based on stylized facts obtained from secondary data. The outcomes point to the fact that the South-West planning region is the leading statistical region in Macedonia when referring tourism and regional development issues. Yet, despite its enormous potentials, tourism still has not reached its peak point. So, the paper strongly recommends this evidence as a good example for boosting regional development through tourism application. Furthermore, it urges the need for identifying effective framework for mitigating the up-to-date modest results and creating sound public policies. Additionally, the contribution of this paper lies in the fact that it enriches the poorly-developed empirical academic work within this scientific area in Macedonia.

Keywords: *Tourism; Regional development; South-West planning region; Macedonia.*

JEL Classification: L83, R11, R58, H76.

PLANNING AND PROMOTION OF SUSTAINABLE TOURISM
DEVELOPMENT IN MACEDONIA

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Abstract:

Due to the fact that tourism generates many impacts which are contributing to the overall economic development, the inevitable connection is evident to the process of state, regional and community planning. This study addresses the role of government in its efforts for undertaking tourism policy that ensures hosting visitors by maximizing the benefits to all involved stakeholders, while minimizing the negative impacts associated with accomplishing successful destination. This has been a priority task to all governments, particularly to small and developing countries as Macedonia. So, the research addresses the role of government in its efforts for planning and promoting sustainable tourism development in Macedonia. Several key areas of governmental influence on tourism development are assessed based on available primary and secondary sources of desk-research. The paper is reach on comparable quantities analyzed by descriptive statistics with a data set generally covering a twenty year horizon and over. Despite the significant governmental efforts, the up-to-date results point to modest and limited outcomes with regards to the sustainable tourism development. This empirical evidence underlines the importance of government actions, support and encouragement as a prerequisite for well-established tourism planning process in the line of accomplishing positive impacts with larger extends.

Keywords: Tourism; Government; Sustainable tourism development; Macedonia.

JEL Classification: L83, M38, O21, Q01.

CRITICAL SUCCESS FACTORS FOR ANE-TOURISM SERVICES IMPLEMENTATION. THE
CASE OF ALBANIA

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Abstract:

With the rise of the Internet, online delivery of public information and services has become crucial to be a key enabler to support E-government services. On par with the development of all nations in the world, the government of Albania has taken every effort to implement and improve public services delivery system within the E-government concept. This study examines the extent of E-services features applied in the E-Tourism sector in Albania.

The study will identify the critical success factors for a successful implementation of an E-Tourism portal. In order to achieve this, a list of factors is identified for investigation. A study is carried out systematically to investigate the critical success factors of an E-Tourism portal. The success factors are based on the feedback from the potential users of the portal. Upon identifying the critical factors, a selection is done based on the priority ranking. With the critical factors extracted from the study and based on the framework of an E-Tourism service, E-Tourism portal has been developed.

Research Objectives

We have set the following objectives:

- 1. To identify the relevant factors necessary for an E-Tourism system for the Ministry of Tourism of Albania.*
- 2. To assess empirically, the critical success factors for an E-Tourism system in Albania.*
- 3. To propose a framework that can be adopted for the development of an E-Tourism services implementation initiative in Albania.*
- 4. To develop a prototype of E-Tourism portal based on the proposed framework for Albania.*

Research questions

The management problem of critical factors raises many questions to be addressed by the researcher as part of this study:

- 1. What are the important factors for an E-Tourism system?*
- 2. What are the critical factors of a successful E-Tourism system?*
- 3. Is E-Tourism important for Albania?*

4. Are the communities and enterprises in Albanian tourism industry collaborating electronically?

Using these questions as a starting point, a scope of work that will significantly provide the customer of what is expected from a successful E-Tourism portal will be identified.

Key words: *public information, services, management, e-tourism.*

JEL Classification: *M39*

SUSTAINABLE TOURISM DEVELOPMENT. A PERSPECTIVE FOR KORÇA REGION.

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Abstract:

Nowadays, there is a growing concern for the protection of the environment and the adoption of business policies that will enable to the earth's resources to be sustained. The new environmentally aware values now emerging are challenging the underlying concepts of marketing. It is also essential the maintenance of a profitable and sustainable tourism sector at any particular destination. In this aspect, concern for sustainability is central to the management of both markets and the destination. Marketers are using marketing tools not only for creating a successful destination but even for oriented them to the sustainable tourist destination. This paper attempts to tell how a destination as Korça region can remain competitive and build a sustainable character, a factor which represents one of the most important competing advantages by using a model for sustainable tourism. So is made a study for this region and are build two questioners one for tourists and one for community. In the end is recommended how to make this destination sustainable and successful.

Key-Words: Sustainable tourism, sustainable tourist destination, competing advantages, successful destination.

JEL Classification: M20

TOURISM INDUSTRY & GLOBALIZATION IMPACT ON THE PERFORMANCE FOR THE
ALBANIAN TOURISM ENTERPRISES

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Abstract:

Tourism is defined as one of the sectors with a major impact on the economy of every country. It consists of many, independent enterprises, covering a wide variety of activities in both the private and public sectors. The phenomenon of globalization has contributed significantly to the spread of tourists around the world. This paper is focused in the relationship between globalization and tourism. The aim is to identify the factors facilitating globalization of the tourism industry and how these factors influence the performance for the albanian tourism businesses. After removing the visa regime with Europe, where Albanians are likely to make the holidays? Inside Albania or abroad? Did the Albanian tour operators feel any possible threat? I will address some theoretical issues on this paper in identifying some of the factors, why is this happening and what should be done more. Finally the paper will conclude with some findings & conclusions.

Keywords: Globalization, Tourism industry, tourism businesses, performance

JEL Classification: M39.

AN INVESTIGATION INTO INFORMATION AND COMMUNICATION TECHNOLOGIES-
BASED APPLICATIONS FOR SUSTAINABLE TOURISM DEVELOPMENT OF
DESTINATIONS

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Abstract:

Sustainable tourism is a heavily researched concept but in reality there has been limited implementation of the principles and practices of sustainable tourism for destinations. Adopting a destination focused perspective, this paper presents research which expounded Information and Communication Technology (ICT) as a practical, new and innovative approach to sustainable tourism development i.e. computer-supported sustainability. A literature review revealed that there was no specific study focusing on the uses and applications of ICT for sustainable tourism development despite the mention and benefits of doing so. However it did identify that several opportunities existed in destination management for using ICT as well as a collection of ICT-based tools/applications which can be used for managing different aspects of sustainable tourism. Therefore an investigative analysis was necessary in building a solid body of work on the uses and applications of ICT for sustainable tourism as a practical approach for destination managers. These findings formed the input for the primary research which was conducted in two phases: surveys administered to destination managers and e-Tourism experts followed by semi-structured interviews with experts in this domain identified from the surveys. The primary research alongside the literature findings led to the development of a descriptive framework which identified, categorized and described the uses of these ICT-based tools/applications for managing tourism's impacts. Assessment procedures based on the sustainability goals of the destination were then developed in order assist destination managers selecting the ICT-based tools/applications that were best suited for managing the sustainable tourism development of their destinations. The conclusion of this research clearly identifies that destination managers. sophisticated application of ICT to sustainable tourism is the next logical and practical step they can take in making sustainable tourism a workable reality for their destinations. This research is the building block for prospective research in the ICT-sustainable tourism domain. Future research avenues would be to use the results presented to determine the suitability, applicability and feasibility of the ICT-based tools/applications presented for destination managers. This existing research can be used to develop a more coordinated approach to theory development and engage in more empirical research to address tourism challenges with regards to using ICT for sustainable tourism development.

Keywords: *sustainable tourism, information and communication technology, e-Tourism, ICT-based tools/applications, destination management, computer-supported sustainability.*

JEL Classification: *M39.*

THE IMPACT OF GIS APPLICATION IN THE TOURISM DEVELOPMENT OF
ELBASAN REGION

Bederiana Shyti³⁷⁶ and Evis Kushi³⁷⁷

Abstract

This paper provides an initiative for the application of GIS (Geographic Information System) in the tourism industry in Albania. It is applied in Elbasan, which is an important destination in this country for both native and foreign tourists. The application of GIS consists on bringing geo-referenced data of Elbasan region, provided mainly by the District Office, into digitized maps, assigning all objects to thematic layers. The results show that GIS may help to the development of tourism industry in Elbasan region in order to become more competitive not only in Albania but also in the regional and international tourism market.

Keywords: digitized map, geographic, information, district, Internet.

JEL Classification: L83, L86

SECTION XII: ALBANIAN LAW, EUROPEAN LAW,
INTERNATIONAL LAW

DOMICILE AND RESIDENCE OF INDIVIDUALS UNDER
EC LAW AND ALBANIAN LEGISLATION

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Abstract:

The concept of domicile and that of residence are considered as binding factors in private international law. In particular, in the field of taxation, these concepts affect directly to the right of the state to tax individuals (even companies). This paper will examine, first, the concept of domicile, not only because it has traditional importance, but also because it makes it easier for an understanding of the concept of residence, which appears in various forms. Evolving these concepts will be done in two perspectives: first, domicile and residence under EU law, and secondly, domicile and residence in Albanian legislation, focusing on tax law and tax agreements concluded by the Republic of Albania.

Key words: *domicile, residence, Albanian Law, European Law.*

JEL Classification: *K33.*

THE DUALITY OF EUROPEAN AND ALBANIAN DOCTRINS AT THE CLASIFFICATION OF
LESION CAUSED DUING THE PROFESSIONAL JOB LIKE ONE EXTRA CONTRACTUAL OR
CONTRACTUALE DAMAGE: THE ROLE THAT PLAY AT EC AND ALBANIAN PRACTICE
THE CONTRACT OF PROFESSIONAL INSURANCE

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Abstract:

Mostly we are involved at one situation when we need the proffesional assistance, and mostly the results are not in our advantage and can damaged us. In this cases the responsibility of this specialist is classified like one contractual responsibility or extra contractual responsibility? In this cases, who is the role that the insurance Company have , based at the proffesional insurance contracts?

Key words: *Albanian and European doctrice, duality, contract, professional.*

JEL Classification: *K39*

ENFORCEMENT OF HUMAN RIGHTS AS A GUARANTEE OF RULE OF LAW AND
EUROPEAN INTEGRATION

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Abstract:

Albania's membership in the European Union is subject to the fulfilment of the Copenhagen criteria as a precondition for obtaining the candidate status and then the initiation of accession negotiations. The European Commission Opinion identifies with the Recommendation no. 11, the fulfilment of political criteria for EU membership in particular the reinforcement of the protection of human rights not only as a guarantee for the rule of law but also as a condition for European Integration. Strengthening and protecting human rights, special focus on minority rights and effective enforcement of anti-discrimination policy is a key priority of the Albanian state institutions, aiming at the integration of minorities in public policies and procedures, addressing ethno-linguistic discrimination in compliance with the European Convention of Human Rights and other international conventions for minorities. The purpose of this paper is the identification and analysis of democratic standards, rule of law and integration policies since 1992 in Albania, which guarantee the strengthening of legal mechanisms and real achievement for the national minorities living in Albania in their efforts towards the development of further enforcement in the protection of human rights by: adopting and monitoring the National Strategy concerning the protection of minorities for the period 2011-2015, increase of representative ability to enhance the participation in decision making for major economic and social issues in local and and central governmental institutions; completion of legal framework for a functional and effective system in the protection of child's rights; amendment of the legal framework by ratifying the Convention on Ethnic and Linguistic Minorities in accordance with EU standards and best practices; protection of Roma community rights in particular provided in the current legislation and international conventions, as well as the effective implementation of anti-discrimination policies.

Key words: *Human Rights, Rule of Law, European Integration, Key Priority no. 11, Action Plan, European Convention of Human Rights.*

JEL Classification: *K19.*

RESPECTING THE HUMAN RIGHTS AND PROTECTION OF MINORITIES - ONE OF THE CHALLENGES OF THE ALBANIA'S INTEGRATION INTO THE EU¹

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Abstract:

In the context of the Albania's integration into the EU, respecting the human rights and the protection of minorities remains a key priority to reach. This paper aims to show how Albania has moved forward in the accomplishment of one of the main criteria of Copenhagen, that political, whose focus is on human rights. The entire paper sheds light on the European Commission reports which reflect the progress made by Albania in front of the door of the European Union. For the aim of the paper we will emphasize that Albania has become part of the universal and regional instruments of human rights protection, by ratifying a large number of conventions such as the European Convention on Human Rights, the Hague Convention for Protection of Children, the Framework Convention for the protection of minorities, etc. Given the fact that respect for human rights is one of the basic elements of coexistence in a European society, the work will show that Albania has moved in a positive direction concerning the respect of the rights of prisoners, women, children, the guaranteeing of freedom of expression, thought, conscience and religion, the implementation of the principle of equal treatment, the guaranteeing of the right of property, and also the protection of the right of minorities. We will analyze the role played by the ombudsman and the commissioner for the protection against discrimination in this field. The last part of the paper will refer to the conclusions and recommendations Albania must take into account in order to successfully face the challenges of European integration.

Key words: European integration, challenges, human rights, protection of minorities, report, recommendations.

JEL Classification: K19

“THE ALBANIAN CRIMINAL LAW AND ENVIRONMENTAL CRIME – ECOMAFIA”

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This paper aims to get an overview on the environment crime and its legal definitions. Criminal offences against the environment (air, land, water, flora and fauna) have become a global concern and problem which calls for immediate solution. Criminalisation of criminal offences against the environment is an effort to impose criminal sanctions on these criminal behaviours harming the environment and consequently the public interest. Environmental crime is complex and special due to the fact that the environment itself is a complex area of several dimensions. It has a special nature. Environmental crime is to a certain extent different compared to the traditional classic crimes. In order to protect the environment from criminal actions, legal and institutional initiatives through programmes of several international structures or bodies are being implemented all around the world. The Constitution of the Republic of Albania affirms clearly the principle established in the Aarhus Convention for the public right to obtain information on environmental situation and also the principle of sustainable development which is internationally recognized in important European legal instruments and United National instruments. Such constitutional obligations are elaborated in important legal acts including the Criminal Code of the Republic of Albania. Criminal law provisions ensure protection of the environment from all the acts or omissions which constitute a threat for the society such as illegal actions committed in guilt and followed by the dangerous consequences. Considering the period from the '90 up to now, it results that there is a positive and evident development of criminal law as regards protection of environment through criminal law. Before the '90, criminal offences in the area of environment were not foreseen in any separate chapter of the Criminal Code, as they are now. An important moment to be mentioned regarding the issue on environmental crime is the position of the European Convention on Human Rights (ECHR) signed in Rome on 4 November 1950. The European Convention on Human Rights in the framework of the legal regulations of the rights and freedoms does not contain, specifically defined or explicitly, any provision about the environment. Therefore, European Court on Human Rights has settled the cases by applying the respective articles of the Convention including the general regulations concerning the protection and the entitlement to fundamental rights including the protection of environment and the right to a clean environment which is directly linked to the right to privacy, property, family life considering environment as part of superior interest of the society. Organised environmental crime – “Ecomafia” as it is broadly known in Italy refers to the entirety of well-defined and organised criminal offences against environment. Organised environmental crime is even more serious from the perspective of the social menace because the criminal consequences fall on many states and societies. Consequently, even cooperation at international level has been strengthened. Organised environmental crime is serious, international and well organised as it is characterized by sustainability and continuation with the sole purpose economic and financial profit.

Key words: criminal law, organized environmental crimes.

JEL Classification: K14.

WHAT IS EU CRIMINAL LAW? THE PRESENT AND THE FUTURE

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Abstract:

The controversial proposal, which as readers will presumably remember, suggested as a solution to the problem of frauds on the Community budget a special code of criminal offences, enforced by a European Public Prosecutor who could operate in all the Member States. At present, EU criminal law is a double mystery, because each of the two groups of people who ought to be interested in it firmly believes that it is exclusively a matter for the other. Criminal lawyers usually refuse to look at EU criminal law because they see it as a topic for the EU lawyers, and mainstream EU lawyers avoid it because they see it as a topic for the criminal lawyers.

Key words: criminal law, EU criminal law.

JEL classification: K19

THE IMPLEMENTATION OF THE EUROPEAN CONVENT OF HUMAN RIGHTS AS AN
INTERNATIONAL OBLIGATION AND ITS STATUS IN ALBANIAN LEGISLATION.

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Abstract:

Respecting the international agreement is one of the main obligations that the international law sets for its subjects and one of the ancient principles of this right. The European Convention of Human Rights is not only one of the mainly international agreements for its impact but also for the status that our acts of domestic law attributes to it. This paper aims to analyze from qualitative methodology point of view based on the research of literature and on the respective legislation, that how the obligations of European Convention of Human Rights are realized in our country and how it is implemented in the domestic law. The purpose of this paper is to explain what we understand with concept of international legal obligations, the principle of pacta sunt servanda, how Albania has fulfilled her obligations that derive from European Convention of Human Rights and if there is room for improvement, what is the status of this convention in our domestic law treating briefly the relationship in this case of our law with the international law.

Conclusion: Albania as a developing country has made maximal efforts to fulfill the international legal obligations that derive from European Convention of Human Rights creating a legal framework that aims to respect the individuals fundamental rights and freedoms.

Keywords: *international agreement, European Convention of Human Rights, international legal obligations, juristic status, respecting the human rights and freedoms.*

JEL Classification: K 309.

JURISDICTIONAL RELATIONS OF ALBANIA
WITH THE EU COUNTRIES IN THE CRIMINAL PROCESS

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Abstract:

The general development of society brought about the creation of the modern and sovereign states. This development was followed by the birth of interstate relations, part of which, the juridical relations among different states in the criminal process are. After the abolition of the communist regime, the democratic orientation of the state and the integration process of Albania in Europe, were followed by general reforms, among others, the reformation of the legislation. The juridical relations with foreign states in the criminal process have been known in Albania since the period between the two World Wars, where among other things some agreements with other states were signed for the extradition of the criminals. How have the juridical relations with foreign states in the criminal process changed in Albania? Which is the role of these relations in the European integration of Albania? These are the questions that tend to be analyzed in this study, which is based on a detailed observation, using scientific descriptive and comparative research methods, analyzing the connections between the legal acts of the internal Law and international legal acts, through the historical development of the Albanian State, concluding: Due to historical conditions, Albania quite by chance has remained outside Europe. Albania has been part of Europe, where it belongs to be.

Keywords: *jurisdictional relations, foreign states, criminal process, European integration, international legal act, law.*

JEL Classification: *K19.*

THE CHANGES IN THE PENAL CODE OF THE REPUBLIC OF ALBANIA
IN THE CONTEXT OF THE ALBANIAN INTEGRATION IN THE EU

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Abstract:

After the democratic changes in the early 90-s that took place in Albania, the integration process of Albanian State in Europe, demanded the implementation of legal reforms, part of which is the Penal Code of Republic of Albania. "How did the Penal Code of the Republic of Albania has changed in the context of the country's European integration?" is one of the crucial questions posed in this study. The new Penal Code was approved by law no.7895 date 27.01.1995. It is based on the models of modern contemporary penal codes of western democratic countries, such as: France, Germany, Italy etc. and it was in full accordance with the international juridical standards at that time. This presentation aims to analyze the changes that this code was subjected to, due to the signing and implementation of several European Conventions. It is based on a detailed observation and the use of scientific research and comparative methods to highlight the connection between the European Conventions ratified by the Republic of Albania, as important international documents which are sources of the Penal Code of the Republic of Albania, as part of Internal Law. The conclusion of the study claims that the changes in the Penal Code have played a crucial role in the European integration of Albania

Keywords: *The Penal Code of the Republic of Albania, changes, European Conventions, integration, ratification, law, article.*

JEL Classification: *K19.*

THE NEW YORK CONVENTION VERSUS ALBANIAN LEGAL FRAMEWORK ON THE RECOGNITION AND ENFORCEMENT OF INTERNATIONAL ARBITRAL AWARDS

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Abstract:

The Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) is described as the most successful treaty in private international law. For more than half a century this document has contributed to the protection of incomparable values of free trade. In this way it served well also to the interests of human society, providing a valuable contribution to the world economic development. Legal instruments of recognition and enforcement of foreign arbitral awards in the Republic of Albania do not justify the rightful place of arbitration mechanism in resolving international commercial disputes. The domestic normative framework that governs the enforcement of such awards is not fully sufficient. Albania has ratified the New York Convention more than 40 years after its entry into force, but that's not enough. In fact, the enforcement of arbitral awards which resolve international commercial disputes is facing with the lack of a modern legal framework and an unconsolidated jurisprudence. Since last 10 years, the New York Convention is part of albanian legal order, but its implementation is not appropriate. Mostly this is due to the lack of approaching process of the albanian legislation to the international standards in this field. Adoption and implementation of legal instruments in accordance with the international legal framework, for the recognition and enforcement of foreign arbitral awards, will be a good service to the integration process of the Albanian economy.

Keywords: arbitration, convention, enforcement, award, disputes, international.

JEL Classification: K33.

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