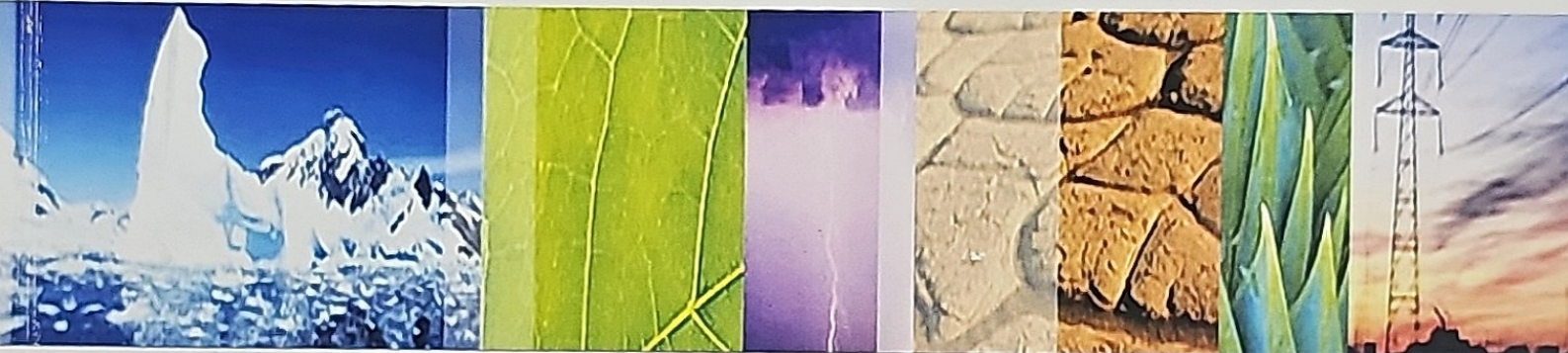




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# **REGIONAL CHALLENGES FOR THE SUSTAINABLE DEVELOPMENT**

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## **Volume 1:**

**Selected Proceedings of the Second Annual International  
Conference on Regional Challenges for the  
Sustainable Development  
Organized by Faculty of Economy  
Aleksander Xhuvani University**

**26 October 2013, Elbasan, Albania**

***Edited by Dr.Imelda SEJDINI***



# **Regional Challenges for the Sustainable Development**

**Volume 1:**

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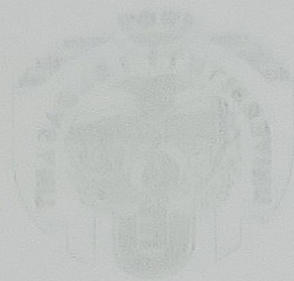
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***Elbasan, 2013***



Regional Challenges for the Sustainable Development

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## PREFACE

This volume contains a collection of papers on Human Resource Management, Strategic Management, Organizational Behavior, Entrepreneurship Growth and Performance, Change Management, Knowledge Management, Public Investments and Social Equity, Operations Research, Product Development, Ethical Issues in Business, Public Relations Strategies, Environmental Management, Social and Political Issues, Project and Program Management, Risk Management and Insurance Issues, International Business, Corporate Governance, E-business, E-commerce, E-services, Brand management, Industrial Engineering, Sustainability aspects in durability, Institutional framework for sustainable development, Challenges of sustainable development, presented at the Second International Conference on Regional Challenges for the Sustainable Development, which was held in Elbasan, 26 October 2013.

The Conference proceedings presented here contains significant research on the above topics.

Scholars, professionals, researchers and practitioners from academic, public and private sector, has been interested to present new research results and to exchange ideas and experiences in the field of sustainable development.

As the Organizing Committee, we would like to thank all those who contributed to this book. We also want to give a special thanks to the reviewers, whose effort and hard work reflect their commitment and dedication to the profession.

As the main goal of the conference is to provide an international environment for different academic/professional approaches and discussions on recent development in economic and legal sciences, as well as to establish a stable network between academic, professionals and business, We hope that the papers from this book, and the discussions based on them at the conference, would not only open new questions, but give some answers and directions in the literature.

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## INSURANCE COMPANIES IN ALBANIA (Professional Liability Insurance)

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### Abstract

*Insurance as an important element of risk management is a concept that has to do with the economic consequences of risk transfer. The purchase of an insurance protection constitutes an important element in risk management. Risk management is an extensive concept and includes all coping techniques to handle an event that causes a loss and insurance is one of these methods. Insurance provides individuals or organizations transferring uncertain but possible risk losses. The insurance market is a very important part of the financial system. It includes private and public companies which realize insurance process for individuals and businesses. Professional liability insurance is very important for professionals as engineers, architects, lawyers, doctors, IT, etc, because it protect you and your business from potentially catastrophic damage caused by professional negligence or failure to perform your professional duties. The law of insurance in Albania is not well suited to provide protection for consumers. Insurance companies in Albania are new in the market, and its own staff is not qualified enough. Culture of the public to ensure lacks (observed cases tend to avoid even the compulsory insurance).*

**Key words:** Professional Liability insurance, professional negligence, hazard moral.

**SUSTAINABILITY OF THE TOURISM SECTOR IN ALBANIA: THE  
CASE FOR VOCATIONAL EDUCATION TRAINING (VET) "DUAL  
SYSTEM" PILOT FOR THE TOURISM INDUSTRY**

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**Abstract**

*Albania, on the move to join the European Union, offers important prerequisites for a healthy tourism sector, but in order to develop this potential and to become competitive, the most important challenge to develop human resources has to be met. To achieve the advancement of the quality of the work force in the serving sector, a reform of the vocational and educational training (VET) system should be implemented. It is suggested to adapt the public "dual system" successfully practiced in Germany.*

*This system integrates the local Chambers of Commerce and Chambers for Skilled Crafts, tourism Associations and it's internationally recognized as exemplary and as a sustainability tourism industry key factor.*

*In order to prepare for Dual System reform, Government and the Administration will need to create a legal system geared toward this new VET system, by doing the following:*

- create a link between the education system and the labor market,*
- improve teacher training and education infrastructure,*
- improve quality of learning conditions for students in public VET schools,*
- providing schools, IT training live modules and learning materials.*
- provide better education and training opportunities for the poor communities/areas, and*
- ensure "Bologna" criteria vital for EU acceptance.*

**Key words:** "Dual System", "Vocational education & Training", "Train the trainees", "Tourism sustainability", "Bologna criteria", "Reforming VET system in Albania"

**EUROPEAN HARMONIZED STANDARDS AND IMPLEMENTATION  
CHALLENGES IN ALBANIA**

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**Abstract**

*Through this paper we intend to present in a systematic way the European Harmonized Standards as the best option for ensuring and making possible the free movement of goods between the EU and Albania and the region (Eastern Europe /Balkans )and in the same time to make them competitive products in the trade markets.*

*We will briefly present the **Sui Generis** type of organization and state of the EU and its intentions with regard to the realization of a European common trade market and a common economic cooperation space among member countries through the application and implementation of the New Approach Directives.*

*An important part of this paper is the focus on EU guidelines that define specific rules and standards required for construction materials to meet the EU legal requirements for this industry in order to be introduced in the European market.*

*The main objective of this paper will be the analysis of specific standards required for cement production as a construction product and to make it competitive in the European and Regional tread market.*

*Through this analysis we want to point out some rules and regulations set by EU which has to be fulfilled by Albanian manufacturers of construction materials in order to become part of the European market.*

## THE IMPACT OF FREE ECONOMIC ZONES IN THE ECONOMIC DEVELOPMENT OF THE COUNTRY

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### Abstract

*Free economic zones are classified as special areas aimed at attracting investment and promoting exports through various tax incentives and support services. Free zones within the international context are an instrument of universal application and are affirmed as special development centers, which are considered among the most important factors by which is changing the configuration and infrastructure of development by adapting to the changing needs.*

*The purpose of this paper is to illustrate the role that free zones as areas of special treatment in the economic development of the countries that have implemented them as promoters of internationalization of such economies. At the same time the free economic zones have contributed to the employment, technological update increasing of the competition and increasing of the standard of living in the countries. Besides free zones have become logistical platform for proper treatment of imports of raw materials, fixed assets, etc., offering the companies the opportunity to obtain significant savings in their work which is translated in favorable cost of the manufactured products.*

*Governments should adopt the necessary laws to free economic zones, developing a significant investment plan. The application of the oriented policies to attract the investors in the free zones for the transfer of the technology and the training of local industry workers is of a particular importance. It is useful to free zones to develop programs, to try to discover new entrepreneurs and enterprising people and promote the development of companies and entrepreneurs already established in their field of action.*

**Key words:** economic zones, development, investment, employment, change.

### 1. Introduction

In the economic terminology, "free economic zones" are recognized as protected area lands, buildings and other immovable properties of production activities,

**DEMOCRACY AND THE RULE OF LAW IN ALBANIA  
SOCIAL AND POLITICAL ISSUES**

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**Abstract**

*Democracy and the rule of law are a continuous challenge for Albania, in the frameworks of political criteria's to join the European Union. The consolidation of democratic institutions and practices has a direct influence in the sustainable economic and legal development. Referred to the state of transition from previous forms of institutions to democratic ones, Albania is considered to be an emerging democracy. The rule of law and human rights guarantee are lagging behind. Is the political system in Albania a real democracy?*

*Functional democracy requires that all citizens should be able to participate in the political decisions. The rule of law needs legislative reform, judicial reform and fair trials. On the other hand, the human rights promote include strengthening the rights of vulnerable groups, including members of minorities etc. These efforts focus, inter alia, on the development of systematic protection from the state, in improving democracy and protection from violation of rights. The aim of this study is to describe the democracy and state functionality, the rule of law and human rights, priority issues of Albanian Government, committed to meet the Copenhagen Criteria. The study is focused principally in the description of concrete political and legal steps done nowadays and the reasons why democracy and rule of law is still a challenge for Albania. The big puzzle all over the country, democracy and the rule of law together are the only tool towards development, state cohesion and security in the country and region too.*

**Key words:** rule of law, democracy, political criteria, sustainable development, human rights

**FDI AND SME DEVELOPMENT. SOME POLICY ISSUES FOR  
DEVELOPING COUNTRIES.**

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**Abstract**

*This is a general review of international development that small scales enterprises (also referred to as SMEs) and Foreign Direct Investments (FDI) which play an important role in developing economies. SMEs also play an important role in economic growth and development, as well as contributing to poverty alleviation. The nature of this contribution varies between countries, reflecting differences in economic, social and institutional conditions, and ultimately the competitiveness of the SME sector. In this context, many transition and developing countries, in particular, face a need to promote and strengthen the long term development of the SME sector, which requires access to market opportunities, as well as to new technology and management know-how, often in a situation of considerable resource scarcity.*

*On the other hand, FDI is a key factor in global economic integration and the internationalization of business. The size, scope and methods of foreign direct investment (FDI) have changed dramatically in response to factors such as technological advances, privatization, changes in the capital markets, and the growing liberalization of the regulatory environment governing investment. Making the investment can provide resources, new markets, greater efficiency and cheaper production facilities. FDI also provides a source of new technologies, processes, products, capital, and management skills. For small scale enterprises, FDI represents access to markets, access to expertise and most of all access to technology.*

*The paper is firstly concerned with the theoretical backgrounds of the Foreign Direct Investments and Small and Medium Enterprises. Specifically, the paper is concerned with the importance of the linkages between FDI and SME-s. It also aims to contribute to the development of policy issues that can help to encourage these linkages.*

## CHALLENGES OF SUSTAINABLE DEVELOPMENT

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### Abstract

*Tourism is one of the most important industries in Albania. Because of its rapid growth, it exerts pressure today on the environment, natural and cultural resources of the country. Currently the trend is to increase profits in the short term without considering long-term effects on the environment, this is one of the main concerns for the future of natural and cultural resources of the country. In this context, Albania is facing the challenges of sustainable development of tourism, as it is aware of the important role that tourism plays in its economic future.*

**Key words:** Challenge, sustainable development, tourism, Albania

### 1. Introduction

Albania is a safe tourist destination of high value that is characterized by a unique variety of natural and cultural attractions, world-class in a small geographic area, easily arrival by European tourism markets. As a developing country Albania faces sustainable development of tourism values. As a developing country Albania faces sustainable development of tourism values. This is achieved by using the optimal environmental and human resources, respect for socio-cultural characteristics of local communities, protection of ecological biodiversity, in order to ensure future benefits for all tourism stakeholders. Based on the development of sustainable tourism in Albania must overcome several challenges successfully, should not repeat the mistakes of the neighbors.

## ALABANIAN TOURISM ENTERPRISES AND GLOBALIZATION

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### Abstract

*The aim of the paper is to show how is the situation dealing albanian tourism enterprises in the context of globalization .By analyzing the potential challenges &problems for the tourism sector in Albania ,we will be able to determine what kind of strategies should be deployed by tourism enterprises in order to remain competitive .*

*It's more difficult to do business nowadays ,so we will discuss some ways to stimulate them, especially after the last global crisis . Finally the paper will conclude with some findings & conclusions*

**Key words:** Tourism enterprises,globalization,challenges

### Introduction

A single definition about globalization in world literature does not exist. Friedman defines it as "The inexorable integration of markets, nation,states, and technologies to a degree never witnessed before in a way that is enabling individuals, corporations and nation, states to reach around the world farther faster, deeper and cheaper than ever before". According to Waters " Globalization is a social process in which the constraints of geography on economic, political social and cultural arrangements recede, in which people become increasingly aware that they are receding and in which people act accordingly". Robertson defines globalization as a concept that refers both to "the compression of the world and the intensification of consciousness of the world as a whole ".Globalization has changed all the dimensions of our lives due to the growing interdependence between developed and less developed countries.



ALBANIA INTEGRATION IN EUROPEAN UNION

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Ira PAPAMIHALI, MSc

**Abstract**

*European Union membership process passes first through the fulfillment of the Copenhagen criteria. With the aim of promoting democracy and stability of institutions in European Union candidate countries exerts its influence through democratic conditionality mechanism. While the integration process implies at once and an Europeanization process of dissemination and institutionalization European norms. This paper aims to demonstrate and analyze the causes of the inability of democratic conditionality mechanism efficiency problem facing governments focusing on fiscal policy for the case of Albania. Is noted that democratic conditionality mechanism or efforts for democratization of the candidate countries by the EU limits may have successfully when democratic conditioning seen associated with the process of Europeanization and when there exists an identification with democratic norms and practices of governance by governments of countries candidate. Fill the crash of totalitarian communism systems in Central and Eastern Europe; in these countries initiate the effort for (re) establishment of democratic system, the construction of institution as well as the deployment of free trade economy. In these countries there was a fold and for the commitment of been the part of the Euro-Atlantic structures, the member shipment in the European Union in addition to passing in a democratic system. Meanwhile, intervention of international organizations or international institutions at the beginning of year's 90' hadn't yet taken the form of a predetermined process of negotiations, surveillance and promotion of democratic institutions, the rule of law, respect of the human rights, condition which decides in Copenhagen Council and which is known as the Copenhagen criteria. Already the European Union will undertake what can be called a process of "promotion of democracy" primarily through the democratic conditionally mechanism aimed at integration of the candidate countries, a process related on fulfilling the Copenhagen criteria.*

**Key Words:** European Union, Integration

**AN ANALYSIS OF THE CREDIT SECTOR IN THE ALBANIAN  
BANKING SYSTEM**

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**Abstract**

*The aim of this paper is to analyze the credit sector in the Albanian banking system from 2007 – 2012 evidencing the performance of this sector. The global financial crises influenced even the Albanian banking system that actually is suffering from a concerning level of nonperforming loans and almost a stagnation of the credit growth especially from the first trimester of 2012. Actually the second level banks in Albania are reluctant to grant new loans because of the big problems that are facing the different businesses in our country. In the same time it is very important to mention that the higher level of nonperforming loans is related to be in the business sector while the retail sector seems to be less concerning. Another important element of the credit system is the fact that almost 70% of the granted loans are in foreign currency exposing the businesses to the exchange rate risk. Given this situation the bank of Albania has approved an anti-crises package for the revival of the lending activity of the economy that consists in three columns: legal column, monetary policy column and prudential column.*

**Key words:** banking system, credit system, non performing loans, business sector, retail sector

**JEL classification:** G21

**THE PRIVATE – SECTOR INVESTOR’S PERSPECTIVE IN THE FRAME  
OF PPP**

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**Abstract**

*The main objective of this paper is to help the investors of the private-sectors to understand the procedures they must go through to take an decision for taking part in a PPP. The actors of the private sector can be different investors, financial lending institutions, as well as companies that offer the construction and the operational service. The actors of the public sector are the public authorities that design and implement the policies of a PPP, as well as those authorities that procure the funds for the financing of the PPP agreement, while not forgetting the general public who uses the assets that are offered by the PPP.*

*Each of these parties should have a base good understanding for the policy and financial problems, and each of those parties should have clear the role that it should play in the PPP project, as well as the benefits that they will have from this project.*

**Key words :** Sponsors and other primary investors, Secondary investors, Cost of Capital, Project Company, External Advisers, Equity IRR

THE EFFECTS OF FOREIGN DIRECT INVESTMENT ON  
EMPLOYMENT IN ALBANIA

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**Abstract**

*For many developing countries, attracting foreign direct investment (FDI) has been a key aspect of their development strategy, as investment is considered a crucial element for output growth and employment generation. Many studies show that the inflow of FDI plays a significant role in generating employment in host countries. The traditional argument states that an inflow of FDI improves economic growth and thereby enhances employment opportunities.*

*A transition country like Albania is assumed to benefit from FDI not only by supplementing domestic investment, but also in terms of employment creation, transfer of technology, increased domestic competition and other positive externalities. Albania offers attractive investment opportunities for foreign companies and has adopted a number of policies to attract FDI into the country and the country seems to offer perhaps one of the most liberal FDI regimes in region.*

*In this paper we analyse the effect of FDI on employment in Albania. Our analysis, based on economic evidence in recent years, indicates that FDI has contributed greatly to the growth of employment in Albania, especially in manufacturing industry. Finally, implications for FDI policy are spelt out in the light of these analyses.*

**Key words:** Foreign direct investment, employment, economic growth, manufacturing industry.

## A LITERATURE REVIEW OF THE TRADE-OFF THEORY OF CAPITAL STRUCTURE

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### **Abstract**

*Starting with Modigliani and Miller theory of 1958, capital structure has attracted a lot of attention from different scholars. The main question that they raised where: How do firms choose their capital structure or leverage? Does firm have a target capital structure? What are the main firm's specific factors or determinants that influence the choice of capital structure? Does the economic conditions of the country (GDP growth rate, inflation rate, base lending rate etc.) influence on the determination of the firm's level of debt? This paper provides a survey of the literature on trade off theory of capital structure. The aim of this paper is to give useful information in understanding corporate finance and in a particular way the trade-off theory of capital structure. This study represents a theoretical approach which has in focus the literature review of some earlier studies which have proved the existence or not of this theory in different contents. We can conclude that economists have not yet reached a consensus on how to determine the optimal capital structure, the one that would bring the maximization of firm's value.*

**Key words:** Capital structure, Modigliani and Miller's Proposition, market value maximization, trade-off theory.

TECHNOLOGY TRANSFER IN REGIONAL GROWTH: AN EMPIRICAL STUDY

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**Abstract**

*The current economic crisis in Europe puts the issue of regional convergence into a new perspective. How it is possible for lagging regions to converge with the leading regions during a period of crisis? Whether regions exhibit a pattern of convergence depends on the degree to which infrastructure conditions are appropriate for the adoption of technological improvements. The ability of a region to adopt technology is an endogenous element and can be reflected on the percentage of its labour force employed in technologically dynamic sectors or, more generally, to the resources devoted in science and technology. A high percentage of labour employed in technologically advanced sectors leads a region to a pattern of convergence. To pursue this task, we present results produced by estimating an endogenous model of regional convergence using data for the NUTS-2 regions of the EU-27 during the time period 1995-2006. The results suggest that adoption of technology has a significant and positive effect in regional convergence in Europe. The empirical analysis is also shown to have important implications for the direction of regional policy in Europe. By implementing policies to enhance emphasising the mechanisms of technology adoption, lagging regions will be able to enhance their productivity and overcome the current economic crisis.*

**Key Words:** Technological Catch-up, Technology Adoption, European Regions

**JEL:** O30; O18; R11

A COMPARISON OF MILES AND SNOW MODEL WITH THE  
EVOLUTION OF ITALIAN ENTERPRISES STRATEGIC BEHAVIOR IN  
THE ALBANIAN MARKET

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**Abstract**

*The alignment of strategy with organizations structure, processes and environment is at the heart of contingency theories. However, transition and dynamically changing environment are challenging the existing models of "strategic fit". In this paper is explored the a/m issue by applying the seminal model of Miles and Snow (1978) to a panel of 50 Italian multinational enterprises acting in the Albanian market, by focusing on the level of centralization/decentralization of various strategic types. This research results revealed that among prospectors, defenders, analyzers and reactors there are almost no differences in the level of centralization of various processes, which is not consistently related to organizational strategies predicted by Miles and Snow. The findings raise the question of evolving organizational structures of MNEs which would be able to respond to the Albanian changing environment....*

**Key words:** Miles and Snow, Strategies, Structure.

**ALTERNATIVE BANKING-HOST COUNTRY: ALBANIA**

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**Abstract**

*Even the Albanian banking system still plays a crucial role in the country economic development it can't be considered totally projected on...Since the banks pertaining to this system have a typical commercial approach by being focused solely on their profit maximization without paying particular attention to the country's specific business concerns. By this way, it's certainly far from what individuals, businesses, organizations, institutions, government, etc., really need under a social, environmental and ethical context. Hence in this article is emphasized the importance of an atypical banking such as social, ethical, green, global, rural, and agri-banking, which will help in achieving sustainable development to banking and country's economy. Decidedly the above mentioned system will unveil new standards contrary with usurious practices, speculative banking, financing of companies with little or no commitment to social responsibility, negative ecological impact, by evoking the real values, just for a better future.*

**Key words:** ethical, social, green and agri-banks, economic sustainability



**FINANCIAL RAPPORTS IN THE INDUSTRY OF CONSTRUCTION IN  
ALBANIA, ACCORDING TO ANALYSIS OF EXCHANGE WITHIN THE  
GROUP**

**Arif S. MURRJA, Ph.D.**

**Agim NDREGJONI, Cand. Ph.D.**

**Abstract**

*The object of this study is the analysis of financial rapports in the industry of construction in Albania, during the global economic crisis, which came as a result of the financial crisis in USA in 2008. In order to analyze the financial rapports we have used the balance sheets and financial statements of 25 construction companies for the year of activity 2008. These balances and financial statements are approved by authorized accounting experts, upon legal request of the taxation entity in Albania. The analysis is based on contemporary literature of finance for financial rapports of private economic entities and on National Accounting Standards (NAS), which derive from the International Accounting Standards (IAS). To identify strategic role of the construction industry in the domestic economy we rely on statistic data of the Institute of Statistics in Albania and on the monthly publication of "Ndërtuesi" magazine, edition of the Association of Constructors of Albania. Analysis of financial reports in this very important sector of the economy aims to identify the problems of construction companies related to liquidity, activity, productivity and debt.*

**Keywords:** analysis of exchange, short-term liquidity coefficient, the coefficient of acid test, inventory turnover coefficient, the coefficient of deposited accounts turnover, and the coefficient of deposit average period.

**THE EFFECTIVENESS OF ELECTRONIC WORD OF MOUTH IN  
PRODUCT PURCHASE: CONSUMER PERSPECTIVE**

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**Abstract**

*Customers on daily basis are exposed in large number of marketing impulses. Customer behavior is complex and constantly is influenced by different factors known as social, cultural, personal and psychological. This research paper focuses on the importance and effectiveness of electronic word of mouth on purchasing decision, and gender differences that occur from the impact of electronic word of mouth. The Internet enables customers to share their opinions, experiences and attitudes toward goods and services with large number of other customers, engaging in electronic word of mouth communication. The main goal of electronic word of mouth is transmission of message through electronic channels (Internet), to change person attitude on product purchase decision. The author will apply the Elaboration's likelihood model of persuasion (ELM) to evaluate effectiveness of electronic word of mouth, which essentially is theory about thinking process that occurs when we attempt to change peoples' attitude through communication. The central route and the peripheral route of persuasion are two components of ELM which fondly are describing the effectiveness and impact of electronic word of mouth on consumer behavior, respectively product purchase. The author will use quantitative research, online questionnaire for gathering data, and through comparative analysis will draw conclusion of the effectiveness of electronic word of mouth on products purchase.*

**Key Words:** Electronic word of mouth, Internet, Elaboration Likelihood Model, Product purchase

**WORLD TRADE ORGANIZATION (WTO), MEMBERSHIP, EFFECTS  
AND AGREEMENTS**

**Artan HAZIRI, PhD**

**Hysen PREKUPNI, Mr.Sc.**

**Abstract**

*The economy of Kosovo is a new and dynamic economy. Its base is transformed from a centralized economy and orchestrated in an open market economy. Aim in itself is already increasing competitiveness of this economy, increasing export capacity to reduce its trade deficit that Kosovo currently has.*

*As important location for business development, Kosovo offers a range of comparative advantages such as: young population and very well qualified, natural resources, favorable climatic conditions, new infrastructure, fiscal policy with the lowest taxes in the tax area, geographic position with access to a regional market of CEFTA and to the European Union. Except that Kosovo is a member of CEFTA, in June 2009 has join the IMF (International Monetary Fund) and WB (World Bank) and aspires other powerful economic and financial mechanisms as EBRD, World Trade Organization WTO etc..*

*<http://www.ekonomisti.info/>*

## THE ECONOMICS OF POPULATION AGEING: A LOOK ON THE EUROPEAN UNION POLICIES ON ACTIVE AGEING

Margerita TOPALLI, PhD student

Dedë KASNECI, PhD

### *Abstract*

*The European Union's population structure is changing and becoming progressively older. Over the next 50 years the EU countries will experience one of the most pronounced ageing trends in the world with many potential economic implications. The ageing of the population will have economic implications for the economic growth and budgets of the EU member states. In the framework of these challenges the European Union considers the ageing of population as one of the three main long-term challenges that the EU countries have to collectively face up along with globalization and pressure on resources. Since 1999 the EU has put in place the "active ageing" as a supranational policy to address the challenges posed by population and work force ageing. The EU approach on active ageing has many merits, but also many weaknesses and limits which will be analyzed in detail. The main weaknesses of the EU Policy on active ageing are: first the EU approach on active ageing considers the older workers rather as a challenge to be met than as an opportunity to be seized, second, the EU set objective which are not achieved and third EU law allows the mandatory retirement age (MR), even though no economic purpose is served by MR, certainly nothing sufficiently compelling to override individual worker's right to be assessed on the basis of their own abilities and performance, not by an extrinsic attribute such as their age. The aim of this paper is to look at the active ageing policies of the European Union from the economic perspective.*

**Key words:** active ageing, population ageing, economic growth, mandatory retirement, discrimination on the ground of age, life expectancy.

## THE IMPACT OF REAL EXCHANGE RATE ON ECONOMIC GROWTH IN ALBANIA

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### Abstract

Real exchange rate is one of the most important economic variables, especially in today's conditions of integration processes, the removal of trade barriers and increasing direct competition between countries. Real exchange rate affects economy, through its impact on key economic variables, such as employment, inflation and especially economic growth. Changes in the real exchange rate affect the competitiveness of domestic products, resulting in increased exports or imports, affecting trade balance and growth. Also changes in the real exchange rate affect investment and capital accumulation, which are directly linked with economic growth. The aim of this paper is to study the possible impact of the real exchange rate on economic growth in Albania, to answer the question whether the real exchange rate can be used as an instrument of policy. Johansen cointegration method and Vector Error Correction Model is used in this paper to identify the long-term and short-term impact of real exchange rate on economic growth in Albania. Results of the study indicate that the real exchange rate has no significant impact on the Albanian economy, suggesting that policies to promote economic growth, both in the short and long term should not rely on this variable.

**Keywords:** Johansen cointegration; Vector Error Correction Model; long-term impact; short-term impact.

**JEL Classification:** F31; F41; F43

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### **Abstract**

*A bank exists not only to accept deposits but also to grant credit facilities, therefore inevitably exposed to credit risk. Credit risk is a serious threat to the performance of banks; therefore various researchers have examined the impact of credit risk on banks in varying dimensions. Credit risk is by far the most significant risk faced by banks and the success of their business depends on accurate measurement and efficient management of this risk to a greater extent than any other risks. Credit risk has always been an important issue not only to bankers but to all in the business world because the risks of a trading partner not fulfilling his obligations in full on due date can seriously jeopardize the affairs of the other partner. I'm interested in this field, for the importance that has credit risk, not only in the banking sector but also in all other sectors of the economy.*

*This paper presents a literature review of the credit risk models developed since early 1970s. In the paper, these models are divided into - credit pricing models, and credit value-at-risk (VaR) models. Three main approaches in credit pricing models discussed are (i) 1-rst generation structural-form models, (ii) second generation structural-form models, and (iii) reduced form models. Credit VaR models are examined under two main categories: (i) default mode models (DM) and (ii) mark-to-market (MTM) models.*

*This paper induces the developments of credit risk modeling in recent 20 years. The main objective of this paper is first to select articles and then summarizing results. This process is based mainly by selection of articles highly related to the main topic. The main finding is that current focuses on credit risk modeling have moved from static individual-level models to dynamic portfolio models.*

**Key words:** Bank Lending; Structural model; Reduced-form model; Default; Credit Risk

**JEL Code :** G21; G33; C23; C52

## ETHICAL CODE IN ALBANIAN BUSINESS, ECF CASE

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### Abstract

*The scope of this paper is to analyse and emphasise the main role of the ethic code in Albanian Business. Also we will discuss the role of the adviser, regarding the project's developments, implementation and monitoring their problem solving execution.*

*To observe this role, we are mainly focused on a real case of the cement factory in Elbasan, "ECF".*

*The objects of this topic are: to explain the ethic code, social responsibility, economic responsibility, environmental responsibility.*

*We will also discuss the enviromental problems that are caused by this factory, evaluating the level of pollution comparing the international standard levels; to explicate the actions that this company has taken toward the reduction of the pollution and leading it to the allowed standard levels; the adviser's assistance to attend the entire process, from the selection of the company that is going to offer the purifier filters to the supervision of their functionality.*

**Key words:** ethic code, social responsibility, economic responsibility, environmental responsibility, stakeholders,

*"We make a living by what we get, but we make a life by what we give." – Winston Churchill.*

## BRAND AND BRAND LOYALTY: A LITERATURE REVIEW

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### Abstract

*The global economy is facing several challenges and opportunities. These are created from technological innovations, crumbling trade barriers, global flow of capital and technology, information dissemination, market competition and demand for new products and services. Economic crises have enhanced the difficulties for the organizations. Businesses have to cope with these changes, respond and gain advantages of them. Branding is a valuable mean of coping with these challenges.*

*This paper aims to give a framework on the brand, the meaning and the significance for the business. Through a literature review, it explores the role of the brand in today economy, the reason why brand and brand loyalty have gained a great importance for every business organization. Brands have an important role in this changing economy. The brand is one of the most valuable assets that organizations have. Nowadays, the brand is at the focus of most marketing strategies. It enhances business performance and provides businesses with competitive advantages. It can lead to greater market share and profitability.*

**Key words:** brand, brand loyalty, business

**JEL classification:** M31



**BANKING SYSTEM STABILITY TOWARD ECONOMIC GROWTH,  
CASE STUDY OF ALBANIA**

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**Abstract**

*Banking system in Albania has a relatively young age, but however it is efficient and competitive with foreign systems. As in all countries in transition it has an essential role to the business crediting and consequently to economic growth. It is one of the strongest Albanian economic pillars, and it is even one of the most developed sectors. It has been a strong effort for all economic subjects during crisis period by not allowing the economic recession.*

*In order to be ever more efficient, banking system should be definitely sustainable. Banking sustainability will be treated in two main aspects, such as profitability and liquidity. According to law NR.8269, DATE 23.12.1997 "For the Bank of Albania" in article three is determined that the authority which control banking sustainability in Republic of Albania is the Central Bank. It guarantees banking sustainability and ensures this responsibility with: licensing of banks according to rules set; drafting of the legal basis and the legislation that regulates the activity of banking system; continuous surveillance of the work of banks and their financial state.*

*This paper has these objectives:*

- To identify significance of preserving banking stability for economic development*
- To identify the role of the central bank for banking stability*
- To Identify what are the best methods to preserve the stability of the banking system*
- To assay the factors that increase banks profitability, as an important aspect of stability.*

**Key words:** Banking Stability; Profitability; Liquidity, GDP, Central Bank of Albania

**JEL Classification:** G21, G29

## PROBLEMS OF ALBANIAN FIRMS'S STRATEGIC MANAGEMENT

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### **Abstract**

*Purpose of the paper has been to provide some thoughts and information on perception of strategic management and its core elements, vision, mission, values, other elements between Albanian firms.*

*Methodology of the paper has been defining theoretical definition of strategic management, vision, mission and other important elements of business management, comparing these definitions with the real perception of Albanian firms about the vision, mission and other business management elements, like business culture and ethics, defining gaps existing between theory and reality and establishing tools and techniques eliminating these gaps, using data, figures and information from primary resources.*

*Conclusions of the work has been that between Albanian companies do exist a big confusion about strategic management, vision and mission definition, values and working culture and business ethics while avoiding this confusion will help Albanian companies doing business with a better performance, for achieving a sustainable competitive advantage.*

**Key words:** strategic management, vision, mission, etc.

**E-CONTRACTS. A COMPREHENSIVE OVERVIEW BETWEEN  
ALBANIAN LEGISLATION AND EU LEGISLATION.**

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University of Tirana

**Elvina DAJA, Ph.D. Candidate**  
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**Abstract**

*The last years, the traditional scheme of contract has changed. The use of different means of communication, especially the use of internet, has crossed the border barriers. People contract with each other without physic contact, without knowing each other.*

*Electronic contracts are the most used nowadays. Regardless, the way of contracting, the parties must fulfill their obligations.*

*After signing the Stabilization and Association Agreement, Albania should harmonize its legislation with Acquis Communautaire.*

*This article offers a general overview of the legal framework of electronic contracts. This analyze will be based on the specific elements of this contract, the autonomy of will, the offer and the acceptance and its form.*

*The main goal of this paper is to compare our legislation with the EU one in this field. Also, we will focus on the steps that our state has taken in order to protect consumer in electronic contracts.*

*In the end, the authors will give their recommendations in the process of approximation of Albanian Law with the Acquis.*

**Key words:** Electronic contracts, autonomy, information, the form, consumer protection.

THE INFLUENCE OF THE GOVERNMENT POLICIES ON PROMOTING  
E-PAYMENT CARDS: CASE STUDY IN MACEDONIA

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**Abstract**

*The new era of high technology brings many opportunities for the companies, individuals and the global community, as a whole. E-payment isn't available anymore only for the group of people, because the amount of the global e-payment grows very fast. However, e-payment is not equally used around the world. Some regions, mainly developed countries have accepted e-payment long time ago, while other regions are still hardly using the possibilities of e-payment. The reasons for the differences in using e-payment are shortage of adequate e-payment infrastructure, absence of government instruments for promoting e-payment etc.*

*Electronic payment cards are one of the essential instruments for accomplishing e-payment. Unfortunately, they are still hardly used in some developing countries and its usage is correlated with having some high status in the community. Only in the last two decades the payment with e-cards in these countries, has started to grow.*

*10 years ago, Macedonia was one of the countries that had very poor usage of e-payment cards. Since then the government had implemented many policies in order to increase the usage of E-payment cards. The main purpose of this paper is to analyze those policies and to investigate their effects.*

*The findings in paper are showing that as a result of these policies, Macedonia has reached an increase in the number of issued e-payment cards, in the amount of payments made with them and in the e-commerce, as well. These outcomes can be used by policy creators who can be able to see the results from certain policies, to use their positive experience and to escape adopting of ineffective policies. In order to get appropriate results we have used historic and comparative methods.*

**Key words:** E-payment, E – Payment Cards, Government, Policies, Effects

## COMMUNICATION AND DECISION MAKING

Dr. Gjergji SHQAU

Elda SHQAU, Msc

### Abstract

*Communication is considered a very necessary and important process for any organization. For this reason recently from the studies and research that have been made recently in connection with this managerial factor its importance has increased significantly. Therefore this study target article aims to derive its benefits in general and in particular **decision-making** process. To achieve these results the study methodology is built on the basis of questionnaires, observations and interviews in various departments and units of several different branches of public institutions in higher education, local governments, state companies, etc.. Also documents and records reflecting part of this process. There are many units where decision making process is very necessary and developed in the same time. The data are processed with various computer programs such as SSPS 17, Excel, Microfit, etc.. The study reinforces the idea that the **quality** of the decision making significantly affects the work and performance of the organization. A decision taken at the right time and with the right and necessary **information** will give significant benefits in the organization in the financial aspects at first and also for its image. **Search results** show that the units and departments that have effective communication and have implemented its standards have achieved better results at work and in decision-making. One of the main results of the research is to improve the work charge and better use of her time, stress reduction, benefit by merit, etc.. At the end this issue presents some conclusions and recommendations for continuous improvement of the process.*

**Key words:** communication, decision making, information, department, impact, quality, organization

**STABILITY OF BANKING SYSTEM TOWARDS SUSTAINABLE  
DEVELOPMENT**

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**Abstract**

*The purpose of this research is to create a banking system analysis based on obtaining banking performances while monitoring and keeping under control banking risks, permanently ensuring an adequate liquidity in particular, both in terms of balanced economy and economy in crisis conditions. I have chosen this theme considering the impact of the banking system upon the whole economy and considering the fact that a market economy cannot function without profitable and consolidated banks. In this study will be treated the effect of banking instability in sustainable development, the effects of recent financial crises in South East Europe. In this paper will be treated the future of banking system, and also will be explained some capital management techniques to control financial risks and help achieve fair and sustainable growth.*

**Key words:** Banking system, sustainable development, financial crisis, capital management

**JEL Classification:** E44



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# **REGIONAL CHALLENGES FOR THE SUSTAINABLE DEVELOPMENT**

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## **Volume 2:**

**Selected Proceedings of the Second Annual International  
Conference on Regional Challenges for the  
Sustainable Development  
Organized by Faculty of Economy  
Aleksander Xhuvani University**

**26 October 2013, Elbasan, Albania**

***Edited by Dr.Imelda SEJDINI***



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***Elbasan, 2013***



**Regional Challenges for the Sustainable Development**  
**Second Annual International Conference**

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## **PREFACE**

This volume contains a collection of papers on Human Resource Management, Strategic Management, Organizational Behavior, Entrepreneurship Growth and Performance, Change Management, Knowledge Management, Public Investments and Social Equity, Operations Research, Product Development, Ethical Issues in Business, Public Relations Strategies, Environmental Management, Social and Political Issues, Project and Program Management, Risk Management and Insurance Issues, International Business, Corporate Governance, E-business, E-commerce, E-services, Brand management, Industrial Engineering, Sustainability aspects in durability, Institutional framework for sustainable development, Challenges of sustainable development, presented at the Second International Conference on Regional Challenges for the Sustainable Development, which was held in Elbasan, 26 October 2013.

The Conference proceedings presented here contains significant research on the above topics.

Scholars, professionals, researchers and practitioners from academic, public and private sector, has been interested to present new research results and to exchange ideas and experiences in the field of sustainable development.

As the Organizing Committee, we would like to thank all those who contributed to this book. We also want to give a special thanks to the reviewers, whose effort and hard work reflect their commitment and dedication to the profession.

As the main goal of the conference is to provide an international environment for different academic/professional approaches and discussions on recent development in economic and legal sciences, as well as to establish a stable network between academic, professionals and business, We hope that the papers from this book, and the discussions based on them at the conference, would not only open new questions, but give some answers and directions in the literature.

**Regional Challenges for the Sustainable Development**  
***Second Annual International Conference***

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**ENTREPRENEURSHIP GROWTH AND PERFORMANCE AND ITS  
DEVELOPMENT IN ALBANIA**

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**Abstract**

*This paper treats some themes, each of which illustrates a key dimension in the overall theme. This report gives a general view in ; the role of entrepreneurs in entrepreneurship, the growth and performance of entrepreneurship in family business, as a hot topic of macroeconomic policies and implementation of their outcomes into micro-foundations of new firm formation. It treats the performance of new ventures and entrepreneurial process. This paper studies the impact of information technology and the process technology entrepreneurs use to start companies. A view in the fiscal policies, that help in the growth and in a higher performance of entrepreneurship is taken into consideration in the study. This report aims to bring into evidence entrepreneurship as a core area of expertise for managers in today's dynamic economy particularly , managing innovation, risk, uncertainty, and growth. The key aim of this report is to develop an evidence-based model of what may be called ambitious entrepreneurship.*

**Key words:** entrepreneurs, family business, new venture, information technology, ambitious entrepreneurship.

**JEL Classification:** O2, O4

**Design/Methodology/Approach:** To achieve these aims qualitative techniques have been used to generate data.

**THE ETHICS OF COMPENSATION IN ALBANIA. THE SOCIAL  
COMPARISONS IN UNIVERISTIES AND HOSPITALS.**

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**Abstract**

*To understand the outcomes of compensation systems requires examining the psychological, social and moral effects of these systems. Compensation has always been viewed as an important element of the employment relationship between employees and employers. In general these systems have been analyzed only economically and the economic views of compensation systems have dominated the studies on compensation over the years. The employee – employer relationship has been considered as a market transaction for labor, expressing the fairness of compensation systems only in economic terms. The pay has reflected the economic value of the contribution of an employee inside the organization.*

*The fairness meaning of the employee earnings goes far beyond the economic issues. Along with the economic meaning, we must consider the nature of the work relationship, commitment, performance, trust, psychology and ethics.*

*In this study we focus on ethics of compensation systems in Albania, considering social comparison among employees in universities and hospitals.*

*The goal of the empirical analysis by this point of view is to expand the understanding of these issues, as an important part of the compensation strategy.*

*The primary data is collected through 200 questionnaires distributed at the University Aleksandër Xhuvani in Elbasan and Hospitals of Elbasani District and are processed by SPSS 17 statistical program. The interviewed employees are randomly selected in different departments and wards, representing all the categories.*

*The main findings of this study are related to the interesting implications explored in order to implement successful strategies in rewarding practices that enhance the ethics of compensation in these institutions and others.*

**Key words:** ethics, compensation, employee

**JEL classification:** D01, M52, E24



**SUSTAINABLE DEVELOPMENT THROUGH STAKEHOLDERS  
INVOLVEMENT IN NGO- BUSINESS ORGANIZATION PARTNERSHIP**

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**Abstract**

*To ensure sustainability of the project scope, the only way is the involvement of stakeholders. Successful involvement of local stakeholders means better business, means more business, means sustainability in developing. These all make the philosophy by which we discuss today with international organizations on projects through partnerships.*

*These partnerships in developing countries, highlights a unique challenge which is active and successful involvement of stakeholders in the community projects.*

*The aim of this study is to throw an overview of the types of partnerships and see these forms that take place in our country, presenting findings from a study conducted in 141 businesses of Elbasan city, from where it can be seen that the most common form of cooperation and partnerships in Elbasan is philanthropy, which is the simplest form of Business - NGO partnership and in fact except presenting the situation in which this partnership is, the study will also try to promote other forms of partnerships, which in case of application will constitute a basic form of achieving success in service projects, to facilitate dealing with the challenges of the present days . Foreign investors to fund such projects ( as for example: World Bank) look also the performance in other areas : a) the contribution being given by the company for the society, b) how has been the impact on the Stakeholder 's and c) which are their reputational risks.*

**Key Words:** Stakeholders, projects, partnership, development  
JEL Classification: 022, 010

**THE EFFECTS OF INTERNAL MIGRATION ON LOCAL LABOUR  
MARKETS**

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**Abstract**

*The objective of this paper is to analyze the rural – urban mobility strategy and the effects of this type of migration on labour markets. In the last twenty years the rapid increase in immigration has meant that the percentage of foreign workers active in the Albanian Economy has increased by almost irrelevant to values close to 10 percent of the workforce. Immigration is therefore now become a structural component of society and the Albanian Economy. The organic character of the foreign presence in our country manifested in different dimensions of everyday life: culture, language, labor market, consumption, business activities, education, welfare and social benefits. Nevertheless, in the public debate still tends to underestimate the role and contribution that migration operation in the economic and human development countries destination, and there are problems related to the role of these workers and the lack of recognition of their contribution to economic growth. The potential effects of migration are numerous, in the first place, they are found in relation to the labor market, but also in relation to the possibility to help alleviate the demographic imbalances typical of advanced economies. But the presence immigrants influence many other aspects, starting from the prices of consumer goods and housing, the accessibility of public services, cultural integration to the average level of education and so many other areas of the economy of a country. It is not easy to establish what are the benefits that result from these effects. From them comes frequently an advantage to a certain part of population and a disadvantage for another.*

**Key words:** Internal Migration, Labour Market, Effects, Determinants of migration

## **THE TRANSFER PRICING ROLE**

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### **Abstract**

*In this paper we want to analyze the issues of transfer pricing. Due to globalization, international commerce and global marketing the importance of transfer pricing has grown rapidly. The investigation of advantages and disadvantages of the three approaches to transfer pricing is proposed in this paper even if it is difficult to make suggestions on the best method. The international point of view of transfer pricing has its own importance, by the role that it plays in corporate taxation strategies. Also, we will examine in this paper some ethical issues. We will conclude that transfer pricing can create conflicts but in the end can align corporate and personnel goals when it is strategically practiced in order to maximize company profits as a whole.*

**Key words:** transfer pricing, decentralization, responsibility centres, multinational enterprises

### **1. Introduction**

International transfer price refers to the policies and practices of prices that are settled when goods, tangibles and services are exchanged among companies in different countries (or with different tax jurisdiction). Managers by analyzing transfer price want to calculate the profit/loss of each division separately. Transfer price should be used for internal book keeping, and (transfer price\*quantity of exchanged goods) can be calculated as an expense or a revenue. For the supplying division is considered as revenue, and for the purchasing division is considered as an expense. Transfer price can give to managers a clear idea of what is the value of their goods/services to other departments. Transfer price not only permits to know the profits/costs for each department but also gives the opportunity to evaluate their performances for the whole company. Lately transfer price has become an important issue due to globalization, international commerce and global marketing.

**DIFFICULTIES IN FINDING FINANCIAL RESOURCES OF  
STOCKHOLDING COMPANIES IN KORÇA DISTRICT**

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**Abstract**

*Corporations just like SMEs play an important role in the Korça's district economic development. This paper tries to analyze the financing resources used by these companies and the difficulties they face in obtaining the funds. The industrial businesses of the region in general and the bank sector in particular have not escaped the effects of the financial crisis. The principal sources of financing for companies operating in the region are the domestic and foreign funds provided by banks. Both of these sources have been adversely affected by the financial crisis. The crisis has made it more difficult for the corporations obtaining the needed financing. The Albanian banking system tightened the credit policies as a result of increase of percentage of bad loans. As a consequence the loanable funds especially those in foreign currency that have been widely used have become more expensive. Most of the companies have resulted in losses for the year 2009 or have seen their profits decline compared to 2008 with only 26.6% of them experiencing profit increase during this period. Companies have also faced serious difficulties in obtaining financing during this period because of the tightened credit policies applied by banks and the higher cost of available financing. Banks have somehow relaxed their credit policies for businesses during the first and third quarters of 2012 especially for investment purpose loans. In addition, the domestic companies' demand for bank credit has experienced a slow growth during the first quarter of 2012. But they should also try to explore other forms of financing that are widely used in the developed countries and are being used also in other countries of the Balkan.*

**ADULT CONTINUING EDUCATION AND INFORMATION  
COMMUNICATION TECHNOLOGY**

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***Abstract***

*The transformation that the global economy has undergone in recent decades has increased significantly the demand for educated labor force.*

*The global economy is characterized by a pronounced tendency to frequent job and career changes, representing in this case a significant factor in the increased demand for Continuing Education of Adults in order to improve their skills.*

*In order to stay employed in an environment which is accompanied by constant changes, employees must constantly learn to improve their job skills, to acquire additional new skills in order to adapt quickly to the functions in the new job.*

*Online education is an important application of technology in the structure of higher education which has increased the number the adults attending Continuing Education.*

*Many universities in the world are promoting the use of information technology by considering it as a tool that increases the numbers of adults who attend Continuing Education.*

*The orientation of the society towards information technology has affected the achievement of significant changes in the education sector as a pillar of economic development and in the interest of society. Education is actually an important tool to achieve long-term benefits and this is one reason inherent in the use of information and communication technology in the education and training sector.*

*This paper has descriptive character with the aim of identifying the link between e-learning and Adult Continuing Education, which has brought changes in the education process by providing conclusions and suggestions for the application of e-learning platform by institutions of higher education in Adult Continuing Education.*

## **THE APPLICABLE ELECTRONIC SERVICES IN KOSOVO**

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### **Abstract**

*In the continuity of the activities to meet the objectives of e-governance Strategy 2009-2015, the Government of the Republic of Kosovo has started to offer some digital services, which provide the citizens with multiple facilities in their service delivery.*

*The services which are offered currently directly from state portal, personal documents list, marital status, accounts for other information systems, account statement in pension trust, account statement at Energetic Corporate of Kosovo, registered businesses, driver's license, etc., now are used by the citizens. The list of these services should be increased successively to meet the objectives of the strategy for e-governance.*

*Government portal that provides these services should be transformed in a connecting bridge with other digital applications, for that reason some of the services offered on the portal require authentication in the source applications. To facilitate this approach, the portal offers the possibility that the user previously registered in the portal, set the first time the credentials for the applications that want to use and then those services are offered on the portal without the need for another connection. The credentials placed on the portal are fully protected by safety standards.*

*How much are applicable, can be completed this portal with other services, are used these services by all citizens, which other applicable electronic services should be a priority, etc., this will be the subject of this paper.*

**Key words:** e-government, services, portal, applications, systems.

THE ROLE OF REMITTANCES IN LEVERAGING SUSTAINABLE  
DEVELOPMENT  
-A LITERATURE REVIEW-

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**Abstract**

*Remittances worldwide are estimated to be the second most important financial flow after international aid. From the macroeconomic point of view remittances are playing an increasingly large role in the development of the world economy. The aim of this paper is to present a literature review of the most popular theories explaining the ways remittances affect sustainable development. The paper is divided in two main blocks. In the first one, the most important approaches, the optimistic and pessimist are presented in order to understand the relation between remittances and the behavior of the macroeconomic variables in economy. In the second one, in focus will be the remittances in Albania, their value through years, their size in share of GDP and some of the theories explaining their role in the sustainable economic growth and development of our country. The methodology used in this paper can be summarized in three steps: searching for the literature related with the interested topic, selecting the founded articles and evaluating the evidence. Conclusions: Compared to the 70-80s ideas that immigration bring benefits mainly to the countries of destination and not to countries of origin and that remittances had just a questionable impact on consumption, things have changed a lot. Optimistic theories of migration and remittances tend to see them as one of the essential elements and the main instruments to promote the development of countries of origin and especially the recovery of economies with high population growth rate and high unemployment. In countries where they have a significant size compared to GDP, remittances can yield important economic benefits, providing financing and supporting consumption and investment. But they may be of only limited value if not encouraged their economic impact. Government policies should be directed at reducing transaction costs, promoting financial sector development, and improving the business climate.*

**ENVIRONMENTAL MANAGMENT ACCOUNTING AND ALBANIAN  
PERSPECTIVES.**

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**Abstract**

*In the global economy where companies are in a rough competition to rationalize and improve all the resources and processes for a more convenient product, many companies are using the Environmental Management Accounting.*

*Environmental Management Accounting (EMA) manage the environment and economic performance of the companies through the development of appropriate strategic planning which includes the costs and benefits of the full life-cycling of the products from their inputs, such as water, minerals , the process of production in aspects of calculation of waste and emissions costs and the finally the end-life of the product weather it will have environmental effects or will be environmentally friendly.EMA is widely used to have a more wide view in the evaluation of business performances and their impacts on the environment, by taking in consideration the "external costs" for which companies are not always legally responsible such as environmental expenditures . The aim of EMA is the contribution towards a sustainable growth .*

*The purpose of this paper is to evaluate the opportunities of EMA appliance in Albania and the challenges that the EMA presents for the Albanian accountants and businesses.*

**Key words:** EMA, external costs, environmental costs, life-cycling costs .

**JEL classification:** M4 , M41

**1. Introduction**

For thousand years the aim of our civilization was to expand ,and to create better living standards for us and our successors. The science and industry is developed



VALUE OF CASH HOLDINGS AND THE CORPORATE GOVERNANCE:  
AN EMPIRICAL ANALYSIS OF ALBANIAN FIRMS

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**Abstract**

*In this paper, we investigate how corporate governance impacts firm value by comparing the value and use of cash holdings in poorly and well governed firms. The study focus on Albanian firms for the four years between 2008 - 2011. We concentrate on cash because of its significance in the operations of the firm, and it represents a substantial amount of firm's assets that may easily be mismanaged by the agent, especially in firms with weak governance system. We assume corporate governance to have some level of influence in determining the level of cash held by Albanian firms. We adopt the panel data regression model in our analysis and the results indicate that corporate governance has a considerable effect on the policy of corporate cash holdings. Interestingly, poorly governed firms are found to invest cash reserves on projects with little or no returns to investors. Good governance approximately doubles this value of cash. We further found managers in Albanian firms to building empire of cash holdings to avoid being monitor by the regulatory bodies. Generally, Albanian firms doesn't usually hold sizeable amount of their assets in cash and cash equivalents. We also found consistency with the agency theory of cash holdings. This paper contributes to the growing body of literatures that argues in favor of good corporate governance of the firm and in a effective management of liquidity.*

**Key words:** cash holdings, corporate governance, firms, Albania, agency theory

## DIFFICULTIES FIND BY ENTITIES FROM INCONSISTENCY FISK- STANDARD

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### Abstract

*Application of National Accounting Standards (NAS) brought a new option of keeping accounting by private entities. We noticed a contradiction between standards and taxation requirements. Financial reporting of these entities faces a crossroads. Exactly this discrepancy will treat in this paper through a narrative analysis. Primary sources will be use as the main empirical data for the main analysis. The choices of primary sources based on the subject's involvement and knowledge that is relevant and contributed to the research question. Their viewpoints will represent their experiences and knowledge in the field that they are specialized in. Questionnaire is a very important tool for the study. Questionnaire will be distributed to interested groups.*

**Key words:** NAS, Fiscal issues, Challenges, Difficulties

**JEL Codes:** H20; H25; M40; M41

### 1. Literature review

The mainstream research in this field is the analytical approach, since the large majority of the papers published use analytical research tools. I focused here on both descriptive/analytical and empirical papers in taxation, in order to position my analysis among this research stream.

One important issue in international accounting studies is the degree to

## SALES FORECASTING PRACTICES: A TQM ASPECT

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### *Abstract*

*During the last few decades, forecasting has become a widely researched area and a common practice in business life. This is the first attempt to report and discuss the sales forecasting practices concerning companies operating in Albanian. Sales forecasting is crucial for the whole planning and control process of operation management, marketing, purchasing, supply and finance. Research in forecasting is mainly focused on methodologies and accuracy improvements, whilst forecasting implementation issues are less emphasized. The purpose of the present study is to explore the sales forecasting practices and manager's attitudes and perceptions about forecasting process, in order to identify the most prevalent areas for enhancing the overall forecasting performance. In order to provide a better understanding of the Albanian forecasting practices, the data were collected by both primary and secondary research. Seventy three Albanian companies were surveyed. Further, relevant forecasting literature and research have been investigated for acquiring better insights to this topic. The research revealed that Albanian companies heavily rely on subjective methods, developed based on an independent approach and without a cross-functional integration. Additionally, this study identified the possible actions that might improve the overall sales forecasting function and how total quality management (TQM) practices can contribute to improve forecasting process.*

**Key words:** Sales forecasting, companies, Albania, TQM.

### **1. Introduction**

As the business environment has become complex and more competitive the need for tools to assist the decision maker could not be greater. Sales forecasting is an integral part and essential part of business management since it provides information that can be used for business decision. Forecasting is a major competitive factor for every company, regardless of industry or company's activity.

## SALES FORECASTING PRACTICES: A TQM ASPECT

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## **SYSTEM OF TAX FILING IN ALBANIA, "E-FILING" .**

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### **Abstract**

*System of tax filing "e-filing" serves to help easily taxpayers to file electronically taxes. According to article 65 of law no.9920 Dt.19.05.2008 "Tax Procedures in the Republic of Albania" tax documents will be disclosed only electronically since January 2010 for large taxpayers and from March 2010 to other taxpayers. After compiling and filing of tax documents by taxpayers, information technology administrators must supervise information system to generate accurate financial reports and tax inspectors should make tax declarations control. The purpose of this paper is to show. how important is the e-filing system for taxpayers and tax administration and what are the advantages and disadvantages of this system. Reasons for the implementation of this system are numerous, because of the facilities it offers; transparency system, saving time, avoiding tax evasion, simplification of procedures, equal treatment of taxpayers by the tax authorities, etc.. This paper will show the main financial reports that generates tax information system, which are very essential to realize qualitative tax audit of taxpayers. According to this paper, I will give my conclusions and suggestions for the "E-filing".*

**Keywords:** E-filing, tin, taxpayer, tax control report, forms of declaration etc.

### **1. Introduction**

Integrated Tax System is one of the most developed information systems in Albania. In this system stored all the detailed data of a taxpayer, as well as all transactions that he performs, reported to the respective Regional Tax Departments. The database can be compared to a set of files and registers, in which the information is kept by each respective index register or file. This set of registers and files in a relational database is presented as a number of tables that contain a specific information. Thus, there is a table that holds the general data of the subjects, a table that holds

**REFUND OF VAT. COMPARATIVE ANALYSIS OF FISCAL LAW  
BETWEEN ALBANIA AND KOSOVO.**

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**Abstract**

*Taxpayers have the right to ask to be reimbursed for any tax liability if they prove that have paid more than they had to pay. Refund of VAT affects both in terms of investment promotion, as well as export promotion. The main purpose of this paper is to show the criteria, conditions and procedures for refund of VAT under the tax law of Albania and Kosovo, and in which country these are simple procedures to be implemented by the taxpayer. Refund of VAT in Albania is regulated by the Law Nr.7928 Dt.27.04.1995, while in Kosovo by Law no. 03/L- 146 Dt. 29.12.2009. Based on these laws in this paper will conclude that in which country these refund procedures promote investment and exports, which will lead to economic growth. Referring to this analysis I will give my suggestions for the Albanian law and the Kosovo law relating to the reimbursement of VAT.*

**Keywords:** Refund of VAT, reimbursement, taxpayer, fiscal law, Albania, Kosovo.

**1. Introduction**

Albania and Kosovo are trying to harmonize their fiscal legislation with those of other countries of the European Union.

The right of taxpayers to refund includes the tax liability for VAT, tax on profits, personal income tax, excise, social and health insurance and etc., as well as penalties and interest paid, but removed or reduced as a result of the review of a tax appeal.

VAT is a special type of turnover tax, set at each stage of production and distribution process. VAT is a tax on all final costs incurred for goods and services.

## THE IMPACT OF THE TECHNOLOGY IN INFORMATION IN TOURISM

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### Abstract

*Advances in information and communication technology greatly impact today's society development in all sectors, especially tourism. "Development in tourism sector has been tremendous, especially during the past four decades and was predicted that it would be the basic economic activity in the world since 2000." (1). (Coccossis.H. 1996, Tourism and Sustainability: Perspectives and Implications, p. 1-21). Electronic services in tourism make possible the promotion of touristic destinations worldwide providing detailed information about natural attractions, culture and the offer of the host country with visual views, videos, images, as also online booking and a variety of other services. "Electronic services include all interactive services which are delivered via the Internet using advanced telecommunications, information and multimedia technologies." (2). ( Boyer et al., 2002, Electronic Services Quality, page 175). E-tourism or Internet offer is one of the main sources of businesses operating in this field, touristic consumers and intermediaries (AUT and WTO). According to the World Tourism Organisation internet has succeeded in disseminating information to the tourism industry and in the selling of products and services, including their promotion. Consumer behaviour in the online market compared to consumer behaviour in traditional market is different. Nowadays, tourists are informed and sophisticated and the quality of information provided by the Internet affects consumer satisfaction. The values of this indicator make distinction between a qualitative web page and no qualitative, and for companies that offer these services this represents the challenge of creating a virtual customer community and consumer loyalty. The main purpose of this paper will be: "The study of touristic consumer behaviour to electronic services seen considered from a social dimension, as well as considering other advantages such as attractive competitive prices, independent choice, lower search costs, ease of approach to tourism product etc." The paper is based on a rich theoretical literature and will handle a number of problems in the Albanian tourist market based on the approach of Albanian tourists towards electronic services. The methodology used consists in primary and secondary research, where in the primary research the tools used are surveys through questionnaires. The*

## **Regional Challenges for the Sustainable Development**

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*questionnaire with related questions was submitted to 100 consumers in the town of Elbasan. The study ends with conclusions and recommendations for touristic consumers, businesses, central and local policy makers.*

#### **1. Introduction**

The development of new information technologies represents what we may call the reorientation of the world. Advances in technology have managed to affect every breath of the economy and its branches, politics, government, culture, and organizations with different purposes. Moreover, besides the development of the society as a whole, the great amount of daily information faced by everyone and materialized in the wide dimensions greatly affects the evolution of humans. As a typical approach to what was said above we can mention the development of all types of tourism as an immediate consequence of increased offer of electronic services which have as a main target the attraction consumers by penetrating in their subconscious through the influence of tastes, perceptions, and expectations. For touristic businesses internet offer has become the major source of information for reservations in all time periods. This virtual offer which can be transmitted in many ways has rationalized and cut down costs and time for suppliers, intermediaries and consumers, and thus functioning as a strong links to touristic chain. Evidence of the latest travel trends indicates that the development of these technologies offers various opportunities for expand customer base and launching new products or services that directly affect the business rationalization. According to the World Tourism Organisation (WTO), Internet has revolutionized in disseminating information to the tourism industry and in the selling of products and services, including their promotion.

The... relatively new way of doing tourism, which is



**IMPACT ASSESSMENT IN DECISION-MAKING PROCESS**  
**( Impact Assessment)**

**Nejla PEKA, JSD**

Legal expert

Department of Legislation and Coordination in Council of Ministeres

**Dritan PEKA, JSD Candidate**

Prosecutor

Prosecutor Appeal in Tirana, General Prosecutor Office

**Abstract**

*In our daily life, the term "impact" is well understood in everyday language, wellknown for every body, but we don't have any clearly definition for it. We used it usually to express our feelings, emotions or to express something that impress us, as it a birth date or death, a marriage or a car accident, etc. This impact that each from these events have in our life is related with something that is likely "to be change", either intentionally ( for example, a marriage) or unintentionally (for example a car accident) and in this case the impact may affect temporarily or permanently. We can feel that the change has been positive, or it may have had negative congesuences. Evaluation of the effects in both cases, can simply be termed as "impact assessment", which includes **understanding the nature of the change** that has happened to us, and **to determine its importance** in our lives.*

*Today, we encounter different definitons of impact assessment, by different authors, and some of them may appear too complex. But, all these definitions described above are all relevant. When, we have to do a review of the impact assessment, it is important to determine a framework, where providing answers to questions or issues raised, will help us to build a landscape of this impact and its assessment. In relation with our efforts, to understand some questions raised as is: what has changed, for whom, how significant was it, will it last and in how many ways did we contribute to these changes, in natural way, the only definitions that achieved the concept in effectively way is:*

***"The systematic analysis of lasting or significant change-positive or negative, intended or not-in people's lives brought about an action or a series of actions."**<sup>49</sup>.*

**Keywords:** impact assessment, decision-making, governance, regulatory reform, legislative drafting, etc.

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<sup>49</sup> Roche, C (1999), Impact Assessment for development agencies. Learning to value change", Oxfam.

STATISTIC MEASURING SUSTAINABLE DEVELOPMENT IN ALBANIA

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**Abstract**

*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development means ensuring that well-being is at least maintained over time. The principle of fairness within and between present and future generations should be taken into account in the use of environmental, economic, and social resources. A fundamental problem in embodying the concept of sustainable development is the formation of a standard of measures for reasonable quantitative and qualitative assessments of this very complicated process. The main requirements to this system are their information "completeness" and the adequate representation of the interconnected of sustainable development components. Well known international organizations and numerous scientists are working in this direction, but the unequivocal coordination of these efforts has not been yet achieved.*

*The focus of this is the paper is to answer the question 'How is Albania progressing towards or away from sustainable development?*

*In order to assess whether Albania is moving towards or away from sustainable development, we seek to answer four main questions, based around four important concepts:*

- How well do we live?*
- What are we leaving behind for our children?*

**Keywords:** sustainable development ; environmental ; social; economic

**JEL Classification:** I0

**1. SUSTAINABLE DEVELOPMENT**

**Sustainable development, namely "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".**

**CORPORATE GOVERNANCE AND THE IMPLICATIONS OF THE  
GLOBAL ECONOMIC CRISIS IN THE BANKING SECTOR IN SEE**

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**Abstract**

*The purpose of this topic is to study the development of corporate governance practices in Eastern European Banks, the manner of creation and functioning of corporate boards in each country, and the role and impact of the global financial crisis in the banks. A very important place in this thread other than the creation and development of banking corporations, occupy the principles of corporate governance, role and responsibility of the board of directors, and board committees, for a better governance as fair and successful of these corporations. In this study I have identified important elements of the work of the board, selecting the right members and responsible for the direction, coordination and effectiveness in governance, the role of internal and external audit, and management of banking risks. Are also presented some data about the structure of corporate boards, development committees, as well as domestic and foreign capital to the main banks concerned East European countries and changes in the governance of banks of these countries received in analyzes. And finally i've been given some recommendations on the role and responsibilities of the banks board, the establishment and functioning of committees, as well as regarding the qualifications of board members.*

**Key words:** Corporate Governance, Principles of corporate governance, board of directions, board committiees, foreing capital, risk management, internal control, independent members.

**1. Introduction**

Global financial markets allowed crisis of 2007, which began in the United States to spread in Europe and all worldwide. Financial institutions were forced to pay arrears created a solvency crisis that made its impact felt in the real markets and caused a decline in international trade. Fundamental origins of the crisis were from

**THE ROLE OF FACE IN SERVICE FAILURE – THE CASE OF DURRES RESTAURANTS.**

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**Abstract**

*The concept of face is a very common phenomenon of the Albanian culture. This paper aims to examine the role of facial expression in service failure in the hotels industry in the city of Durres. We want to examine how face influences customer emotions, satisfaction and behaviors.*

*This paper is empirical and involves data from 50 respondents from Albania. The sampling unit is customers from different cities of Albania that have chosen to pass their vacations in Durres. The data collection instrument is a structured, non-disguised questionnaire.*

*After data collection and analysis we came to the results that facial expression plays an important role in service failure and also recovery. Facial expression of employees impacts clients emotions and behavior and also affects their satisfaction.*

*The practical implications of this study are two. First, service providers should pay attention to customers' perceptions of face during service encounters. They should also train their employees to treat all customers with sincerity, which will help to enhance the positive emotional experience of customers. Second, the recovery offered by service providers should not be limited to utilitarian recovery.*

**Key words:** Service failures, Consumer behavior, Facial expression, National cultures, Service delivery.

## PRIVATIZATION IN ALBANIA: A SUCCESS OR A FAILURE?

Oltjana ZOTO

### Abstract

*In the 90's, in the framework of the reforms towards a market based economy, Albania has undertaken a number of political, economic, legal and institutional reforms. Special importance has been given to some structural reforms, especially to the privatization. The privatization process in the Albanian economy is not conceived just like a change in the ownership, but as an alternative opportunity to ensure the efficient functioning of the market actors, may they be private or state with the aim to increase the competition in the market. This process has been successful mainly in in the banking or telecommunication sector. Also, privatization is an important component of the Albanian economy for attracting foreign investors. One of the main goals of the privatization strategy, approved by the law No.8306, of 14<sup>th</sup> of March 1998, is the attraction of strategic investors. As far as the privatization process is concerned, there have not been limitations to the participation of foreign investors. They are allowed to 100 per cent of ownership of the privatized companies. The privatization process has come to its end, anyway there are still 100 per cent un-privatized big companies like: oil drilling companies, insurance companies, hydro-power plants companies, small state companies, mainly military objects etc. As the privatization has an important impact in the country's economy, the scope of this thesis is to present a detailed analysis of the privatization process in Albania by supporting the hypothesis: "Does the privatization influence the improvement of the country's welfare? - What has been the progress of the privatization in Albania? - Can we consider the privatization process in Albania a success or a failure?"*

THE ROLE OF FACE IN SERVICE FAILURE – THE CASE OF DURRES  
RESTAURANTS.

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### **1. Introduction**

In the early 90s, a backward technology, with a low level of management, unqualified workforce and a pronounced state intervention characterized all sectors of the economy. It was hard for the industrial sector to face the competition of imported goods due to the use of obsolete technology, high cost of imported inputs, new rules of the market and the lack of efficiency in the management of state enterprises. Even though the cost of labor was low in the country, the efficient

## BARRIERS FOR TOURISM SUSTAINABILITY IN ALBANIAN DESTINATION

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### Abstract

*Destination is the fundamental unit, on which all the many complex dimensions of tourism are based and the focal point in the development and delivery of tourism products and the implementation of tourism policy. Referring the Albanian destination, we may conclude that it has a competitive position in the international tourism market and tourism is one of the main sectors of Albanian economy. Sustainable tourism can be a key driver of Albanian's economic and social development as long as it is delivered by effective structures and through effective strategies, bringing together the resources of all the relevant partners: public, private and voluntary*

*Sustainability principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.*

*The paper examines micro and macro factors of development and change, particularly within the context of aspirations towards sustainability. Reference is also made to issues which may be site or enterprise specific, but which also tend to affect the sustainability of tourism operations and their destinations, issues at a broader scale, such as at the regional or national level, particularly as they may affect destinations.*

*This paper attempts to look into and evaluate the performance of the tourism sector in Albania. It aims to identify the problems facing tourism in Albania and propose some policy recommendations for the development of a modern and sustainable tourism industry.*

*Despite the significant attention paid by tourism academics and practitioners to sustainable tourism development in recent years, there has been a consistent failure within the tourism industry in applying the principles of sustainability.*



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*Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and corrective measures whenever necessary.*

*The paper evaluates current issues surrounding the role and development of sustainable tourism in Albanian destination, setting this within the wider context of economic development, believing that with good planning and management, tourism can be a positive force, bringing benefits to destinations and providing a more competitive position in the region.*

*This study examines the barriers for sustainable tourism on a destination standpoint. The research is based on the difficulties that a destination could potentially meet for sustainable tourism implementation.*

*Conclusions include critical issues and recommendations for a successful management of Albanian destination.*

**Key words:** sustainable tourism, tourism industry, development.

**GOVERNMENTAL DECREES IN THE ALBANIAN REPUBLIC:  
CONSTITUTIONAL ISSUES RELATED TO THE RECENT LARGE  
INTERPRETATIVE OF *NECESSITY* AND *EMERGENCY*  
REQUIREMENTS BY THE CONSTITUTIONAL COURT OF R. OF  
ALBANIA**

**Robert GAJDA, PhD Candidate**

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**Arber GJETA, PhD**

Lecturer

Faculty of Economy, "A.Xhuvani" University,  
Elbasan, Albania

**Abstract**

*In this paper our aim is to illustrate the state of art on a crucial issue: on the constitutional interpretation of the governmental decrees and their relevance within the sources of law in the Republic of Albania. After a short presentation on the story on this institute, and its evolution until the Constitution approval, we investigate the fundamental requisition of necessity and emergency from different perspectives of involved institutional actors: the Government point of view; the Parliament; the Constitutional Court.*

*In order to better address this question, in our point of view, it is interesting to perform a comparative study of the institute. In explaining the necessity and emergency requisition in other legal systems, strictly on civil law one's, we mainly stressed the legislative framework in adopting this institute. Furthermore, in order to have a benchmark of the interpretation of necessity and emergency and its possible abuse we focused in the Italian Constitutional Court position in stopping the abuse in using this legislative instrument from the Government.*

*Finally, moving from the great number of the Albanian Governmental degrees, the broad interpretation of necessity and emergency by the Albanian Constitutional Court (decision 1/2013), and its caution to respect in order to respect the institutional balance between Parliament and Government we propose our critical point of view on this issue.*

ROLE OF STRATEGIC MANAGEMENT OF PUBLIC SECTOR IN  
THE REPUBLIC OF MACEDONIA

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**Abstract**

*Today first of all it stressed the need for strategic management in the public sector. Efficient administration in the era of results-oriented management, requires public agencies to develop strategic management capacity, the central process management, which integrates all the functions and activities and lead in advancing the strategic agenda in public organizations*

*The concept of leadership is as old as human civilization. XXI century public organizations face dynamic challenges and competitive. After two decades of economic liberalization and globalization changed the world economy, and as a result market forces play a dominant role in the capital market and public services. The services provided by state institutions are too big, while the means at their disposal are limited. These changes undoubtedly have an impact on the management of central and local administration*

*The public sector has a great influence on our society. From this it follows the question: How can we say that the public sector performs or fails to perform its duties efficiently and effectively?*

*Despite this, the public sector is under increasing pressure worldwide to increase outcomes and improve outputs of their organisations, while simultaneously improving efficiencies and effectiveness. Stakeholders want to know they are receiving value for money at a government agency that may be unique and unable to benchmark against other agencies except those operating in other countries.*

*Finding a successful strategic management process for a public sector organisation can be problematic given the size and complexity of many of organisations. While there are substantial advantages of having a strategic management process, in reality it is very difficult to introduce a new strategic*

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*management plan to any organisation. Even more demanding is to introduce changes to the way in which an existing plan is implemented.*

*New approaches to strategic management in the public sector are imperative that governments enter into the new millennium. Strategic management is a new concept in the public sector and for the moment it has a big impact on the efficiency and effectiveness of public organizations in the country.*

*Leaders and top managers in large enterprises believe that public service is necessary has need of strategic management. Therefore in this paper will explain the role and importance of strategic management in the public sector, forms and methods of management in public institutions and the decision-making process in these institutions. Reform and modernization of public administration is a process standard in developed countries democratic and market economy.*

**Key Words:** Strategic Management, public sector, public goods, decision making.

It is possible—and fruitful—to identify major events that have already happened, irrevocably, and that will have predictable effects in the next decade or two. It is possible, in other words, to identify and prepare for the future that has already happened.

Peter Drucker, 1997.

INVESTIGATING THE RELATIONSHIPS BETWEEN SUPPLY CHAIN  
AGILITY AND FIRMS' PERFORMANCE

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**Abstract**

**Background:** Turbulence and uncertainty are part of the reality companies are facing every day. Agility is the capability of a company to be quickly adapted in response to unexpected and unpredicted changes and events, market opportunities, and customer requirements. It enables a firm to build and sustain the competitive advantage, effectively react towards unforeseen changes, and achieve better synchronization of supply with demand. Supply chain agility becomes more and often imperative, since today we have supply chains competing with each other, instead of companies competing with each other.

**Material and methods:** This study explores the relationships between supply chain agility and firms' performance, using a comprehensive model for supply chain agility. The data for this research were collected from 154 Albanian companies during the first half of 2012. Descriptive statistics, correlations and structural equations modelling were used to test the results.

**Results:** The model proposed by this paper supposes that supply chain agility is positively influenced by sourcing flexibility, manufacturing flexibility, delivering flexibility and planning flexibility. Supply chain agility, in turn, positively influences the firms' performance. All the hypothesized relationships were confirmed by hypothesis testing. Delivery flexibility was the most important factor influencing supply chain agility, while supply chain agility was found to be a significant driver of firms' performance.

**Conclusions:** This study provides useful insights into supply chain agility, its dimensions and its impact on firm's performance. It makes managers more aware of the importance of four distinct areas of supply chain, i.e. sourcing, manufacturing, delivering, and planning, in achieving seamless flows of materials, services and information across the supply chain. This study also contributes in the development of supply chain flexibility and agility body of research, extending the scope of research to developing countries.

**Keywords:** Agility, Competitive advantage, Performance, Supply chain

INVESTIGATING THE RELATIONSHIPS BETWEEN SUPPLY CHAIN  
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**FISCAL LEGISLATION FOR E-COMMERCE- BETTER REGULATION  
FOR ALBANIAN BUSINESSES**

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**Abstract**

*The aim of this paper is to analyze via comparison than what will be legislation more appropriate for apply e-commerce also in Albanian businesses. Prime objective of the study is to demonstrate that one good legal regulation must to raise trust between contracting parties for realizing commerce via web pages. In this conditions when our business lie before absence of markets one alternative could be creation of virtual branch for finding new markets or new clients via internet. Today in the world internet pages are considered one richly method for doing not only marketing of products or services but also for virtual development of business in new markets, insight or oversight of country, rising in this manner also business income. Albanian businesses till jet have used e-commerce being only in client role but why not trying to be also other parties, seller. Maybe this will be one good opportunity for our businesses to survive or to develop their activity. Certainly trust between parties that associate business agreement via web pages without physical presentation with each other is the key of success in this form of commerce. Legal regulation is very important for trust's creation between contracting parties. But who will be better legislation's model that Albania would to apply in conditions that our economy and our reputation are? This study will try to give one answer for this question comparing legislation that used countries which apply e-commerce today. For giving one clear picture in this study I will analyze also economic conditions of countries and will compare with our economic conditions. Before giving the results of the paper I will take also opinions from experts of business legislation and fiscal legislation.*

**Key words:** E-commerce, fiscal legislation, business legislation, trust, legislations experts, Albanian business

**JEL Classification:** M40, K34

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**Entrepreneurship and competition situation**

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## **INTRODUCTION**

Up to the 1980s, entrepreneurship was restricted to creating and developing new companies. However, the concept of entrepreneurship has been extended, considering launching new product as corporate entrepreneurship. Jennings and Lumpkin (1989, p. 489) defined corporate entrepreneurship as “the extent to which new products and/or new markets are developed.” Several others have emphasized new product innovation as an important activity in corporate entrepreneurship (Miller, 1983; Shane and Venkataraman, 2000; Zahra, 1995). Consistent with the above stream of research, our paper focuses on a firm’s new product as a significant form of corporate entrepreneurial.

The impact of the launching strategy on new product success has largely been demonstrated by past researches (Easingwood and Beard, 1989; Hultink et al., 1997; Hultink and Robben, 1999; Hultink et al., 2000; Lee and O’Connor, 2003).

Launching a new product is seen by competitors as a potential threat. Studies carried out on retaliation by competitors in response to the introduction of a new product show indeed that retaliation may have a negative influence on new product performance.

One can equally consider another – indirect – influence on new product performance where competition situation directly impacts the launching strategy structure (Gatignon et al.; 1990; Hultink et al., 1997). However, little research has focused on this relationship and in those studies, the competition situation is restricted in market concentration.



## THE IMPORTANCE OF ACCOUNTING IN SUSTAINABLE FINANCIAL REPORTING

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### Abstract

*Organizations have a wide range of stakeholders that have an interest in the activities of the organization. Stakeholders want information on an organization's economic, environment and social performance. As society's awareness of the importance of sustainability issues has increased, especially around climate change, so too has the importance of reporting. Integrated reporting refers to representation of the financial and non-financial performance of a company in a single report. This helps in providing a greater context to the non-financial data such as how the company performs on environmental, social and governance parameters, how sustainability is embedded in the core business strategy etc. This paper tempts to represent the evolution, importance and challenges of sustainable financial reporting in nowadays, and how could the accounting contribute to an efficient reporting. Sustainability Accounting is a tool used by organizations to become more sustainable. Many companies are adopting new methods and techniques in their financial disclosure and information about the core activities and the impact that these have on the environment. As a result of this, stakeholders, suppliers and governmental institutions want a better understanding of how companies manage their resources to achieve their goals to accomplish sustainable development. The concept of sustainability accounting is being carried out in an international setting with a vast and growing level of experience in the measurement of sustainable development. It recognizes the role of financial information and shows how this can be extended to the social and environmental level.*

**Key words:** sustainable financial reporting, sustainable accounting, stakeholders, financial statement, environment and social performance, evolution, challenges

**TOURISM'S CONTRIBUTION TO SUSTAINABLE ECONOMIC  
DEVELOPMENT AND ITS ECONOMIC IMPACTS, ENVIRONMENTAL  
AND SOCIAL**

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**Abstract**

*Tourism industry is not a single activity, but a collection of very special activities and related products that include: transportation, accommodation, food, service, drinks, cultural entertainment, conventions and trade shows, sports etc... All these activities come together in the production and consumption of tourism, starting with hotel accommodation as a major tourism activity and consumption, followed by suppliers of inputs needed for immediate consumption. Tourism also establishes relationship with construction companies, manufacturers of equipment and uniforms. Tourism can be seen as an economic activity that produces a range of positive and negative impacts, but sustainable tourism seeks to achieve the best balance between economic benefits and environmental and social costs. In order to successfully plan and develop tourism, economic impacts, social and environmental aspects of tourism should be well understood. Strategy for a well-managed tourism leads to an increase in private sector investment and economic growth. The more such local connections there are, the more depth can be economic growth of a country of tourism, and the less the economy will rely on imported inputs. The main purpose of this paper is to show, through statistical analysis of the questionnaires, how tourism contributes to the sustainable development of the local community by using as an example the comparison with Albania, Dubrovnik in Croatia. Also, the goal of this study is to examine potential threats to long-term economic sustainability, and trends in the number of tourists in the country.*

**Key words:** Sustainable development, tourism, economic impacts, social, environmental

**THE INFLUENCE OF MEDIA IN THE  
POLITICAL COMMUNICATION IN  
ALBANIA**

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**Abstract**

*In research studies, numerous debates in recent times, the idea that in a democratic society, the role of the media should always be independent and with the general public is taking a high level of importance. This is because citizens should be able to exercise their right to vote pursuant to the terms of a rational information which will enable the reflection of the interests and opinions of their truth. According to this optic, the targets of the founding principles of liberal democracy, or the separation of powers, beyond the executive, the judiciary and the legislature, the role of the media would consider as the fourth power of making autonomous from the rest. In the countries with developed democracy it is somewhat achieved even in a democratic media system constitute one of the most influential forces in politics and economics.*

*Even in Albania after the collapse of the totalitarian system, like the visual media and the print was a "boom" and an uncensored communication almost to reality. This period of "flourishing" of media and mass communication characterized by the news, debates on radio, numerous writings by well-known journalist and not known field, period which will last until the early 2000s. Then, with the "explosion" of Digital Media and the Internet on a global but also in Albania began to show the first private media and introducing legislation to regulate the copyright, LINC etc. The article provides a study on the political behavior of the Media, used as an instrument of political parties and the voters' perception regarding to the transparency of media.*

**Key words:** Media, Political Communication, direct communication

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**ALBANIAN CHALLENGES FOR SUSTAINABLE DEVELOPMENT**

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**Abstract**

*Due to a large number of factors such as fast growth of technology, globalization, higher level of education, e-commerce, e-government, integration toward European Union and so on different approaches are needed to be developed according specified criteria. Every country has to face different changes and challenges toward cooperation and integration but one of the most difficult challenge recognized world wide is sustainable development. A key element to survive and succeed for Albania is to reach this goal even in the Balkan region contest and furthermore in the European one. The aim of this paper is to provide a general information about sustainable development concept and then to describe what are the Albanian challenges for sustainable development. A summery of different authors, books, papers and internet sources will provide the effective information to meet the purpose of this paper and to end with some conclusions.*

**Key Words:** sustainable development, millennium development goals, integration, sustainable development challenges.