



ICSS VI

6th International Conference on Social Sciences

11-12 September 2015

Istanbul

Proceedings Book

Volume IV

ISBN 978-88-909162-3-6



9 788890 916236

REVISTIA  
PUBLISHING AND RESEARCH

Proceedings of the International Conference on Social Sciences

11-12 September 2015

Istanbul

Volume IV

ISBN 9788890916236

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Typeset by Revistia

Printed in Istanbul

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**TABLE OF CONTENTS**

<b>ECONOMIC DEVELOPMENT .....</b>	<b>19</b>
TAL SHAHOR .....	19
<b>THE ROLE OF ORIENTATION IN YOUTH EMPOWERMENT FOR NATIONAL DEVELOPMENT .....</b>	<b>29</b>
DR. SAM OLUSEYI OYEKAN, PHD .....	29
<b>ENVIRONMENTAL CONDITIONS FOR ENGLISH LANGUAGE LEARNING IN MALAYSIA .....</b>	<b>43</b>
NOOR SAAZAI MAT SAAD .....	43
MELOR MD YUNUS .....	43
<b>POPULATION CHANGE AND ECONOMIC DEVELOPMENT IN ALBANIA .....</b>	<b>55</b>
ALMA META .....	55
<b>AGGRESION OF TEENAGERS IN ALBANIA .....</b>	<b>61</b>
IDA KRUTI .....	61
<b>IS URBAN SPACE ABLE TO AFFECT COMMUNITY PARTICIPATION? A RESEARCH PROPOSAL BETWEEN URBAN SOCIOLOGY AND ENVIRONMENTAL PSYCHOLOGY .....</b>	<b>68</b>
LUCA BOTTINI, PHD CAND. ....	68
<b>CAREER OPTIONS AND ENTREPRENEURIAL POTENTIAL AMONG FEMALE GRADUATES: MOTIVATIONS, OBSTACLES AND REALITIES .....</b>	<b>74</b>
ANA PAULA MARQUES .....	74
<b>THE IMPACT OF MACROECONOMIC AND BANKING FACTORS ON CREDIT GROWTH IN THE ALBANIAN BANKING SYSTEM .....</b>	<b>80</b>
DR. ALI SHINGJERGJI & MSc. MARSIDA HYSENI .....	80
<b>POLITICAL BATTLE OF MASS MEDIA CRITICAL DISCOURSE ANALYSIS: <i>SUARA PARTAI MASJUMI</i> MAGAZINE AND <i>BINTANG MERAH</i> MAGAZINE IN 1951.....</b>	<b>88</b>
RHOMA DWI ARIA YULIANTRI M. Pd.....	88
ANGGIT DARMATADARA.....	88
<b>CRITICALLY ANALYSE THE ROLE OF SENIOR MANAGERS AS BARRIERS TO ORGANIZATIONAL CHANGE AND EXPLORE HOW THIS CAN BE ADDRESSED .....</b>	<b>93</b>
JETON ZOGJANI, M.Sc.....	93
SAMED RAÇI, M.Sc.....	93

<b>CASH BENEFITS FOR SICKNESS AND MATERNITY IN SELECTED STATES OF THE EUROPEAN UNION AND AUSTERITY MEASURES .....</b>	<b>98</b>
PAEDDR. ZUZANA HORVÁTHOVÁ, PH.D.....	98
ASSOC. PROF. ING. JOSEF ABRHÁM, PH.D.....	98
ASSOC. PROF. JUDR. IVA CHVÁTALOVÁ, CSC.....	98
<b>NEGOTIATING BETWEEN THE CONSTANT AND THE CHANGING: BALANCING ACTS IN THE TRAINING OF WRITING TEACHERS.....</b>	<b>105</b>
HEPING ZHAO .....	105
<b>PSYCHOLOGICAL CAPITAL AND ENTREPRENEURIAL SUCCESS: A MULTIPLE-MEDIATED RELATIONSHIP .....</b>	<b>111</b>
HASNI N. JUHDI AND ROSHAYATI ABDUL HAMID.....	111
ADRIANA MOHD RIZAL .....	111
NURITA JUHDI .....	111
<b>SUSTAINABILITY OF “VETĚVENDOSJE” MOVEMENT IN THE POLITICAL SPHERE .....</b>	<b>135</b>
ORGES ZANI .....	135
<b>AN OVERVIEW ON DIFFERENT LEGAL SYSTEMS AND THE REFLECTION IN KOSOVO .....</b>	<b>143</b>
M. SC. SAMEDIN MEHMETI, PHD CAND. ....	143
<b>LONG MEMORY VOLATILITY MODELS IN R: APPLICATION TO A REGIONAL BLUE CHIPS INDEX</b>	<b>149</b>
VISAR MALAJ (PHD) .....	149
ARBEN MALAJ (PROF. ASOC.).....	149
<b>THE VOCATIVE CASE: ROMANIAN VERSUS LATIN .....</b>	<b>159</b>
IOANA COSTA.....	159
<b>SCIENCE TEACHERS' ATTITUDES TOWARDS USING ICT AND MOBILE LEARNING TECHNOLOGIES IN MALAYSIAN SCHOOLS.....</b>	<b>164</b>
MOHAMMED YOUSEF MAI .....	164
<b>THE CREATION OF ECONOMIC ZONES AS INSTRUMENTS FOR THE ATTRACTION OF FDIS AND FOR THE PROMOTION OF EXPORTS: CASE OF KOSOVO .....</b>	<b>174</b>
PROF.ASS.DR. HYSNI TERZIU .....	174
<b>THE ROLE OF DEVELOPMENT OF FARMERS' COOPERATIVES .....</b>	<b>184</b>
MA.SC.MEHDI PLLASHNIKU, PHD.CAND. ....	184

<b>PRISHTINA-BELGRADE TECHNICAL AGREEMENT PROMOTES POLITICAL DIALOGUE BUT WITH DELAY OF ITS IMPLEMENTATION IT SHARPENS ETHNIC DIVISIONS.....</b>	<b>191</b>
URTAK HAMITI .....	191
<b>PUBLIC INTERNAL FINANCIAL CONTROL. EVIDENCE FROM ALBANIA .....</b>	<b>195</b>
ALMIDA KAFIA.....	195
<b>NATIONAL IDENTITY AND THE “GREAT DIVIDE” BETWEEN TWO THEORIES. WHERE DOES THE ALBANIAN NATIONAL IDENTITY TAKE PART.....</b>	<b>206</b>
VOTIM HANOLI PHD STUDENT AT UET .....	206
<b>COMPOUND PRONOUNS IN ENGLISH AND ALBANIAN .....</b>	<b>211</b>
DR. ESMERALDA SHERKO .....	211
<b>IMPLEMENTATION OF INCLUSION IN SECONDARY SCHOOLS ( DN 2013).....</b>	<b>216</b>
MSC. ANTONETA KAPURANI (STEFA).....	216
<b>ICT IN FOREIGN LANGUAGE TEACHING AND LEARNING: BENEFITS AND CHALLENGES .....</b>	<b>226</b>
MARSIDA DEDJA.....	226
<b>THE INFLUENCE OF DEMOGRAPHIC FACTOR ON CUSTOMER SERVICE QUALITY PERCEPTION. 232</b>	
SONIELA GRAZHDANI, PHD CAND.....	232
DR, KLAUDETA MEROLLARI.....	232
<b>WRITING IN THE DISCIPLINES AND STUDENT SOCIALIZATION: RECONCEIVING THE RESEARCH PROCESS.....</b>	<b>245</b>
THOMAS WILCOX .....	245
<b>CONCENTRATION AND COMPETITION IN THE ALBANIAN BANKING SECTOR.....</b>	<b>250</b>
MSC. ELEANA LICI.....	250
MSC. IRENA BOBOLI .....	250
<b>COMPETITION POLICY IN ALBANIA .....</b>	<b>255</b>
VAELD ZHEZHA, PHD CANDIDATE.....	255
ERIONA KATRO, ASSOCIATE PROFESSOR .....	255
<b>SUB-CLINIC MASTITIS PRESENCE IN KORCA REGION FARMS, ABANIA.....</b>	<b>261</b>
LINDITA TEROLLI .....	261
<b>BETWEEN THE REAL THREAT AND PSYCHOLOGICAL WARFARE, ISIS AND BALKANS SECURITY 266</b>	

MR.SC. FATMIR QOLLAKAJ, PHD CAND.....	266
<b>THE INDICES OF CREATIVE CITIES: THE GLOBAL AND LOCAL ASPECTS .....</b>	<b>270</b>
PROF. DR TOMAS KAČERAUSKAS .....	270
<b>HIGH ORDER THINKING SKILLS OF LEVEL TWO ORANG ASLI STUDENTS IN ROMPIN DISTRICT, PAHANG .....</b>	<b>276</b>
MOHAMMED YOUSEF MAI .....	276
MARINIE BINTI JALALUDDIN @ MOHD RASID.....	276
<b>ALBANIAN EFL TEACHERS' PERCEPTIONS OF THE ROLE OF GRAMMAR INSTRUCTION IN EFL LEARNING.....</b>	<b>285</b>
ENRIKETA SÖĞÜTLÜ, PHD CAND. ....	285
<b>EMPIRICAL ANALYSIS ON THE USD/ALL EXCHANGE RATE VOLATILITY IN ALBANIAN MARKET: PRELIMINARY RESULTS .....</b>	<b>296</b>
ARDITA TODRI.....	296
GIUSEPPE DI LIDDO.....	296
<b>THE ROLE CORPORATE GOVERNANCE IN FOREIGN DIREKT INVESTMENT IN KOSOVO .....</b>	<b>311</b>
MR. SC. METË BEQIRAJ, PHD (c).....	311
<b>PHILOSOPHY OF PEACE AS A DEVELOPMENTAL ALTERNATIVE OF SOCIETY.....</b>	<b>317</b>
FERIT BAÇA.....	317
<b>CHOSEN MODEL OF PRIVATIZATION OF SOCIALLY OWNED ENTERPRISE IN KOSOVO OVER KOSOVO TRUST AGENCY .....</b>	<b>322</b>
DR. BAJRAM FEJZULLAHU .....	322
<b>THE IMPACT OF BRAND NAME ON CONSUMERS, CASE OF BOSNIA AND HERZEGOVINA .....</b>	<b>328</b>
AGIM MAMUTI, PHD .....	328
<b>POLITICS'S GENEALOGY: A THEORETICAL APPROACH.....</b>	<b>337</b>
ORGES ZANI.....	337
<b>EMPERICAL DATA ON THE CORRELATION BETWEEN CEO DUALITY AND THE PERFORMANCE OF A CORPORATE.....</b>	<b>342</b>
EMIRA SPAHAJ .....	342
<b>THE NEW ALBANIAN COMPANY LAW A SERIOUS EFFORT FOR THE IMPLEMENTATION OF EUROPIAN STANDARDS OF LAW ON COMMERCIAL COMPANY .....</b>	<b>349</b>

VALBONA SHUKARASI .....	349
<b>ANNULMENT OF ASSEMBLY JOINT STOCK COMPANY DECISIONS - THEORY, LEGISLATION AND PRACTICE IN THE REPUBLIC OF KOSOVO .....</b>	<b>355</b>
KEMAJL ADEMAJ, PHD. CAND.....	355
<b>EVALUATION OF SECURITY ISSUE. NEW THREATS TWOARDS NATIONAL AND INTERNATIONAL SECURITY. ....</b>	<b>361</b>
VILMA SPAHIU, PHD.CAND.....	361
<b>DETERMINANTS OF BANKS' EFFICIENCY IN ALBANIA - DATA ENVELOPMENT ANALYSIS AND TOBIT REGRESSION ANALYSIS .....</b>	<b>367</b>
ALMA SPAHO .....	367
<b>LEGAL POSITION - INTERNATIONAL RECOGNITION OF KOSOVO AND THE RIGHT TO "SELF- DETERMINATION" .....</b>	<b>378</b>
ELTON MUSA.....	378
ALDO SHKEMBI.....	378
<b>DIFFICULTIES THAT STUDENT ENCOUNTER WHEN LEARNING THE CULTURE OF TARGET LANGUAGE (ENGLISH) .....</b>	<b>386</b>
ENKELEDA JATA .....	386
<b>FACTORS AFFECTING THE EFFECTIVENESS OF THE IMPLEMENTATION OF A MODERN SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL IN ALBANIA .....</b>	<b>390</b>
ARIANA KONOMI .....	390
<b>APPLICATION OF THE COVERT MEASURES WITH THE FOCUS ON KOSOVO LEGISLATION.....</b>	<b>401</b>
KADRI ARIFI .....	401
<b>THE COLLECTIVE MEMORY OF ALBANIANS .....</b>	<b>406</b>
KLEMENTIN MILE.....	406
<b>THE TECHNIQUES USED FOR READING COMPREHENSION INSTRUCTION, CASE STUDY ALBANIA. ....</b>	<b>414</b>
IRENA SHEHU .....	414
<b>THE RIGHT OF PROPERTY AND ITS JURIDICAL PROTECTION - ALBANIA CASE .....</b>	<b>426</b>
SOFIANA VELIU .....	426
ALDO SHKEMBI.....	426



<b>PERCEPTION OF LECTURER ON INTERCULTURAL COMPETENCE AND CULTURE TEACHING TIME (CASE STUDY).....</b>	<b>433</b>
ENKELEDA JATA PHD CAND. ....	433
<b>ONLINE CUSTOMER REVIEWS ON RESTAURANTS AND EXPERT OPINIONS: AN INTEGRATED APPROACH .....</b>	<b>438</b>
ASST. PROF. DR. RAMAZAN GÖRAL .....	438
RES. ASSIST. SIMGE TOKAY .....	438
<b>FIGURATIVE TRANSFORMATION OF FREE COMPOUND WORDS INTO ADJECTIVAL PHRASEOLOGICAL UNITS IN THE ALBANIAN AND ENGLISH LANGUAGE TO BE ACQUIRED FROM THE STUDENTS.....</b>	<b>449</b>
DR. LEDIANA BESHAI .....	449
<b>PROMOTING HABITS OF REFLECTION AND SELF-EFFICACY THROUGH GUIDED REFLECTION IN AN EFL WRITING COURSE .....</b>	<b>456</b>
RUDINA GULEKER .....	456
<b>DETERMINANTS OF CUSTOMER – PERCEIVED SERVICE QUALITY IN THE ALBANIAN BANKING INDUSTRY .....</b>	<b>460</b>
SONIELA GRAZHDANI, PHD CAND.....	460
PROF. DR, ARBEN VËRÇUNI.....	460
<b>FIGHT AGAINST ORGANIZED CRIME AS ONE OF THE FUNDAMENTAL CONDITIONS FOR THE INTEGRATION IN THE EUROPEAN UNION. ALBANIAN CASE .....</b>	<b>472</b>
VILMA SPAHIU, PHD.CAND. ....	472
<b>PUBLIC SPACES IN THE FOCUS OF CITIZEN’S RIGHT - CASE STUDY – URBAN SPACES TIRANA..</b>	<b>475</b>
PROF.ASC. SAZAN GURI .....	475
MSC. PHD (IN PROG) ARTAN MANUSHAQE .....	475
<b>UNDERSTANDING THE NEUROMECHANISMS OF CONSUMER BEHAVIOR IN ADVERTISING INDUSTRY .....</b>	<b>488</b>
NORSIAH FAUZAN .....	488
<b>EARLY DETECTION OF MILD COGNITIVE IMPAIRMENT, DEMENTIA AND ALZHEIMER’S USING QEEG .....</b>	<b>493</b>
NORSIAH FAUZAN .....	493
NUR HURUNAIN AMRAN .....	493
<b>NEUROTECHNOLOGY FOR SPECIAL NEEDS CHILDREN.....</b>	<b>501</b>

NORSIAH FAUZAN .....	501
<b>STUDENTS' EDUCATIONAL AND OCCUPATIONAL ASPIRATIONS PREDICTED BY PARENTS' AND ADOLESCENTS' CHARACTERISTICS .....</b>	<b>507</b>
ANA UKA .....	507
<b>SOCIAL CARE IN THE MODERN LIVING OF THE OLD PEOPLE.....</b>	<b>515</b>
PHD HAVA REXHEP .....	515
AJSHA REXHEP .....	515
<b>A CURRENT OVERVIEW OF THE ANATOLIAN BATHROOM CULTURE AND EQUIPMENT IN TERMS OF DESIGN .....</b>	<b>523</b>
SELAHATTIN PEKŞEN .....	523
<b>THE ANALYSES OF ALBANIAN BUDGET EXPENDITURE .....</b>	<b>540</b>
DOC. PH.D. DORJANA NANO .....	540
PH.D CAND. EDUINA GUGA .....	540
<b>STATE OF THE ART OF VET SYSTEMS IN ALBANIA AND KOSOVO - OBSERVATIONS AND COMPARISONS .....</b>	<b>549</b>
DR. SALIAN CULLHAJ .....	549
<b>EXCESSIVE CREDIT GROWTH – AN EARLY INDICATOR OF FINANCIAL INSTABILITY .....</b>	<b>558</b>
ELA GOLEMI, PH.D. (C) .....	558
<b>THE ANALYSES OF ALBANIAN BUDGET EXPENDITURE .....</b>	<b>564</b>
DOC. PH.D. DORJANA NANO .....	564
PH.D CAND. EDUINA GUGA .....	564
<b>THE IMPACT OF WASTE MANAGEMENT IN THE MACROECONOMIC PERFORMANCE .....</b>	<b>573</b>
PROF.ASSOC.DR .DORIANA MATRAKU (DERVISHI) .....	573
ADELA ÇAFULI PHD CAND. ....	573
<b>EUROPEAN IDENTITY ISSUES IN THE ERA OF GLOBALIZATION .....</b>	<b>585</b>
ELIRA LULI .....	585
<b>THE MISCOMMUNICATION BETWEEN MEDIA AND THE CIVIL RIGHTS ORGANIZATIONS IN ALBANIA, AND THE IMPACT IN THE ALBANIAN SOCIETY .....</b>	<b>591</b>
NJOMZA KRASNIQI, PHD CAND. ....	591
<b>THE ALBANIAN-GREEK RELATIONS FOLLOWING THE SEA BORDER ISSUE.....</b>	<b>598</b>

DORINA NDOJ .....	598
<b>TOURISTIC INFRASTRUCTURE DEVELOPMENT IN THE CONTEXT OF INCREASING A TOWN SPACE ATTRACTIVENESS .....</b>	<b>602</b>
DR INŻ. ARCH. BARTOSZ KAŻMIERCZAK.....	602
<b>ANALYZING ENERGY SECURITY AND SUSTAINABLE DEVELOPMENT IN SOUTHEAST EUROPE FROM A MULTIDIMENSIONAL APPROACH .....</b>	<b>608</b>
FATRI MORINA, PHDC .....	608
<b>DOCUMENTATION OF THE CRIME SCENE .....</b>	<b>612</b>
MR.SC.BESIM ARIFI, PHD CAND. ....	612
<b>ALBANIANS IN PRESEVO VALLEY AND THEIR NATIONAL RIGHTS .....</b>	<b>619</b>
DR.SCI.VETON ZEJNULLAHI .....	619
<b>JUSTIFICATION OF ACQUISITIVE PRESCRIPTION IN THE CIVIL LAW SYSTEM. WHY IS IT NOT AN “UNCOMPENSATED DEPRIVATION? .....</b>	<b>625</b>
SILVANA DODE, PHD CAND. ....	625
<b>EVALUATION OF THE SHADOW ECONOMY INFLUENCING FACTORS: COMPARATIVE ANALYSIS OF THE BALTIC STATES .....</b>	<b>642</b>
ASSOC. PROF. DR. RITA REMEIKIENE .....	642
PROF. DR. LIGITA GASPARENIENE .....	642
<b>MYTH AND ANTIMYTH IN THE FICTIONS OF SOCIALIST REALISM IN ALBANIA .....</b>	<b>650</b>
MSC. LAURETA MISIRI .....	650
<b>PENETRATION OF ORIENTALISM AS A SOCIOLINGUISTIC FACTOR IN THE ALBANIAN LANGUAGE .....</b>	<b>654</b>
DR.SC. SINDORELA DOLI-KRYEZIU .....	654
MR.SC. LAURA KOSHI-NAKA, PHD. CAND. ....	654
MR.SC. GENTIANA MUHAXHIRI, PHD. CAND. ....	654
<b>CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN BANKING SECTOR IN ALBANIA .....</b>	<b>657</b>
PH.D CAND. AURELA RAMAJ .....	657
<b>PUBLIC INTERNAL FINANCIAL CONTROL. EVIDENCE FROM ALBANIA .....</b>	<b>664</b>
ALMIDA KAFIA.....	664

<b>INTERPERSONAL SKILLS IN DEALING WITH MULTICULTURALISM: BOSNIAN BORDERLAND CASE</b>	<b>672</b>
.....	
JUSTYNA PILARSKA .....	672
<b>NORMAN MAILER - BETWEEN MODERNISM AND POSTMODERNISM.....</b>	<b>684</b>
DR. MARSELA TURKU .....	684
<b>PATHS TO STRENGTH OF SOCIAL ECONOMY IN ROMANIA - REPRESENTATION OF PROFESSIONALS AND EXPERTS IN THE FIELD .....</b>	<b>688</b>
SIMONA MARIA STĂNESCU .....	688
SORIN CACE .....	688
<b>ROMANIANS ON WHAT PREVENTS THEIR FELLOW CITIZENS FROM HAVING CHILDREN. AN EXPLORATION OF QUALITATIVE AND QUANTITATIVE DATA.....</b>	<b>689</b>
IULIAN STĂNESCU.....	689
<b>BRIDGING TWO WORLDS – LIBRARIES AS INTERMEDIARIES IN ACCESS TO ELECTRONIC PUBLIC SERVICES AND INFORMATION.....</b>	<b>690</b>
MARIUSZ LUTEREK .....	690
<b>EXCHANGE RATE PASS-THROUGH IN ALBANIA .....</b>	<b>691</b>
İLIRA PULAJ.....	691
FLORIAN MITI .....	691
<b>SICK AND MATERNITY PAYS IN SELECTED EU MEMBER STATES .....</b>	<b>692</b>
JOSEF ABRHAM .....	692
ABSTRACT .....	692
<b>STUDENTS’ CREATIVITY AND CREATIVE PROCESS ENGAGEMENT THROUGH TEAMWORK.....</b>	<b>693</b>
ROSHAYATI BINTI ABDUL HAMID.....	693
IDA ROSNITA BINTI ISMAIL .....	693
<b>FINANCIAL DISTRESS OF ALBANIAN COMPANIES: USE OF THE Z-SCORE AS A PREDICTOR .....</b>	<b>694</b>
GENC ALIMEHMETI, PH.D. ....	694
ALBA SKENDAJ .....	694
<b>RUBRIC FOR DEVELOPING CRITICAL THINKING SKILLS IN ACADEMIC WRITING .....</b>	<b>695</b>
NOR SHIDRAH MAT DAUD.....	695
NURAIHAN MAT DAUD .....	695
<b>CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN BANKING SECTOR IN ALBANIA.....</b>	<b>696</b>

---

PH.D CANDIDATE AURELA RAMAJ .....	696
<b>PUBLIC OPINION ON ROMANIA’S PENSION SYSTEM: PUBLIC VERSUS PRIVATE PROVISION ...</b>	<b>697</b>
IULIAN STĂNESCU.....	697
<b>PATRONAGE DURING ECONOMIC DOWNTURN; AN EXPLORATION OF GREECE .....</b>	<b>698</b>
GEORGE PAPAIOANNOU.....	698
<b>HARMONISATION OF THE ACQUIS COMMUNAUTAIRE IN THE SOCIAL FIELD BY COUNTRIES FROM THE FIFTH AND SIXTH EUROPEAN UNION’S ENLARGEMENT WAVES .....</b>	<b>699</b>
SIMONA MARIA STĂNESCU .....	699
<b>THE INVESTMENT ON EDUCATION AND ITS IMPACT ON ECONOMIC GROWTH IN ALBANIA ...</b>	<b>700</b>
DOC.PROC.DENIS CELCIMA .....	700
<b>DEMOCRATIC CONSOLIDATION OF ETHNICALLY FRAGMENTED STATES: WHAT LEGAL MECHANISMS AND INSTITUTIONS MAINTAIN THE BALANCE IN MACEDONIA’S POLITICAL ORGANIZATION?.....</b>	<b>701</b>
ERMIRA MEHMETI .....	701
<b>EDUCATION IS THE KEY TO A BETTER FUTURE.....</b>	<b>702</b>
ADRIANA Qafa .....	702

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## Economic Development

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### Abstract

*Economic development is a process aimed at improving the quality of life of the citizens which can be achieved by increasing the national income. This increase includes: increased household income (employee salaries and self-employed profits), and no less important, increased taxes which would facilitate an improvement in the services that citizens receive from government system. To achieve improved quality of life, it is important that the additional income does not simultaneously increase the disparity between rich and poor (which is liable to occur if the main beneficiaries of the increase in income are the financiers and the managerial level). It should also not lead to an increase in unemployment (as sometimes occurs when companies go through a streamlining process), or cause environmental pollution. Additionally, to improve the quality of life, attention must be given to other areas such as education, culture, health, etc. which all require extensive resources, and their development is therefore also a matter of economic interest. The goal of this article is to present the principles and processes required to facilitate economic development without harming other components that comprise the quality of life.*

**Keywords:** Economic development, improving the quality of life, national income, citizen, resources

### Introduction

According to the World Bank, local economic development is a process in which the public, the business owners, and third sector organizations join forces to create conditions that are more conducive to promoting economic growth and boosting employment (The World Bank, 2015). All economic development is aimed at improving the citizens' quality of life. Quality of life includes not only classic economic components such as income or rate of unemployment, but also societal components such as education, personal security and poverty, and environmental components (air and water pollution, open spaces, etc.). Local economic development focuses on defined and relatively small, areas. One of the problems that arises from the above-mentioned list is the fact that in many cases, an increase in a specific component is likely to have a detrimental effect on another component. Thus, for example, an increase in the average income will often cause increased environmental pollution, and in many cases may also cause an increase in the rate of poverty<sup>1</sup>. This situation illustrates one of the basic rules in economics (and of course also in economic development), that is "There is no such thing as a free lunch" or in other words everything comes at a cost. This cost is not necessarily manifested in monetary terms and may in fact have a social, cultural or environmental component. It is therefore important that economic development is an integrated process that addresses a very wide range of factors that influence quality of life, with the goal of bringing about maximum possible improvement in the citizens' quality of life. According to the United Nations Human Settlements Programme (2005), many factors can affect the quality of life, and it is not always possible to address all factors concurrently. Consequently, one of the very first stages of economic development must be prioritizing the areas that are the most important. This is then followed by an assessment of the best way to improve these areas while causing minimum damage in other areas. The underdeveloped roads system in northern Italy provides a good example of prioritizing and subsequent costs. The state of this roads system does not stem from a lack of financial means (northern Italy is one of the wealthiest regions in the world) but rather from a conscious decision by the Italians to lay relatively narrow roads (with no margins) to avoid damaging open spaces (forests and agricultural land). China provides us with an example of the opposite approach. In order to accelerate growth of production, the Chinese were willing to pay a higher cost in terms of the environment and personal freedom. While we can of course argue about whether or not the Chinese decision is correct, it is clear that had the Chinese wanted to protect the environment more, the national income would have been lower.

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<sup>1</sup> The extent of poverty is determined by the gap between the rich and the poor. Consequently, if economic development increases the wealth only of the rich, the poverty rate will increase even if the income of all other sectors does not change.

## Various ways to increase

### Increased Household Income

In many areas, particularly those that are weak economically, one of the most important changes required in order to improve the quality of life is increased household income. However, the maximum wage that a private sector employer can pay is the "output value of the labor", that is the amount by which the employee increases the income of the enterprise, otherwise it will not be viable for the employer to retain the employee and he will be forced to dismiss the worker<sup>1</sup>. A crucial prerequisite for increasing wage-earner income is therefore an increase in employee output value (another term customarily used to describe this process is increased labor productivity), and the real question is how can this be achieved? Theoretically, the answer would be to build more sophisticated, know-how intensive, high-tech production plants which would usually have a higher employee output value. However, such enterprises do not usually survive for any length of time if the work force in the relevant area is unsuitable. Attempts to encourage the establishment and operation of such enterprises by offering grants and tax benefits were usually doomed to failure. These factories would often shut down after a short period of time, and, if they did manage to survive, the profits were low leaving no room to pay higher wages<sup>2</sup>. Therefore, in many cases, setting up enterprises of this type is not a viable solution. Action needs to be taken in two different directions to achieve a real increase in household income over an extended period of time (primarily for wage-earners, but also for the self-employed) – one direction is to improve technology, and the other is to maximize comparative advantages.

### Increasing Income by Improving Technology

Definition: Improving technology is any change that will generate improved operation of the production components. Many people associate improved technology with the introduction of the new technologies (computers, robots, or more sophisticated machinery). However, based on the definition above, it is clear that this is only one of the options for improving technology (and not necessarily the most efficient one). There are other and no less effective, ways to make this improvement, such as scaling down the bureaucracy, preventing corruption, a stable governmental system, development of physical infrastructure (sewerage, roads, communications), professional training, etc. With regard to increasing income, improving technology will enable employees to operate more efficiently, which will increase their production output, thereby enabling payment of higher wages<sup>3</sup>. Sometimes setting up new enterprises can also serve the function of improving technology if the new enterprise is suited to the population's skill set, and enables them to better utilize their professional trade skills. This would of course increase the employee production output and in turn the wage that the employees would receive.

There is another advantage to improvements in technology – usually technological improvements do not negatively impact the environment (as opposed to setting up new enterprises). In fact, in many cases they even have a side effect of improving the quality of life (for example, sewage purification facilitates an increase in agricultural production and also prevents pollution of water sources). Therefore in economic development processes it is important to focus on technological improvements, which will create a better business atmosphere and will also contribute to an improvement in the quality of life.

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<sup>1</sup> This analysis is also correct (with slight changes) for business owners. However, because the general population consists mainly of wage-earners (approximately 90%), and also because the wage earners are usually the lowest paid sector, this paper will focus on the income of wage-earners.

<sup>2</sup> There is of course a possibility that the employees will come from different areas. However, in this case, the enterprise's contribution to increasing the salaries of local residents will be limited.

<sup>3</sup> It is likely, of course, that part of the increased income will be transferred to the financiers, although usually, a significant portion of the increased income is also passed on to the employees. If the employers do not share part of this increased income with the employees, it can be said that the technological improvement did not achieve its objective and that employee moves to organize trade unions in the enterprise is justified. Herein lies the claim that the existence of trade unions can have a positive effect on the economic development process (on the condition, of course, that they do not demand wages and conditions that exceed the employee production output.)

### Increase in Income by Utilizing Comparative Advantages

One of the most important points that need to be taken into account throughout the entire economic development process is the comparative advantage. According to a simple definition of this concept, a comparative advantage is the ability to produce better quality products and/or at a lower cost than those of other manufacturers. Examples of factors that can contribute to the comparative advantage include location (proximity to markets and/or to raw products), availability of natural resources (proximity to the sea in the case of tourism), and of course the human capital, which in recent decades has contributed enormously to generating a comparative advantage. The value of the human capital is found in both the level of education (particularly in the field of technology) and in other areas that we will address later in this article.

The economists' basic assumption is that economic activity cannot succeed over time if it is not based on a comparative advantage. On the other hand, the correct utilization of this comparative advantage can increase the number of employees and businesses, and also the wages, two actions which generate an increase in the household income. One of the questions that arises at this stage of the discussion is: What should be done when there is no comparative advantage? The answer is that in every country, there is always a region or settlement that has a comparative advantage. We will present several examples to explain this subject (which when first raised frequently generates many questions and counter arguments).

Example A – Land Costs: In places with a comparative advantage in fields such as tourism or technology a large number of economic functions will be established (such as hotels, high-tech companies, research institutes, etc.), which will increase the demand for land and therefore drive the price of land upwards. On the other hand, in places that do not have a comparative advantage of this type, there is not much demand for land and consequently, land costs will be low. Under these conditions, the land in this place will be readily available and inexpensive, and therefore suitable for businesses requiring large expanses of land such as shopping malls which also require large parking areas, and production plants which require large production halls and warehouses for storage. It is easy to see that the disadvantage of these areas in fields such as tourism and technology actually becomes a comparative advantage in terms of land prices and availability which can then be utilized for economic development. While it is indeed reasonable to assume that resident incomes will be higher in areas with a comparative advantage in the fields of tourism and technology, those people who live in areas without such a comparative advantage have no alternative other than to utilize to the maximum what they do have.

Example B – Wages: Places with a high level of technological education usually have a comparative advantage in the technological field which attracts sophisticated high tech companies (that are know-how and technology intensive) which pay high salaries. Places with a low level of technological education are unsuitable locations for companies that pay high salaries. However, such places do also offer a certain comparative advantage because the low wages paid are an advantage in high-tech industries and they can therefore specialize in producing simple products. China, which provides a good example to illustrate this situation, utilizes its cheap workforce to produce a major part of the textile products used throughout the world. Although specialist labor-intensive industries do not enable payment of higher wages (the increase being the main objective of economic development) the question to be asked is what alternative do these countries have? Although the wages paid today to a Chinese laborer are significantly lower than the acceptable rate in developed countries, the question is what would happen in China in fields such as life expectancy, infant mortality or hunger, if all these labor-intensive factories did not exist.

Another question that needs to be asked is what will happen in places such as China in the long term? Some of us are old enough to remember that until 40 years ago the Japanese specialized primarily in the manufacture of cheap products (in some ways reminiscent of the Chinese today). In those days, if you wanted a good quality car, you would buy a European or American vehicle. The Japanese cars (along with their watches and televisions, etc.) were bought because the price was low due to the relatively low wages paid to the Japanese laborer. In other words, the Japanese advantage could be seen because, relative to ability, the wage paid to the Japanese laborer was quite low thereby enabling the Japanese market to produce cheap, good quality products. This situation led to the rapid development of the Japanese economy and enabled the standard of living to improve within a relatively short period. However, the Japanese success story did not end here. Economic development is frequently accompanied by a very important side-product. In the case of Japan, it was the improved level of education and technological capability within the workforce. Thus, within several decades, Japan's comparative advantage shifted from low-cost labor to employees with a high level of technological skills. This enabled the Japanese to move on to the production of more sophisticated and better quality products, thereby increasing the employee production output value and the salaries. Production of more simple products was transferred to other countries such as Korea or Malaysia, which were also undergoing a similar developmental process, and today low-cost production is centered



in China. However, if the process described above continues, within a relatively short time Chinese wages will also be increased.

The conclusion that can be reached from both these examples is that in order to raise the household income to its maximum level, economic development must be based on the existing comparative advantages. This has always been true, but never more so than today with the globalization process, which has shown that those who do not have a comparative advantage will disappear from the marketplace. In some cases, steps aimed at creating a comparative advantage can be taken. For example laying railroad tracks for production plants requiring transportation for heavy goods, increasing the technological education, etc. But usually actions intended to generate a comparative advantage take a great deal of time to implement, are very costly, and there is no guarantee that they will actually generate the comparative advantage as planned. Consequently, at least in the initial stages, it is important to identify the comparative advantages of the place that is intended for development and to base the development on these advantages. The role of government assistance in this process is to enable the stakeholders to utilize the comparative advantages and to help them start up the development process. Past experience around the world and also in Israel shows that in most cases attempts to implement projects that do not have a comparative advantage and which are based on government support (for example from incentives and tax benefits) do not achieve their objective.

### **Effect of Increased Means of Production on Income**

One of the first steps considered in the context of economic development is investment in new enterprises or expanding existing production plants. But investments of this type are not always effective and in many cases it is likely to become clear that it is actually a waste of resources. To explain this subject, we will divide the means of production into two main components: one component is **Labor**, and the term **Capital** is used for the other component which includes machinery, buildings and equipment. Setting up new businesses or expanding existing businesses is equivalent to an increase in capital. And frequently economic development programs do indeed focus primarily on searching for ways to increase the amount of capital. However, there are a number of problems with this approach. The first problem refers to the concept of diminishing returns on capital. This concept can be explained with the example of a manufacturing plant that is based on employees and machinery. If we increase the number of machines, and leave the number of employees at the same level, then when there are few additional machines, each one will generate a significant increase in production output. However, if there is a large number of additional machines, at a certain point the employees will no longer be able to handle all the machines and the additional output generated by each additional machine will gradually decrease until at some point additional machines will not increase production at all because there are not enough employees to operate them. In this case, the addition of more machines without making additional changes in the system will not increase production<sup>1</sup>. In many cases, economic development is stopped because of the fact that there are too many machines and marginal productivity is calibrated<sup>2</sup>. Under such circumstances, there is of course no point in making additional investments in machinery and equipment or in setting up new factories of the same type. The route to economic development lies in achieving technological improvements or better utilization of the comparative advantages.

### **Economic Equilibrium**

Another problem which should be taken into account when assessing the viability of encouraging additional investments relates to the concept equilibrium. The basic assumption in economics is that usually the economy is in a state of equilibrium, in other words supply equals demand for each product. This is important because in normal circumstances, everything that the consumer wants and can afford to buy has already been produced and it is therefore not feasible to set up additional businesses. (Although this sounds a little strange, this is indeed the situation, and if you check the restaurants and shops that spring up every other day in our area, you will find that a large number of them close within a short period

<sup>1</sup> Note: the increase in the number of machines must be stopped before the output of each machine is calibrated because the growth must be halted at the stage where the increased output is less than the cost (economic, social, and environmental) of the additional investment.

<sup>2</sup> Note: it is not always easy to identify that the problem is the excess machines and equipment, because this situation may also include (even fairly extensive) unemployment. This unusual situation is likely to stem from the fact that, for various reasons, the unemployed are not suited to work in the existing types of businesses.

of time). According to this approach, there will be additional economic activity only if a change in this market has occurred. Such changes may be increased consumer income (leading to increased purchasing and therefore also increased production), change in behavior (for example, parents investing more money in supplementary education which would lead to operating additional after-school activity groups), or price increase of other products (increased vacation costs in Turkey, will lead to growth in the domestic tourism industry in Israel). Equilibrium as described above is significant because, before initiating the establishment of new businesses or the expansion of existing enterprises, it is important to verify that there is actually a demand for the proposed products.

The removal of bureaucratic obstacles is another very important factor that can facilitate increased production when the economy is in a state of equilibrium and the marginal productivity of capital is low. For example, delays in receiving building permits are likely to cause delays in setting up new businesses for which there is a demand (for example, hotels in popular tourist areas). In this case, the removal of such obstacles will facilitate production growth and will generate additional jobs. Foot-dragging in the legal system or poor personal security also constitute obstacles which, if removed, would encourage commercial enterprise.

### Local Economic Development using Strategic Planning

Strategic planning is a dynamic process aimed at helping organizations to define their goals, to set priorities, and to develop courses of action that will enable them to achieve these goals, based on cooperation between all the stakeholders both in the organization or those associated with it. Local Economic Development using Strategic Planning is a process that utilizes strategic planning to improve the economic situation of the local authority or of a group of neighboring local authorities. It is important to note that when dealing with economic development, it is not enough to only address the classic economic areas such as increased income and employment opportunities. Other areas that must also be addressed include health, environment, level of education, personal security, poverty, etc. because these areas are important not only due to their effect on the quality of life of the residents, but also because they are crucial to success in the economic fields.

The strategic planning process includes the following key characteristics:

1. Detailed definition of the program goals and determining the course of action are part of the process. In other words, the goals are not defined and dictated in advance. Instead the planning body must define the goals as part of the planning process.
2. The planning process is dynamic. In other words, the process does not end with implementation of the program but continues simultaneously alongside the stages of implementation; the outcome is constantly assessed, and planning is reviewed and changed as required.
3. All parties and stakeholders that are expected to be involved in the implementation and/or who might be affected by the plan participate in the planning process and implementation, for the following reasons:
  - a. The basic assumption is that the local residents are the people who are most familiar with the conditions and needs of the local authority or of the region<sup>1</sup>;
  - b. The success of the program requires the cooperation of all parties and stakeholders. Cooperation can only be achieved if the stakeholders feel that they can influence the planning and that they are partners in developing the plan;

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<sup>1</sup> Israel has a long history of highly detailed and "professional" economic and geographic planning which ultimately failed because the local population was not partners in the planning. The development towns provide us with a good example. Contrary to general opinion, the development towns were established as the result of a highly detailed and organized planning process. For many years, the government invested numerous resources in these towns (more than in any other population sector in Israeli society). The failure of these development towns can be attributed to, among other causes, the fact that these towns were always designed and supervised by professionals living outside of the town itself, and who it seems were unable to adapt the planning and development to local conditions.

- c. The program should be run by the residents both during the planning stage and during the implementation. This would save on expenses and would also focus the local authority's resources on the development itself rather than wasting valuable resources by outsourcing to other parties.
4. The planning must also address long-term objectives. In fact, one of the functions of strategic planning is to provide the local government with a break from dealing with day-to-day operations, and to enable those involved to take a broader look at matters.
5. Strategic planning aimed at economic development must also deal with improving the quality of life because frequently decisions in the private sector about where to invest depend on the quality of life. Potential entrepreneurs will not want to establish new businesses in run-down and neglected locations because the various professionals who are critical to running the enterprise will not want to live in such areas. Therefore local authorities that are going through a process of strategic planning must consider the advantages their region has to offer in terms of quality of life and do their best to promote these advantages. For example, in smaller areas they can foster community activities, and in larger towns and cities, they can develop cultural centers for entertainment and commercial centers. One such example is the emphasis placed on community life in Misgav; and another good example is the development of unique areas in Jerusalem such Nachla'ot, Nachalat Shiv'ah, etc.

### Strategic Planning Stages

According to a document issued by the United Nations (2005), the local development process based on strategic planning consists of 10 stages as follows:

1. Initial stage: the first step assesses the ability and resources of the local authority and whether it is ready to go through the strategic planning process. Following this assessment, the geographical area (which may be a number of neighborhoods, the entire local authority, or several neighboring local authorities) to be included in this planning process must be determined. Additionally, it is important to check whether it is preferable to work with an external party or whether the strategic plan should be implemented independently.
2. Enlisting the cooperation of various stakeholders: As mentioned above, enlisting the cooperation of the other stakeholders is crucial to the success of strategic planning. Consequently, before beginning the planning itself, a consensus must be achieved in both the political system and among those stakeholders who may be affected by the planning (business owners, administrators, and various public figures) regarding the need to implement the program.
3. Situation analysis: involves gathering data on the existing situation in the relevant fields (economy, demography, environment, etc.), and building an economic profile for the local authority or the group of local authorities participating in the program. Additionally, at this stage the strengths and weaknesses of the system are identified. It is important to remember that detailed data gathering can be a very costly process. It is therefore usually necessary to compromise on the accuracy and detail of the data in order to save money for the next stages.
4. Defining the vision for the system: the vision should answer the question: Where do we want to go? This provides a brief description of the future that the program is striving to achieve.
5. Defining objectives and priorities (that is prioritizing the objectives): usually it is not possible to achieve all the objectives that comprise the vision defined in the previous stage. We must therefore break the vision down into a number of defined objectives which are then prioritized according to importance (knowing that some of them will not be achieved). It is important to define the objectives in such a manner so that their success can be evaluated; in other words, so that it will be possible to determine with a high level of objectivity if the objectives were achieved.
6. Selecting possible strategies for achieving the objectives: at this stage, it is necessary to determine in detail what actions will be taken in order to achieve the objectives. This is the beginning of the practical stage of the program where we define what must actually be done.
7. Selecting the course of action: for every action or group of actions that was selected in the previous stage, it is necessary to define exactly what must be done, when it must be done, and who is responsible for each stage. The

course of action must be attainable within the timeframe, the budget, and the political conditions under which the program is operating.

8. Implementing the program: to implement the program, we must make the tools required official either by establishing special departments that will deal with this matter, or by creating positions and areas of responsibility for existing bodies. It is important to take into account the possibility that clashes will occur between the various parties involved in the program, and to try to plan in advance the required response to such problems.
9. Monitoring and evaluation: one of the key characteristics of strategic planning is that the program is dynamic. In other words, performance must be monitored in order to evaluate if it is necessary to make changes in to the program.
10. Adjustment and modification of the program based on findings from the previous stage.

### **The Importance of Local Economic Development**

According to Andrew and Goldsmith (1998) during recent decades a process has occurred in which functions and economic and other activities have been transferred from central government to the local authorities. This change stems mainly from the fact that according to mainstream economic thought in the western world, the government system is a large and cumbersome body that operates in a wasteful and inefficient manner. Consequently, many areas that were previously controlled by the government are now transferred to other bodies. Some of these activities have been transferred to the private sector in a process known as privatization. However, some activities cannot come under the auspices of the private sector (public goods, and activities that will have an external effect). The solution is therefore to transfer those same activities to bodies that are smaller than the government, in other words, to the local authorities. According to this approach, the local authorities have a better understanding of matters in the field and also a greater commitment to the residents, and can therefore perform these tasks in the best possible manner. In the strong, well-established, and most importantly, highly organized local authorities, this shift of responsibility has proved to be the correct move. The objective of economic development through strategic planning is to improve the situation in those local authorities that struggle to fulfill the abovementioned tasks.

Another reason for the high importance of the strategic process is the fact that local economic development is likely to be a Zero-sum Game; in other words, an improvement in one local authority is likely to occur at the expense of another local authority. An example of this is the case in which a specific local authority establishes a new industrial zone, and competes for funding and new projects against the industrial zones in the neighboring local authorities. In such a case, not only is the success of the new industrial zone likely to come at the expense of the older industrial zones, but also the competition for resources and unnecessary investments in infrastructure are likely to cause the new industrial zone to fail while simultaneously destroying the established industrial zones. In a case such as this, the strategic process could lead to the correct division of resources whether through the joint operation of one industrial zone or through a logical division of projects between the local authorities (for example, one local authority could establish an industrial center while the other local authority could establish a commercial center). Conflicts of interest such as these could occur between both the local authorities and between stakeholders within the local authorities. In this situation, a strategic process involving all the relevant parties could help to resolve the problem.

According to Leigh and Blakely (2013), a number of changes have occurred in the world economy during the last 30 years, which have transformed local economic development using strategic planning into a very important factor. These changes are:

1. Globalization: the ability of production units and factories to transfer from one location to another means that production and manufacturing capabilities that are not competitive will not survive. On the other hand, globalization enables those who are successfully competitive to develop further.
2. Increased rate of change: Both technologies and types of product change rapidly. Manufacturers and employees need to adapt to these changes. Employee skills will not give them an advantage for a whole lifetime. They must acquire additional new skills or at least frequently update their current skills.
3. Effect of technological development on demand for employees: technological development has led to an increased demand for employees with technological or administrative capabilities, and to a decrease in demand for all other types

of skills. Consequently, there has been a dramatic increase in salaries for the first group, and a decrease in employment opportunities and salary for all the others. Those with technological skills find it easier to move from one location to another (and sometimes from one country to another). This increased mobility is likely to generate a situation where local or regional authorities find that their areas are populated by low-income residents. The local or regional authority then finds that its income from local taxes has decreased considerably which in turn leads to a cycle of economic and social decline.

These three changes have caused the economic system to change more rapidly than it did in the past. Consequently, the economic planning of the local authorities must also be in a constantly dynamic state all the time, and must also take into account all the social, demographic, and economic components that may affect its state. In other words, the economic planning and development must be based on strategic planning processes.

Another change that has occurred during the last three decades is that while in the past the local government (and sometimes even central government) was actively involved in setting up and running economic projects, today the local government has taken on more of a role as an enabler. This means that the local government is no longer directly involved in setting up factories and running economic projects, and is instead responsible for creating the right conditions and atmosphere that will attract investors and entrepreneurs to be active in the area. This change also stems from the concept that in general, government activities are ineffective and therefore the role of the government is to generate conditions that will enable the free market to operate successfully. Previous attempts throughout the world and in Israel have shown that when the government selects the projects to be established and also their exact locations, and encourages entrepreneurs to set up the projects by offering grants and other financial benefits, a considerable number of the new projects were found to be unsuitable. These projects prove to be unsuitable because they are not long-lasting and also because they are unable to advance the local authority where they are located. In many cases, it also became apparent that the main beneficiaries of the financial benefits given by the government in development areas were not the development town residents, but rather the entrepreneurs who on the whole were wealthy in their own right and who lived outside of the area that is intended for development<sup>1</sup>. Other studies, for example by Lester (2003) found that in the opinion of the entrepreneurs, incentives in the form of reduced taxes were actually effective in terms of economic development. While in the short term the amount of taxes declined, over time the ongoing economic development would eventually increase the taxes to their former level. Although it seems that there is room to encourage economic development through tax benefits, such a move must be made very carefully and accurately, so that it will only encourage suitable projects (in other words those that offer a comparative advantage).

### Additional Notes

Another characteristic of economic development today that is worthy of note is the importance afforded to local entrepreneurs, who can with a relatively low investment set up small businesses that will provide them and perhaps a small number of local residents with employment. Although the contribution of each such business on its own is small, if favorable conditions are created to accommodate a large number of these small businesses, then the economic situation could be greatly improved. A good example of such a case is the development of authentic tourism in distant and undeveloped locations which, at this stage, would not be a suitable location for any significant industrial development. The development of tourism in such areas is based on local cuisine, traditional handicrafts, or guest accommodation of a simple standard. This type of development does not require huge resources or complicated planning, and does not take up a lot of time. It is therefore suitable for the first stage of economic development. While the number of people that might be employed in such activities is limited, and the income is not particularly high, it can serve as a basis for future development of a higher level of tourism or as a springboard for transitioning to a different type of industry.

One important aspect of economic development is the increase in total income for all residents in the local authority. Such an increase not only improves the standard of living of the residents, it also increases the amount of money they will spend within the local authority. This in turn leads to increased economic activity for local businesses, which increases employment opportunities. Increasing the total income of all residents in the local authority requires businesses to sell their output to

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<sup>1</sup> The carpet manufacturing facility in Or Akiva owned by Avraham Shapira is a good example of this. For many years the government invested more and more resources in this factory. In addition to these investments, they also set very high customs duty on imported carpets in order to protect the factory and its products and to provide work of a low technological standard for low wages. This situation simply reinforced the difficult conditions of the work force in the area instead of advancing them.

people living outside the local authority region. It is therefore important to encourage businesses that are oriented to the population outside of their own towns.

Another area that could contribute greatly to the local economy, although its development involves a long and difficult process, is resident participation in operating the civil system. This participation could include involvement in cultural activities which are administered on a voluntary basis by committees, non-profit organizations that are involved in helping residents who are experiencing difficulties, volunteers in the civil guard, or even residents planting public lawns in central areas. These activities not only foster a sense of belonging and wellbeing among the residents. They also provide an added benefit of cost savings, and free up local authority resources that can be invested in providing additional services. In small settlements with a homogeneous population, such activities come naturally and can be organized with relative ease (in some cases, the population already operates in this way, and the role of the local government is to provide assistance). However, in large settlements or in settlements that do not have a homogeneous population, this option is somewhat more complicated and it is at this point that the main advantages of the strategic planning process come to the forefront. As mentioned above, by the very nature of this process numerous and large groups of local population are meant to be involved in this process. This involvement is intended to foster a sense of belonging and responsibility among the residents as they are taking the first step on the path to involving the local population in operating the civil system.

As demonstrated by the abovementioned pointers, economic development using a strategic planning process is a long and complex process that requires the cooperation of numerous parties in the local authority (and sometimes also from outside the authority). Consequently, according to Aizencang-Kane (2010), in order for the process to succeed, the heads of the local authorities must be involved in the process. They must lead the process and demonstrate leadership and determination to overcome the problems which will, without doubt, pop up over time. On the other hand however, they must also be flexible enough to accept the conclusions that will arise from the process even if these conclusions do not exactly jell with the policy planned in advance. It can therefore be said that the strategic thinking and planning process is linked to the subject of municipal democracy. Municipal democracy which considers not only the matter of elections every five years, but also the concept of participatory democracy, in other words the involvement of residents in the decision-making process. This involvement causes the establishment to relinquish some of its power in the decision-making process for the benefit of the residents. Local authorities that embark on the process of strategic planning must be aware of this need to relinquish some of their power.

## Conclusion

Economic development is a process aimed at improving the quality of life of the citizens. In this process, one must take into account that an increase in a specific component of quality of life is likely to harm other components. This situation illustrates the basic rule in economics that everything has its price. It is important to remember that in our case, the cost is not only monetary expenditure, but may also be in social, cultural or environmental costs. (For example, establishing an industrial zone may damage the open spaces, which are very important in terms of quality of life.) In this paper we have presented the fundamental principles and the main processes required to facilitate an improvement in the economic status without harming the other components that make up quality of life.

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## The Role of Orientation in Youth Empowerment for National Development

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### Abstract

*Young and competent people are often recognised as the vibrant conscience of the world being the active drivers of social change, cultural heritage, viable economy and democratic polity for shared prosperity of any progressive nation. Challenges of the ailing Nigerian community which necessitate re-orientation of youths include family instability, moral bankruptcy, increasing population and unemployment, incessant strikes, declining fortunes of education, bad governance, defective service delivery, and unhealthy lifestyles of the citizenry. A strategic plan for creative orientation of youths toward their empowerment should be anchored on functional education and entrepreneurial training, acquisition of core family values, exemplary leadership and mentorship, self-development for self-reliance, exhibition and preservation of cultural heritage, career fairs and seminars, good self-concept, and inculcation of safety and security of life and property. Hence, it is suggested that adequate funding of qualitative education and specialised training, resuscitation of ailing manufacturing industries, provision of functional modern infrastructural facilities in schools and society, display of purposeful democratic leadership, inculcation of core family values and professional standards within the context of our cultural heritage, and exposure to basic principles of healthy living would empower our energetic and talented youths for quality human life. This could strengthen the youths to become excellent professionals that will manage the national economy and polity for shared prosperity of the people in a dynamic world of greater possibilities and achievements.*

**Keywords:** Youths, orientation, family values, education, empowerment, self-reliance, employment, economy, prosperity and quality human life

### Introduction

The contemporary Nigeria needs an extensive change in orientation as a means to achieve a comprehensive improvement in capacity building, democratic governance, economic diversity and quality of human life. Otherwise, the growing children and youths may be destined to inherit the profligate values and destructive mindsets of our showy leaders, and bear the brunt of our collective inaction, incompetence and impunity. In Oyekan's (2000) opinion, young people are the vibrant conscience of the dynamic world being the active drivers of social change, cultural heritage, national economy and democratic polity for shared prosperity and harmony in any progressive nation. Hence, youths should be resilient and patient enough to be well educated, empowered and mentored by successful professionals with sufficient erudition, vocational passion and intrinsic determination for exemplary leadership excellence in expeditious service delivery and wealth creation as a gateway to quality human life (Oyekan, 2000; Curtis, 2009; Okwelle & Ayonmike, 2014). A society whose vibrant youths are adequately provided with functional education, healthcare services, entrepreneurship training and gainful employment with mutual love, respect and dignity will grow, develop and prosper in peace and excellence (Oyekan, 2013). Such versatile youths shall become the bedrock of any nation whose progressive development, vitality, destiny and well-being are inherent in their creative talents and visions of sustainable human survival. It is imperative for self-reliance and self-fulfillment to make these indispensable youths imbibe the core values of humanity and best global practices as hallmarks of effective citizenship and responsible leadership from home, school and their living community.

However, leadership failures from revered educative agencies, unified governmental organisations and organised private sector have resulted into the prevailing high rate of illiteracy, unemployment, low industrial productive capacity and depressed economy, closure of some labour-intensive manufacturing industries, incompetent workforce, infrastructural decay, brazen corruption, poverty, insecurity and desperation of the citizenry in all aspects of human life. Grating economic conditions and societal malfeasance have forced the poor and hungry unemployed youths to become prostitutes, killers, kidnappers, thugs and armed robbers (Ojo, 2015). It is an irony of life in a land enriched with abundant human and natural resources. The purpose of leadership excellence in quality human life is to be useful, happy and responsive individuals with



a vibrant passion for worthwhile desires in our living environment (Oyekan, 2013). What this implies is for the school, in collaboration with parents and captains of industries, to inculcate the core values of the community and world of work in our children and youths. Expected change should embrace effective transformation of hearts, minds and attitudes that are deep-rooted in our value system and ethos (The Guardian, 2015a). It is expected to produce capable future leaders who are brilliant, efficient and self-reliant citizens of exemplary distinction and wisdom. They will be blessed with an expansive capacity and tenacity to engage in independent work with minimal supervision, intellectual resourcefulness, optimal productivity and positive mindset for testimonial achievements.

Youths constitute a unique group of energetic young people who are growing from childhood towards adulthood with inquisitive minds, latent talents and purposeful vision of a better rewarding future (Arijesuyo, 2011; Oyekan, 2013). They usually love to engage reflective thinking, seek generative ideas and identity, and explore creativity in doing things differently with liberty to display their vitality and innovative talents for satisfactory resolution of human and environmental problems. Herein our dynamic youths should be assisted with relevant community resources in developing their creative imagination, ideas, talents, and vision as a means to nurture responsible and competent manpower aptly required to drive the ailing national economy. The school should be made an expansive world of creative ideas, exciting fun and endless opportunities for meaningful intellectual engagements, professional insights, career choices and entrepreneurial initiatives in the course of sustainable human capital development. With the requisite education and orientation on empowerment for national development, youths can become inevitable agents of impactful change and hope of reviving Nigerian society from its ailing economy and polity. A well coordinated orientation for sustainable youth empowerment becomes an expedient strategy to develop the creative potentials, entrepreneurial initiatives and professional vision of vibrant youths in rectifying the challenges confronting individuals and their communities.

Orientation is an organised provision of useful training, information and exhortation to sensitise individuals for capacity development and quality human life. It is a proactive act of adapting or directing the person's beliefs, feelings, attitudes, interests, talents or ideas toward a purposeful activity and vision at home, school, workplace and any other human organisation. Otherwise, the present day disorientation among youths can fuel cognitive dissonance, misconceptions, conflicts of interest, defective career choice, job dissatisfaction, leadership failure, industrial disharmony, social vices and insecurity of precious life and property. Promotion of sustainable national development, therefore, requires justifiable orientation as the children and youths choose subjects and vocations, embark on capacity building, and /or adopt viable business ventures for their gainful employment, wealth creation and existential survival. What this really implies is an entrenchment of rational orientation mechanism in all aspects of humanity including effective learning and vocational guidance as well as ethical, sexual, political, and religious orientations. This will concretise an enduring empowerment of youths in professional education, vocational training and profitable enterprises that will enhance creative entrepreneurship and gainful exploitation of our resources for shared prosperity and well-being of the citizenry.

Wikipedia (2015a) defined youth empowerment as an attitudinal, structural and cultural process whereby young people gain the ability, authority and agency to make decisions and implement change in their own lives and the lives of other people, including youth and adults. It is an important outcome of making a contribution and promotes a sense of self-worth (Almquist et al, 2015). Progressive nations such as Nigeria, Kenya and United States of America recognise youth empowerment as a gateway to intergenerational equity, civic engagement, democracy building and educational reform for self-reliance in sustainable wealth creation and national development. Thus, empowerment is the process of strengthening the spiritual, political, social and economic power and capability of individuals to improve their efficiency in creating meaningful opportunities for sustainable character development, wealth creation and quality human life. Being a student-centred learning and community-based mentoring programme, youth empowerment imparts on its participants relevant knowledge and skills to build exemplary character, strengthen decision making and reinforce the value of efficient community service. It is a reformative mechanism of encouraging young people to acquire the relevant competence and orientation to do great things which ensure working towards accomplishing their personal, educational, vocational and national goals. With adequate focus on sustainable motivation and persistence to help the young people to succeed and do great exploits, youth empowerment shall become a generative solidarity for shared prosperity, harmony and development of the society.

Hence, the purpose of this paper is to examine the vital role of orientation in effective youth empowerment for national development. Discussion will be centred on the need to redirect the thinking, beliefs, feelings, interests and opinions of youths on education, self-development and exhortation about the world of education and work for gainful living. Youths surely deserve a vibrant orientation on the prevailing issues and problems confronting our dynamic community. Adequate

exposure of youths to the basic moral principles and professional standards, words of exhortation on quality life and safe environment, information on life-supporting educational programmes, training workshops on entrepreneurship initiatives, basic hints on job and wealth creation, and seminars on healthy lifestyles will help in raising well educated, informed and inspired competent citizens. Such a crop of healthy, educated fellows might have expansive capacity and commitment to make rational contributions towards meaningful development of our dream nation.

### The Necessity for Youth Orientation and Empowerment

The prevailing social, economic and political crisis in our community is an impactful function of bad leadership, corruption, unemployment, insecurity and poverty at all levels of humanity. Ehusani (2015) noted that what Nigeria lacked are disciplined, purposeful, visionary, courageous and selfless leaders, whose very lives encapsulate the values that are necessary for nation building. African policy makers have recognised the challenges of creating gainful employment opportunities and the related need for economic and labour market transformations (International Labour Organisation, 2014). Emerging conflicts, disputes, contradictions and inadequacies in our homes, schools and governments are creating the critical gaps in skills' acquisition, training needs and ethical orientation for the youths to cope with the vicissitudes of nation building.

The National Policy on Education (Federal Republic of Nigeria, 2013) effectively addressed the persistent gaps in education policy provisions and implementation in Nigeria with diversified curriculum in the post-basic education and career development of learners for self-reliance and gainful employment. Hence, Omotere (2011), Oyekan (2013), Ehusani (2015) and Fowler (2015) reflected on a variety of problems of our ailing Nigerian community and identified some challenges having significant impact on youths, namely:

1. **Family instability** typified by divorce, wife battering, child abuse/labour, prostitution and rape often result from destruction of basic values of the community which promote humility, diligence, integrity, cooperation, trust, peace, unity and harmony with caring love for all;
2. **Indiscipline and immoral behaviours** depicted by corruption, cultism, criminality, militancy, insurgency, examination malpractice, hate campaign, electoral fraud, thuggery, kidnapping, indecent dressing, arson and vandalism;
3. **Diseases** which may severally weaken the intellectual capacity, entrepreneurial capability and physical fitness of human beings who are formidable assets of production and national development e.g. malaria, sickle-cell anaemia, autism, cholera, obesity, diabetes, cancer, HIV/AIDS, hypertension and stroke;
4. **Rising unemployment rate** of the school graduates and artisans with relevant knowledge, useful vocational competence and professional standards in their fields of specialisation;
5. **Infrastructural inertia** as exemplified by irregular supplies of electricity and clean water; bad roads, air/sea ports, and railways; dilapidated school buildings, ill-equipped laboratories and workshops, and poor healthcare facilities;
6. **Rapid population growth** that overstretches and defies all developmental plans, statistics, policies, programmes, projects and facilities in public and private sectors of the economy;
7. **Alcoholism, smoking and drug abuse** which could hinder healthy development, physical fitness, emotional stability, learning proficiency, labour productivity, discipline, harmony and security of life and property;
8. **Incessant strikes** by workers, students, associations and communities which often disrupt the school calendar, achievement motivation, industrial harmony and labour productivity;
9. **Apathy towards education** engulfed with large classes, poor teaching, learning failure, examination malpractices and high unemployment rate of the school graduates; and
10. **Closure of critical manufacturing industries** worsened by inadequate support for Small and Medium-sized Enterprises (SMEs) to flourish with employment opportunities which would enhance gainful living, wealth creation and well-being of the citizenry; and
11. **Mentality and ideology of political leaders** with insatiable appetite for public funds.

Above-mentioned stressful conditions are the excruciating catalysts of attitudinal failure and underdevelopment that can hinder effective growth and useful contributions of youths to meaningful national development. They can severally promote bad attitudes toward quality education, democracy, personal health care, environmental management, productive work, wealth creation and peaceful co-existence of the community. Prevalence of these impediments to viable human capacity

building, prosperous national economy and well-being of the citizenry appears to be worsened by leadership failure in a threatening season of brazen impunity and insecurity. The Chancellor, Covenant University, Ota, Nigeria, Dr. David Oyedepo, in Saturday Punch(2015), opined that:

The major reason the economies of many African countries are in comatose is the dearth of innovative, knowledge-based education. Africa was ahead in education in 500 BC. Greek historians went to Egypt for education until something went haywire (p.10).

Given the historical and contemporary realities of youths in the progressive development of nations, it seems unbridled corruption, unemployment, poverty, criminality and indiscipline in all aspects of our national life is at the root of the political, economic and social ills afflicting the Nigerian society. This surely necessitates an inclusive orientation and empowerment of youths as the key to enrich their quality education and entrepreneurial training for sustainable national development.

Practice of politics of bitterness, violence and destruction by our leaders is usually assisted by the use of unemployed and greedy youths. They serve as willing partisan tools of conflicts, disputes and crises in kidnapping, intimidating and beating up critics and opponents, organising demonstrations/riots with hate speeches and curses, and destroying precious lives and property. During elections, some youths aid invidious electoral malpractices through rigging, replacement and snatching of ballot boxes, and inflation of votes. What do youths actually gain from these eternal offences against humanity? Emerging bad leadership may not care for our well-being in terms of good tarred roads, functional ports and railways, well-equipped hospitals/health centres well-stocked laboratories and libraries, regular supplies of electric power and potable water, furnished classrooms and hostels, comfortable recreation centres, and good town planning.

Apathy towards full schooling, further education and professional training with entrepreneurial mindset makes some youths lazy, nonchalant and unproductive without employable skills and industrial experiences. Such passive and incompetent fellows often drop out of schools without any creative knowledge and credible certificates for good income-earning jobs. Thereafter, some indecent youths severally engage in cultism, prostitution, internet fraud, stealing and armed robbery, thuggery, kidnapping for a ransom or become street urchins with explicit aggression and intent for destruction. Excessive smoking of cigarettes, marijuana and tobacco; drinking of strong alcoholic beverages, and taking of hard drugs by some youths may turn them into addicts, thugs and criminals. They can become intolerant of constructive criticism, other religions, lack safety culture in riding motorcycles and cars/trucks, and exhibit brazen disrespect for elders and constituted authorities. Hence, these youths may develop a penchant for extortion of the public, sexual abuse, cultism, armed robbery and insecurity by causing crisis, violence and destruction of life. Vandalisation of infrastructural facilities such as electric wires, oil pipelines, water pipes, vehicles, hostels, houses and furniture items usually disrupt enjoyment of services from these public utilities. Concerted efforts aimed at counselling these indolent young dropouts, smokers, drunkards, and vandals could change their attitude toward greater improvement in their education, work, business ventures and community relations.

However, Omotere (2011) discovered that poor monitoring and supervision of youth programmes, lack of funding, inadequate infrastructural facilities, poor management of youth recreational facilities and vocational centre, and lack of qualified youth personnel, among others, were hindrances responsible for the poor implementation of youth empowerment programmes in Taraba State, Nigeria. The quality, attitude and vision of the school, government, philanthropic organisations, and community leaders will intensify the moral rectitude, decency and pursuit of excellence required by youths to live a purposeful life. Such a strategic orientation and empowerment of youths have the tendency to resolve many inadequacies, conflicts disputes and crises that are decreasing the existential fortunes of education, economy and the community in enhancing the well-being of the people.

### **Strategy for Orientation and Empowerment of Youths**

The Nigerian society is fraught with endemic corruption, poverty, unemployment, impunity and insecurity in the recent times. Perhaps, this saddening situation might have resulted from declining fortunes of education and economy, glaring inequality in accessing the common wealth and general incompetence of the leadership in ensuring national cohesion, peace, unity and prosperity of the citizenry. Is there any means of addressing the scathing critique and displeasure with the pervasive impunity of the government and its mode of democratic governance? What should be the collective responsibility of the government, private sector of the economy, the living community and the family towards a strategic action plan for youth empowerment? Should schools, at all levels of education, be involved in rectifying the prevailing social vices and

inadequacies of the Nigerian society? In reality, youths need qualitative education, specialised training and life-changing experiences from kind-hearted citizens for true transformation and change towards a better future in this land of boundless opportunities. The quest for functional education and empowerment of the younger generation should be anchored on creative entrepreneurship and ethical morality with a gaze on sustainable positive youth development. Emerging self-reliant employment opportunities for production of goods and services could facilitate wealth creation, self-fulfillment and shared prosperity of the people.

Positive youth development (PYD) refers to intentional efforts of other youth, adults, communities, government agencies and schools to provide opportunities for youth to enhance their interests, skills, and abilities (Wikipedia, 2015b). Central to its philosophy, the theory of PYD suggests that "if young people have mutually beneficial relations with the people and institutions of their social world, they will be on the way to a hopeful future marked by positive contributions to self, family, community and civil society (Lerner et al, 2005). The basic tenets of PYD can be organised into to 6Cs, which are: competence, confidence, connection, character, caring and contribution. Thus, PYD focuses on the active promotion of optimal human development for positive outcomes that meet the needs, interests and aspirations of the young people in their family, schools, leisure and among peers.

Human resource is the greatest asset which makes an appreciable improvement in sustainable development of nations across the world. In spite of the harsh environmental variables, the prosperity of a nation is dependent on the quality of its functional infrastructures and healthy productive citizens that can produce durable goods and efficient services. Really, the youths are the hope for sustainable future and development of any prosperous nation. Our youths constitute a greater proportion of the workforce that is endowed with the required talents, energy and creativity to harness the vast resources of the community. This justifies the necessity to empower youths and spur them to contribute towards viable economic growth, democratic governance and social development of their people and society. The reality is that there is no substitute to the power of knowledge and to quality, life-transforming education for balanced development of all nations. From the earlier identified challenges having significant impact on the younger generation, a viable strategy towards effective orientation and innovation in creative empowerment of youths, who owns the future, should adopt integrated actions on:

#### 1. **Quality education**

- (a) functional education and specialised training spiced with career fairs
- (b) population/family life education (Pop/FLE)
- (c) a mix of entrepreneurial initiatives in subject curricula and co-curricular activities
- (d) self-development for self-reliance and gainful employment

#### 2. **Core family values**

- (a) acquisition of core family values for vitality in character and moral development
- (b) good parental care with personal, vocational and sexual counselling
- (c) healthy lifestyles for healthy living in a healthier world

#### 3. **Purposeful leadership**

- (a) exemplary leadership and mentorship with required competence and exhortation
- (b) diversification of the national economy

#### 4. **Preservation of human assets**

- (a) membership of socio-cultural and cooperative societies for peaceful life
- (b) exhibition and preservation of our collective cultural heritage
- (c) safety and security of life and property.

Experience has shown that effectively empowered, re-oriented and mobilised youths are the critical agents of change and development in the society. Our collective responsibility for meaningful change and realization of our aspirations and expectations requires an ethical revolution (Adeloye, 2015). Such an ethical re-orientation must both challenge and appeal to our conscience nurtured by truth and fortitude to do the right thing at the right time.

## Quality Education

Adequate investment in functional education and specialised training will enable the youths to acquire relevant knowledge, practical skills and good attitudes required for problem solving, wealth creation and development of the community. The tendency is to facilitate human capacity building (manpower supply), effective work performance (productivity), and comprehensive management of resources (total quality assurance) for national development. In reality, young people will learn better and participate more fully when they feel physically and emotionally safe at home, school and in the neighbourhood which encourages honesty, trust, merit, friendship, respect and quality relationships among peers and adults (Almquist et al,2015). Schools would become the generative learning centres which severally nurture and blend sound minds and creative skills with best global practices through comprehensive intellectual development, pedagogical engagement and entrepreneurial refinement of individuals for positive transformation of their growing society. The vitality and potency of specialised learning and training to vibrant human capital development in nation building underlines the critical essence of functional literacy for the evolution of an educated society. Such a veritable knowledge-based community will comprise a crop of competent and well-behaved fellows who are resolutely committed and responsive with practicable solutions to the prevailing challenges of their living environment. Within the developmental context of their cultural heritage, the enduring power of literacy is inherent in its building of capacity and capability of youths to use their acquired creative knowledge, practical skills and value-orientations to enhance quality human life. Hence, the school graduates will have the requisite professional and vocational competence, worthy strength of character and learning, and enthusiastic fortitude to mitigate the social, economic and political crisis in all aspects of national economy and polity.

The Nigeria's philosophy of education is, among others, based on a comprehensive and functional education which offers diversified curriculum to cater for the varying needs of learners and the society (Federal Republic of Nigeria, 2013). At the post-basic education and career development level of secondary schooling, learners are exposed to civic education, science and mathematics, technology, humanities, business studies, vocational and entrepreneurship subjects. The motive is to prepare each student in consonance with his/her potential, interest and capability for tertiary education or for the world of work, wealth creation and entrepreneurship (Federal Republic of Nigeria, 2013). Herein a meaningful orientation of adolescents and youths should comprise vital information and exhortation on relevance of chosen subjects, vocations and job-specific skills for prospective careers, employment opportunities and well-being of learners. The school becomes the enduring instrumentality of nurturing vibrant personality ingrained with professional versatility, entrepreneurial ingenuity and ethical morality towards personal satisfaction and joyful human life.

There is a population crisis which influences the dynamics of education and family life in Nigerian society. A stressed human community is characterised by a spate of stressful conditions typified by family instability, moral decadence and gross indiscipline, poverty, diseases, unemployment, incessant strikes, infrastructural inertia, and learning failure in the wake of rapid population growth and large classes (Oyekan, 2000). In a decent society where leadership role is not defined by money, qualitative education and population would be given utmost attention in its developmental objectives for nation building. The school should provide sufficient infrastructural facilities, funds and professional staff with adequate knowledge of the dynamics of population and family. It is intended to strengthen teachers with capacity and vision to cope with the global challenges of economy, population and family life in a democratic society. This demands a happy family, control of our population, respect of the physical environment, encouragement of environmental friendliness or 'going green' with abiding faith and vigour for human survival and world peace. It is instructive that schools, from primary through secondary and tertiary educational institutions, should make bold attempts to highlight rational aspects of qualitative population and good family life in their instructional practices. The purpose of population/family life education (Pop/FLE) is to sensitise, enlighten and equip the children, youths and adults with relevant knowledge, skills and experiences to make intelligent decisions on good lifestyles, healthy living, and pleasant learning. Adequate caring opportunities at home, school and workplaces shall strengthen the youngsters to imbibe the core human values and participate in preventive health promotion anchored on disease control, stress reduction, drug education, sexual counselling, birth control and quality nutrition in a happy and stable family.

Hence, the youths will have an enabling environment spiced with vital information and inspiring support for well-rounded education that can promote good self-concept, self-reliance and gainful living. Youths need to be exposed periodically to the contemporary challenges of human life, good nutrition, entrepreneurship studies, career education, and successful mentors to ensure quality assurance of their professional vision towards self-fulfillment and peaceful life. Efforts of the government, schools, and parents should also enhance organisation and sponsorship of educational competitions, exhibitions, career fairs, skills acquisition training workshops, and collaborative exchange programmes with industries and

innovation enterprise institutions for sharing of knowledge and prosperity. When children and youths are exposed to the biographies and autobiographies of prominent successful leaders and captains of industries across the world, they will be inspired with an intrinsic desire to succeed with rational exploits and greater heights. This would influence the vision, vocational choice, productivity and effective use of talents by intelligent youths with creative minds to generate innovative solutions toward enhancement of sustainable economic development, industrial harmony and world peace.

### Core Family Values

Family life provides high levels of love and support, parental advice and counselling, achievement motivation, safety, stability, and social justice for young people within a caring and peaceful neighbourhood (Almquist et al, 2015). Nowadays, increasing instability of the family results from erosion of the core values of humanity as parents and elders are failing in their responsibilities to raise well-behaved intelligent children and youths. These important core values include:

- Humility, decency, honesty, hard work, self-esteem
- Excellence, love, cleanliness, teamwork, patience
- Creativity, discipline, kindness, commitment, consistency
- Trust, friendship, respect, transparency, accountability
- Tolerance, integrity, confidence, justice, meritocracy

When youths acquire and exhibit these values as moral principles and operational standards, they will develop good character, exhibit excellent performance and receive abundant blessings in their life activities. Such ethical re-orientation must challenge and appeal to our conscience in chosen vocations of youths and adults. Fowler (2015) espoused some character-forming values and behaviours, which are the bedrock of nation building, that can be learnt and embraced through agriculture to include hard work, discipline, good judgment, investment of time and resources, responsibility, commitment, tenacity and work-based rewards. Once assimilated, these life skills which are lacking in our youths are readily transferable and adaptable to other spheres of human endeavour. In reality, meaningful learning and good character with due integrity, perseverance and self-esteem will make our youths to shun social vices such as selfishness, pride, anger, envy, lust, corruption, forgery, laziness and examination malpractice as well as rape, kidnapping, thuggery, arson, assassination, stealing, Internet fraud, vandalism and hatred of self-help projects in their community. This expectedly could bring back discipline, diligence, self-respect, accountability, equity, patriotism, productivity and security to homes, schools, workplaces, fields, political parties and civil service.

Parents should take care of their children with adequate provision of basic necessities of life and necessities of education. Children and ladies should be prevented from being deceived of exotic gifts, juicy jobs and becoming entrapped as pawns in the custody of depraved human traffickers and kidnapping syndicates, who ferry them to foreign lands for commercial sexual and labour exploitation amidst excruciating adversity. In the face of high rate of unemployment in the country, the government needs to provide more job opportunities for school graduates in order to reduce crimes and poverty which has changed the lifestyles of Nigerians in terms of basic necessities of life (Adeleye, 2015). Schools should create sexual awareness and sexual abuse policy to protect pupils and staff. Early sex and marriage which are facilitated by ignorance, illiteracy, poverty and religion should be carefully discouraged among the youths. This will save teenagers and youths from painful unwanted pregnancies and abortions; dropping out of schools and training workshops; sexually transmitted infections (e.g. HIV/AIDS, gonorrhoea, and cervical cancer); and untimely deaths. Help links include good parental care, democratic parenting and sexual counselling in a supportive family to prevent early initiation into sex and marriage.

Children, youths and adults must be exposed to decent accommodation, quality nutrition and parental guidance to make them become healthy, productive and responsible professionals in future. Adoption of good lifestyles, quality nutrition, regular exercises and routine medical check-up will provide the essentials for healthy growth of the body. Effective functioning of the brain, hands, legs and the body system require the basic nutrients from regular consumption of balanced diet spiced with green leafy vegetables, fresh fruits and water. However, consumption of sugary and fatty food substances should be minimised to prevent some deadly diseases such as obesity, diabetes, hypertension, kidney failure, stroke or any cardiovascular illness. If the body is to function well, it is also advisable for developing youths to avoid smoking, drinking of alcoholic beverages, taking of hard drugs, and participating in all forms of indiscipline and criminal activities. These unwholesome lifestyles may hinder effective development of the body, precipitate emotional stress and further retard efficient functioning of the brain. Hence, children, youths and adults are implored to eat balanced diet, embrace healthy habits and do regular exercises to keep them mentally alert, physically fit, emotionally stable and responsively accessible to meaningful learning, lucrative performing arts, and sporting activities such as athletics, football and tennis. This could

make the youths to acquire well-rounded education ingrained with entrepreneurial orientation towards money-spinning vocational and technical subjects such as agriculture, basic electronics, bead making, clothing and textile, commerce, masonry, music, photography and wood work. Emerging trained and skilled manpower would be healthy, intelligent, emotionally stable and self-reliant professionals with creative minds to devise new survival strategies and innovative solutions to cope with the vicissitudes of life.

High unemployment rate is greatest globally among the active young generation of the Nigerian population. The youths, who constitute close to 70% of the 170 million Nigerians, are disadvantaged in getting jobs because most of the school subject curricula lack learning contents on critical knowledge, career skills and industrial experiences that can facilitate their vocational development and employment opportunities. It is, therefore, imperative for youths to engage themselves in relevant creative ideas, survival skills and right attitudes with positive entrepreneurial mindset. Regular attendance of viable skills training programmes on Small and Medium-sized Enterprises (SMEs), after the school hours and during holidays, will put them at an employment and additional income advantage among their peers. Youths should always embrace hard work and willingness to learn, read and accept novel ideas with commitment towards professional competence and excellence in workplaces and business ventures. This can make them to become self-reliant employees and/or employers of labour with self-fulfillment.

### **Purposeful Leadership**

Nigerians want enduring changes in the management and boost of the economy. It is expedient for the government to fight corruption; provide job opportunities; end the gross indiscipline in the civil service; repair decrepit Kaduna, Port-harcourt and Warri refineries; and ensure steady power supply (Ehusani, 2015). The prevalence of infrastructural inertia hinders effective functioning of public utilities, (cottage) industries and companies, employment opportunities, industrial harmony and well-being of the people. Such politicians precipitating these hardships seem to have chronic mentality and anti-people ideology with insatiable appetite for public funds. They need to be refined with relevant reformatory information and experiences from effective study of civic education, voter education and effective citizenship on democratic principles of electoral process and sterling qualities of prominent successful leaders across the world. Self-control and sacrifice for the common good are aspects of integrity which is central to good leadership governance (The Guardian, 2015). A purposeful leader exhibits exemplary performance, mentorship and willingness to learn new ideas with requisite cordiality and diplomacy. Such a creative leader is driven by competence, dedication and passion for quality management of resources and improvement of infrastructural facilities. This provides enabling environment that will enhance total capacity utilization of industries, job creation and security of the citizens. When parents, elders and leaders display moral integrity and provide adequate welfare for the children and youths, these youngsters would be empowered to live a productive and decent life in a safe environment. The re-oriented youths could be strengthened to challenge and halt inequality, marginalisation and oppression which severally breed poverty, unemployment and social vices in the society.

Inability of the leadership to grow inclusive economy and development of the nation seems to be linked with the sustenance of a monolithic oil-reliant economy. Above 70% of the national income accrues from the exploitation and sales of petroleum products, often hamstrung by the global market. However, the Federal government could source substantial revenues also from exploitation and utilisation of abundant resources ingrained in agriculture, solid minerals, hospitality and tourism, construction sector, sports development, revitalisation of comatosed industries and supportive growth of SMEs. What is really expected to sustain the national development is an organised diversification of the economy in the wake of dwindling oil revenues and pursuit of job-led growth. Supply of trained manpower to manage the emerging growth and development of the economy demands diversified curricula at the senior secondary and tertiary levels of schooling. Learners would have to be exposed to a combination of civic education, effective citizenship, business studies, science and mathematics, vocational, technology and entrepreneurship subjects. Incorporation of co-curricular activities in sports, youth clubs, societies, exhibitions, and competitions on a variety of issues and challenges could prospect creative development and empowerment of youths in a knowledge-based economy. The objective is to produce responsible, enterprising and self-reliant manpower who can apply their expertise to raise their productivity, generate income and solve emerging problems in their society.

## Preservation of Human Assets

Workers need multiple sources of continuous income streams and capital through some empowerment and investment platforms to attain financial freedom. When working in the nearest future, youths should endeavour to join progressive and achievement-oriented associations which share their career objectives, welfare needs and joy of quality life. Membership of a registered Cooperative Multipurpose Society (CMS) will encourage the youths to imbibe savings culture, and secure low interest loans for their business ventures, academic programmes and life supporting projects. The Project Fix Nigeria Consulting Limited opined that cooperative societies can maximise the critical mass, provide cheap capital and economy of scale, galvanise business growth and employment, and promote self-reliance and well-being of the people (The Punch, 2015a). What should be done to tackle unemployment and boost productivity across the country is to leverage on the abundant resources and opportunities in agriculture, cooperatives, cottage industries, information and communication technologies (ICT), and entrepreneurship development of youths in productive skill acquisition. Building a network of entrepreneurial leaders necessary to drive the growth of SMEs, therefore, could facilitate consistent production of quality goods and services thereby promoting sustainable industrialisation and inclusive economic development in Nigeria.

Our youths should be implored to adopt, refine and preserve the cultural heritage of their living environment. It is necessary for parents, schools and community resource persons to encourage regular use of mother tongue, attendance of traditional activities, watching of culture-based films/plays, excursion to historical museums and gardens, impartation of basic tenets of the society, and learning of the rational ways of life of their people. Acceptance and use of locally-produced goods and services by children, youths and adults should be encouraged by all as a collective responsibility for promoting local industrial production towards national development. This could support and prompt the continual survival of endangered manufacturing industries towards sustainable profitability, and provision of jobs to qualified school graduates and artisans.

Viable preservation of quality human assets is dependent on the consistent security of life and property. Security could be defined as an enduring freedom from potential danger or threat to the well-being, harmony and safety of the citizenry and their resources. It is the statutory ability of the family and nation to feed, protect, shelter and develop the creative talents of children and youths for shared prosperity and social harmony of their living community in a happy expectancy. However, Nigeria is confronted with daunting security challenges which include armed robbery, ethnic crisis, assassination, militancy, kidnapping and terrorism (Umaru et al, 2015). The onus is on youths to imbibe and exhibit safety culture at home, offices, classrooms, laboratories, studios, workshops, industries, farms, fields, recreation centres and in their journeys. This prevents avoidable accidents, damages injuries, deaths and expenditures which might have been saved and used on improving their comprehensive education, technical and vocational training, medical care, security surveillance, and infrastructural facilities for the continuity of quality human life. What is expected of the youths is a continuous commitment to meaningful learning, orientation and empowerment that will strengthen their path of knowledge, innovation and responsibility for self-development and self-fulfillment. These rational leaders with purposeful vision could renew the society with the mantra of reformation, re-orientation and rehabilitation in their policy framework for sustainable development, industrial peace and social harmony.

A strategic plan for creative orientation of youths toward their empowerment should be anchored on functional education and entrepreneurial training, acquisition of core family values, exemplary leadership and mentorship, self-development and self-reliance, exhibition and preservation of cultural heritage, career fairs and seminars, good self-concept, and inculcation of safety and security of life and property. The Chartered Institute of Taxation of Nigeria advocated for universal access to education and health services, financial services, new technologies, affordable mortgage facilities, bank loans and equal distribution of resources to support economic development (The Punch, 2015b). Youths are advised to avail themselves of the limitless opportunities and accruable benefits in some national and international orientation and empowerment schemes which include:

1. National Directorate of Employment (NDE), which helps in orientation and empowerment of youths and adults in a variety of skills acquisition training programmes;
2. Graduate Internship Scheme (GIS), a product of the Subsidy Reinvestment and Empowerment Programme (SURE-P) that provides orientation and training for interns on mechanism of job hunt, running small businesses and career fairs aimed at empowering young graduates and taking them off the streets;
3. United States Agency for International Development (USAID);
4. FirstBank Sustainability Centre , which focuses on empowerment;
5. Tony Elumelu Foundation Entrepreneurship Programme, a \$100 million entrepreneurial training scheme for producing 10,000 creative African entrepreneurs to manage the continental economy.



6. Youth Empowerment Programme (YEP) in Kenya. It is a youth-focused initiative dedicated to fighting illiteracy, poverty, unemployment, crime, drug and substance abuse among other social evils by providing academic, talent and sports training coupled with internships and jobs to the less fortunate across the country. Youths are empowered through (i) Scholarships and Training, and (ii) YEP Club which bridges the gap between class work and practical world. Website: [www.youth-employment-program.org](http://www.youth-employment-program.org)
7. Youth Empowerment Nigeria (YEN), Lagos is involved in skill acquisition programme that includes training in bead making, event decoration, cake baking and decoration, makeup and Gele tying, and website design. It has a start-up SME Loan Scheme between N50,000-300,000.00k.
8. Website: [www.youthempowermentnigeria.org](http://www.youthempowermentnigeria.org)
9. Rise Networks, Ikeja, Nigeria. A leading social enterprise with a deliberate interest in technology and youth education in Africa. Tel: +234 909 807 0080, +234 706 054 5017
10. Website: [www.ngex.com/bd/search?q=Youth EmpowermentProgram&place=Nigeria](http://www.ngex.com/bd/search?q=Youth+EmpowermentProgram&place=Nigeria)
11. New Era Foundation, Ibeju-Lekki, Lagos, Nigeria. It implements programmes and activities focused on youth development and women empowerment. Tel. +2348060666696
12. Women Entrepreneurs Association of Nigeria, Surulere, Lagos.
13. NGO offering empowerment business training and management programme for women and youths. Tel: +234 803 331 0751, +234 802 315 3359
14. Youth Empowerment for Innovation in Nigeria. It provides platforms that foster and promote youth empowerment. Youths are the sustainable future.

Website: [www.ebusinessnigeria.com/business/youth-empowerment](http://www.ebusinessnigeria.com/business/youth-empowerment)

Barring any interfering drawbacks, these basic components of youth orientation and empowerment could promote development of competencies and information for effective citizenship, labour productivity and wealth creation in gainful living. Ethical approach will strengthen and reflect firmness, coherency, thoroughness, and sincerity in constructive analysis of issues and creative resolution of problems associated with man and his living environment. The youths will be able to feel secure about the future for gainful employment and quality human life.

### Prospects of Well-Oriented and Empowered Youths

Youths are the most valuable and precious resources whose creative talents and innate abilities would enhance their entrepreneurial capacity to nurture SMEs as the engine growth of the economy. While noting that the modern day economy is driven largely by craft exemplified in SMEs, Honeywell Flour Mills Plc believed that unemployment would reduce considerably if youths shunned the quest for non-existent white-collar jobs and rediscovered themselves through entrepreneurial training in life-sustaining vocations (The Punch, 2015c). This why an exposure to Technical Vocational Education and Training (TVET) will empower the youths and adults with learning experiences which are relevant to the vibrant world of work thereby enhancing sustainable human resource development, industrial productivity and quality of life for all (Okwelle and Ayonmike, 2014). As vibrant workers or employers of labour someday, youths are crucial to balanced development and sustainable wealth creation of nations. Herein it is instructive that youth empowerment in the changing digital and technology landscape of the 21<sup>st</sup> Century must be committed to driving inclusive economic growth and industrial development for shared prosperity and harmony of the society. This would facilitate strategic planning, collaborative engagement and effective deployment of technological tools for development of creative talents, skills and visions of youths towards human capacity building and self-reliant employment.

A well-oriented and empowered youth would have been well educated, informed and equipped with necessary vocational competence, industrial experiences and professional standards from senior secondary schools, tertiary educational institutions and innovation enterprise institutions. Such an enterprising and self-reliant manpower can apply their expertise to raise their productivity, solve human and environmental problems, and generate income to enhance their well-being. Hence, the prospects of well-oriented and empowered youths for national development include their resilient abilities to:

1. discover their creative talents, survival skills and vision of quality life with self-esteem;
2. acquire the necessary expertise, experience and confidence for productive investments;

3. develop a sense of responsibility and autonomy as rational vanguards for continuous functioning and maintenance of critical infrastructures;
4. display good lifestyles, healthy living and emotional stability in powering total quality management of national economy and polity;
5. acquire an entrepreneurial mindset for positive thinking, problem solving, wealth creation and happy living;
6. minimise the scourging menace of social vices of corruption, poverty and insecurity;
7. secure the proficiency, information and fortitude for effective leadership and good governance and sustainable development;
8. combine vocational and entrepreneurship subjects with the school curriculum;
9. enhance development of vibrant personality ingrained with intellectual sagacity, professional versatility, entrepreneurial ingenuity and moral integrity towards enduring work productivity, personal satisfaction and joyful human life;
10. promote gainful self-reliant employment that will boost national productivity, inclusive economic development, public well-being and social harmony; and
11. imbibe the vibrant power of investment and culture of savings from inclusive financial literacy initiatives of being diligent, prudent and conscientious leaders with entrepreneurship acumen and excellence in their chosen careers.

From the above, well educated and trained youths exposed to effective orientation in their educational and innovation enterprise institutions would have acquired the necessary capacity and capability to perform and excel with outstanding achievements. They might have been empowered with relevant knowledge, specialised industrial skills, moral rectitude and appropriate certification in their chosen trades or careers. Such youths could become vibrant workforce with inherent discipline and professionalism as critical agents of change to mobilise resources in overcoming learning difficulties, barriers to business management and obstacles to national development for shared prosperity and social harmony. Effective orientation and empowerment may become a brilliant strategy to integrate academic and vocational ideas in learning activities, provide real-world life experiences and unleash the creative energies within the Nigerian people.

Effective orientation towards youth empowerment could minimize the scourging menace of employment by increasing the employability and self-reliant job opportunities which might halt the growing army of unemployed school graduates, street-roaming youths (street urchins) and retrenched adult workers. The Trade Union Congress (Nigeria) asserted that unemployment rate is a very important indicator of a country's economic strength and growth (The Punch, 2015d). Against this background, competent and responsive school graduates with entrepreneurial mindset should work to acquire the required expertise, experience and (financial) resources to venture successfully into productive investments related to their inherent talents, enterprising abilities and intrinsic aspirations for quality human life. The tendency is to promote sustainable human capital development largely needed to produce essential goods and render functional services toward our collective prosperity and well-being. In reality, this enhanced labour productivity will upscale inclusive economic growth as the main impetus to increase Gross Domestic Products (GDP) of national economy.

Fruitful engagement of youths with functional education and viable vocations is envisaged to develop a sense of responsibility and autonomy with exhibition of sterling tradition of qualitative character and learning in their living community. Schools, parents, public and private sectors, and significant others would have inculcated the core values for scholastic achievements, excellent performance, healthy living and existential survival in a changing world. Perhaps this eclectic orientation in all variants of humanity may empower, strengthen and renew the youths to help in eradicating the scourge of corruption which heightens excruciating lifestyles, poverty and criminality among the citizenry. This onerous task could eradicate the rural-urban drift of youths in search of greener pastures for non-existent jobs in cities. Such a disposition is more likely to leverage their intellectual capacity and entrepreneurial capability to enhance sustainable maintenance and functionality of infrastructural facilities in their locality. The community-oriented youths could become veritable vanguards for the safety, longevity and cost-effectiveness of critical infrastructures for national development, namely the oil and gas pipelines; industrial machinery and tools; electric power lines; classrooms, hostels and laboratories; medical facilities and drugs; office equipment and furniture; vehicles and roads.

Meaningful orientation and empowerment of youths shall bless and inspire them with robust health, enriched operational consistency and fecundity of their innovative ideas. Effective utilisation of acquired professional knowledge, enterprising skills and industrial experiences in their chosen careers is more likely to promote good lifestyles, healthy living and emotional stability. Such a healthy professional strength of character and contentment will improve consistent work

performance with requisite humility, integrity, harmony, peace of mind, dedication and vision to increase the fortunes of their learning centres, workplaces and living communities. When the rational risks of investing on their entrepreneurial intentions to solve human problems are fructified with appreciable wealth, courageous educated youths will become the critical change agents and visionary professionals to power total quality management of national economy and polity. Hence, re-oriented competent youths would serve as formidable catalysts for strategic thinking, planning, and execution of viable people-oriented policies, programmes and projects. These conscious leadership efforts could help to renovate dilapidated schools and hospitals, reconstruct failed roads and ports, resuscitate epileptic supplies of electricity and water, reform archaic judiciary and electoral systems, modernise security tools, and revive comatosed industries as platforms to create jobs and enhance the living standards of the people. From these landmark achievements, healthy youths will be regarded as nation builders as they contribute immensely towards eradication of unemployment, poverty, corruption, insecurity, infrastructural inertia and apathy towards standard education for all.

Effective orientation and empowerment of youths can strengthen them with audacious power of positive thinking, intellectual engagement, value addition and entrepreneurial mindset for creativity to explore new ideas, produce unique goods and render beneficial services that will make life much interesting, worthwhile and fulfilling to mankind. Such well oriented and empowered youths would not constitute human impediments to our collective change for sustainable national development. As Sote (2015) envisaged, the youngsters might not grow to become:

The crafty civil servants (who) may compromise the programmes of the government; the oil subsidy and import cartel (that) will resist a change in policy to run the local refineries efficiently; the military contractors that supply hardware, kits and foodstuffs for the prosecution of Boko Haram insurgency ... (p.64)

Youth empowerment is our solidarity for the creative minds to develop innovative solutions that promote our collective prosperity and well-being in a safe and secure environment. The severity of the prevailing social, economic and political challenges underscore the quest for empowerment as a strategic means for youth development. In other words, empowering youths is developing what is best in youths: their vision, creative power, and drive to make the world an inclusive, sustainable place for themselves and future generations (Curtis, 2009). Consistent motivation, cordiality, patience and personal example depicted by acts of exemplary leadership would assist youths to gain useful knowledge, life skills, job training, ethical values and the confidence necessary to help them become enterprising, secure employment and create bright, rewarding futures for themselves. Such an orientation in youth empowerment should expose them to academic and vocational subjects, industrial experiences and professional trainings that will blend vibrant minds with creative skills required to solve varying problems confronting their communities.

## Conclusion and Recommendations

The critical role of an inclusive orientation in youth empowerment in subject curricula and co-curricular activities could engage them on strategic acquisition of great ideas, survival skills and right attitudes with positive mindset for healthy living and national development. Such a cream of proficient youths who are empowered and destined to excel, prosper and radiate stellar experiences of common humanity in a digital world. They would constitute the engine of growth that propels a strident mechanism of finding a lasting solution to the challenges of quality education, infrastructural management and sustainable development. In the same vein, these refined youths with requisite competence and orientation would imbibe the power of investment and culture of savings that could help to ensure total quality management of resources for our collective prosperity. These rational leaders with purposeful vision could renew the society with the mantra of reformation, re-orientation and rehabilitation in their policy framework for sustainable development, industrial peace and social harmony. The tendency is for the productive youths with vibrant personality to display effective leadership which will promote good governance and functioning infrastructures with critical opportunities for continuous development of cottage industries, economic growth, industrial peace and poverty reduction among the citizenry. A viable school-industry partnership should be a vital component of subject curricula that could address critical issues associated with human capacity development, industrialisation and shared prosperity of the citizenry in nation building.

Youths hold the key to greater growth and development of our community. They should be focused, diligent and committed with enduring patience, passion for discipline and integrity in good character. Our youths with good character, honour and vision of good life can serve the community at all levels of appointive and elective positions. It implies that parents always should spend valuable time with their children by having useful discussions with them, allowing them to express their own

views, and counselling on ways of preventing early initiation into sex and marriage. The rising cases of vulnerability of females to domestic abuse, trafficking and sexual violence demands regular exhortative enlightenment on sound educational, behavioural, social and vocational values for effective citizenship. Hence, parents should send and retain their children in standard schools with all the necessities of education to reduce the gradually increasing rates of out-of-school-age children, illiteracy, immorality, poverty and insecurity of life and property. Installation and use of information and communication technological (ICT) resources in schools and vocational enterprise institutions will empower teachers to boost instructional efficiency and cost-effectiveness, increase value addition to the national and global economy, and improve the well-being of the people.

Globally, politics is the rational appropriation of power and resources to govern and enhance the welfare, security and development of the community. Youths should not see their involvement in politics as a vocation, partisan tools of hate campaigns or as a replacement of their education and professional training for transient interests. They need to be well educated and trained with an entrepreneurial mindset for gainful employment, self-reliance and self-fulfillment. The culture of effective learning for gainful employment, wealth creation and useful life has to replace the present culture of nonchalance, mediocrity and materialism among the youths. Schools should intellectually engage the children and youths in educational competitions, skills acquisition training workshops, career fairs, seminars and learned conferences to promote the profundity and practicality of their potential talents, creative ideas and industrial skills as basis to earn gainful living with contentment. When in schools and workplaces, youths should be empowered with essential professional insights and strategic thinking ability to generate creative ideas and concepts that will facilitate quality learning and vocational counselling, imbibe a culture of business integrity, improve work performance, and enhance excellence in a digital world of limitless possibilities and achievements. Emerging sound professionals as diligent leaders and captains of industry will be inspired to promote our collective prosperity, industrial harmony, unity and moral integrity for national development. The functionality and relevancy of orientation in youth empowerment stipulate the need to diversify the school curriculum and national economy towards meaningful resolution of varying challenges confronting viable human development and environment.

The prevailing social, economic, and political crisis in Nigeria is a function of seamless leadership failure severally precipitated by illiteracy, corruption, poverty, unemployment, infrastructural inertial and insecurity of life and property. Across the nation, it is time to diversify and invest in quality education, developmental economy and democratic system of governance. Hence, the government is urged to prioritise and fund quality education and sound healthcare for all, train and renew human capital, fight the pervasive corruption to end the gross indiscipline in the public and private sectors, eradicate insurgency and insecurity, wholly repair the decrepit petrochemical refineries, revive moribund industries and comatosed business ventures, and ensure a steady power supply for domestic chores and industrial productions. Given their historical and contemporary realities, it is envisioned that the functionality and success of these efforts could produce proficient youths and adults with an enduring entrepreneurial clout to generate innovative solutions aimed at smashing all barriers against functional education, balanced personality, ethical practices, job creation, excellent performances, purposeful governance and infrastructural efficiency. Emerging conducive environment for sustainable human capital development and productive workforce shall facilitate total quality management of resources for self-reliance and fulfillment of developmental objectives within the framework of the overall philosophy of building a great prosperous nation. These well-oriented and empowered youths would use their creative competence, industrial experiences and transformative capacity to improve labour productivity, provide job opportunities and enhance social harmony for quality human life.

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## Environmental Conditions for English Language Learning in Malaysia

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### Abstract

*The importance of environment in students' language learning process should not be undervalued. This research, underpinned by the Sociocultural Theory by Vygotsky that centres on the tenet of mediation, looks at how the environmental conditions assist and hamper the English learning of a group of international students. The research questions that guide this study are (1) What are the elements in the environment that assist/hamper the English language learning of international students learning English in an institution in Malaysia? (2) How do the conditions in one of these elements assist and hamper the English language learning of international students learning English in an institution in Malaysia? The participants for this study were nine international students studying English in an institution in Malaysia. Data were gathered through observations, interviews and document analysis. Data were analysed thematically and managed by ATLAS.ti. The data revealed that firstly, there were three themes emerging from the data – situations, people, and things/media. Secondly, further deliberation presents two sides of a coin to the 'situations' - where on one side, there are, for example, situations that promote English, while on the other side, there are situations which do not. All in all, the findings further enhanced the importance of conducive environment to promote learning.*

**Keywords:** English language learning, international students, Malaysia, mixed-setting language environment, sociocultural theory

### Introduction

Deliberations on learning environment usually debate on dichotomy of the nature of the environment. The examples are natural -- classroom learning (Spolsky, 1989), spontaneous (untutored) -- guided (tutored) language learning (Klein, 1986), and instructed – uninstructed (as cited in Spolsky 1989).

Spolsky (1989) lists 74 conditions that should be met in enabling second language learning. These conditions are coalesced into a proposed general theory of second language learning. The importance of learning environment is acknowledged in the list with 10 conditions dedicated to either natural or classroom learning. Natural learning provides an environment "surrounded by fluent speakers of the target language", it is a "real outside world, open and stimulating", with "language that is free and normal", and "the attention is on the meaning of the communication" (Spolsky, 1989, p. 171). Classroom learning is undoubtedly opposite of the descriptions for natural learning.

Klein (1986) distinguishes spontaneous (untutored) and guided (tutored). The former denotes learning through daily communication in a natural setting. This further suggests that the focus is on the communicative language and little attention on the correct language. This could have backfired but drawing the attention to 'communication/communicative', Klein (1986, p.17) writes "being concerned with effective communication rather than 'proper language', the spontaneous learner takes a different attitude to the means of verbal communication than is customary in a language teaching setting". In other words, their affective state might be very positive in using the language to pass the message across. On the other hand, guided (tutored) is attached to among others, "learning that is open to systematic and intentional influence" (1986, p.18), that is to say English language classroom. Thus, in spelling out learning environment, it can be surmised that learning environment embodies the people in it, the things or the artefacts found in it, and the activities that take place in the environment.

Learning and the environment for learning in this research are underpinned by Sociocultural Theory (SCT) by Vygotsky. SCT propounds mediation in language learning (Mamour, 2008; Lantolf, 2000) which delineates that there are elements in the environment that help learners to expedite their language learning.

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Bringing this deliberation to the issue of Language Learning Strategies, there is a vast difference in the strategies used. In class, learners can strategise to sit near the teacher, to ask question, to take down notes and many more. There are undoubtedly overlaps between the two environments but since this research deals with strategies employed out of the classroom environment, it leans its core on natural learning (Spolsky, 1989) or informal context (Ellis, 1994). However, not all of the characteristics discuss above are reflected at the actual research site. The obvious one is regarding natural environment having fluent speakers of the target language. This is unlike the nature of the natural learning environment in this research as the research site does not provide an environment full with fluent English speakers, instead it is a mixed-setting language environment.

### **Main Issue**

Although it has been 'said' in literature on English in Malaysia that English is a second language (ESL) in Malaysia (Thirusanku & Melor 2011, p.2); other examples are Foo & Richards, 2004; Murugesan, 2003), the reality is not very straightforward such that not everyone is able to converse in English and not every place is English-friendly. English is learnt and used instrumentally (Lee Su Kim et al. 2010, Mohamed Amin 2000) for example to excel in exams and land a good-paying job. Thus, the natural environment in Malaysia provides conditions that may assist or otherwise, hamper the English language learning.

### **Aim and Research Questions**

This paper aims to delineate the conditions in the environment for the English language learning of a group of international students studying English in an institution in Malaysia. In achieving the aim, two research questions are generated:

1. What are the elements in the environment that assist/hamper the English language learning of international students learning English in an institution in Malaysia?
2. How do the conditions in one of these elements assist and hamper the English language learning of international students learning English in an institution in Malaysia?

### **Methodology**

Based on the nature of the research questions, this research is under the qualitative paradigm where the methods of data collection include document analysis, observation and interview. The documents involved are the online postings submitted by the participants and photos taken by them around the places that they like to frequent. For 10 weeks, the participants posted a weekly reflection on their English language learning experiences and a response to a topic on Google+ stream. On the other hand, the observations were done on the activities run by the institution which involved the international students. As for the interview, it consists of two rounds of face-to-face or email interviews with them – at the beginning and at the end of the semester. The data were analysed thematically and managed by ATLAS.ti version 7.

The participants comprise nine international students who were undergoing an English Language Proficiency Class (EPC) as to fulfil the language requirement set by the institution. Six of them were males while three were females. Five were doing their doctorate studies whereas the others were pursuing their master's degrees. Almost all of them were from the Middle Eastern region while one was from Indonesia. All of them, except an Iranian, could speak Arabic. They are addressed using pseudonyms in this paper.

### **Research Site**

The institution where the participants were studying is one of the five research universities in Malaysia. The main language for teaching instructions for undergraduate classes is Bahasa Malaysia while for postgraduate classes, the medium of instruction 'varies depending on the programmes' (General frequently asked questions [www.ukm.my/isc](http://www.ukm.my/isc)). Further, lecturers are encouraged to use English when the student population in the class includes international students. The institution hosts 2,333 (data of new postgraduate students in 2010 from [www.ukm.my/pps](http://www.ukm.my/pps)) postgraduate international

students from various countries. All international students are required to have IELTS Band 6 or TOEFL 550 to enrol. If they do not fulfil the requirement or do not reach the stipulated score, they have to go for an English placement test. If they only manage to get Bands 1 or 2 from the 6 bands, it is necessary for them to go for English Proficiency Class (EPC). Besides that, all international students are required to undergo Bahasa Malaysia class for two semesters.

**Findings and Discussion**

The findings are reported according to the research questions. The extracts from the online postings and interviews are in italics. For the interview extracts, the interviewer's parts are in bold. Each extract is followed by the pseudonym and the type of data, for example (Fatinmalik, op\_top3). It means that the extract is from Fatinmalik (pseudonym) and taken from her online posting for topic number 3. Others are 'op\_ref' for online posting for weekly reflection, 'int\_2' for the second interview, and 'obs' for observation. Each research question is followed by a discussion on one aspect of the prominent findings.

**Research Question 1 - What are the elements in the environment that assist/hamper the English language learning of international students learning English in an institution in Malaysia?**

The data revealed that there are three elements that provide the conditions in the environment that assist/hamper the English language learning of these students. They are the situations, people and things/media as seen in Figure 1.

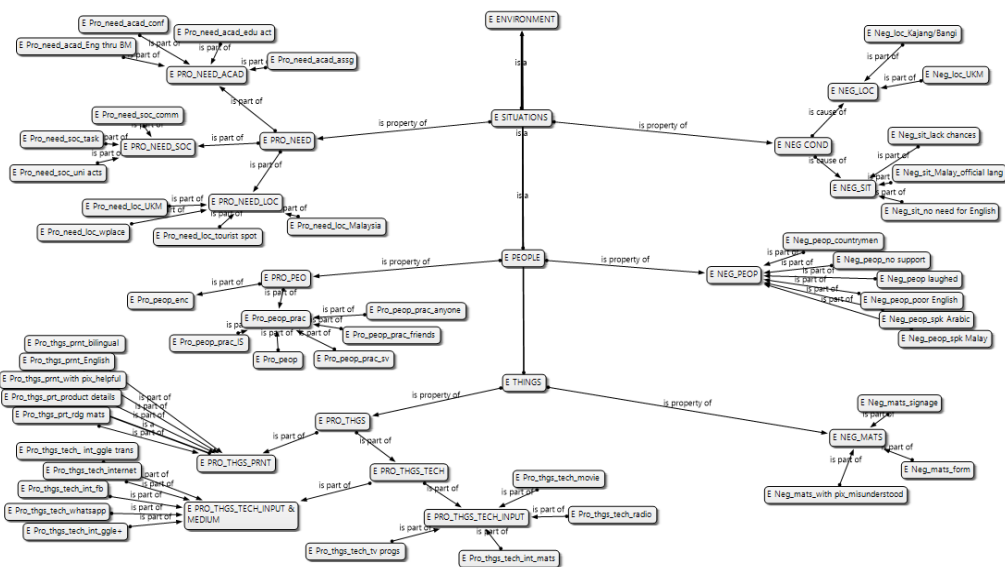


Figure 1: Elements in the environment for English language learning – A network view from ATLAS.ti

Figure 1 is an output from ATLAS.ti. It is a network view which gives a visualisation of the themes discovered from the collected data. There are three main themes with the positive and negative conditions. Each condition has a few subthemes. Further, there are also sub-subthemes which give more details to the findings.

The first theme is the situations. The participants reported that they experienced situations where they needed to use English and also situations where English was not needed. English was used in social and academic activities where they communicated with other students – local and international; during activities at the institutions, and educational activities like conferences in and out of the institution. Furthermore, being in Malaysia – a foreign country for these international students, and especially in tourist spots like Kuala Lumpur and Langkawi; required them to use the English language.

The second theme or the element that assists/hampers these international students' English language learning is the people around them. They reported of people who encouraged them to be better at using the language. People like their family



members, supervisors, and friends also indirectly encouraged them by becoming the people whom they could practise speaking the language with. On the other hand, their own countrymen have become the element that hampers their advancement in English language learning. This is because when there were gatherings of people from the same country or those who share the same mother-tongue, all would not be using the English language, instead they would be speaking the language that they were comfortable in. Moreover, there were also incidents where they met locals or other nationalities who were interested to learn and practise Arabic language. So, they used Arabic with these people.

The data revealed that the third element which assists/hampers the English language learning of the international students is the things or media around the institution, the participants' residential areas and also places that they frequent. They reported that printed materials and technological gadgets around them have boosted their English language learning. The technological gadgets can be divided further into two categories – passive and active media. The former which refers to one-way interaction media includes television and radio programmes, movies and articles on the internet. Whereas the latter comprises Facebook (Fb), Google+, Whatsapp and Google Translate. Thus, active media refers to two-way interactions where the users get feedback, for example via Fb on the internet and Whatsapp on smartphones. They used these media to interact with people in English.

All in all, there are more conditions that assist English language learning among international students than conditions that hamper them from doing so. In fact, based on all the extracts under all the three themes, there are triple reported cases of positive environmental conditions compared to the negative conditions. 390 reported cases for positive environmental conditions and only 93 for its opponent as seen in the output from ATLAS.ti (Appendix).

### Discussion for RQ 1

The answers for RQ1 are the three elements – situations, people and things/media which assist/hampers the English language learning of international students studying English in a Malaysian institute. Two of the themes manifest the tenet of mediation from the Sociocultural Theory (SCT) by Vygotsky (1978). Lantolf (2000) spells out mediation to cover symbolic and physical tools. The former refers to language, arts, music and numbers, whereas the latter can be anything including hammer. He also adds that 'someone else and cultural artefacts' (p.17) as mediators. With the regards to the findings of this research, the international students reported engaging people like their supervisors, other international students, or even anyone to have a conversation with. Furthermore, these participants described how they have utilised the things/media around them. They used television, radio, smartphone and internet to learn and practise English. Hence, the people and the things/media have become the mediators between the participants and the end result – that is to practise the English language.

### Research Question 2 - How do the conditions in one of these elements assist and hamper the English language learning of international students learning English in an institution in Malaysia?

In tackling the second research question, one of the three themes will be discussed in detail. Among the three themes or elements found to assist/hampers the English language learning of the participants, the first theme is most appropriate. This is in tandem with the earlier mentioned main issue which highlights that Malaysia has a mixed-setting environment in terms of the use of English language in the environment. Table 1 below displays the subthemes and sub-subthemes for 'situations'.

Table 1: Subthemes and sub-subthemes for 'situations' that assist and hamper English language learning

Environmental conditions that assist and hamper English language learning					
Theme	Theme 1- Situations			Hampering – Negative situations	
	Assisting – Need English				
<u>Subthemes</u>	<u>Social</u>	<u>Academic</u>	<u>Locations</u>	<u>Unhelpful conditions</u>	<u>'UnEnglish' locations</u>
Sub-subthemes	communicate, perform social tasks, be involved in activities at the institution	attend academic conference, participate in educational activities,	Malaysia, the institution, tourist spots, workplace	lack chances, no need for English, Malay is the official	Kajang/Bangi, the institution

		complete assignments, learn English through BM		language	
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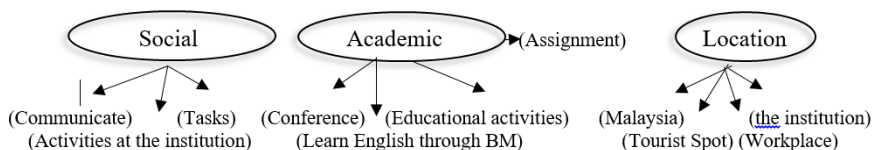
Table 1 clearly displays the delineation of the conditions that assist and hamper English language learning under the first theme. Situations can be seen as two sides of a coin – environmental conditions that assist and those that hamper English language learning. Under each, there are a few subthemes. Situations that boost English language learning include social, academic and being in certain locations. On the other hand, negative situations include conditions that are unhelpful and locations where English was not used thoroughly due to reasons to be discussed under the sub-subthemes. The discussion that follows begins with the elucidation of what ‘situations’ refer to, then, the situations that assist English language learning. Next is the discussion of the other side of the coin; the situations that hamper English language learning before it ends with a discussion.

### Situations



Being sojourners, these participants face new and different situations every day. When they go about doing their daily routine as students as well as parents/social beings; they go to town, institution and travel around the country. There were situations when they perceived there was a need to use English like to socialise and to be involved in academic activities. Further, they reported that being in certain locations also required them to use English. These situations boosted their English language learning (ELL). On the contrary, there were also situations and places that hampered their English language learning due to certain constraints like lack of chances, there was no need for English as well as during activities where Malay was the official language.

### Assisting ELL – Need English



The data revealed three situations that required the participants to use English. The notion of ‘using English’ here includes the participants speaking in English, listening, reading and even writing in English. The situations are during socialisation, academic endeavours, and also in certain locations. The discussion in this section follows the order of the mentioned situations.

The first situation concerns the socialisation of the participants. There are three situations which are related to socialisation – situations that require them to communicate, complete tasks and participate in university activities. The participants had to communicate in order to go through their daily routines. Basri, Imran, Faizal, Fatinmalik, Mohsin, and Nabil shared the routines they had to do that needed English as the medium of communication. Specifically, they used English when they “went to the market... and to the hospital for treatment” (Basri, op\_ref2), went “to the shops” (Imran, op\_ref2), “[spoke] English” to international friends (Mohsin, op\_ref5), and when they went out “to eat, ...to take taxi or ask how [to] go to the any place” (Faizal, int\_1).

Besides everyday activities, in socialising, participants were involved in accomplishing tasks; more precisely non-academic tasks like Nabil reported that “[he needed to use English in settling his problem with the ATM card and filing a report to the police about his friend’s stolen laptop]” (Nabil, op\_ref5). Another task that was prevalent was observed in an activity at the institution involving international students. The task involved giving instructions and the activity was the 4<sup>th</sup> International

Food Festival run by General Studies Centre (GSC) and International Student Centre (ISC). It was actually an activity for international students who were undergoing Bahasa Melayu class at GSC. Thus, the language used was Bahasa Melayu. However, it was noticed that when it came to the task of giving instructions to all students, it was done in English. Below are the instructions extracted from the field notes on the observation done on 13 December 2012:

Extract 1: *After announcing the arrival of the dignitaries - the emcee speaks a line of English - "PLEASE STAND UP"*

Extract 2: *The emcees actually announce "ALL BOOTHS SHOULD SERVE THE BEST FOOD TO THE VIPs".*

Extract 3: *11.30 am. Emcees instruct the students who are in front of the stage to leave the place because there is going to be another performance, also by Malaysians. When the announcement is ignored, the emcees repeat the instruction. This time in English - "PLEASE LEAVE THIS STAGE AREA. WE ARE GOING TO DO A PERFORMANCE".*

Extract 4: *Around 1.15 pm. Once again there is an announcement made in English "PLEASE CLEAR THIS AREA". (Obs\_13 Dec 2012)*

All of the data extracts above show the instructions (in capital letters) given in English although the activity was supposed to encourage the use of Bahasa Melayu. Undeniably Bahasa Melayu was utilised in the welcoming speeches and other parts, but when it was time to instruct the students to do something like to stand up and clear the area, the announcement had to be made in English. As observed and noted in extract 3, the emcees had to repeat the instruction in English which was initially made in Bahasa Melayu. Hence, interestingly the task of giving instructions to ensure the smooth sailing of a programme had to be done in English as the participants of that programme were mostly international students.

The discussion above leads to the next and last situation that requires participants to use English to socialise. The situation is during the participants' involvement in the activities at the institution. There were two observed activities conducted at the institution – the 4<sup>th</sup> International Food Festival which was partly discussed in the preceding paragraph, and the International Culture Night. Both were organised partly by the ISC and were conducted on 13 and 18 December 2012, respectively. As discussed in the previous paragraph, English was used prevalently during the food festival. Participants like Imran, Basri, Faizal and Fatinmalik reported the use of English during the activity. Imran shared how *"[the international students had to collaborate in making the activity successful]"* (Imran, op\_ref8) and therefore he *"tried to speak in English"* (Imran, int\_2) during the activity. Faizal and Fatinmalik were more specific in their recounts of their participation in the food festival. Faizal talked about the guest of honour who went around the booths to taste the food. He said *"he had to use English"* (Faizal int\_2) in his interaction with the students manning the booth in order to ask about the ingredients of the food and other related matters. Fatinmalik referred to the same issue – the interaction about food, but her focus was on the other students at the festival. She remarked, *"all talking English and when they come to see the food I think all English"* (Fatinmalik, int\_2) because the booths were from various countries represented by the international students in the institution and the students or the visitors were of different nationalities. The issue of prevalent English usage also resonates in the field notes of the observation done on the activity:

*I can hear through the noise the conversation between Ir Dr Othman and the students who are manning the booth. Ir Dr Othman's questions are mainly about the name of the dish, the ingredients, and other general questions. He of course uses English but with some BM words. The students do the same. (Obs\_13 Dec 2012)*

All of the participants of this study except for Basri were present during the food festival. Some like Fatinmalik, Shamsulwahab and Faizah were involved actively in preparing and serving the food to the students or visitors to their booths. Although Basri was not present during the activity, he supported activities like the food festival because to him it was also about learning English but it was done in a more fun manner. This is evinced in the exchanges below:

*the activities, students get many benefits because they need to talk so we need when he join means he will share and when he share he will communicate so he needs to use the language and the activities... The activities more better than classes [because] activities no need to sit and listen, it is like enjoy*

### **And learn**

*And refresh and they didn't feel that like he learn English. It is like activity*

*normal yes*

(Basri, int\_2)

In fact, Imran suggested other activities like trips and he even advised students to take part in the activities. He wrote, *"I advise students to...participate in various activities"* (Imran, int\_2).

Besides English being needed as a medium for participants to socialise in their daily interactions and social activities at the institution, it is also used for academic endeavours. This is in line with the discussion of academic tasks accomplished. One of the tasks includes participating in conference as shared by Fatinmalik (op\_ref, int\_2) and Shamsulwahab (int\_2). There are another three situations in the participants' academic endeavours that require them to use English – participating in educational activities, doing their assignments and learning English through Bahasa Melayu.

The educational activities here refer mainly to the participants' involvement in their own course of study. Those who are doing their master's degree like Mohsin, Faizal, Nabil, and Fairus talked about having to read their coursework materials, and listen to lectures which are in English. Mohsin quipped, *"This week I should read 1200 slides for The control project IT course!! :o"* in his reflections and added that he hoped to *"learn some new words"* (Mohsin, op\_ref3). Fairus then talked about *"the lecture changed for me from Arabic lecture to English lecture"* (Fairus, int\_1). Furthermore, Faizal and Nabil mentioned that being in a group that consisted of students from different nationalities had allowed them to converse in English while discussing and solving problems. Faizal said, *"in groups with Malaysian students and another country so we must talk [English]"* (Faizal, int\_2).

As for the participants doing their doctorate degrees, their concerns revolved around thesis and interactions with their supervisors. Fatinmalik reported using English with her supervisor (Fatinmalik, int\_1) while Shamsulwahab said that *"we write thesis in English. Should we write in very good method. Academic writing"* (Shamsulwahab, int\_1). Thus, it is axiomatic that these situations make participants learn English.

It has been specified that educational activities are about the participants' own course of study. However, the next situation is about the assignments that are related to EPC – the English language proficiency class that they were doing when this research was conducted. The assignment that has provided an excellent avenue for the participants to use and in fact improve their command of English in writing is through online postings activity. All of the participants labelled online postings activity as positive. While Fairus, Fatinmalik and Mohsin rated this as only *"good"* (Fairus, op\_top10; Fatinmalik, op\_top10; Mohsin, op\_top10); Basri saw this as *"a major shift"* in his writing experience because writing used to be *"a nightmare"* for him but doing it for every week on different topics for about 10 weeks has made writing *"became easy for us"* (Basri, op\_top10). In fact, Basri and Fairus praised this activity in their reflections, topic 10 on online posting and also interview 2. However, among the many responses towards online postings activity, Mohsin's statement has given a deeper insight into effective ways for students to learn English. He expressed, *"I felt relaxed when I write my posts and I didn't have this feeling when I was in the classes"* (Mohsin, op\_top10). This suggests that providing a stress free environment might encourage learning.

The next and last situation under the subtheme of academic endeavours is 'learning English through Bahasa Melayu'. It is a requirement for postgraduate international students in the institution to attend Bahasa Melayu classes for two semesters. Therefore, at the time of the research, all except Basri were going through the Bahasa Melayu class. Although it was a Bahasa Melayu class; English was inevitably used. This is as expressed by Fatinmalik in the exchanges below;

*In Bahasa when you learn, at the same time you learn English*

### **Really? How?**

*Because some words when the teacher tell us, we don't know what's the meaning in English. So I go translate this word into English and Bahasa. So I learn English and Bahasa in Bahasa class. (laughs)* (Fatinmalik, int\_1)

Mohsin, similar to Fatinmalik's reaction above, laughingly admitted learning English in his Bahasa Melayu class. This is seen in the following data extract:

**You use BM [Bahasa Melayu] all the time in class?**

*No! English. Sometimes we use BM for reading or presentation.*

**But to explain the lecturer use...**

*English, yes.*

**So you are learning English also in Bahasa Melayu class**

(laughs)..for me... (Mohsin, int\_1)

Instead of just in their Bahasa Melayu class, Fairus also experienced learning English through Bahasa Melayu in casual interactions on the bus. She relayed;

*for example when I in the bus, most of my time I always ask them to learn me about Bahasa.*

**I see**

*But they explain in English. I understand them when they speak English*

**You learn Bahasa through English?**

Yeah (Fairus, int\_2)

The first two types of environment that promote the use of English have been discussed. The environment that needed English to be used for socialisation was first to be discussed and it was followed by environment that required English for academic endeavours. The third is the type of location that promotes the use of English. There are some locations that were reported to have conducive surroundings to boost the use of English. The data revealed four locations – Malaysia, the institution, tourist spots and workplace.

Coming from countries where English is not prevalently used, these participants made comparison between the use of English in their home countries and in Malaysia. Definitely they would find more and better English usage here, in Malaysia. Fairus, Fatinmalik, Nabil, Shamsulwahab and Basri openly announced this. Shamsulwahab said, *"before coming to Malaysia, I don't speak in English"* (Shamsulwahab, int\_1). Fatinmalik also made a comparison when she uttered *"I think here is better than my country. Why? Because here you can speak with teacher all English"* (Fatinmalik, int\_1). Along the same line, Basri observed that other international students *"use English when they arrive to Malaysia"* (Basri, op\_top4). The reason for this is that the participants seek opportunities to speak English and they could easily do so in certain areas.

The participants were more specific when they named places in the institution as conducive for using English. Fatinmalik chose the library as she could strike conversation with people there (Fatinmalik, int\_2). Nabil said Za'ba – a residential college in the institution (Nabil, int\_1) as a place to practise his English. He then reiterated this in interview 2. Unlike Nabil, Faizal had a different perception of English usage in Za'ba. He said *"like Za'ba, no. Pusanika, yes"* when asked where he could use English more freely at the institution.

The data revealed the third location where English is commonly used – the tourist spots. Only Faizal discussed this in great length as he mentioned in both interviews 1 and 2. He talked about having no communication difficulty in KL, *"I go to KL like tourist. They know English. When they talk, I understand."* (Faizal, int\_1). In interview 2, there were three mentions on this. In line 303, Faizal again talked about KL, *"But you go to KL, you talk to anybody, in the street, they talk to you because like tourist city"*. Further, he pinpointed specific places in KL (line 457) where he could comfortably speak English – KTM (Keretapi Tanah Melayu), KL Central, KFC (Kentucky Fried Chicken), and McDonald's. The former two are the stations for public transportations whereas the latter two are famous franchise fast food restaurants. The last bit about using English at tourist spots is in line 685 where he mentioned talking to other tourists in Langkawi (Faizal, int\_2).

The last location that requires English is the workplace. Among the participants, Basri was the one who worked during the course of the research. He worked as an Arabic teacher at International School Malaysia (ISM), Gombak. Before that, he was working as an Arabic teacher too at Qiblah school in Bangi. He said, *"in IS[M] everyone talking in English, foreigners, students..."* (Basri, int\_1). The environment that everybody converses in English became the impetus for him to enhance his command of the language. He echoed this again later: *"With teachers I need to speak in English, with students, office, the meeting"* (Basri, int\_2).

Similar to the earlier location – tourist spots which was only mentioned by Faizal; this location – workplace, was also only experienced by Basri. However, Basri provided a set of evidence of photos that he snapped around the school compound – they are the photos of announcements, reminders, articles, and notices, and they are all in English (pho\_Basri). Basri voiced out that being in such an environment was really conducive for his English learning. He said,

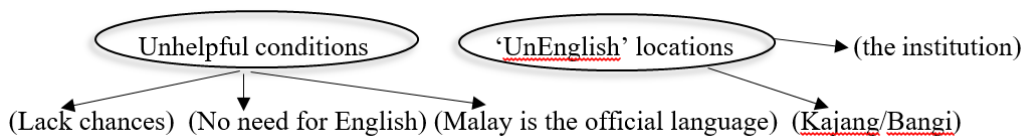
*it is good one for me because you know IS school is an international school. You have office like small country and I spend*

*almost all my time there from I went from I go to school 7 am I come back to 5 sometimes they have meeting 6 pm so it is almost, ok, it is like small country for me. Office, staff room, assembly area, and everything in English. Like a closed world for you. (Basri, int\_1)*

Actually, Basri was the lucky one to get a chance to be 'in a small country' where English is widely used. This is because, when a scenario of being given a sum of 1 million USD to be used to improve their English for topic 8 for the online posting on Google+, majority of the participants chose to spend time in English-speaking countries (Faizal, op\_top8; Basri, op\_top8; Fairus, op\_top8; Imran, op\_top8, Mohsin, op\_top8; Nabil, op\_top8; Shamsulwahab, op\_top8). The countries of their choice were the UK, the US, and Canada.

All in all, the needs to socialise, perform in academic endeavours and be in the right location are situations that assist or promote the use of English. However, there is always the other side of the coin where there are situations that do not really help these participants to even use English. This is discussed in the next section.

### Hampering ELL – Negative situations



In contrast to the above, this section focuses on the situations that hamper the English language learning (ELL) of the international students in this research. There are two subthemes to be discussed. One is the unhelpful conditions and the other is the 'unEnglish' locations.

The participants shared three unhelpful conditions that deterred them from using or practising and thus learning English. The situations are lack of chances, no need for English, and also when Malay is the official language. Firstly, participants complained about lack of chances to practise English mainly because of time. They used up their time to carry out their 'own responsibilities' and be involved in their 'own course'. These activities left them with 'no time'. As for the subtheme of 'no need for English', it was observed that very little English was used during the International Cultural Night. An extract from the observation of the event is as follows:

*A note on the English usage - out of the two hours, only about 7 minutes of English (as recorded). It is mainly for announcements made by the emcees. No speech is made by any of the guests. (Obs\_18 Dec 2012)*

Somehow, the minimal use of English was unavoidable due to the nature of the event. The purpose of the event was to introduce the culture of one's country. Hence this included presenting folk songs, performing traditional dances and for authenticity, national language was used. Therefore, English was used only to introduce the countries and read out the itinerary of performances. Thus, it was unsurprising that in the two-hour international event, there was only seven minutes of English used.

The last subtheme which is 'Malay is the official language' collects the mentions of Malay being the national language in an event and in the institution and also Malaysia. Mohsin and Faizah rationalised that the use of more Bahasa Melayu (Malay) in the environment of the institution was due to "[the institution] is national university" (Mohsin, int\_1) and thus "encourages the use of Bahasa Melayu" (Faizah, int\_2). Moreover, since the event of the 4<sup>th</sup> International Food Festival was organised jointly by ISC and GSC Bahasa Melayu class, Bahasa Melayu or Malay was the official language. This is evinced in the field notes from the observation. The emcees spoke Malay, the speeches by distinguished guest and the director of the event were in Malay, the tags for the hampers were in Malay and even though the students were observed to use more English, they "want[ed] to show off their command of Bahasa Melayu" (Obs\_13 Dec 2012), so they spoke Malay whenever they could.

The other negative condition that impedes the English language learning of these participants is the location that they found less conducive to use English – thus termed as 'unEnglish' locations. The locations are Kajang/Bangi and the institution itself. Among the participants, Basri and Nabil had a lot to say about this, mainly because they both had been to two different places and thus were able to make comparison. Basri was first teaching in and staying around Qiblah school,

Bangi before he moved to Gombak to teach at the International School Malaysia there. Nabil, on the other hand, stayed on campus in Za'ba before moving out to Kajang. Basri said there was no need for English because he taught in "the school is full Malaysians" and shopped at the "small shop...[where]everyone is Indonesian" (Basri, int\_1). As for Nabil, he noticed that his use of English was deteriorating since he moved out from Za'ba to Kajang. He expressed, "I have moved to Kajang...in fact my use of the English language less [than] the former because of the community does not speak English" (Nabil, int\_2).

The next location is the institution. Some participants like Nabil and Fatinmalik reported that they thought the institution to be a place for them to practise English, this is as seen in the earlier discussion on the location that requires them to use English. However, there are participants who thought otherwise. Among them, Faizal opined that the institution, especially Za'ba was a location that did not inspire him to use English. He compared buying food in Za'ba to going to a restaurant in Nilai (a town with lots of international students). This is seen in the exchanges below:

*Even the Indian restaurant...the worker know basic English. Like I want something he would understand, I go to shop, he understand me, the security,*

#### **Understand you too**

*Yeah yeah. If you want to compare here, if I go to Za'aba, they don't understand*

(Faizal, int\_2)

Faizal justified that the situation was such because there are many international students in Nilai whereas in the institution that all of them are currently studying, the majority of the students are Malaysians. Faizal further compared Za'ba to some places in KL like KTM, KL Central, KFC and McDonald's and he also compared Za'ba to other places in the institution. He said, "Za'ba no. Pusanika, yes [because] it's centre for students. Everything, library, restaurants, banks, shops" (Faizal, int\_2).

All in all, it can be surmised that since Malay is the official language of the event, and of the institution, there were times when the participants were deprived of using English.

#### **Discussion for RQ2**

The 'situations' in this discussion reflect a few of the 74 conditions expounded by Spolsky (1989). Condition 7 highlights the association between learning English and developing academic language skills. This is evident in the subtheme of academic situations where the participants reported using English during their involvement in conferences, and other educational activities. Conditions 15 and 63 emphasise that learning a second language is associated with communication. The former aims to achieve control of a language for communicative purposes while the latter shows that a second language is chosen and used for communication in a social context. This can be seen in the subthemes of social conditions that make the participants practise the English language.

Looking at the activities reported by the participants, it can be deduced that they were seeking opportunities to practise using the English language and in many ways, the conditions in the environment allow for this to take place. Thus, mapping this onto Spolsky's (1989) list of conditions for second language learning, it matches conditions 62 and 64. Condition 62 is about how opportunities to use the language can lead to fluency. Along the same line, condition 64 highlights that using the language is equivalent to learning the language.

At an angle, it can be seen rather obvious that the situation or the environment has the power to dictate human behaviour. When the environment allows, the participants are able to practise English like Basri who worked at International School Malaysia. The school provided the English-speaking ambiance for him thus he took the opportunity to practise speaking in English with students, parents, and colleagues.

However, looking from another angle, there is also evidence of how the people influence the environment. In the case of 'learning English in Malay (Bahasa Melayu) class'; the environment was supposedly imbued with Malay language as it was a Malay lesson but since there was a need for the students to understand, to interact and to learn; and for the lecturer to make the students understand, to interact and to teach, the environment/situation was changed – English was used instead.

## Summary and conclusion

The aim of RQ1 was to identify the environmental conditions that assist/hamper English language learning (ELL). The data revealed three environmental conditions that both assist and hamper ELL – situations, people and things/media. The subthemes and sub-subthemes in Table 1 show the evidence. The table seems to be lopsided, favouring the conditions that assist English language learning. It does not only show that there are variety of positive conditions, but there are also more reports on positive encounters in the environment as compared to negative. This is as proven by the 390 extracts for positive environmental conditions as compared to 93 discouraging environmental conditions (Appendix). Hence, it can be surmised that the environmental conditions in Malaysia encourage ELL.

RQ2 gives further elucidation of the environmental conditions by discussing the first theme in detail. 'Situations' are two-sided as reported by the participants. Both delineate clear positive and negative aspects of the situations. The former is suitable to assist the participants in their language learning while the latter is not, in fact, it might cause inconvenience. The main reason for these different situations is the mixed-setting language environment that Malaysia has.

All in all, although Malaysia provides a mixed-setting language environment, the evidence of the triple amount of extracts for positive environmental conditions as compared to the negative environmental conditions suggests that the institution in particular and Malaysia in general provide a conducive environment for English language learning.

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## Appendix

### ENVIRONMENTAL CONDITIONS



A1													
CODES-PRIMARY-DOCUMENTS-TABLE													
A	B	C	D	E	F	G	H	I	J	K	L		
EPro_need_loc_others	1	0	2	2	0	0	0	0	0	0	5		
EPro_need_loc_tourist spc	0	0	0	4	0	0	0	0	0	0	4		
EPro_need_loc_UKM	0	0	0	1	1	0	2	2	0	0	6		
EPro_need_loc_wplace	5	0	0	0	0	0	0	0	0	0	5		
EPRO_NEED_SOC	0	0	0	0	0	0	0	0	0	0	0		
EPro_need_soc_comm	10	0	0	7	3	5	2	2	0	0	29		
EPro_need_soc_task	0	1	0	0	0	0	0	2	0	0	3		
EPro_need_soc_uni acts	1	0	0	1	1	5	0	0	0	0	8		
EPRO_PEO	0	0	0	0	0	0	0	0	0	0	0		
EPro_peop	0	0	0	1	1	0	0	0	0	0	2		
EPro_peop_enc	2	1	0	2	0	1	2	0	0	0	8		
EPro_peop_prac	1	4	2	9	5	6	1	11	2	41			
EPro_peop_prac_anyone	0	3	1	8	4	2	1	8	1	28			
EPro_peop_prac_eff	1	1	1	0	0	1	0	1	0	5			
EPro_peop_prac_friends	0	1	1	0	0	3	0	2	2	9			
EPro_peop_prac_IS	1	1	1	1	0	1	4	6	3	18			
EPro_peop_prac_IS_eff	0	1	1	0	0	0	1	0	0	4			
EPro_peop_prac_sv	0	0	0	0	2	0	0	0	0	3			
EPRO_THGS	0	0	0	0	0	0	0	0	0	0	0		
EPRO_THGS_PRINT	0	0	0	0	0	0	0	0	0	0	0		
EPro_thgs_pmt_bilingual	0	1	0	1	0	3	0	0	1	6			
EPro_thgs_pmt_English	18	3	1	0	2	2	4	1	3	34			
EPro_thgs_pmt_with pix_hw	0	0	0	0	0	1	3	2	0	6			
EPro_thgs_prt_product det	0	0	0	0	1	1	0	3	0	5			
EPro_thgs_prt_rdg mats	1	0	1	1	0	1	3	2	0	9			
EPRO_THGS_TECH	0	0	0	0	0	0	0	0	0	0	0		
EPro_thgs_tech_int_ggle t	3	2	2	1	4	0	0	0	1	13			
EPRO_THGS_TECH_INPI	0	0	0	0	0	0	0	0	0	0	0		
EPRO_THGS_TECH_INPI	0	0	0	0	0	0	0	0	0	0	0		
EPro_thgs_tech_int_fb	0	2	0	0	0	0	1	1	0	4			
EPro_thgs_tech_int_ggle+	2	3	1	1	2	1	1	2	1	14			
EPro_thgs_tech_int_mats	4	2	5	0	2	0	0	3	2	18			
EPro_thgs_tech_internet	0	0	2	0	0	1	0	0	0	3			
EPro_thgs_tech_movie	0	1	1	0	0	0	3	5	0	10			
EPro_thgs_tech_radio	0	0	0	0	0	1	0	0	0	1			
EPro_thgs_tech_tv progs	0	1	0	0	3	1	1	1	0	7			
EPro_thgs_tech_whatsapp	0	0	0	0	0	0	0	3	0	3			
TOTALS:	56	39	25	48	45	40	38	68	31	390			

5.4 affordances

Environmental conditions that promote English language learning reported – 390 cases

	ss BASRI	ss FAIRUS	ss FAIZAH	ss FAIZAL	ss FATINM	ss IMRAN	ss MOHSI	ss NABIL	ss SAMSU	TOTALS:
E Neg_attitude	1	0	0	0	0	0	0	0	0	1
ENEG_LOC	0	0	0	0	0	0	0	0	0	0
E Neg_loc_Kajang/Bangi	3	0	0	1	0	0	0	2	0	6
E Neg_loc_UKM	1	0	1	6	0	0	1	0	0	9
ENEG_MATS	0	0	0	0	0	0	0	0	0	0
E Neg_mats_form	0	0	0	1	0	0	0	0	0	1
E Neg_mats_signage	0	0	3	0	1	9	0	5	1	19
E Neg_mats_with pix_mis	0	2	0	0	3	0	0	0	1	6
ENEG_PEO	0	0	0	0	0	0	0	0	0	0
E Neg_peop laughed	0	0	1	2	0	0	0	0	0	3
E Neg_peop_countrymen	0	0	1	1	1	0	3	0	1	7
E Neg_peop_no support	0	0	0	0	1	0	0	0	1	2
E Neg_peop_poor English	0	1	0	3	0	0	0	0	1	5
E Neg_peop_spk Arabic	0	3	3	1	0	0	0	0	0	7
E Neg_peop_spk Malay	2	2	1	3	1	1	0	0	0	10
ENEG_SIT	0	0	0	0	0	0	0	0	0	0
E Neg_sit_lack chances	0	0	2	0	0	1	0	0	0	3
E Neg_sit_Malay	2	0	1	1	0	0	0	0	0	4
E Neg_sit_Malay_official	0	0	1	0	0	0	1	0	0	2
E Neg_sit_no need for Eng	2	0	1	3	0	0	0	2	0	8
TOTALS:	11	8	15	22	7	11	5	9	5	93

Environmental conditions that hinder English language learning reported - 93 cases

## Population Change and Economic Development in Albania

Alma Meta

Dr. Abdulmenaf Sejдини

### Abstract

*This paper studies, to what extent have population changes and economic growth have affected each other in Albania. In the last three decades, Albanian economy has been very dependent on population movements. There has been an ongoing debate on the dynamics of economic development and population growth. One theory suggests that fast population growth causes strain on resources that deteriorate the state of the economy. Another theory sees the population growth as an advantage in the long run, rather than a threat. And a third theory suggests that population growth and economic growth do not affect each other. Vector Auto Regression method is used in this paper for data obtained from 1981 to 2013 to estimate the importance of the relationship between the two variables. The data is retrieved from publications of institutions like World Bank and INSTAT. The empirical results state that the relationship between the population and economic growth is existent but weak in Albania.*

**Keywords:** Population change, Economic growth, Emigration, Albania

### 1. Introduction

Population trends have been a growing concern for many countries especially during the last hundred years. World population has grown continuously and its peak growth rate of 2.2% happened in 1963. World population reached seven billion in 2011 and it is expected to grow another one billion in the next 12 years. This creates a new situation where the demand for resources is the highest. In 1804 world population was one billion, in 1927 it was two billions, in 1999 six billion and 7.2 billion in 2013 and it is expected to reach 9.6 billion by 2050 estimated by a UN report called World Population Prospects published in 2012. Today the world population is 7,348,510,900.

The most drained natural resources from the quick increase in population are: Water, oil, natural gas, phosphorus and coal. One of the main models in this field was developed by Solow. This model shows how technology, capital stock and labor force growth affect total output. According to this model, if the population and consequently the labor force is increasing, capital per worker is difficult to maintain stable and deteriorates the situation of the country, causing an exhaustion of resources.

Economists interpret this situation in two different ways. The first theory agrees with the Solow model and states that fast population growth causes strain on resources that deteriorate the state of the economy. One of the main voices of this perspective is Malthus (1798) *An Essay on the Principle of Population as It Affects the Future Improvement of Society* is a book in which Malthus introduced his theory that constant growth in population will reduce our resources and eventually our food supplies. Malthus predicted that since the reproductive power of population is much bigger than the planet's ability to provide resources, mankind is doomed with poverty.

In the center of the book is the relationship between economy growth and population.

Malthus claimed that the causation is reciprocal. High economic growth causes higher birth rates and life expectancy increasing population. An increase in population reduces economy growth.

Calhoun (1962) comes to the same conclusion that with the paper published in 1962 called "Population Density and Social Pathology". His research is based in the social effect of population. In his experiment with mice he concluded that when the number of capable individuals in a society surpasses the number of roles available in said society, it means social disintegration.

Martin (2009) says that fast population growth exhausts savings per capita, and decreases capital per worker. Resources for productive assets are directed to public expenditures and social infrastructure. Population growth aggravates the

economy by increasing pressure for investment in hospitals and schools. The quality of education falls, which is already a prominent problem in developing countries.

The second theory supported by the Kremerian Model sees the population growth as an advantage rather than a threat. Kremer (1993) says that population growth helps economic growth in the long run. According to Kremer, more people mean more individual creativity that can help technology and innovation.

He argues that history has shown that wellbeing has increased with the increase in world population.

Kremer says that historically, faster growth has happened where the population growth has been higher, technological advance is directly related with high population.

Bloom and Freeman (1988) argue that poverty and inequality in income distribution are the real causes of food problems. He says that income and price regulations would solve the food problems differ with the theory noting that food problem is more of a problem of poverty and inadequate income than a matter of high population growth.

### 1.1 Population and Economy in Albania

The first recorded census of the population in Albania takes is that of 1928 when the population number was 823,000. In (2003), Madison published *Historical Statistics for the World Economy* that estimated the population of Albania in 1600 to be 200,000 and to increase to 300,000 in 1700. In 1820 the population reached 437,000 inhabitants. In 1990 Albania had a population of 3,300,000 and in 2001 the population was 3,023,000. From 1912 that was a declaration of independence of the country, to 1944 that population growth was 0.7% per year. During that period of time Albania had one of the highest growth rates in the region and one of the lowest death rates. For the next 50 years, the communist governments pursued a population increase privacy that increased the population growth to 2.5%. This increase in population and the high life expectancy increased the overall population of Albania to the maximum of almost 3.3 million in 1990. After this year the population declined constantly by 0.3% each year. In 2015 the population of Albania is 2,89 million inhabitants

Large political, economic, institutional, infrastructural changes have taken place in Albania since the conversion of the system to democracy. For the past two decades, the economic growth of the country has been impressive, better than that of all Southeastern European countries, resulting in an increase in productivity and increased trade. GDP growth was 5.4% per year approximately between 2000 and 2010. Albania upgraded from "lower-middle" to "upper-middle" income status in 2010 with a GNI per capita of US\$3,960, twenty times greater than its per capita income in 1992. Albanian GDP fell to an exceptionally low point in 1991 reaching negative 29%. This fall is attributed to the transition from a centralized communist economy to an open market economy. Another sharp decline of -10% can be seen during the 1997 civil rebellion over the pyramid schemes. Before the economical crisis of 2008 Albania had a fast growing economy with an average growth rate of 6% and fast improvement in poverty levels. After the crisis, growth levels decreased constantly from 7% in 2008 to 3.5% and 3.7% in 2009 and 2008, 2% in 2011, approximately 1.5 % in 2012 and 2013 and increasing slightly to 2.1% in 2014.

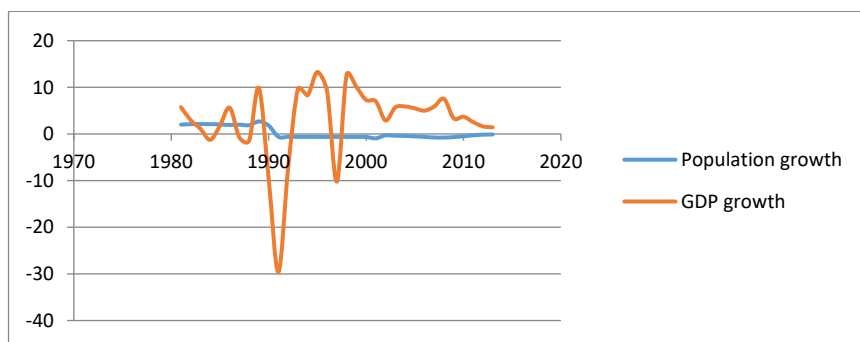


Figure 1.1 Trends in GDP growth and population growth over the period 1981-2013, Source: The World Bank

## 1.2 Statement of the problem

Population movements have always been a serious problem for Albania. During the communist regime it was the absolute lack of movement and population expansion policies pursued by the dictatorial regime that increased considerably the population of Albania. This situation put a huge strain on the countries resources and was one of the reasons the country experienced severe poverty and hunger. After the fall of the regime, hundreds and thousands of Albanians left the country for a chance of a better life, away from the ruined economy of Albania that produced almost nothing at the time. During this time the population of Albania fell significantly. The paper examines the effect of these changes in Albanian population on the economy of the country.

The economic theory is not decided about this problem, findings from some papers find a relationship between population and economic growth, but others don't.

This paper answers the following research questions:

What relationship do economic growth and population number have in Albania?

How significant is the relation between economic growth and population number?

Is the relation significant in the long run?

Does economic growth affect population or vice versa?

## 1.3 Research objectives

To find the relationship between the economic growth and population number unemployment in Albania.

To determine the significance of the relation between economic growth and population number.

To find whether the relation is significant in the short run?

To determine whether economic growth affects the population or population affects economic growth.

## 2. Literature review

Malthus (1798) believed that the world's population has the tendency to increase much faster than the planet's food supply. He argues that whereas population grows geometrically, the production power only grows at an arithmetical rate.

Martin (2009) argues that rapid population growth exhausts savings per capita, and decreases capital per worker. Resources for productive assets are directed to public expenditures and social infrastructure. Population growth aggravates the economy by increasing pressure for investment in hospitals and schools. The quality of education falls, which is already a prominent problem in developing countries.

Kremer (1993) believes human scientific progress is proportionate to the increase in population. Advancement in technology increases per capita income of the population. Kremer believes that history has shown that welfare has increased with the increase in world population.

Meier (1995) said that more people may mean a country can produce and consume more goods and services, leading to economic growth. But this can only occur when employment opportunities grow at least as fast as the labor force and when people have access to the necessary education and training.

Simon (1992) published a book with selected essays and articles written over a period of 20 years that analyze the relationship of different aspects of economic development and population. The analysis is concentrated mainly in low developing countries. The various studies demonstrate that the positive effect of increased population in the long run outweighs the costs in the short run. The reasoning behind this conclusion is that an increase in consumers increases the total income and the demand for goods and services. This situation increases the price for natural resources. The pressure for resources encourages innovative solutions to the problem and lowering prices and leaving the overall situation of the economy better than it started.

Coale and Hoover (1958) argued that population growth creates problems in the short run that include poverty, famine and unemployment. Yet, they also state that in the long run, it leads to new developments through advancement in technology that leave countries better off than if the problems never occurred.

Galor and Weil (1999) argue that the economic development has passed through three different regimes. The Malthusian, Post-Malthusian and the Modern Growth Regime. During the Malthusian Regime the number of population grows rapidly but the technological progress is much slower. The Post-Malthusian Regime has a faster growth in technological progress. During the Modern Growth Regime both technology and income per capita increase constantly increasing output and the means to buy it.

Wong and Furuwoka (2005) found no conclusive evidence of causality between economic development and population changes. Overall, the relationship between population changes and economic development is not clear-cut. Changes in population could have either a beneficial or a harmful impact on the situation of the economy in a country.

### 3. Emigration Effects

After the isolation period ended with the collapse of the communist regime, thousands of people left the poorest country in Europe. The International Organization for Migration in 2008 reported that almost 27.5 % of the labor force had fled the country in 2005, the majority to Greece and Italy.

Remittances are the largest foreign exchange inflow source of Albania. Around 68.6% of emigrants bring remittances in Albania. World Bank reported in 2006 that they make up 14.9 % of the GDP. The biggest channel of remittances is informal, 77.4% and 22.6% formal.

Centre for Economic and Social Studies reported that almost 50% of professors and researchers of the country emigrated from Albania from 1991 to 2005. The majority of them emigrated to US, Canada and Italy. Approximately 2000 -4000 students leave Albania to go to foreign universities in Europe and US.

The government started a program in September 2006 that was called The Brain Gain Program. The program intends to create incentives for emigrated intellectuals to contribute to the development of Albania in science and economy.

### 4. Model and Data Specification

In this paper we have taken GDP growth and population in Albania from year 1984 to 2013. So we have a sample of 29 years. These data have been retrieved from World Bank website. One of the main problems for data collection in Albania is the reliability of the data but also the small sample because data registration in Albania has started relatively late. Albania has a very limited range of data and the estimation of these two variables during the dictatorial period is not reliable. After testing the normality of distribution of the data, we do not reject the normality of the population for both variables.

#### 4.1 Stationarity test

It is important to know whether the time series variable data for the research is stationary or not. If the data is not stationary the regression results might be spurious. In cases when non stationary time series data is used for analyzing the relationship of the variables, the mean and variable of the estimates will not be constant. In order to prevent that we perform unit root tests on the variables.

#### 4.2 Johansen Co-integration

Johansen Co-integration test is used to see weather the variables can be co-integrated in the long run.

#### 4.3 Vector Error Correction Model

The vector autoregressive model portrays the relationship between our two variables. After we have performed unit root test to determine the stationary of data, and the variables have resulted to be non stationary, ADF with lag 2 is used to make them stationary. The vector error correction model is a used in cases when the variables are stationary in their differences.

#### 4.4 Granger causality test

In statistics granger causality is the concept that causality is based on prediction. This concept introduced by Granger in 1969 to see if a time series can be used to predict another. It examines the causal relationship between population growth and economic development in our case.

### 5. Empirical Results

#### 5.1 Unit root test

In our case the variables show the presence of unit roots. ADF t-statistics is bigger than critical value so we can not reject null hypothesis (Null Hypothesis: variable has a unit root). This means the variables are non stationary. So we perform the Augmented Dickey - Fuller unit root test to make the variables stationary at levels with a lag of 2. We say that the data is stationary when the value of  $p$  after the second difference in our case, approaches 0.

	GDP growth	Population growth	
Constant	t-Statistic = -0.195344	t-Statistic = -1.875299	Constant
	critical value at 5% = -2.971853	critical value at 5% = -2.967767	
Constant and trend	t-Statistic = -4.944040	t-Statistic = -4.692221	Constant and trend
	critical value at 5% = -3.603202	critical value at 5% = -3.580623	

#### 5.2 Johansen Co-integration

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.486958	25.42275	15.49471	0.0012
At most 1 *	0.213811	6.735633	3.841466	0.0094

We can see that both null hypothesis are rejected since probability is lower than 0.05 . Trace test indicates 2 cointegrating equations at the 0.05 level

Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**

None *	0.486958	18.68712	14.26460	0.0094
At most 1 *	0.213811	6.735633	3.841466	0.0094

In this case we can see that both null hypothesis are rejected again since probability is lower than 0.05 . Max-Eigenvalue test indicates 2 cointegrating equations at the 0.05 level

### 5.3 Vector Error Correction Model

The regression output shows us that p is smaller than 0.05 so the VECM model is significant. In order to check for the VECM we first need to check the stationary of the residual series. From ADF unit root test on the residual we see that  $p < 0.05$ . So the VECM is stochastic. Since the RESID01(-2) p value is smaller than 0.05 the VECM is significant. In this case R squared is smaller than Durbin-Watson stat that means that our model is significant and stochastic.

R-squared	0.500229	P value	
Durbin-Watson stat	2.082964	RESID01(-2)	0

### 5.4 Granger causality test

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
LOGPOP does not Granger Cause LOGGDP	29	7.29524	0.0033
LOGGDP does not Granger Cause LOGPOP		4.95834	0.0158

Since we know that the critical value is 5%, we cannot accept neither of the Null Hypothesis. Both are smaller than 5%. In this case the causality is bidirectional. That means that population and economic growth have reciprocal effect on each other.

## 6. Conclusion

Population in Albania after years of increasing has experienced constant decrease after the fall of the communist regime. This decrease in population is attributed mainly to the mass emigration of the population. The movement patterns are another important factor for the country. Population decreases have been consistent mainly in already small and economically weak cities like Kukes and Diber.

The economic development of Albania has been slow and unstable for many reasons, including population. The result of the empirical analysis indicates the existence of a bidirectional relationship between economic development and population changes. That means that population affects economic development but economic development also effects population. There are many other factors that have a stronger impact in economic development of the country. The model says that the relation is existent but not very strong.

## Aggression of Teenagers in Albania

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### Abstract

*In general terms, this study examined the "Aggression of teenagers in Albania". These are the first result of one empirical national research. The reason that I chose this subject expresses my interests toward the deeper recognition of the teenager as well as some of the main phenomena that accompany individual development. We will analyzing teenagers as humans in the context of Bio-Psycho-Social capacity, which can be performed only by the science of psychology. The individual development associated with biological changes, vital functions, the teenagers' relationship between society and family remain an important area of study for many sciences. Numerous adolescents stay in this phase, the more difficulties have to be overcome due to with rapid adjustments of the body changes, the longer will continue the family conflicts or their efforts to position themselves in the society. Adolescence itself is a painful process, where teenagers leaves behind the childhood period and move towards a new path where the individual creates the new identity in the family and society. In this paper we will deal with teenagers' behaviour as the principal focus of research: The main issues to be addressed in this work are as follows: 1. The concept of aggression an attempt to study it, according to biological, cognitive-behavioural, psychoanalytic theories, etc. 2. Antisocial behaviour and its characteristics. The most risky age groups. 3. The causes of aggression and antisocial behaviour during the adolescence period. 4. Explanation of the concept of adolescence, when it starts in terms of gender comparison, its characteristics, problems and difficulties that occur to selected specific ages. Description and types of interpersonal relations established with the family and social groups. 5. Information about the spread of both phenomena by specifying which of the stages of adolescence is more risked in terms of gender division (girls or boys). Significant statistic about aggression of adolescents girls in our society is problematic. Recognizing the difficulties of inclusion in some specific aspects of this age period and associated phenomena such as aggression the goal of my work is to analyze these phenomena and their social impact. One of the goals my research is to present and describe trends that are noticed currently in the lives of young people in the Albanian society. Special attention is paid to the theoretical analysis and the statistical data in order to identify the tendency of adolescents, with regard to the expression of aggression in the Albanian society. The full study includes 816 girls and boys and I want to present the first results, that involved 250 students, 17 year old. Participants 108 males and 142 females. This study reported a high level of aggression among female and male adolescents. The used test is the Buss-Durkee Hostility Inventory (BDHI, 1957). Castrogiovanni P, Andreani M.F. et al. (1982); Castrogiovanni P., Marenmanil (1993)" reworked again "Buss and Perry and updated by Buss and Warren (2000)". This test is the most widely used self-report assessment of aggression, was used in different populations and cultures, with a purpose to show the level of aggression and to understand how gender influences to different kinds of aggression( Yudofsky, S & Hales, R., 2008 ).*

**Keywords:** Aggression, Albania, Adolescence, Boys and Girls.

### 1. Introduction

Task of psychology is to analyze conflicts that arise during adolescence this age stage. It is generally agreed that these important developments affecting the bio-psycho-social status, and consequently reflected in their psyches. Adolescent sexual developed and established is in a state of transition to create his personality, cognitive and intellectual changes. This dramatic change and teens social status are in crisis he lives between being a child and adult. Biological differences lie in the focus of psychology because they are often the cause of phenomena that are social interest (Wohlman, B. B.1998). To the attention of psychology remain perceptions, emotions, motivations, social behaviour, and mental development trials that come as a result of physiological development during adolescence. To understand the psychology of adolescence is like to see it as a process variable of learning, intellectual organization, personal judgment, age trend, its status as sexual as well as social and economic(Ausubel P. David, 2002).



The focus of the study of adolescence in psychological plan, the remains in fact to understanding adolescents and their problems (Myers, G.D., 1999 "Socialpsikologija"). All the phenomena observed from the age of 13 -19 years, ranging from sexual relations with or without prejudice, drug abuse or dependence and its social consequences in the context of crime. As one of the key tasks to the attention of psychologists remains sensitize the population. By this mean not only those who are in direct relationship with the teenagers whether they are teachers, parents and counselors, but all of society should be able to understand and explain these behaviours. Whenever it comes to adolescence or want to remember this period of life everyone of us conjure up a vital period in charge not only emotions but also in conflict. Someone says "earthquake" someone "not me", "was not the time that it is today", "beautiful", "full of emotion" did not understand why I cried and argued so much ", " with no one seemed to understand" Although adolescence is perceived with such comments from all adults they soon are not afraid to say that their behavior have been less aggressive compared with that of today's generation. How true is this? It is difficult to say because there is no data for the period of communism, as youth education consisted in the preparation of revolutionary individual. If will refer to the human being that owns aggressiveness at birth. Early childhood aggression displayed in verbal form, this condition manifests itself more or less the same levels as boys and girls, these are forms of open aggression, and later is generally hidden. ( Delfos 2004;Gemeli, 1996). In the first two years of life, when aggression first emerges in the human repertoire, sex differences are not pronounced (Hay, 2005). In the school age males are more aggressive than females (Kim - Cohen, 2005). Different studies have shown that girls would display and receive more relational aggression (kind of nonverbal aggression) compared to boys, especially during interactions with females (Ostrov & Keating, 2004).

In a study in USA (2002) for physical, verbal and indirect aggression of adolescents, resulted that one in five children bullied others, and more than one in three high school students were involved in some form of physical attack. About 30-40% of males adolescents and 16-32% of females were involved in criminal, violent acts by the age of 17. (National Youth Violence Prevention Resource Center, 2002). According to another empiric study in USA which included 73,498 adolescents which referred to the difference between genders. This study showed that the difference between the physical aggression of boys was higher than the girls and the verbal aggression of girls was higher than boys ( Card, A.N. , Sawalani, M. G., Stucky, D. B. & Little 2008). The same results for physical and verbal aggression of males and females were shown in another study of the University of California (Juvonen, J. & Wang, Y. & Espinoza, 2012).

A study in Germany reported that 43,7% of male adolescents and 23,6% of the females, interviewed, were involved in antisocial behaviours; 20,2% of males and 6,4% of females were involved in violent acts; 17,8% of males and 15,5% of females have caused physical violence; 29,9% of males and 7,1% of females were involved in acts of vandalism and 14,2% of males and 12,4% of females were involved in shop-lifting (Baier, et.al 2009, Marc Allroggen, München, 2013). The following empirical studies for American adolescents from 15-18 old, showed important statistic data where 32.8% of them showed physical aggression outside school, 40,7% of them were males and 24,4% females. While in school physical aggression showed 12% of them, in which 16% were males and 7.8% females ( National Center for Injury Prevention and Control. Division of Violence Prevention 2012). While the studies show the negative relation between aggression and emotional intelligence of adolescents (Parker et. Al, 2001, Brejard et al, 2006, Kimiaei et al, 2011, Masoumeh, Bte Mansour, Yaacob, Abu Talib & Sara, 2014).

In a study in another culture, in Iran where dominates life insecurity and the living with danger, is showed clearly that it has not emphasized differences between the aggression of females and athletic males (Kharkan, Andam & Mehdizadeh, Iran 2013).

It is very important for my study to be present and attend to understand the similarities and differences between boys and girls in their aggressive nature during development. Displaying aggressive behavior is supported by the personal social relations and social interaction. Still much discussed issue remains whether this aggressiveness is born or learned?

According to psychoanalyst Sigmund Freud and ethologist Konrad Lorenz, a supporter of the theory of instincts, all human beings possess aggressiveness in their birth, which together with sexuality are key elements in the development of the individual, finding their expression in behaviour individual performs. While many scholars treat aggressiveness as the primary force which may come as a reaction to aggression or frustration of primary needs.

Thus, according to John Dollard in 1930, known as one of the developers of hypothesis "Frustration - Aggression, aggression or bring frustrated conditions as inevitable response aggression (Conner, D. F, (2004) "Aggression and Antisocial Behavior in Children and Adolescents". Research and Treatment. The Guilford Press; 1 edition pg. 15). Albert Bandura famed Canadian psychologist focused his study of adolescent aggression to learning theory. Bandura theory

insists on the fact that aggression is a learned behaviour. Albert Banduras scheme under which promote aggression is: "Model-Observation - Memorizing - Reinforcement – Behaviour".

### **Actual context of Teenagers in Albania**

Not only for the purpose of study, but also to know more teenagers and their problems I went at many educational institutions, not wanting to dwell only on statistical data that represents of education ministry, as there students who are expelled from school for violent acts or serious breaches regulations, presented simply as away.

To analyze the phenomenon of aggression and antisocial behaviour had to retain specific details that have school directories. In some of the major cities high schools noted that many male students lose academic year at the age of 16 - 17 years for the following reasons, placed according to the degree of action: drop from classes, violence against peers or school facilities as well as consumer and distribution of drugs within the school premises or alcohol.

Relying on the age of criminal behavior criminal literature ranges from 14 - 17 years. Peak age of adolescence is the most important period for the full decision in forming opinion to prepare for life is when a teenager reaches 17 years (Lösel, F & Bliesener, 2003). At this age, he apparently did not feel no more need for the parent to the fact that larger conflicts parent-child occur at this age.

These were some of the reasons for the selection of the sample exactly my age of 17 years (plus, minus three months).

By contrast is less important cities where the number of students who lose the school year for these reasons it is very small and not significantly in rural areas where the reasons for leaving school when teenager leave towards one another residential center.

Initially focus precisely my study both women and men and to some of the key variables analysis of aggression, but of course I will not deny the fact that my interest was added to the study of female category due to data provided school leaders. For the first time only in 1999 jumped an important step in addressing girls and their aggression. Decades ago did not work in studying the phenomenon of girls, and finally social scientists, clinicians, educators and analysts directed their studies on this phenomenon to girls. It was the 1988 symposium "Development of Childhood" where he launched the idea of treating girls as neither in 1988 nor in publications Symposium 1991 world listing not girls, as their aggressiveness by excluding them. So and interference was unknown.

In schools there is no less problematic to female adolescents, as well as measures that schools have taken against them, the result was more relaxed and when they pose the same problems as boys.

For example, in cases not a few beatings within the school premises, girls, according to the degrees of normative provisions were given to three days measures expulsion from school and not the exception, as happened to the boys final. Many school leaders say the measures against girls may seem scarce, but in fact is not so, because their behaviours are not repeated as they boys or the fact that the girls try to within the school environment to behave more regular.

A smaller proportion of girls leave school due of truancy, the fact is that in our society, parents are more stringent and compelling to girls than to boys, even whenever they show their parents problematic cooperate more with the school.

## **METHOD**

### **Participans**

Student tested for these behaviors are both females and males (250,142/108 only quantitative study), 17 years old considered as the peak age of adolescence. They were in schools of metropolis, a large big city with heterogeneous populations, in a town with a population of homogenous, who live in different economical level, as well as in poor rural area.

### **Procedure**

To test the students was used "*Buss-Durkee Hostility Inventory*" It contains 8 subscales.

The test contains 75 statements and the students must choose if you agree or disagree with the statement. One of the reasons for the selection of this test was the analysis of the responses in detail the eight variables, each response assessed respectively by a point:

1. Assault, 2. Indirect hostility, 3. Irritability, 4. Negativism. 5. Resentment, 6. Suspicion,
7. Verbal hostility, 8. Guilt.

Teenagers were tested for the period January - April. They made sure that the questions were clear for each student. Of course I would like to thank the school administrators who created the possibility of testing adolescents, staff collaboration to discuss and get information on the social composition and phenomena with which they face daily in their work, as well as contact with school psychologist where the service function .

To measure the tendency of aggression in boys and girls found it logical to make this study not only in big cities increasingly on the move, in a city less important, but in rural areas, to make so possible to draw out some of the more specific elements of this phenomenon among adolescents in our society.

So are tested a total of 250 students aged 17 years, where 200 students were tested respectively in cities (in the graphic are marked with the name Urban Zone 1 and Urban Zone 2) and 50 students in a Rural Area RA.

It's too simple to say and express in keeping with general statistics, saying that young people are either non-aggressive or wanting to generalize, often can be made mistakes after this test clearly shows access or time trends indifferent areas, but never be diverted to their interpretation of the factors mentioned above, such as: genetic, social (here we can mention the effects arising from conflicting societies or in a very short period has undergone transformations powerful naturally could not reflected in the social plan), individual, family factors, or in relationship.

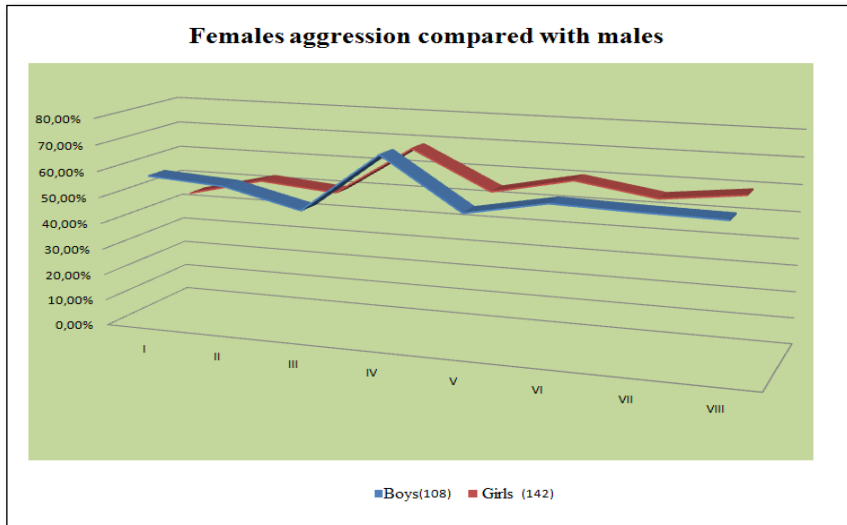
I realize my research in a big city (ZU 1) that changing rapidly, a mobile cities, with a population more heterogje; in a city less important ( ZU 2) with a population more homogeneous composition of the population and not over populated, more conservative and less open to rapid change with a society less dynamic developments or commit professional individual throughout the day. Enabling not losing the constant contact with the child and in the mountainous rural area (RA) where life moves at a slower pace, where a significant number of people spend most of the day without any commitment, where adolescents are involved in farming and a agriculture work together with their parents

## Results

**Table 1: Result of test aggression in girls**

Dimensions		Urban Zone 1	Urban Zone 2	Rural Area
<b>Direct Assault</b>	Girl	44	44	49
<b>Indirect Assault</b>	Girl	54	55	59
<b>Irritability</b>	Girl	49	50	48
<b>Negativism</b>	Girl	68	69	68
<b>Resentment</b>	Girl	55	54	53
<b>Suspicion</b>	Girl	60	60	63
<b>Verbal Assault</b>	Girl	57	57	50
<b>Guilt</b>	Girl	56	61	60

**Females aggression compared with males (Figure 1)**



Of course seeing the test results can not prevailed a high tendency of aggressive girls compared with boys aggression. Will refer to the values of the graphic and see the results in accordance with each of the eight categories flaring category.

Physical aggression or direct where the difference between the tested boys from the girls reaches 13%, and this value is quite acceptable considering developing muscles visible body of men, which is accompanied by physical force of boys at this age, but also the level the outcome of the girls considered high. If will see a test assertions "People who constantly bore deserve a punch to the face" boys are in favor of 75% and 80% of girls and even with such comments that not enough a punch, but maybe some.

The same can seeing on the 2. category "Indirect aggression against objects", where the difference between tested girls and boys is 4% higher in boys than in girls, but it is evident that the results are more than 50% of it in a way consistent to what we claimed leaders and teachers school. What catches the eye are the 3. Scale, Nervousness and 7. Scale, Verbal aggressiveness Scales where both sexes are almost at the same level with a difference of 1% .

In 3. Scale with higher level girls, while in 7. Scale boys, but despite that if we were to take one category 7 claims. "If someone raises his voice, I lift more than it" girls who were tested were 84% in favor, even commenting until I heard only while the boys were 74.8% tested pro.

If refer to 4. Scale "Negativism" both sexes result in a high level with a margin of 3% ranging from 68% to girls which is the highest value in 71% of boys.

If we observe carefully the category "Resentment" and "Guilt", resulting girls by a margin of 3% more than boys, and both categories with 50% .

6. Scale "Suspicion" girls dominate over guys with a difference of 2 % of the boys, but reaching a level 60% of all girls pro tested.

As can be observed in the graphic everybody girls and boys are dominant each ather in four categories, girls respectively in the "Irritability", "Resentment", "Suspicion" and "Guilt" scale, while the boys in the "Assault", "Indirect hostility", "Negativism" and "Verbal hostility" scale.

Obvious approach to boys and girls have an aggressive growth trend in total result in an overall aggressiveness girls 56%, boys 57%, a figure the more disturbing, which should attract the attention of the family, peer educators and all society and of course, considering the biological role of woman as wife and mother of future generations that will follow.

## 1. Conclusion and Recommendations

According to Baillargen 2007 aggression and the its level both at males and females is not only close with adolescence, an age that is evident the individual **vulnerability**, the different interests and social, but also with the development of society where they live. The behaviours and their emotions are close with their family, society that are decisionable at their life.

Albanian society and family is having a long period of transition and with the democratic changes in 1991. Unfortunately there are not real studies for the level of aggressiveness, consume of alcohol, acts of violence in the family in the whole country, yet. According to the datas of this study and the high level of aggressiveness at teenagers oth males and females, in which each of them is owener to four different categories, is better that these studies to lay in a bigger popullation compaired this with the whole number of the population, environment and society in general and also compaired with the aspects of the development of teenagers in physical or emotional aspect.

Step by step is necesery to start with programms to teduc the level of aggressiveness. The government colaborating with the educational institutions has to create more centres for the free time or sports centres for teenagers. These environments can be the places where they can leave their negative energies, aggressiveness and to own the ability to be part of social and human activities of showing their hobbies and passions, by feeling in this way with values. An important role has the educational institucions, which not only have to evident and punish the teenager, but with the parents has to find the solution for reducing, minimizing and stopping the aggressiveness or unsocial behaviours, by giving teenagers the oportunity to face this period of transition with less difficulties. Naturally the society by sensibilating has to be part of the creation of conditions of accepting the individ with this new status and to accept the role that wants to have in the society.

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## Is Urban Space Able to Affect Community Participation? a Research Proposal between Urban Sociology and Environmental Psychology

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### Abstract

*This paper will deal with the study of the relation between the urban spaces and social phenomena. Today the world is considered as a "global village", where the borders and differences between the places seem to lose their meaning; it would be interesting to ask whether the space is still crucial to understand social phenomena in contemporary societies. This opens the big question that we will try to give an answer: may the space be considered as a variable able to affect social behavior? In last decades sociologists have further increased the interest about this issue, coming to what has been defined "spatial sociology". In social science we rarely find out researches which try to answer to the key question: how space affects inhabitants? How can we measure this relation? We can insight more and more this very fascinating issue looking at other disciplines. For instance, environmental psychology has developed a long tradition in the identification and measurement of the perception of space by people. This different point of view allow us to deepen the relation within spaces and people, measuring several aspect of the impact of space in individual's life, such as place attachment, urban quality perceived, and so on. In this paper I will present my PhD's research project, endorsing the environmental psychological as useful theoretical and methodological framework to study the space-people relation in urban sociology.*

Keywords: urban space, environmental psychology, community participation, place attachment, urban sociology.

### 1. The role of space in sociology

In an era where the world is considered a "global village" (McLuhan, 1992), where the borders and differences between the places seem to lose their meaning, we wonder if the space is still crucial to understand the contemporary society. The sociological literature shows since the beginning the awareness about the importance of space in social analysis. Simmel (1908) was the first sociologist which explicitly considered space in his micro-social analysis. Goffman (1959, 1971, 1963, 1974) dissects in detail the behavior of individuals interacting in different environmental contexts, typical of everyday life, identifying the variability of attitude into the so-called "public sphere" and the "private sphere". Foucault (1964, 1984) identified on one hand the reification of governance power into the space, and on the other hand discovering the capacity of the physical locations to evoke other places (heterotopias). Harvey (1978), despite being a geographer, was the first who draw attention to an holistic approach to space, putting it in close connection with the social spatial analysis. De Certeau (1990) speaks of space daily "invented" by the people, who are engaged in social practices by creating and re-inventing the space they live. Other authors have highlighted the effects of the explosive social transformations driven by capitalist transformations (Sennett, 1974) and, consequently, the impact of globalization on individual lifestyles (McLuhan, 1992). The final result of this processes, according to Giddens (1990) is the "disembedding" of space and time. We actually live in a society composed of individuals alone, virtually connected, but physically far. The perception that the variable space had lost weight in sociological analysis, led some authors to resume intuition of Simmel. At the beginning of 2000s, Thomas Gieryn publishes the article "A Space for Place in Sociology" (Gieryn, 2000). Here, the scholar proposes to reconnect the bond broken between the spatial dimension and social analysis; he states that consider space into the analysis is not the only goal of geographers and architects, but also for sociologist. It is echoed by a contribution of Herbert Gans, when in 2002 he published the article "The Sociology of Space: A Use-Centered View" (Gans, 2002). For Gans, space becomes important in the research when it becomes "social space" and individuals are fostered to use it for their own purposes,

changing the boundaries, filling it with meanings and symbols. Also in the Italian context, since the 90s, the research has made its way into the renaissance of the space in sociology; for instance, Arnaldo Bagnasco (1994) insists on the returning to an urban sociology with its specific vocation to study social facts in conjunction with the spatial dimension. More in general, the theories about space and place in sociology are strongly present in the literature, but what that seems is the lack of interest in empirical efforts, with the aim to test these theory into the field. We can find some of our research interests in the quality of life's studies. In this area of interest, sociology shows a long tradition, for instance on the topic of quality of life in neighborhood (Russ-Eft, 1979) or about the civic engagement as indicator of quality of life (Baker-Palmer, 2006; Grillo-Teixeira-Wilson, 2009). These works are a good starting point, but we stress the role of environmental psychology as an alternative source of knowledge, because the key concepts as space, place, and the operationalization of the relation within people and places has been very meaningfully studied and codified.

## 2. The environmental psychology as framework to understand space-people relation

The seminal works of Proshansky and colleagues (1970) started the studies on the relationship between people and physical spaces. That point was the beginning of the so called "environmental psychology". The development of the discipline was strongly connected to architecture and the physical planning of the buildings. The growing interest on space in psychology led the development of different paradigms, among which we include the transactional one, taking over the definition given in the works of Dewey and Bentley (1949), for which the environment as we know it is the product, not the cause of perception (Ittelson et al., 1974). This paradigm was the one best suited to the needs of environmental psychology research. However, the approach so far developed by environmental psychology was based primarily on an individual dimension. Stokols and Altman (1987) proposed to use the transactional approach, as part of environmental psychology, in a social way rather than individual. This made it possible to refine the theoretical framework recovering a holistic view of the phenomenon, that is, considering concept of place as an embedded system of social, symbolic and physical factors.

The goal of environmental psychology research is focused on the analysis of the modality in which individuals relate with their environment. This concept can be declined in two ways, depending on the research question: observing the environmental practices of individuals (Ittelson, 1970; Sommer, 1969) (practice's dimension – qualitative methods), or studying the environmental attitudes and the environment evaluation (Bonnes-Secchiaroli, 1986) (symbolic and perceptive dimension – quantitative methods). We are talking about two radically different approaches; in the first one the scholars notice how people move into the spaces, whilst in the second approach the aim is to measure the symbolic and perceptive dimension, related to the space, carried out into the individuals mind. According to the different approach, we will actually use different methods and instruments. In our case, we will established to observe the double dimension of symbolic-perceptive approach, using quantitative methods. This means that the symbolic and perceptive dimensions of the relation with the space, will be operationalized in several variables as we show below. The quantitative method used by environmental psychology is equal to that typically adopted by social research; we set-up a questionnaire composed by lots of variable, either scale-based, or socio-demographic (age, gender), social and economic (employment status, income received) and time (residence time/frequency of place-use), subsequently administered through a websurvey. The process which led the development of conceptual operationalization of key concepts and their transformation in variable, took place early in environmental psychology. Regarding to the perception of places, Craik (1971) could be considered as a milestone in this sense, because developed a way to operationalize the quality of the sites referring to physical properties, type and quantity of objects, typical characteristics of the various rooms, functional aspects of the environmental elements, the institutional aspects of the social climate. Early studies had been focused on the quality of life in buildings (Ackin-Kuller, 1973; Herberger-Cass, 1974) and about the quality of interpersonal relationships in institutional places (Gavin-Howe, 1975; Insel-Moos, 1974; James- Jones, 1974; Moos, 1975). Still, other scholars have studied the quality of life in the common neighborhood (Marans, 1976; Onibokun, 1974; Smith, 1976), or on the impacts of environmental modification interventions can have on communities (Wolf, 1974, 1975). The final output is the setting-up of indexes of space perception (Craik-Zube, 1976). As regards to the symbolic dimension, environmental psychology has developed the key concept of "place attachment", in which several literature has been produced during the time, and recently we reported a considerable return of interest (Lewicka, 2011). The concept of place attachment comes from the emotional-affective component emerging from the relationship between people and places. The place attachment is an emotional-affective bond which grow-up between persons and meaningful places (Scannell-Gifford, 2010). These emotional factors are highlighted by Shroeder (1991) as "thoughts, sensations, memories and interpretations evoked by places". In fact, Ittelson (1973) stress that the first level of response to the environment, is affective; the direct emotional impact governs the directions taken by the



subsequent relationships with the environment. In the evaluation process of an environment, individuals develop a set of emotions that Mehrabian and Russell (1974, 1975) have identified to be composed of three factors: pleasure, stress and dominance. The tangible outcome of these intangible instances, leads to adopt an attitude of "approach" or "leaving" from the site. Even this variable is measured through scaling method; the work of Williams-Vaske (2003), for instance, offer a 12 item-based scale in order to catch the double dimension of place identity and place dependence. Many researches were based on that scale (Brown-Raymond, 2007; Kaltenborn-Williams, 2002; Vaske-Kobrin, 2001), but recently an Italian team reviewed this scale (Fornara, 2010).

In conclusion, focusing on the double direction of environment evaluation (symbolic and perceptive) we can estimate some effect of the place (as socio-physical variable) into a sample of individuals. Moreover, we can associate these output with many social behavior, such as community participation, civic engagement, sociality propensity, etc. In this way we could explore the association within spatial variables and the social behavior ones, trying to answer to the main question leading my project: is space able to affect social behavior?

### 3. Testing the theory: the research proposal

We propose to test the sociological literature about space through an empirical and interdisciplinary approach, as we stated above. We begin from the hypothesis that different socio-physical patterns are capable to affect in different ways social behavior. We'll test this hypothesis in three different neighborhood of the city of Milan, which differ in socio-physical characteristics. We are conscious about the complexity of the conceptualization of what a neighborhood is; therefore, in order to ease the analysis, we decided to use the spatial division provided by Comune di Milano (Local Identity Unit), in which we can refer stable cultural and historical area of the city. We'll observe two variable, one "spatial" (environment evaluation – symbolic and perceptive) and one "social" (community participation). The first variable we test will be split in "place attachment" and "place perception", using a set of stable indicators developed by Fornara (2010); in particular we will measure an indicator of urban quality perceived, either social or physic (accessibility to the spaces, cleaning, pollution, building density, size of buildings, level of social interaction, level of privacy perceived, freedom of expression, perception of being controlled, vitality, etc.) and place attachment (importance of the place, emotion fostered by a place, the meaning of the place, etc.). Both these variables will be measured in each neighborhood we inquire, in order to highlight any difference of affecting the participation and the place evaluation based on the specificity of the neighborhood. Observed variables will be controlled by usual socio-demographic ones (sex, age, education, etc.) and specific predictors stressed by literature, such as residential time (Kasarda & Janowitz, 1974; Bonaiuto et al., 1999; Brown et al., 2003; Brown-Perkins-Brown, 2004; Krannich & Greider, 1984; Lewicka, 2005), mobility propensity (Bolan, 1997; Gustafson, 2009; Elder-King-Conger, 1996; Cuba-Hummon, 1993) and house holding (Bolan, 1997; Brown et al., 2003). The second variable we observe will be operationalize taking in account key variables already stressed by the literature, such as interest in what happens in the community (Goudy, 1982; Theodori, 2001), knowledge of who governs the territory (Groves et al., 2003), often you look for news related to local life (Kang-Kwak, 2003), interest in taking a form of leadership in the area (Crew et al.), participation in organizations and associations involved in the specific problems of neighborhood (Woolever, 1992; Kang-Kwak, 2003; Robinson-Wilkinson, 1997) and participation in other activities as volunteer (Cuba-Hummon, 1993); from these variables we will calculate an index of community participation. A sample of citizens will be interview through a websurvey administered through the newsletter database provided by Comune di Milano. Potential under-representation of the population will be correct subsequently calculating post-stratification weights. We split data analysis phase in twice: confirmation phase and explorative phase; first of all we aim to verify theory stressed about each variable we observe, in order to confirm them on our case study; latter, we wish to explore the association within these two variable on each urban neighborhood, in order to explore how independent variables (space and controls variables) are able to affect the dependent variable of community participation index.

### Conclusions

The topic of the space-people relation is very old-fashioned in urban sociology. Sociologist has been covered this topic earlier, focusing on various aspect of this relation, adopting many point of view which contributed to define the actual sociology of space. If on one hand the theoretical endeavor has been very intense, on the other hand the empirical effort hasn't been equally decisive. Many questions are still opened: which operative definition of space/place should we use?

Which is the sense of importance of space in sociological analysis? How does space relates with people? How can we operationalize this relation? Which methodology are we going to use? As we tried to highlight, environmental psychology could be a possible source of answers. Using an interdisciplinary approach we aim to find new solutions in order to foster a sociological analysis that really takes in account the essential role of the space, especially in urban studies. The main output of this research could be useful to offer new tools to the local governance, in order to support decision-making processes involved into the essential topic of the quality of life in contemporary cities.

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## Career Options and Entrepreneurial Potential among Female Graduates: Motivations, Obstacles and Realities

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### Abstract

*The objective of this paper is to contribute for a better understanding of the perceived motivations, obstacles and self-employment realities in the advanced technology sectors and knowledge intensive-business. In terms of public policies in economic and business, promoting female entrepreneurship emerges as a factor of mobilization of women for active economic life, as well as a strategy to support business initiatives, particularly as factor conducive to the promotion of equality between men and women. However, according to a recent study on the promotion of innovative women and entrepreneurship, one of the main obstacles that explains the lower participation of women in entrepreneurial activities of an innovative nature are related to educational choices pursued in formal education systems and the persistence of traditional stereotypes about women, science and innovation. Also, in comparison to men, women not only possess a lack positive attitudes about their own personal capacities or inclinations for starting businesses, but also have less personal contact with entrepreneurs. Empirical results are based on a case study project centred on a Portuguese University and the potential of entrepreneurship among graduates who have completed their course between 2002 and 2008. Drawing upon information-rich evidence from in-depth interviews, insights are presented in order to highlight an important relationship between the entrepreneurial intention and the social origin, field of education and gender of the graduates.*

**Keywords:** Higher Education; science and innovation, entrepreneurial potential, gender, motivations; obstacles

### Introduction

Difficulty entering the labour market reflects the phenomenon of unemployment, which has gradually gained visibility, both in the international and the Portuguese contexts (authors). What distinguishes the current situation from that of past decades is the high level of unemployment among graduates, a state which is aggravated, on one hand, by the inability of the labour market to provide employment for all young graduates, and, on the other, by the decrease in the correlation between qualifications and the skills with potential for transferability to the workplace, (i.e., an inadequate relationship between graduate skills and employer requirements).

In order to tackle this worrying unemployment situation, it has become necessary to turn to alternative strategies for entering the world of work, and entrepreneurship may be one such means. This strategy has been the subject of great interest for the heads of several institutions, particularly those working in the fields of education and employment, and research and knowledge transfer. Essentially, taking a wider view of "entrepreneurship" at the societal level (COM, 2006, 2012a), there is a tendency to stress the importance of developing an "entrepreneurial culture". At the same time, entrepreneurship has also been viewed as a "solution", mainly in economic terms, within the narrower context of increasing competitiveness and job creation.

Despite the fact that such views and perspectives have generated controversy and criticism from various disciplinary fields, particularly the social sciences, many countries have, in practice, attempted to promote entrepreneurial activity through various programs and incentive mechanisms, as they recognize the significance of its contribution, particularly in terms of higher education (COM, 2012b). In this context, both the government and HEIs play an important role in creating environments which motivate a generation of young entrepreneurs, and provide them with conditions which enable them to succeed in their efforts to create a new business or enter self-employment (Kautonen, *et al.* (2009).

However, when entrepreneurship, and particularly the creation of businesses/self-employment opportunities within advanced, knowledge-intensive technology sectors, is analysed from the point of view of gender, inequality is found to

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persist in terms of the number of women working in the field. This is especially significant when we consider the level of feminization of higher education in recent decades, both in terms of access and completion.

According to recent European Commission data (Eurostat, 2013), of the 27 EU countries, Portugal has the highest percentage of doctoral degrees held by women in these fields (women represent 50% of PhDs in engineering). However, despite the high rate of females graduating and completing doctoral degrees, there is still a tendency for women to be underrepresented in scientific fields such as engineering, sciences and information technology.

The findings of the few investigations into gender equality in Portuguese academia therefore appear, as in other cases, to invalidate the assumption that there is a pipeline effect, i.e. that inequality will simply disappear as a result of greater feminization. Furthermore, the difficulties in reconciling work and family life (associated with the persisting representation of women as primarily responsible for housework and the care of others), the prevalence of a meritocratic culture, the "masculinized" career, and the low level of insight into the mechanisms and forms of gendered discrimination, framed by the absence of clear equality policies, appear to underlie these processes.

With this in mind, the present article focuses on female entrepreneurship, exploring and analysing the main motivations, obstacles and realities experienced by women, especially those who decide to forge an independent career by creating a business, or entering self-employment.

## 1. Female entrepreneurship potential: Case study design and objectives

Our aim with the first half of this paper is to describe, by means of brief presentation of a case study, the methodological strategy which underpinned the project "Entrepreneurship potential at UM" (2010-2012). The objectives of this study were to: i) propose a new theoretical and methodological framework for the concept of entrepreneurship, privileging a multidisciplinary approach, particularly encouraging participation from the field of social sciences; ii) describe strategies and learning methodologies within the academic context which can encourage entrepreneurship and the career development of highly qualified graduates; iii) analyse perceptions and representations of the principal obstacles/success factors when implementing a business idea/entering self-employment; and iv) evaluate the integration of key elements of entrepreneurial education into the curriculum and extracurricular activities<sup>1</sup>.

The choice to use a case study is justified by the need to explore this subject, which remains little systematized and underdeveloped within the context of social sciences, particularly sociology, as well as the fact that the University of Minho (UM) has put in place relevant entrepreneurship promotion initiatives. Furthermore, this active encouragement of entrepreneurship on the part of UM has been accompanied by the creation of new structures and an academic interface, in particular LIFTOFF, an entrepreneurship office ([www.liftoff.aaum.pt](http://www.liftoff.aaum.pt)) and TecMinho ([www.tecminho.uminho.pt](http://www.tecminho.uminho.pt)).

The methodological design is comprised of both quantitative and qualitative approaches. In the first methodological stage, an online survey was sent to 1,419 graduates from the University of Minho (North of Portugal), who completed their degrees between 2002 and 2008. These graduates are from 43 courses which were grouped into the following six fields of study, in accordance with the Portuguese National Classification of Education and Training Areas (2008): Education, Humanities, Social Sciences and Law, Science and Computing, Engineering, and Health and social care. The results obtained were from a 20% quota sample, a total of 283 valid surveys. In the second methodological stage, in-depth interviews were conducted with graduates (eight in total), who had participated in the first stage of this research, focusing on those with "high entrepreneurial potential".

On the basis of responses to an online survey completed by two hundred and eighty-three (283) graduates who completed their studies between 2002 and 2008, from different fields of study and of both genders, we will create a social profile of respondents. This will include a presentation of sociographic data regarding these graduates and an analysis of their entrepreneurial intent, taking into account social inequalities, particularly those concerning gender and field of study, as well as other attributes related to social capital.

## 2. Respondents' profiles

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<sup>1</sup> For the purposes of this article, only some of these goals in the project were analyzed from a gender studies point-of-view, in particular, the perception of motivations and obstacles encountered when implementing a business idea/entering self-employment.

In our sample<sup>1</sup> we noted a high rate of female participation (60%) in UM courses, with an unequal distribution according to field of study. On some of the engineering courses, there is a more even gender balance (e.g. biological engineering). This is one of the trends already mentioned in other nationwide investigations (see Gonçalves, 2009; Alves, 2008; Marques, 2007, Martins, Mauritti and Costa, 2005). The mean age is around 29, and the majority of respondents are single (66%), with 32% being married or in a civil partnership. To a certain extent, the results support the thesis that it is common for young people beginning their working lives to put off starting their own family.

In terms of access to higher education in the respondents' families, we found that over 40% of the respondents' parents had less than 4 years of formal education, and only 17% of parents and 19% of mothers were educated to degree level. Most parents worked in low-skilled, low-qualified jobs<sup>2</sup>, and they were mainly employees. The trend for there to be a certain degree of social selectivity, as confirmed by other studies, appears have to been mitigated by the widening of students' social backgrounds, with young people from households with a relatively low educational and professional status accessing higher education.

Analysis of the survey results reveals that the majority of respondents (67%) state that they are in full time employment. The remainder inhabit a range of employment statuses, including independent worker and entrepreneur (12.4%), internship/research grants or student (11%), and part time (1%). 9% of respondents are unemployed. Such figures suggest that the combined factors of vulnerability and instability of contractual relationships have become one of the main explanatory factors for the emergence of professional and social risks (Marques, 2010; Sennett, 2001; Beck, 1992; Felstead, Jewson, 1999). However, it is important to stress the uneven incidence of these vulnerabilities according to field of study; the most precarious working relations are encountered by young graduates from arts and humanities subjects, a higher proportion of whom declare themselves to be self-employed or unemployed. On the contrary, the status of young people from areas such as health and social workers (100%), education (72.9%) and engineering tends (71.7%) to be one of dependent employment, while those who graduated in the field of social sciences, business and law are more diverse as far as professional status is concerned (see Table 1).

On the basis of the information gathered, it is also noted that this vulnerability in terms of employment has a greater impact of women. The proportion of male respondents in full time employment, particularly among those who studied courses such as engineering, education, biology/geology teaching, mathematics teaching, public administration and economics is higher than that of females. Female respondents who graduated in fields such as archeology, foreign languages, geography, foreign affairs and journalism are at a particular disadvantage.

Table 1: Distribution of respondents by area of training and relationship with employment

Relationship with employment	Study Field (%)						Total
	Education	Arts	& Social	Sciences,	Engineerin	Health and	
Employee a full time	72,9	30,8	63,9	67,2	71,7	100,0	<b>66,8</b>
Independent Worker	10,2	23,1	9,3	3,4	7,5	,0	<b>8,5</b>
Entrepreneur	,0	7,7	6,2	5,2	1,9	,0	<b>3,9</b>
Part-time worker	1,7	,0	1,0	1,7	,0	,0	<b>1,1</b>
Internship	1,7	,0	7,2	,0	5,7	,0	<b>4,4</b>
Research Grant	3,4	,0	2,1	12,1	,0	,0	<b>4,4</b>
Unemployed	5,1	23,1	10,3	3,4	13,2	,0	<b>8,8</b>
Student	5,1	15,4	,0	6,9	,0	,0	<b>2</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100</b>

Source: Survey on entrepreneurial potential at UM (2010)

<sup>1</sup> For a deeper understanding of the information, see. Marques e Moreira (2011a, 2011b).

<sup>2</sup> They correspond, in general, to training levels I to III within the European Union framework.

### 3. Motivational structures of potential entrepreneurs

In this section we will analyse only results regarding the respondents who stated themselves to be "potential entrepreneurs", namely those who, at some point in their career, have had the intention/desire to create their own job or business, even if they have not done so. In our analysis, we will consider the motivations or expectations indicated by respondents who have taken the opportunity to follow a professional path which is independent and autonomous in terms of contractual and/or hierarchical relationships, that is to say, one in which the defining feature of the job/work type is the fact that it is based on a relationship of contractual "independence" and freedom from organizational constraints or hierarchical subordination, being subject only to market constraints (Supiot, 2001; Burchel *et al.*, 1999)<sup>1</sup>.

In general terms, the main motivations underlying this entrepreneurial potential consist, on the one hand, of the desire for new challenges (57.4%), the prospect of earning more money (34%), the desire to be your own boss (23.9%), and the opportunity to launch new products/services (21.3%), and, on the other hand, of difficulty finding work in your field of study (22.3%), avoidance of unemployment or an unsatisfying job (20.3%), and better reconciliation of professional and personal life (14.2%).

Other reasons, such as it being the only way to get a job, or family tradition received very low percentages as a proportion of the overall result. In turn, when this information is considered according to gender, we find that difficulty finding a job after finishing a degree (30.7%), avoidance of unemployment, or leaving an unsatisfying job (21.1%), and better reconciliation of family and working life (18.4%), are more prevalent responses among women than men. In contrast, it becomes clear that motivating factors representing instrumental orientation to work were more prevalent among men surveyed than women, in particular the prospect of earning more money (48.2%).

Finally, the main employment sectors within which self-employment opportunities/business tend to be created are, "education, health and social work" (29.4%); "culture, tourism, communication, marketing, ICT and biotechnology" (27.4%), "trade, hotels and restaurants" (17.3%) and "financial activities, real estate, lettings and business services" (14.2%).

### 4. Projects for entrepreneurship: discourses and meanings

In this section, our analysis focuses on the attempt to demonstrate the rich variety of ways in which people describe their plans for, and perceptions of, entrepreneurship, according to gender and educational field. These discourses and meanings seemingly capture both the many diverse ways of being entrepreneurial, and the underlying meaning of these (McElwee, 2008), providing very rich descriptive data with regards what people mean when they talk about entrepreneurship.

By analysing discourses concerning plans and motivations for self-employment, it becomes possible to identify important divisions with regards entrepreneurial potential, when considered as the intention to start a venture or enter self-employment. Indeed, field of study and gender emerge as key variables in explaining differences in entrepreneurship behaviour (Marques & Moreira, 2011a). As such, we have observed how becoming self-employed is understood by some of our male interviewees as an opportunity for personal and professional growth. Expressions such as "achievement", "taking risks" or "improving life" appear in their discourses about the plans and motivations that lead them to consider putting their business projects into action. In contrast, the women use arguments such as "difficulty finding a job", "the only option for work" or "fear to take a project forward", phrases which suggest that, in a way, entrepreneurship is seen as a strategy for avoiding unemployment. We will now examine some narratives in which we discovered differentiated meanings and representations of entrepreneurship according to gender and field of study, "*I can give several reasons to go ahead, but none are a matter of employability. It is really for enjoyment (...) I'm just not able to teach, I can do other things, I have a talent for them (...)*" (John, 28, Education); "*(...) Look ... I'd like, for example, to start-up a FTA Leisure Centre (Free Time Activities), or a kindergarten. At the moment, because I really love children... and I think it is increasingly difficult to find employment (...) and I am going to have a son and I know it is increasingly difficult to find a kindergarten, for example*" (Mary, 29, Social Sciences).

John clearly views entrepreneurship as a pathway to personal achievement. The interviewee, who has a degree in the field of Education, intends to carry out a role which presents him with new challenges. In the second case, Mary, who holds a

<sup>1</sup> Although relevant, we are not going to tackle the question of whether self-employment or creation of a business is a choice or the result of constraints, due to the structure and objectives of this article.



degree in the field of social sciences, shows some uncertainty towards her professional future. The decision of the interviewee- to create a kindergarten- is explained not only by her difficulty finding a job in the field she studied, but also by the possibility of taking care of the son she is expecting. It is interesting to note here that we are looking at a choice in which, from a sociological point of view, the variable of gender takes on particular importance. In the distribution of family responsibilities, taking care of the children is regarded by the women as their "natural", accepted obligation. Within the domestic sphere, for example, we often see the continuation, and even reinforcement, of a symbolic order characterized by male domination, which is perpetuated by means of the internalization, by both genders, of values, attitudes and representations transmitted to them throughout the socialization process (Perista, 2010). The blurring of the boundaries between the domestic/family space and the productive/professional space contributes to gender inequalities, and presents itself to women in particular as a constraining factor with regards their social and professional options and projects.

The creation of a self-employment opportunity/company is recognized by interviewees as a winding path, which is not free from risks and uncertainty, although different perceptions of obstacles/constraints appear throughout the process. It is thus plausible to conceptualize risk not only as a socially constructed phenomenon (Beck, 1992), but also as a logic of thinking, in which conditions the existence of individuals as unpredictable, since individuals cannot always be sufficiently certain whether their own choices and decisions have the potential to bring them failure or undesired effects. The choice to enter self-employment or create a business is a good example of this, as demonstrated by the two following testimonials, "*There are issues of funding, attracting new customers, validating our products and differentiating them from the competition, and questions of price, because there is some unfair competition for these technical services... essentially...*" (Peter, 27, Engineering); "*I think that when a woman presents herself (in the business world) and, in quotation marks, wants to assume leadership like a man ... people are more receptive to a man than a woman. I think this stereotype is still accepted broadly in society. However, there have been changes, and mentalities will change*" (Helen, 25, Education).

The first quote concerns the situation of a young engineer who is considering the initial phase of business start-up, and considers market competition to be one of the main factors which may condition the success of his business project. The obstacles highlighted relate to the objective conditions within which he is developing and implementing his planned business idea. As the last quote demonstrates, there is inevitable crossover between gender stereotypes and obstacles to entrepreneurship. By pointing out the barriers which woman face in entrepreneurial activity in her testimonial, young education graduate Helen recognizes, from the outset, the prevalence of male, patriarchal domination in the corporate field. Both discourses present empirical evidence suggesting that social representations of the entrepreneurial career path and its obstacles are still based on stereotypical models of the roles played by men and women in the business world. Here too, the variable of gender appears to have an important bearing.

## Conclusions

With this paper, we aimed to contribute towards a better understanding of perceived motivations, obstacles and realities. This study is exploratory in nature, and as such, the limitations of our findings must be borne in mind. Nevertheless, our research highlighted two areas for analysis: i) entrepreneurial potential according to field of study/course, gender and social origin; ii) the meanings and discourses of graduates regarding entrepreneurial motivation and plans. The data suggest that males with a greater social capital, having graduated from engineering courses have a greater tendency to choose careers in self-employment and entrepreneurship. On the other hand, it can be noted that within the traditionally feminine fields of social sciences and education, the traditional model of gendered division of labour (Bourdieu, 1999), persists among graduates, with less young women choosing to follow a career in self-employment, as demonstrated. Thus, women remain underrepresented in the technology sector and knowledge-intensive services, despite their high levels of academic qualification.

Likewise, the significance of stereotypes and prejudices associated with social gender roles and the gendered division of domestic work go some way towards explaining the persisting horizontal and vertical gender segregation which characterizes the labour market. In any case, there is a need for ongoing, forward-looking research, in order to further expand upon this exploratory evidence, including a reflection upon the impact of science and innovation policies in place within HEIs and research centres, as well as government policies which aim to foster entrepreneurship among female graduates.

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## The Impact of Macroeconomic and Banking Factors on Credit Growth in the Albanian Banking System

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### Abstract

*The aim of this paper is to analyze the influence of some macroeconomic and banking factors on credit growth in the Albanian banking system. From the literature review is noticed that the credit growth in the banking system is influenced by both macroeconomic and banking factors. We use credit growth as a dependent variable while as independent variables we use: GDP growth, inflation rate, unemployment rate, loan interest rate, capital adequacy ratio, bank size and NPL ratio. The relationship between credit growth and macroeconomic and banking factors was tested by using a regression model like the ordinary least squares (OLS). We take into consideration a period from 2002 – 2013 using quarterly panel data for the whole Albanian banking system with a total of 48 observations per each variable. The regression results find out that the credit growth in the Albanian banking system is positively related to GDP growth, inflation rate and capital adequacy ratio while is negatively related to unemployment rate, interest rate, non performing loans and bank size.*

**Keywords:** banking system, credit growth, macroeconomic factors, banking factors

JEL classification: G2, G21

### 1. Introduction

The Albanian banking system is the most important sector of the financial system in Albania. It occupies 85% of the financial system and in the same time demonstrating the weak role of the capital markets in our country. As a result the analysis of the banking system and the credit sector takes a crucial role for the whole financial system in Albania. In fact we have to notice that from 2002 – 2008 the quarterly credit growth of the Albanian banking system was approximately 10.07%. We have to emphasize that as a result of the global financial crises even the Albanian banking system was affected. The negative results of the global financial crises were reflected in two main directions: the first is the reduction of the credit growth from 2009 – 2013 which is almost one third (3%) if compared to the previous period, and secondly is related to the progressive growth of the non performing loans that goes from 3% in the first trimester of 2008 to 25% in the fourth trimester of 2014. In these conditions the Albanian banking system is suffering from a credit crunch because from the first trimester of 2013 until now we have a reduction of the credit growth. According to the Bank of Albania the low demand of economic agents and the conservative attitude of the banks are the main reasons that have led to the credit slowdown the last 5 years. In the context of overall macroeconomic developments, where the performance of economic activity remains sluggish, the demand for money from economic agents is estimated to be low. On the other side (supply) the banks despite being well capitalized and liquid keep still tightened the credit conditions and are very selective towards different projects that need to be financed. The weak performance of credit in foreign currency has reflected the customer preferences shift from foreign currency to local currency especially in mortgage loans to individuals and loans for liquidity purposes of business. In this context is to notice that the developments of credit performance have reflected on the other macroeconomic developments in our country and the slowdown of aggregate demand was followed by reduction of credit demand both from businesses and individuals.

## 2. Literature review

A lot of academic research is done in order to investigate the relationship between loans level and the macroeconomic and banking factors. Below we give a short literature review of the main authors that have tried to determine the main factors that influence the loans level in the different banking systems.

*Constant, Fouopi Djogap and Augustin Ngomsi (2012)* analyze the determinants bank long-term lending behavior in the central African economic and monetary community using data from 35 commercial banks of six African countries of the CEMAC over the period 2001-2010 using a regression analysis. They use two dependant variables: first is the ratio of bank long-term business loans to total assets and second is the ratio of bank business loans to total assets. As independent variables the authors use: bank size, capital to asset ratio, long term liabilities, NPL, ownership type, inflation and GDP growth. According to the regression results is to emphasize that bank size, GDP growth and capital-to assets ratio are positive and statistically significant in both analysis. This means that larger and well capitalized banks are more willing to grant business loans. The relationship between NPL and the long-term loans to assets ratio is positive while there is no relationship between inflation rate and long-term loans ratio.

*Francisco Rodriguez and Santiago Carbo-* using longitudinal data analysis find out that some factors such as bank size, relationship lending, the weight of mutual funds, different measures of bank concentration and efficiency have been specially significant for both bank specialization in lending activities and the loan to deposit rate spread. On the other hand according to *Serpil Tomak (Vocational School of Social Sciences, Mersin University Turkey)* he suggests that private banks loans performance is better than state-owned commercial bank, even though this study shows that the business loans depends on its size, liabilities, non performing loans to total loans (NPL) and inflation rate. They study the bank-level (size and access to funds) and market-based (interest, rate, inflation rate, GDP) variables that impact on leading banks in Turkey. If *Serpil Tomak* comes in a conclusion that the private banks loans performance is better than state-owned commercial bank, the study of *Lucky Chernukh and Alexandra K. Theodosiou (2011)* highlight the importance of bank-level constraints in extending vital long-term credit to firms. They use a large sample of Russian banks, and find out that the median bank allocates only 0,5% of its assets in long-term business loans and that there is wide cross-sectional variation on this ratio among banks. The Department of Banking and Finance in Ghana (2013) study the behavior of bank lending; using the GMM-system estimator developed by *Arellano and Bover (1995)* also *Blundell and Bond (1998)*. They find that the bank size and capital structure have a statistical significant and positive relationship with bank lending behavior. In this study they also find negative evidence and significant impact of some macroeconomic indicators (central bank lending rate and exchange rate) on bank lending behavior. The relationship of the bank although the negative evidences come out in a conclusion that this, policies aimed at maintaining stable macroeconomic fundamentals would greatly accelerate bank lending decision. On another side we have evidences how bank characteristics and the institutional environment influence the composition of banks' loan portfolio. *Ralph De Haas, Daniel Ferreira, Anita Taci (2010)* have used a new and unique data set based on the ERBD Banking Environment and Performance Survey (BEPS), which was conducted for 220 banks in 20 transition countries. They show that all this criteria like bank ownership, bank size and legal creditor protection are important determinants of the composition of banks' loan portfolios. We have even an examination of the changes in bank credit across a wide range of emerging market economies during the last decade which was made by *Kai Guo and Vahram Stepanyan (2011)*. The results show that domestic and foreign funding tend to contribute positively and symmetrically to credit growth, and high inflation, while increasing nominal credit, is detrimental to real credit growth. They also find that loose monetary conditions, either domestic or global, result in more credit, and that the health of the banking sector also matters. The bank officer of (BSP) *Ms.Tan (2012)* explains that despite robust growth, credit growth has been sluggish in the Philippines. At these banks analysis suggests that interests margins in the Philippines rise with bank size, bank capitalization, foreign ownership, overhead costs and tax rates.

Using bank-level data for a number of Asian economies, they find that if the economy increases, we have lower inflation, higher reserve requirements, greater banking sector development, smaller stock market development and lower government deficits reduce net interest margins, informing the policy debate on strengthening financial intermediation in the Philippines.

*Gerti Shijaku & Irimi Kalluci* from the Albanian Bank are focused on identifying and evaluating the long run determinants of bank credit to the private sector by employing a Vector Error Correction Mechanism (VECM) approach based on demand and supply indicators. The results imply that lending is positively linked to economic growth. Further, banking and financial intermediation, as well as financial liberalization would stimulate higher lending demand. In addition, lower cost of lending, diminishing government domestic borrowing and a more qualitative bank credit would

create further lending incentives. At the same time, the exchange rate is found to pick up some demand valuation and consumption smoothing effects.

### 3. Data, methodology and hypothesis

In this paper we use two main data sources: the national institute of statistics (INSTAT) for the macroeconomic data and the Albanian association of banks (AAB) for the banking data. We take into consideration the period from 2002 – 2013 using quarterly data for the whole banking system with 48 observations for each variable. To test the relationship between the dependant variable (credit growth) and the independent variables (macroeconomic and banking) we use a regression analysis like the ordinary least squares. The macroeconomic variables used in this study are as follows:

- GDP growth;
- Unemployment rate;
- Inflation rate.

While as bank variables we comprise:

- Interest rate in Albanian Lek;
- Nonperforming loans;
- Capital adequacy ratio;
- Bank size measured by total assets.

From literature review is noticed that credit growth is influenced by both macroeconomic and banking variables.

In fact if we want to analyze the relationship between GDP growth and credit growth is to emphasize that we expect a positive relationship between these two variables. A GDP growth usually is followed by good macroeconomic conditions and usually is noticed an expansion of credit growth. From here we can derive the first hypothesis as follows:

#### **Hypothesis #1. There is a positive relationship between GDP growth and credit growth.**

The second macroeconomic variable used in this paper is the unemployment rate. From previous researches is noticed a negative relationship between unemployment rate and credit growth. In fact an increase of unemployment rate will determine a reduction of credit growth because individuals have lower incomes and tend to lower the demand for credit. From here we can derive the second hypothesis:

#### **Hypothesis #2. There is a negative relationship between the unemployment rate and credit growth.**

The third macroeconomic variable is the inflation rate. We expect a positive relationship between inflation rate and credit growth because a rise in inflation rate will result to higher demand for nominal credit. From here we derive the third hypothesis as follows:

#### **Hypothesis #3. There is a positive relationship between inflation rate and credit growth.**

Regarding the relationship between the banking variables and credit growth we take into consideration several variables. The first one is related to the relationship between the credit interest rate in Albanian Lek and credit growth. In fact we expect a negative relationship between interest rate and credit growth because an increase of interest rates determines a reduction of credit growth. This result derives from the fact that when banks increase credit interest rates the individuals or businesses tend to lower their demand for credit. From here we can derive the fourth hypothesis:

**Hypothesis #4. There is a negative relationship between credit interest rates and credit growth.**

We expect a negative relationship between the nonperforming loans and credit growth. In fact if banks have high nonperforming loans ratios they tend to lower their credit supply in order to be more cautious. From here we can derive the fifth hypothesis as follows:

**Hypothesis #5. There is a negative relationship between the nonperforming loans and credit growth.**

We expect a positive relationship between the capital adequacy ratio (CAR) and the credit growth. In fact banks with higher levels of loans are required to have higher level of capital adequacy ratio. From here we can derive the sixth hypothesis as follows:

**Hypothesis #6. There is a positive relationship between capital adequacy ratio and the credit growth.**

We expect a positive relationship between bank size and credit growth. In fact if banks expand their assets usually they tend to increase the level of credit. From here we can derive the seventh hypothesis as follows:

**Hypothesis #7. There is a positive relationship between bank size and credit growth.****4. Descriptive statistics and regression results**

In table 1 we see the descriptive statistic of all the variables taken into consideration during the period of the study from 2002 – 2013. The dependant variable (*credit growth*) has an average of 6.35% with a standard deviation of 5.57%. We have to emphasize that especially after global financial crises the credit growth was increasing lower and actually is almost stable.

The unemployment rate has an average of 14.14% during the period of study with a very low standard deviation of only 1.19% showing an almost constant trend. In fact is thought that the real unemployment rate in Albania is very far from the official data because a lot of unemployed people do not want to register on employment offices.

Regarding the GDP growth we have to notice that is has an average of 2.8% and a standard deviation of 10.7%. In the case of Albania the GDP growth has suffered from the global financial crises and actually is in very low levels compared to the previsions.

The average inflation rate during the study period was 2.9% with a standard deviation of 1.13%. From here we can say that price stability in the Albanian Financial System has been very stable and within the objectives of the Bank of Albania which have set an inflation target of  $3\% \pm 1\%$ .

**Table 1. Descriptive Statistic**

Variable	Mean	Std. Deviation	Min	Max
Cr_Gr	0.0635	0.0557	-0.0520	0.2347
UNP	0.1414	0.0119	0.1110	0.1700
GDP_Gr	0.0280	0.1070	-0.1309	0.2830
INF	0.0290	0.0113	0.0080	0.0720
INT_ALL	0.1374	0.0171	0.0967	0.1775

<b>NPL</b>	0.0969	0.0748	0.0233	0.2422
<b>CAR</b>	0.1784	0.0288	0.1000	0.2451
<b>Ln_TA</b>	12.3732	0.9261	10.7986	13.3823

Regarding the loans interest rates in the Albanian banking system we have an average of 13.74% with a standard deviation of 1.71%, showing an almost constant trend during 2002 – 2013. We also have to notice that loan interest rates in Albania are between the highest in the region of Balkans.

The non performing loans ratio has an average of 9.69% of the total loans with a standard deviation of 7.48%. It is to emphasize that actually the Albanian banking system is suffering from a high level of NPL ratio like 23.50% in the end of 2013. This high NPL ratio is very concerning for the whole banking system and an immediate solution must be founded in order to save the whole financial system from a collapse.

**Table 2. Correlation Matrix**

Variables	Cr_Gr	UNP	GDP_Gr	INF	INT_ALL	NPL	CAR	Ln_TA
<b>Cr_Gr</b>	1.00	-0.05	0.39	0.12	0.39	-0.77	0.60	-0.52
<b>UNP</b>	-0.05	1.00	-0.01	0.17	0.27	-0.04	0.14	-0.51
<b>GDP_Gr</b>	0.39	-0.01	1.00	0.12	-0.01	-0.15	0.27	-0.12
<b>INF</b>	0.12	0.17	0.12	1.00	0.44	-0.21	-0.20	-0.27
<b>INT_ALL</b>	0.39	0.27	-0.01	0.44	1.00	-0.71	0.23	-0.80
<b>NPL</b>	-0.77	-0.04	-0.15	-0.21	-0.71	1.00	-0.47	0.70
<b>CAR</b>	0.60	0.14	0.27	-0.20	0.23	-0.47	1.00	-0.46
<b>Ln_TA</b>	-0.52	-0.51	-0.12	-0.27	-0.80	0.70	-0.46	1.00

The capital adequacy ratio (CAR) has an average of 17.84% with a standard deviation of only 2.88%. In fact is to notice that the average CAR of 17.84% is quite higher than the regulatory level of 12% imposed by the supervising authorities. From here we can say that the Albanian banking system is well capitalized despite the big problems is recently facing.

The total assets of the Albanian banking system have seen a progressive growth especially until 2009. After the global financial crises the banks were more prudent to grant new loans and this had a negative impact in the economy of Albania and the reduction of the liquidity in the business sector.

After analyzing the data with Microfit 5.0 software we have the regression results as follows (table 3):

❖ The regression analysis confirms that the coefficient of determination, R-Squared, is equal to 87.30% and shows that the independent variables explain 87.30% of the variation of the credit growth in the Albanian banking system, while the remaining part (12.70%) is explained by other factors that are not included in this study.

**Table 3. Regression Results\***

Variables	Beta	Std. Error	T-value	Sig
<b>Constant</b>	0.441	0.242	1.825	0.076

UNP	-0.661	0.499	-1.324	0.193
GDP_Gr	0.091	0.044	2.056	0.046
INF	0.592	0.473	1.251	0.218
INT_ALL	-1.197	0.530	-2.260	0.029
NPL	-0.533	0.103	-5.190	0.000
CAR	0.460	0.202	2.276	0.028
Ln_TA	-0.014	0.011	-1.225	0.228

\*Dependant variable: Credit Growth

- ❖ The DW – statistic is equal to 1.577 indicating that the residuals are not correlated having a value approximately to 2.
- ❖ The indicator of F-Statistic shows that the observed value (18.332) is greater than its critical value (4.211) so the alternative hypothesis wins and the model is globally significant.
- ❖ The VIF (variance inflation factor) indicator is used to measure if there is multicollinearity in a regression analysis. From the results is noticed that all variables have VIF values lower than 5, showing an absence of the multicollinearity in the regression analysis.

Analyzing the results of table 3 we derive the econometric model that explains the dependent variable (credit growth) and is shown as follows:

$$CR\_GRI,t = 0.441 - 0.661UNPi,t + 0.091GDP\_Gri,t + 0.592INFi,t - 1.197INT\_ALLi,t - 0.533NPLi,t + 0.460CARI,t - 0.014Ln\_TAi,t$$

To analyze the relation and statistical significance of Beta coefficients of the independent variables we review the values of the probability p. For p-values (observed level of significance) greater of 0.05 the influence of the independent variable on the dependent variable is unimportant when the other variables remain unchanged while for p-values smaller than 0.05 we refuse the hypothesis of the absence of relationship.

**Hypothesis #1.** Beta coefficient of GDP growth is positive (+0.091), showing a positive relationship between GDP growth and credit growth. P-value 0.046 that is lower than 0.05 showing that GDP growth has a significant impact on credit growth in the Albanian banking system. In fact this results is supported by previous studies where is noticed a positive and significant relationship between GDP growth and credit growth.

**Hypothesis #2.** Beta coefficient of unemployment rate is negative (-0.661), showing a negative relationship between unemployment rate and credit growth. P-value is 0.193 that is greater than 0.05 so the unemployment rate does not have any impact on credit growth in the Albanian banking system. This is contrary to previous studies where is noticed a negative relationship between unemployment rate and credit growth.

**Hypothesis #3.** Beta coefficient of inflation rate is positive (+0.592) showing a positive relationship between inflation rate and credit growth. P-value is 0.218 that is greater than 0.05 so the inflation rate has no impact on credit growth in the Albanian banking system. This result is contrary to previous studies where is noticed a positive relationship between inflation rate and credit growth.

**Hypothesis #4.** Beta coefficient of credit interest rate is negative (-1.197) showing a negative relationship between credit interest rates and credit growth. P-value is 0.029 that is lower than 0.05 showing that credit interest rates have a statistically significant impact on credit growth. The negative sign of beta coefficient shows that an increase in credit interest rates determines a reduction of credit growth. This result is in line with other studies in this field showing that higher credit interest rates tend to lower the credit growth.

**Hypothesis #5.** Beta coefficient of nonperforming loans (NPL) is negative (-0.533) showing a negative relationship between NPLs and credit growth. P-value is 0.000 and lower than 0.05 showing that NPLs have a statistically significant relationship



on credit growth. The negative sign of beta coefficient shows that an increase of NPLs determines a reduction of credit growth in the Albanian banking system. This result is in line with previous studies in this field showing that banks with higher NPLs tend to reduce the credit.

**Hypothesis #6.** Beta coefficient of capital adequacy ratio (CAR) is positive (0.460) showing a positive relationship between CAR and credit growth. P-value is 0.028 and lower than 0.05 showing that CAR has a statistically significant relationship on credit growth. The positive sign of beta coefficient shows that an increase of CAR determines a higher of credit growth in the Albanian banking system. This result is in line with previous studies in this field showing that banks with higher CAR tend to increase the credit level.

**Hypothesis #7.** Beta coefficient of bank size measured by total assets is negative (-0.014) showing a negative relationship between bank size and credit growth. P-value is 0.228 and higher than 0.05 showing that bank size has no impact on credit growth in the Albanian banking system. This result is not in line with our expectations.

## Conclusions

The aim of this paper was to determine the influence of some macroeconomic and banking factors on credit growth in the Albanian banking system. We used a regression analysis to test the relationship between the dependant variable (credit growth) and GDP growth, inflation rate, unemployment rate, loan interest rate, capital adequacy ratio, bank size and NPL ratio. From the regression results we found out that unemployment rate, inflation rate and bank size do not have any significant impact on credit growth in the Albanian banking system. In this paper we derived the main following conclusions:

- ✚ A positive and significant relationship between GDP growth and credit growth meaning that good economic conditions tend to increase the credit level in the Albanian banking system;
- ✚ A negative and significant relationship between interest rates and credit growth meaning that an increase of interest rates will reduce the credit level in the Albanian banking system;
- ✚ A negative and significant relationship between nonperforming loans and credit growth meaning that an increase of nonperforming loans will reduce the credit growth in the Albanian banking system;
- ✚ A positive and significant relationship between capital adequacy ratio and credit growth meaning that banks with higher CAR tend to have higher credit levels.

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## Political Battle of Mass Media Critical Discourse Analysis: *Suara Partai Masjumi Magazine* and *Bintang Merah Magazine* in 1951

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### Abstract

*This research finds that the language used by Suara Partai Masjumi and Bintang Merah using direct and clear statement in delivering their own ideology. Both also have contrast differences in the vocabulary choices. Suara Partai Masjumi presents Islamic party using the vocabulary influenced by Islam for instance the use of Arabic language for example Mukhtamar, Djihad, etc. This magazine also cites holy Al-Qu'ran ayat and brings Islamic leaders inside the articles. In the other hand, Bintang Merah magazine as its party ideology intentionally uses marxist term like revisionism, trotskism, materialism, etc. This magazine cites communism and the communist leader. The intention of their publication is to campaign their ideologies and political party's ideas, they are Partai Masjumi and Partai Komunis. Besides, as the informative magazine, it is also as a material source of their members only to educate their members however in society education it does not give any contributions.*

**Keywords:** Media, History, Critical Discourse Analysis, Political Battle

### INTRODUCTION

Indonesian presidential campaign, on July 9th, 2014 has been written as the political history of Indonesia. Apparently, it was the first time for Indonesia faced two president candidates, Prabowo-Hatta and Jokowi-Jusuf Kalla. In pre election, Indonesian people were slightly divided into two blocks on the two candidates. Social media, printed media, electronic media, and mass media took a part and contributed on the important role of the process since they were being a part to support their president candidate. In pre-election, media competed each other to report and somehow overthrew the other block. This depiction shows how important the role of media to influence people's point of view.

The media role in presidential campaign and politics in Indonesia as Indonesia Presidential election in 2014 is not a new issue. This culture had ever ensured in Indonesia when it was first presidential election in 1955. Political party used printed media as the propaganda. Absolutely, each party prepared the media as the propaganda instrument for the campaign. For example are from *Suluh Indonesia* belonged to PNI (Partai Nasional Indonesia), Partai Sosialis Indonesia (PSI) had *Pedoman*, Masyumi published *Suara Partai Masjumi* and *Harian Abadi*, Partai Komunis Indonesia published *Harian Rakjat* and *Bintang Merah*.

Media published by Partai Komunis Indonesia and Partai Masjumi is interested to be studied due to both parties represented from communist-social group and Islamic group. Masjumi is a party which is commanded to dissolve by Soekarno in old order whereas PKI was banned in new order.

This research is to study about the media role in history and language study to answer questions “how media is used by political party to make propaganda?” It examines *Suara Partai Masjumi*, a media published by Masjumi Party and *Bintang Merah* published by PKI. It is important to study through language used by both magazine in order to identify how ideology is purposely reconstructed.

## METHODOLOGY

This research uses Critical Discourse Analysis which connects social practice and language. In micro analysis, there is a lexical choice used in *Bintang Merah* magazine and *Suara Partai Masjumi*. In meso analysis, it uses a text formed by intuition, history, and relation. These show ideology which is referred in the form of text. Besides, social practice explains the power and practices which own ideology and power. The analysis formula uses lexical choice - the choice of words used and naming choice to construct the identity (Udasmoro, 2003: 52-56).

## FINDING AND DISCUSSION

### A. The Existence of Educational Magazine for Party Members

After Indonesian independence proclaimed, precisely on November 3<sup>rd</sup>, 1945, government declared the edict known as Edict number X, 1945. Based on The Edict number X, on November 3<sup>rd</sup>, 1945 Political party was officially recognized as a representative of democracy. It was a sign of the existence of democratic country in Indonesia.

Thus at that time, there were establishment of 10 political parties, which are Majelis Syuro Indonesia/Masyumi (7 November 1945), Partai Komunis Indonesia/PKI (7 November 1945), Partai Buruh Indonesia/PBI (8 November 1945), Partai Rakjat Jelata (8 November 1945), Partai Sosialis Indonesia/PSI (10 November 1945), Partai Rakjat Sosialis/PRS (Desember 1945), Partai Katholik Republik Indonesia/PKRI (8 Desember 1945), Persatuan Rakjat Marhein Indonesia/Permai (17 Desember 1945), dan Partai Nasional Indonesia/PNI (29 Januari 1946). Besides, it was overtaken an establishment of other political party towards election ten years ahead.

In 1946, the condition of Republic Indonesia was really in unfortune. The competition of political party was really thight. In 1948-1949, then Soekarno pointed Hatta to lead Emergency Presidential Cabinet which was not responsible to KNIP however to Soekarno as president.

Before first election in 1955, parties began to prepare themselves for the election. Many ways held to attract people using media. Among others which used media as educational instrument for their members are Masjumi published *Suara Partai Masjumi* and *Harian Abadi*, and PKI published *Harian Rakjat* and *Bintang Merah*. *Suara Partai Masjumi* and *Bintang Merah* were published to educate their leaders and members in order to unite vission and mission. Masjumi and PKI are in battle towards election in 1955. Both parties are in battle in the election of 1955 in politic of Indoensia.

### A.1 “*Suara Partai Masjumi*” Voice of Masjumi

Majelis Syuro Indonesia/Masjumi established on November 7<sup>th</sup>, 1945 was not giving benefit for Islam ideology since the nationalist was positioned marginally. Thus, one of the intention the establishment of the party is to organize the strength and power of islamic people as the media of politic (Delier Noer, 2000: 51). Four Islam organizations included to Masjumi are Muhammadiyah, Nadhatul Ulama, Perserikatan Ummat Islam, and Persatuan Ummat Islam.

Masjumi is political organization which has members spreaded over Indonesia. It was driven that the importance of moslem scholar's role at that time. The members of Masjumi are among from merchants, farmers, industry, etc.

One of the educational and communicative instruments of the party and its members are *Suara Partai Masjumi* magazine which was established in 1945. This magazine was published by the information department of management board of Partai Masjumi. Initially, this magazine was printed limited and in 1951 the magazine was initially managed the editorial staff and tried to add the number of opinion.

*Suara Partai Masjumi* had a logo of a half moon facing upward and the picture of Indonesian island in the hollow of the moon as well as a star on the top. Under Sjarif Usman management, with the editorial staff; Tamar Djaja and Anwar Rasjid helped by the other twelve authors, one of them is Natsir (the leader of Masjumi 1952), Dr. Sukiman, Mr. Jusuf Wibisono, and etc.

As the educational facility of the party member, this magazine greet the member once a month. There was a late publication also on March and April 1951 and the edition of August – September 1951, only published once in two months.

The writer of the magazine are the party members and the party management. It shows that the domination seen from the contribution of the writers. The article written by Sjarif Usman (S.J.U), Natsir, Sukiman, N.J. Sonario (the member of the writers) frequently were listed in the magazine. The other contributors who had different political ideas or took apart outside the party could not participate in the magazine. The whole pages were evenly consisted 30 pages, written by the member of the party, and left one page for advertisement.

The rubric of the magazine is contained of “Islamic country element”, “party matters”, “ point of consideration”, “ from management board” and other political news. The news, presented by the magazine are political news related to the party. Political theme usually presented is about Irian Jaya news. Infrequently, the magazine editorial board presented news from Islamic countries news and issues; from Pakistan, Turkey and Marocco.

## A.2 “Bintang Merah” the Voice of Partai Komunis Indonesia

In spite of Masjumi, the establishment of PKI which had experienced unfortune conditions in 1950. “New PKI”, it was how people called its party in early 1950’s since it needed to rid incident of Madiun in 1948.

The incident of Madiun in 1948 happened as the political polarization getting flagrant of oposition group (FDR), the left side was under Amir Syarifuddin of Hatta government manifested in the incident of Delaggu strike (May-July 1948), the convulsing of Sala raise up to in the incident of Madiun. So, the incident of Madiun occurred in 1948. The incident ended up by the decision of eradication of communist by Hatta cabinet. Nine of twenty members of CC PKI were killed. The young communist; Sudisman, Aidit, Lukman and Nyoto succeed escaping from the incident. Then they built PKI in new formation.

They considered the former situation were not beneficial so they used media like magazine as the effective communication as well as educational instrument for the members.

“Bintang Merah kita memberikan sinar tjemerlang menerangi djalan jang harus ditempuh oleh setiap anggota Partai dan kaum Buruh jang sadar akan klasnja.” (English Version: “Bintang Merah needs to enlight the way of each member and mad who consider their position”) (Latiff, 2014)

*Bintang Merah* was published bimonthly. It was started to publish on 15 August 1950 with putting logo of hammer and sickle and a star in the center. It was printed in 3000 copies, raised 5000 to 7500 to 10000 copies in the end 1951. It was intended only for PKI members.

The editorial comment was written by PKI leaders; P.Pardede, M.H. Lukman, D.N. Aidit and Njoto. Its office was in Kernolong street 4 –Gambir 4525 Djakarta, published by Sekretariat Agitasi-Propaganda CC PKI. The writers were from the members; Wikana, M.h. Lukma, Aidit, Njoto, Pardede.

It as contained of editorial page, Culture column, with the term Marxis of political news. News were related to political issue, party announcement, news from another country which had same ideology, and communist. The countries written are news as “Berita Partai Komunis Yugoslavia”, “Kemenangan2 Rakjat Viet-Nam dan tentaranja”, “Masalah2 Strategi dari Peperangan Revoluioner di Tiongkok”. They were article about communist leaders like Lenin, Mark, Musso, and Stalin. The political theme was pointed in KMB issue. The average of the publication are 50 pages. However somehow there were late publication in two series for example in January only once published.

## B. “Depiction” through Educational Magazine for Party Members

Both magazine, *Suara Partai Masjumi* and *Bintang Merah*, are party magazine which present the issue, deliver point of view, and use political simbls to present its ideology.

The way to represent both ideology can be identified from the use of lexical choice in editorial article. Besides, it is interesting to recognize that each editorial article in *Bintang Merah* containing the special diction "Rakjat" with R in capital letter to greet the people and the readers. However, compared to *Suara Masjumi*, it prefers to use diction "saudara-saudara" and sometimes "umat Islam" to greet the readers.

The diction "Rakjat" with "R" as the first letter of the word is never used by magazine owned by Islamic Party or Nationalist Party since they prefer use the diction "rakjat". Generally, they like to use the word "saudara-saudara" or "umat Islam". "Saudara-saudara" is the referent to mention people or another person. The word "saudara-saudara" is also used in Soekarno speech (the first president of Republic Indonesia) and by general people at that era. In the other hand, the word "umat Islam" is a referent of specific people pointed moslem.

In addition, *Suara Partai Masjumi* also uses the word "rakjat" with lowercase rarely. The capital letter of R in the word "Rakjat" is one of the specific symbol. "Rakjat" is written to rebuild the party with people support. It depicts that PKI is a people party and the use of capital letter in the letter "R" in "Rakjat" indicates for a communication strategy. Furthermore, PKI like to represent itself to be egalitarian party.

The word "Rakjat" which is frequently used by PKI is also found in Arab language. In Arabic, "ar-ra'iyah, means pasture and the shepherd is named ra'in. In Al-Qur'an, the word "ar-ra'iyah" is none, as it uses "ra'a" in Al-Qur'an (QS. Thaha: 54).

The word "saudara-saudara" used by *Suara Partai Masjumi* is more local and egalitarian. Egalitarian language is chosen by *Suara Partai Masjumi* is like "sama rasa sama rata" (English: equal one and another is a jargon used to represent egalitarian for PKI). It shows that both parties pretend to be an egalitarian party which can be for everyone by lexical choices in the magazine article.

*Suara Partai Masjumi* uses Arabic diction to name itself that refers to Islamic ideology. To show its ideology that is owned Islamic ideology, it labels itself by choosing diction from Islam term for instance "Muktamar" to explain the word "meeting with many people" in Indonesian, "Djihad" means struggling. *Bintang Merah* refers to communist ideology also labels itself by choosing diction of : marxis" like "klas" and "proletar".

Through *Suara Partai Masjumi*, news and information presented to the readers clearly, which is the party is managed and how is the ideology. Readers clearly states that the articles is considered as the opponent. The oponent of the country are islamic countries.

Ideology mapping is seen from several news like "Tata Negara Diktatur (communist)". This article contains two pages or more and explains how communist party works, such as:

"...djika seorang Kominis [sic] dipilih untuk duduk disidang Perwakilan Rakjat, maka orang itu dengan pura2 sadja berdjandji hendak setia pada Undang2 Dasar, sedangkan dalam hatinja hendak menjalankan perintah Moskow saja..." (*Suara Partai Masjumi*, Mei 1951, No. 5: 23)

(English: "... if a communist is chosen to occupy in people representative trial, so he/she pretends to promise on Undang-Undang Dasar however in the deep heart they need to do Moscow's command" (*Suara Partai Masjumi*, May 1951, No. 5: 23).

Masjumi and PKI are contrast in politic. The provocative language in language style of contemptive produced to dominate the opponent politic that communist party is a bad and dangerous party.

Moreover in the article presented in *Bintang Merah* dominate the discourse for instance mentioning Masjumi as party which is anti-democracy since it supports the agreement of KMB (Konferensi Meja Bundar), "Jang mempertahankan peraturan ati-demokrasi itu hanjalah Masjumi ber-sama2 dengan Fraksi Demokrat..." (English: those who retain the rules of anti-democracy is Masjumi which go together with Demokrat...." (*Bintang Merah*, no. 3, Februray 1951; 55)

Partai Masjumi tries to counter the news reported by *Bintang Merah*. Then *Suara Partai Masjumi* presented it to support KMB by stating "Pembatalan KMB djika terjadi tentu akan memberikan pukulan berat terhadap Bangsa Indonesia dalam perekonomian" (English: "the cancellation of KMB happened precisely would give big effect to Indonesian in accordance with the economy" (*Suara Partai Masjumi*, January 1951: 3)

Masjumi and PKI in the context of politic are always in contrast both in politic and ideology. Even when Indonesian mass media joined in Barisan Pamela Soekarno (BPS) – an organization to support Soekarno, Masjumi and its mass media was

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not involved in. In 1960, Masjumi stepped out based on Soekarno mandatory (President of Republic Indonesia). Without any pleadings from other Islamic organizations, Masjumi needed to stop. Five years after, in 1965 PKI also stopped as it was not beneficial, which is well known as 30 September 65. This incident was a sign of a change from old order government to new order government in Indonesia.

### C. CONCLUSION

Forming of public opinion in both magazines are clearly seen one way and both does not give platform from the others whose ideology is different. All the media advocacy has clear position and do not hesitate in using language style to dominate its ideology.

Besides, seen from the educational function, both magazines have function for its party of its intention. They drive people not to consider something positive but they drive them into provocation. Finally, they succeed in depicting its own ideology. However, both media succeed to form images of egalitarian ideology by lexical choices and naming. Both media refers to the pioneer and country which have same ideology they have.

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## Critically Analyse the Role of Senior Managers as Barriers to Organizational Change and Explore How this can be Addressed

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### Abstract:

*In this research papers is analyse the critically role of senior managers on organizational change and how their role can be addressed in the best and appropriate way in organizational change. Organizational change can achieve through effect of behaviour on organizational performance as well as role and responsibility that senior managers have on motivation within organizational changes. In some cases senior managers during process of organizational change create barriers for any group of interest within organisation. The managerial decisions in the process of organizational change are associated with conflict and it can be from internal and external environment. Managerial decisions may affect the interest of internal groups in organization and senior managers need to their authority to resolve the conflict situation in organization. Internal conflict usually is associated with poor decisions, administrative allocation and latent roles while most of external conflicts are from technology and environment change. In modern economy, the nature of organizational change and behaviour has their impact from different factors, such as: rapid change of technology, competitions, market change and environment change.*

**Keywords:** effective decisions, motivation, organizational behaviour, organizational conflict, performance

### 1. Introduction:

The purpose on this research paper is to explain role of senior managers on organizational change, their role as possible barriers on organizational change and how can be addressed in the best way. Therefore the role of senior managers is essential in organizational change because the main responsibility of senior managers is to increase interest of understanding as well as encouraging of knowledge-sharing behaviour in their organizations, by Lin & Lee (2004). While one the most challenge in the managerial world is organizational change because the change comes for internal and external environment and that can often appear as a serious barrier. In the first part is elaborated managerial behaviour with their employees within organizational and environmentally change, process of understanding, implementing behaviour as a related process for management.

Also is discussed effect of behaviour on performance of organization, role and responsibility of the senior managers to increase motivation on organizational behaviour. In second part is elaborated managerial conflict in organization, when the conflict in organization appears in different form, it comes from internal group and environment which is really challenge for managerial decision. To resolve conflict in their organization, senior managers with their authority have to resolve these conflict situations. In the last part are analyzed importance of change and the role of management in process of change, the way how they address the issue in the process of change, which of them can be more adapt in organizational and environment change. Their action in these situation of change, may have positive (or negative) to increase performance for employers and for their organization.

### 2. Literature Review:

The world of organizations is a messy one which is full of controversies and most of them appear as irresolvable, as argue Thomas, (2003). Despite these circumstances, the managerial behaviour and organizational change have shown a high number (over 70 %) of failures of organizations then these data shown how is important the role of senior managers toward changes in their organization. Environment (external) of organization has rapidly changed and where the organization has their delay on change, it will affect on organizational behaviour in whole organization. So, it is main argument that



organizational change should be process of change. According by Buchanan & Huczynski (2010) the organizational change is interdisciplinary field which research the behaviour people within organization as well as environment and change behaviour. While the role of organizational behaviour is an actual performance of a position or organizational responsible, as cited by Teh & Yong (2011)

To understand organizational behaviour is not easy process for managers also to implement the behaviour inside of organization is very difficult process for managers. But where senior management has reached their intention for good organizational behaviour, their success is inevitable and this can achieve by different ways. Organizational performance always has been associated with success while organizational culture has been positive line with results of effectiveness, as argue Vallett (2010). According by D'Aquila (2001), the main role of senior management is to create the ethical behaviour. Senior management with behaviour change tends to promote growth performance, this can be achieving through team training and the eternal management challenge, Prokech (2009).

If the senior management can't create a good environment on organizational behaviour, it immediately will present as internal problems at all organizational levels. If referred Suazo & Stone-Romero (2010) such behaviour directly will have impact on work satisfaction, courtesy, dedication and organizational commitment; and they are related negatively on role performance and organizational behaviour. According by Snape & Redman (2010), employee behaviour may have implications for organizational performance. The negative behaviour may present problems or barriers that nobody in the organization doesn't want to happen (as individual or as organization). In these situations the role and responsibility of senior management is to increase motivation on organizational behaviour. Good results on organization reflect to job satisfaction and positive organizational behaviour, and in shaping employee attitudes, beliefs, and behaviours, Morin et al (2010) & Chiaburu et al (2010).

Senior management always should aim to establish a fair treatment, such as: cultures, nature of organizational behaviour, accompany the behavioural in the workplace that can positively influence in change behaviours and minimize anti-change on organizational behaviour, based by Fuchs (2010). The senior management role is necessary to create organizational behaviour to be supported with organizational policies in order to exceed the potential problems. As argued by Aryee et al (2004), concepts of organizational politics need to be connected with employee attitudes and behaviour in the organization, and good organizational behaviours have positive effect so employees increase trust in their managers. According by Korsgaard et al (2002) in managerial behaviour are five categories that may affected on their employees behaviour and they are as following: consistency, integrity, control, communication and demonstration of concern. This is what every manager wants to be on their organizational behaviour.

Different circumstances often can bring organizational conflict but this is not the desire of senior management. According by Bakhare R. (2010), conflict can arise for various reasons and conflict may result from not compatible between individuals or groups for different issues, such as: needs and belief, etc; while on organizational aspect conflict can be expect individuals and groups also in organizational level. Conflict usually is associated with effective decisions, and relationship conflict is associated with poor decisions, as cited Tony & Peterson (2000). Organizational conflict displayed for some reason which can be internal conflict that mostly arises from organizational change and external conflict usually comes from environment change. According by Thomson (1960) conflicts within organization is administrative allocation and latent roles while external conflict is from technology and environment change. Role of senior management is to resolve these conflicts through conception and principles of organization. In the other side external effects very easy can bring conflict in the organization.

If have the situation that senior manager is powerless with his authority during time of conflict in organizational, then the unresolved conflict may create a higher negative effect on organization and on employees behaviour. According by Lieberman et al (2009), unresolved conflict will be reflected in many aspects and it will have effect particularly on: poor decision-making, cost time, decline of motivation for work and legal costs, etc. As argue by Butt et al (2009), the high level of conflict inside of organization has insupportable impact on the employee performance. This would reflect a poor level of performance for senior manager as well as for the organization; this is a situation where the senior manager's role is small against conflict situation and very inappropriate situation during organizational change.

To eliminate these barriers should be strengthened role of senior manager through control continuous in the process of organizational change. According by Samoilenko (2008), control is associated with an order and absence of the conflict while an absence of control is associated chaos in organization and presents the conflict. As argue by Shock et al (2005), the wider and actively implication of management, is the most important component to managing conflict within the top

management group. Thus, the role of senior management is constantly to approach in solving problems and eliminating barriers if these appear during their activity in organization. According by Ohbuchi & Mariko (2003), the present results suggest that the management contributes to the constructive settlement on organizational conflict. This is the best way to address the issue in resolving conflict during the process of organizational change.

The way how is addressed the issue of change, belongs if only compare the role of leadership and top level management in the change process, because today the change is rapidly in many aspects: technology, competitions, change market and environment change. Therefore, as cited by Bernard (1996), the ability to manage change in now recognized as a core organizational competence. According by Nadkarn & Mohammed (2011), these challenges require careful management of temporal resources in teams. According by Grabt et al (2011) is essential to understand how characteristics leader may affect group performance on change environment. While the characteristics of management are to keep control the good performance. According by Gill (2003), when workers have more control, it can help define their own goal and them enables to participate in decision making about their job satisfaction. The manager's work is to reflect in satisfy the group's needs and realization of organizational goal.

Despite the way, how addressed issues over the role of managers in process of change which is very big as well as not easy to keep control organizational system during organizational change; therefore required repeatedly commitment and force. As argued by Mitzberg (1973), high levels of management have many roles in process of organisational change but the main are in following: interpersonal, information and decisive. Many authors have discussed that without management don't have organizational work while managers are always needed, (Wehrich & Koontz (1993)). Therefore senior manager can increase their performance by support their group in the different way e.g. through high level motivation, good communication, creative ability; as cited by Bernard (2009). Ethics is very important tool in the management of organizations and in underlying values of individuals, groups and organizations. It has a significant impact not only on organizations environment but also on society as a whole. Finally, positive results of organizational change are to create ethical behaviour in organization, to facilitate adaptation on environment change, then to reduce conflict in organization. When senior manager have achieved this high level of performance, they will called first class worker, Taylor (1947)

### 3. Conclusion:

In conclusion is discussed the definition of the role of senior manager by different authors and their responsibility during the organizational change. The role of senior managers is necessary in many areas, such as: in develop skills, good organizational behaviours and provide problem solving in decision making. They facilitate successful progress in organizational change and the organizational change depend directly by value, experience, motivation, and beliefs of senior managers, as cited by Meneto *et al* (2002), Price (2004) & Lin (2007). Environment (or external) change reflects in organizational change then these changes have affects in all level of managers and to their employees. Process of organizational change often describes as difficulties process but the role and responsibility of senior managers is to exceed these barriers (or difficulties). In a changing world, managers should promote stability, control and problem solving during process of organizational change, as argued Kotler (2001). Behaviour in the organization may be displayed in different way, in fact, this can derived from the external environment to inside organizational behaviour.

Therefore senior manager need to create ethical behaviour and motivation in order to adapt easily environmental change in organization. If the senior managers can't adapt organizational change and appropriate organizational behaviour in organization, it will appear organizational problems at all level of organization. Organizational behaviour need to be supported by organizational policies to exceed the potential problems. There are five characteristic which have their effect on managerial behaviour, such as: behavioural consistency, integrity, control, communication and demonstration of concern and their impact is to increase trust of workers to their managerial level. Organizational conflict may be test for managers during their activity. Conflict can come from inside organization, such as: between managers' level, individuals or groups, etc. Managers are responsible to resolve these conflicts through conception and principles that have their organizations. External factors that may create organizational conflict within organization are technological change and environmental change and these both factors may pushes managers to make decisions which may arise conflict within the organization. The best way to eliminate conflict in organization is control and wider implication of senior managers in managing conflict.

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## Cash Benefits for Sickness and Maternity in Selected States of the European Union and Austerity Measures

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### Abstract

*The paper introduces the results of the research focused on cash benefits for sickness and maternity in selected Member States of the European Union during the financial crisis and concerns the economic and demographic data. The aim was to determine whether and to what extent the expected austerity measures touched the monitored social area. For the paper we studied the situation from 2009 to 2014, especially in relation to employees and employers. Regarding the methods of the research, the authors gathered the data obtained from the relevant legal, statistical and other printed documents as well as the documents from the website of the European Union, relevant national ministries, social insurance companies, sickness funds and similar institutions. They undertook a legal, economic and demographic data analysis and consequently its comparisons as well as the final evaluation.*

**Keywords:** social security, health insurance, maternity cash benefit, macroeconomic factors

### 1. Introduction

Owing to not only the financial crisis, the economic situation in the last few years made the Czech Republic adopt austerity social measures and the process continues even now. One of the sources of inspiration for their further formulation represents an analysis of legal regulations in some European Union countries. When making a choice, the authors took into account a standard breakdown of social policies, including social security proposed by G. Esping-Andersen (Esping-Anderson, 1990), and chose prototypes of liberal, conservative, social democratic and South-European and Central and East-European models. They decided to include both the EU 15 countries as well as the states, which joined later, preferably the historically close Slovak Republic, and also those where the changes in the social area can be expected. They also took into account the financial situation of the countries which are receiving or eventually will receive financial assistance from the EU. Based on the above mentioned the authors examined the regulatory developments and economic and demographic indicators in the Czech Republic, Estonia, Finland, Ireland, Latvia, Germany, Austria, Greece, Slovak Republic, Spain and in Sweden.

The research focused in a greater detail on the legislation and other relevant documents that guided and guide the processes in the selected EU Member States concerning three major cash benefits for sickness insurance - sickness, maternity and nursing pays. In terms of time the research focused on the legal situation from 2009 up to 2014. In the Czech

Republic, the duties of employers to the employees that are unable to work have been discussed many times and we can expect further changes. Therefore, this aspect was put in the centre of the attention in the given countries, namely the obligation of employers to participate financially in the period of incapacity of employees, or during a maternity leave, respectively.

Decision making on austerity measures should be based on the assessment of many factors, not only purely the economic ones, but also of the evolution of demographic indicators, the development of incapacity for work, of the priorities of the state population policy, etc. On the basis of the economic and demographic data that illustrate the social security system, including changes in cash benefits sickness insurance, the authors focused on economic growth, convergence as well as on public finance and population development.

The aim of the study was both to assess the development of the legislation for sickness, maternity and nursing benefits in selected Member States of the European Union in the context of economic developments during the financial crisis as well as to verify whether and to what extent the expected austerity measures touched the monitored areas. The authors first formulated and subsequently verified the input hypotheses. In the case of sickness substantial interventions were expected in several parameters, in particular the benefit cuts, prolongation of the benefit or the introduction of the waiting period and strengthening the role of employers in addressing the situation of employees disable to work, respectively. For maternity benefit one expected keeping its status quo with regard to demographic developments in Europe, particularly related to population aging associated, besides others, with the decreasing birth rate. Changes in nursing pays were not expected, given the fact that this is usually paid for a limited period of time that is significantly shorter than the period of support for sickness and maternity pays. The impact of austerity measures would be marginal, then.

Regarding the methods of the research, the authors gathered the data obtained from the relevant legal, statistical and other printed documents as well as the documents from the website of the European Union, relevant national ministries, social insurance companies, sickness funds and similar institutions. They undertook a legal, economic and demographic data analysis and consequently its comparison and the final evaluation.

## **2. Economic and demographic factors in the selected Member States of the European Union**

The financial, economic and subsequently the debt crisis caused significant changes in the development of key macroeconomic indicators. The traditionally estimated effects of the integration process have not shown in the recent years. Faster growth in less developed countries and their convergence to the EU average as a result of the trade and movement of capital between Member States has stopped. In recent years, on the contrary, we have been witnessing a favourable growth in the core countries of the North West Europe compared to the countries of the called South Wing. The common currency is currently contributing to the divergence in the euro area membership, which is contrary to the original intentions of the project of the common currency. Out of the countries analysed in the given period the above-average growth rate in EU showed Germany, Sweden and partly also Austria. A group of trouble countries represented, out of the examined countries, namely Greece, Spain, but also Ireland. The gross domestic product of Greece declined even in all of the monitored years (2009-2014) and the economic level of the country fell from 92% in 2008 to 72% of the average EU\_27 in 2014 (EUROSTAT Database). In the case of Ireland and Spain, the decline in gross domestic product was slower, which can be derived from the divergent course of the debt crisis. The main cause of the crisis in Greece was a long undisciplined fiscal policy (a bloated public sector), combined with the loss of external competitiveness of the economy. The share of public debt to gross domestic product in the period of entry into the Eurozone was already higher than 100% limit of and continued to increase to 150% (EUROSTAT Database). Before the start of the mortgage crisis Ireland belonged among the economies with relatively low public debt. The main reason for the sharp deterioration in public finances and debt was the rehabilitation of the affected banking sector by the state. In the case of Spain, the reason was a combination of the mortgage crisis and problems with external competitiveness. The economic growth combined with low interest rates led to a rapid credit growth in the Spanish real estate market. The rapid growth in property prices stimulated the domestic consumption, wages grew faster than labour productivity and a relative competitiveness deteriorated (Bures, 2012). Unlike Greece, Spain showed balanced public finances before the onset of the debt crisis.

It can be concluded that the main factor of the success during a recession became the stability of the economies. A common feature of the Eurozone economies in trouble is so called double deficit, which includes both public finance deficit and the deficit of the current account of the balance of payments. The double deficits are evident in Greece, Spain and Ireland.

Conversely, developed countries of the North West Europe achieve a surplus in foreign trade. In the case of Germany, the share of the balance of the current account relative to GDP makes more than 5% in the long term, while in Sweden and the Netherlands the share is even higher. Developed economies of the Eurozone reached, in EU comparison, above the average growth rate of their gross domestic product. Mostly it was also confirmed that the impact of the economic recession in the short term was not so pronounced in countries with well-developed social model.

Shall we examine the causes of the loss of competitiveness of the south-Europe economies and vice versa the increase in export performance of Germany, we find that the cause was a different development of the price levels. The price level in Germany and other developed countries grew slower after the adoption of the common currency than in less developed countries, causing a gradual loss of the competitiveness. Nowadays it is already indisputable that the mere correction of public finances is not a sufficient solution to the countries affected by the crisis. The problem of external competitiveness can be assessed as even a more serious one. The affected states should seek mechanisms to correct the state of the current account deficit, but that is difficult when it is impossible to weaken the exchange rates of these countries. Within the euro area there may be used only structural measures to improve the competitiveness of exports, and also measures to restrict the domestic consumption. Strictly speaking, these are reductions of wages and prices in the domestic economy. In case of remaining with the Eurozone, the peripheral economies will be therefore forced to continue to operate in an environment of declining consumption, economic levels and growing unemployment. Simply we can say that the current exchange rate of the Euro is too strong for the South-European economies and relatively favourable for the stable countries of the North West Europe.

In analysing the new Member States of Central and Eastern Europe (we examine the Czech Republic, Slovakia, Estonia and Latvia) one may, according to the impacts of the economic crisis, identify two distinct groups of countries. First, there is Central Europe, which passed the recession, but the impact on the economic dynamics was average in the comparison to the European Union. By contrast, the Baltic States are examples of the economies that were affected very significantly. However, the imbalances were reduced relatively quickly due to appropriately applied economic policies. A typical example of such a development in the framework of the Baltic countries is Latvia, where due to the enormously strong GDP growth in the second half of the past decade the economy got overheated and there was a build-up of macroeconomic imbalances that were manifested in the excess of the domestic demand, double-digit inflation rate, the faster growth in labour costs than in productivity as well as in the deficit of the current account. Subsequently, there was a contribution of the overheated real estate market and the banking sector crisis. The government and the central bank responded to the emergency situation with a set of fairly strong measures, which aimed to restore the balance by restoring the competitiveness. The devaluation of the exchange rate was rejected because of the negative impacts on the economy. The central bank primarily pointed at the risk of the price increase of the imports, at weakening of the banking sector and a reduced motivation of the businesses to solve the problem of declining productivity (Rimševičs, 2012:7). Thus other measures in the areas of fiscal and structural policies were implemented. Namely, there was a significant reduction of budgetary spending. The number of employees of public sector and their wages were cut down. There was also a decrease in investments in health and social policy and the pension system was revised (Rimševičs, 2012:7). The reforms resulted in strong negative impacts on the economic and social levels of the population (a decline in average incomes and high growth of unemployment), but also in a relatively rapid restoration of the equilibrium and accelerating the economic growth. After a period of a sharp decline between 2009 and 2010 the Baltic States have recorded the fastest growth within the European Union since 2011. Additionally in 2013 Latvia managed to fulfil the convergence criteria and even joined the Eurozone. Estonia has not undergone such a significant crisis as Latvia, but also experienced a decline in economic growth and a significant increase in the unemployment. Estonia's economic imbalance and the subsequent recession, however, allowed for an accession to single currency, which had been impossible during the economic boom of the past decade because of the inability to meet the convergence criterion set for the inflation (European Central Bank, 2010).

Despite the fact that public finances are not the only problem of the current debt crisis, they represent, for most European countries, a key challenge for keeping a balanced economic development in the next decade. The biggest public budget deficits in recent years showed South-European states, Ireland and Latvia. Enormous deficits in Ireland in 2009 and 2010 but were caused, as mentioned above, by the crisis in the banking sector and hence cannot be combined with a lack of the fiscal discipline. The time-limited episode in Latvia was caused by the economic downturn rather than by the mismanagement. In Germany, Austria, the Czech and Slovak Republics there may be seen a substantial deterioration, but with the exception of Slovakia it does not go above average in the comparative profile of the European Union (compare with the average of the EU\_27). In contrast, almost a smooth evolution can be observed in the case of Sweden and Estonia, which have also a low public debt. When comparing the success of individual typologies of social models, we can derive a

definite relationship between fiscal discipline and the South-European social model. Other associations are not seen as among the countries with low public debt within the monitored group there were included both liberal (Estonia) and pretty much socially conceived states such as Sweden (European Commission, 2013: 5).

Perhaps no EU Member State could avoid taking austerity measures of varying intensity during the economic recession. The significance of fiscal interventions differed according to the economic and political environments in the countries concerned. One cannot find a direct correlation between the amount of public budget deficits and the depth of the austerity measures. The explanation can be found in a number of interconnections. Reducing public spending could exert pressures on the part of residents and voters, so politicians are trying to avoid that. It can also happen that the austerity measures impede the economic growth. Another question is what parts of the budget the imposed austerity measures affect. Having a specific look at the development of social protection expenditures, we believe that in the period 2009-2013 the expenses of Germany, Greece, Estonia and Latvia fell significantly. Other states preferred savings in other expenditure items.

The following text will focus on the development of the demographic indicators as other possible factors in spending on social protection. Even in this respect the group of the countries surveyed does not constitute a homogenous unit. Ireland and Sweden are among the countries with the highest total fertility rate in the European Union. In both countries, the fertility rate is of around 2 points. Other states are among the countries with a population below the average total fertility rate set between 1.3 and 1.5 points. The total fertility rate reflects very well on long-term population development, however, short-term trends can be accurately assessed on the number of births each year. When looking at the period 2009-2013 in the context of the last ten years, it can be stated that the Scandinavian countries culminated in the current baby boom in 2010 (the largest number of live births since 2000), the Slovak Republic and Ireland in 2009, the Czech Republic, the Baltic States and South-European countries in 2008. Only Germany and Austria showed the largest increases significantly earlier (around the year 2004). We can then tend to the conclusion that holding the current level of maternity pay or even prolonging their receipt in the period in most countries surveyed has real demographic causes (EUROSTAT Database).

### **3. Changes in sickness, maternity and nursing in the examined countries of the European Union**

The research showed that the substantial austerity measures were adopted in the Czech Republic, Estonia, Ireland and Latvia. Certain changes occurred in Greece and Slovakia. Changes leading to the austerity measures were not recorded in Finland, Germany, Austria, Sweden and Spain.

Based on the analysis, comparison and the subsequent assessment of all the data collected, it was possible to verify the input hypothesis, according to which, and given the financial crisis, the austerity measures in the social sphere will also affect the monitored sickness cash benefits.

The first hypothesis is related to sickness. The assumption was that substantial interventions will affect multiple parameters, especially the extension of the reduction of the benefit or the introduction of the waiting period and strengthening the role of employers in addressing the situation of employees disable to work, respectively.

This hypothesis was confirmed mainly in the countries that joined the EU in 2004 and in Ireland and Greece.

In Greece, there was a partial amendment concerning the tightening of conditions for the waiting period, i.e. the required length of insurance, which is one of the conditions for the disability pay. Of the original 110 days (for construction workers it was 90 days) the spell was extended to 120 days (for construction workers it makes 100 days).

The change in the amount of sickness pays occurred in several states. In Estonia, the standard rate of sickness benefit was reduced as part of the austerity measures in the economy, from the original 80% to 70% of the set income. In Ireland, where the benefit is paid at a flat rate, the amount gradually decreased taking into account the income level. For sake of completeness, it should be noted that sickness benefit in Ireland further increases a lump sum taking into account the number of dependent adults and children. For example, the maximum amount of sickness pay accounted for 204.30 Euro per week in 2009 (European Commission, 2009), but only 188 Euro per week in 2011; between 2012 and 2014 the benefit remained the same. In Latvia, for a transitional period of 2010 to 2014, it was determined that half of the amount above 16 Euro per day belongs to the state budget. Originally, the reduction was established only for the year 2012, but it was extended as an anti-crisis measure. In the Czech Republic the sick pay was reduced down to 60% (European Commission, 2013). As a rule, until the 30th calendar day of illness 60% of the daily assessment base belonged to the hospital; from the 31st to the 60th calendar day of a temporary incapacity the daily assessment base made 66% and from the 61st calendar



day the daily assessment base made 72%. The adopted measure was initially deemed applicable for 2010 and its aim was to reduce the budget deficit (European Commission, 2014).

The prolongation of the waiting period occurred in Estonia and from one day to three days, and in Ireland where it changed from three days to six ones. In the Czech Republic and the Slovak Republic the withdrawal period was significantly reduced. In both countries the period was adjusted identically from 42 calendar days to 7 calendar days (European Commission, 2010).

Shortening the period of support for sickness benefit was not expected and occurred only in Latvia (European Commission, 2009). The period of support was during 2009 reduced from 52 weeks to 26 weeks in case of the incapacity for work (except for special exceptions), and from 78 weeks to 52 weeks in case of repeated sick leaves falling within the period of three years.

Regarding the status of the employer, this changed in the reporting period in the Czech Republic and Estonia. In the Czech Republic, the Labour Code, as amended 1. 1. 2009 to 31. 12. 2010 anchored the obligation of employers to pay, during the period from the 4th day to the 14th day of sick leave, a wage compensation. Only in the year 2011 the payment of the compensation should have been granted within 21 days. Based on the amendment, however, there was the extension of the above mentioned obligation until 31. 12. 2013. Until 2009 in Estonia, the law of 1992 on employment contracts did not establish an obligation to contribute to the compensation during the sick leave. Then, there was a substantial change, and nowadays employers must pay 70% of the previous income from the 4th to the 8th day of the incapacity for work (European Commission, 2010).

Moreover, Ireland has decided since 2012 on the taxation of sickness insurance from the first week of receiving the compensation. Till then, the compensation was subject to tax only after six weeks.

The second hypothesis related to the maternity benefit and no changes were expected in the light of the demographic trend. Thus the hypothesis was confirmed just partially. The cut in the benefit took place in Latvia, from 100% to 80%. Moreover in the years 2010 to 2014, it pays that a part of the maternity benefit exceeding the limit is cut to half the amount. In Ireland, in 2010 and 2011, the maternity benefits were decreased by a minimum and maximum limit (for example the maximum was reduced from Euro 280 per week in 2009 to Euro 270 in 2010 and down to 262 Euro in 2011). However, the principle that the benefit is calculated as 80% fixed income (while maintaining limits) was maintained, but should it happen that there was an increase in the sickness benefit due to the dependents in the family, this more favourable amount is admissible. Additionally, it was decided, from July 2013, to tax the maternity benefit.

In 2010 the Czech Republic introduced a temporary reduction in maternity benefit from 70% of the daily assessment base to 60%. Moreover, a more stringent calculation of the assessment base was adopted. Due to a considerable disagreement of both the professionals and the public the amendment of the law brought back the initial method of calculation applied before 2010 and there was introduced a recovery of the supplement of the maternity benefit for the period from 1. 1. 2010 until the effective date of the relevant amendment, i.e. 31<sup>st</sup> May, 2010. The Slovak Republic adopted a gradual increase of the benefit from 55% to 60% in 2011 and 65% in 2012.

In the case of the support period for maternity benefit some changes were adopted, however of contradictory nature. Slovakia prolonged, among other things, a base length of the eligibility for support from 28 weeks up to 34 and in the case of multiple births from 37 to 43 weeks. Estonia conversely cancelled a prolonged payment due to multiple births or a complicated childbirth from 154 days to down to 140 days, in general.

Regarding the position of employers, the obligation to continue payment of wages / salary during the maternity leave is anchored in the law of several states. Newly such an obligation has been introduced in Greece, where the employer continues paying the salary for 15 days in the first year of the employment contract, if the woman worked at least 10 days. If the employment contract lasted more than one year, the employer can pay a wage for one additional month. Wages can be reduced by an amount corresponding the benefit that the woman receives from social institutions (European Commission, 2010).

The third hypothesis, according to which no changes were expected in nursing benefit regarding the fact that the support period for this benefit is typically much shorter and the impact of austerity measures would be marginal, was confirmed. The amount of the nursing or sickness benefit provided remained the same in all examined countries. In 2010 in the Czech Republic there was, in case of the nursing, temporarily introduced a waiting period of 3 days. But that measure was met with great disapproval of the public and the amendment to the adjustment was withdrawn the same year. In Estonia, there was a reduction of the sickness

benefit, but nursing remained unchanged. In the same period, a nursing benefit was introduced in Spain (European Commission, 2011).

#### 4. Conclusions

It can be concluded that the austerity measures adopted in the studied countries primarily as a response to the financial crisis, touched both the field of social security as well as cash benefits for sickness and maternity. At the same time, major changes have taken place or are underway in Ireland and in the countries of Central and Eastern Europe. They focus mainly on a sick leave. In contrast, Germany, Austria, Finland and Sweden did not adopt fundamental changes in terms of benefits. And surprisingly neither Greece nor Spain materialised any significant savings (actually non in case of Greece). In the year 2011 came in Sweden into effect new Social Insurance Code, which brought along a partial change compared to the previously existing legislation, but not in the direction of austerity measures in the monitored area.

Ireland decided to reduce sickness benefit and to tax it already from the first week of receiving. As for maternity benefit minimum and maximum levels of the benefit were reduced and newly it is also a subject to taxation. The development in the Slovak Republic has brought savings in the form of a substantial shortening of the withdrawal period, but in terms of the maternity benefit there was an extension of the payment of the benefit as well as to its gradual increase. Recently, a nursing benefit was introduced in Spain.

For sake of completeness we shall note that namely those states which remained untouched by austerity measures and which set for maternity, sickness or nursing benefits minimum or maximum assessment bases for their calculation or other similar limitations maintained their standard rate or conducted a regular valorisation (for example Finland).

The above-mentioned findings correspond with the fact that majority of the surveyed countries has undergone in recent years through stagnation or even an economic decline. But it cannot be proved that there is a direct link between the dynamics of the economic growth (decline) and a change in social security spending, including cash benefits for sickness and maternity. Rather, different patterns of economic and social policies were reflected themselves, and of course the political preferences of individual countries. In countries with more liberal social models one can record more aggressive interventions. In the states of South Europe, on the contrary, a fiscal multiplier is pretty much employed, thus reducing expenditures is linked not only with social but also with negative economic effects (measures mitigate the economic growth). That is also why any interventions in public finances are more considered. In terms of demographic factors studied they proved no correlation with the examined types of illness expenditures. On the contrary, the vast maintaining of the current level of maternity pays or even prolonging their receipt in the examined period in most countries has its real demographic causes.

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## Negotiating between the Constant and the Changing: Balancing Acts in the Training of Writing Teachers

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### Abstract

*TA training is an important component of any rhetoric/composition program in American universities. As a faculty member in the Department of English, Comparative Literature, and Linguistics with a specialty in classical oratory and comparative rhetoric, I have been training TAs for over a decade as a significant portion of my teaching assignment. In my presentation, I would like to discuss the major factors that affect the quality of the TA training program and ways to balance these factors to maximize the learning experience for the TAs. TAs, short for “teaching assistants” or “teaching associates,” are graduate students in English who are assigned to teach a writing class or two, usually of beginning college level. It is essential that these graduate students be provided with detailed hands-on training both in theory and in practice every step of the way in order for them to feel confident and comfortable in the classroom. My role as their teacher and supervising instructor is to provide them with fundamental training, laying a solid foundation for them to grow professionally. As I see it, four major factors interact in the TA training process: the available theory, the institutional and academic expectations, the class of student writers they each teach, and the TAs themselves as a team. Some of these factors are relatively constant; others are fluid and always changing. They often present fresh challenges when they interact in the writing classroom. I would like to explore how these factors act upon each other and complement each other as I try to create an environment in which the TAs feel encouraged to learn and experiment on their own with a minimal amount of guidance. I will argue that, based on my years of experience and on the reflections by the TAs themselves, it is of critical importance that the focus be placed on the balancing of the four factors in an individualized approach for TA training.*

**Keywords:** rhetoric, TAs, composition, training program.

### Introduction

One day thirty years ago when I first switched from linguistics to rhetoric and composition as a graduate student at Purdue University, an older student gave me a very unusual introduction to the TA program that I will never forget. He did so with a simple analogy. “Teaching your own writing class for the first time,” he said, “was like going on your first date, very exciting, but absolutely petrifying.” A few years later, I saw this same analogy, given by the same person of course, but in print this time, and applied to a slightly different context: the writing center:

Six years ago when I began working as a peer tutor, I felt pretty awkward; in fact my first tutorials were as frightening as my first dates. I didn’t know what to say—but I was scared to death of silence—and I can remember so well not knowing what to do with my hands.

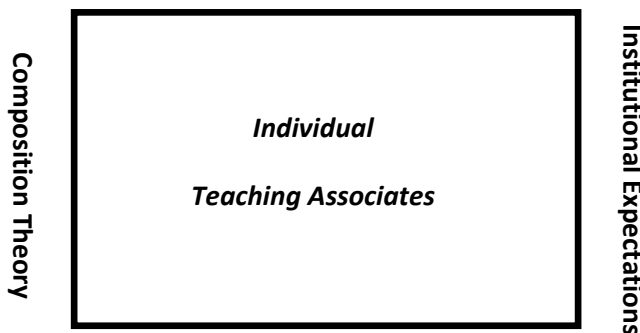
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Like that first date, no matter how much the big kids told me about what to do on a date, I’d never seen one. (Adams, 1987)

Little did I know then that, a dozen years later, I would be sitting at my desk, musing at my own destiny in helping new graduate instructors of college composition to overcome their fear, almost literally holding their hands to calm them down as they walk awkwardly into the classroom for the first time, filled with excitement, nervousness, anxiety, and uncertainty all at the same time. As coordinator of a sizeable teaching associate program—or TA program for short—in a large public university in California for the last ten years or so, I am charged with the responsibility of recruiting new TAs from second-year English graduate students, enroll them in a year-long training course with a total of four credit units, and supervising them every step of the way as they each teach one section of English 101: Beginning College Writing, for two consecutive semesters.

Generations of researchers and composition practitioners agree that writing is a social act (Bruffee, 1984; Trimber, 1989; Bizzell, 1994; Lu, 1994, Higgins, Long & Flower, 2006). Like writing, the teaching of writing, particularly the training of teachers of composition itself, is a social act, too. From the time I was a graduate student decades ago on the receiving end of training to the present time when I am the one in charge of offering training courses to graduate students and supervising their teaching on a daily basis, there has always been a strong presence of togetherness, one not just of people, but of entire community or institution in which the art of teaching composition is learned and taught. The learning and teaching, however, are by no means mono-directional. The teacher often times can be the student just as the student can be the teacher. Learning and teaching are thus multi-dimensional interactions. From my years' of working in the capacity of a TA supervising instructor, I can identify four major factors that interact with each other in this process: the available body of theory, the institutional and academic expectations, the TAs themselves as a team, and the class of student writers they each teach (See below). Some of these factors are constant; others are fluid and often changing. They always present fresh challenges when they interact in the writing classroom. I would like to explore how these factors act upon each other and complement each other as I try to create an environment in which the TAs feel encouraged to learn and experiment on their own with a minimal amount of guidance. I will argue that, based on my years of experience and on the reflections by the TAs themselves, it is of critical importance that the focus be placed on the balancing of the four factors in an individualized approach for TA training.

### Student Writers



### The TA Team

#### I. Institutional Expectations

University students all across America are required to take writing classes. Such classes are divided into lower-division entry level writing and upper-division discipline-specific writing. At my school, students regardless of their majors must take English 101, Beginning College Writing, upon entering the university. As one of the core General Education requirements, English 101 is designed to help students explore such basic elements of writing as aims and modes of the written discourse, lines of effective reasoning in persuasion, stylistic variations in different rhetorical and academic contexts, and roles of audience in the act of written communication. Students must earn a minimal grade of C to pass the course. Typically, the course incorporates a good deal of reading that's meant to help facilitate in-class discussions and to enhance students' critical thinking skills necessary for strong writing. In fact such skills are essential in organizing materials, structuring arguments, and developing the writers' voices. While grammar, punctuation, and spelling are considered superficial and given not as much attention, they will be addressed if they start to affect readability. In general, students in English 101 are expected to achieve the following outcomes as laid out in the English Department Guidelines (2000):

English 101 has a number of outcomes which we expect our students to achieve by the end of the course. Students should

- Write well-supported, well-developed essays which show a clear purpose;
- Respond to the needs of varied audiences;

- Understand that all college writing demonstrates reflection and analysis but different kinds of writing require particular rhetorical approaches;
- Use writing and reading for critical thinking, which may include learning to synthesize, paraphrase, and quote from sources;
- Be able to use the conventions and syntax of Standard Written English;
- Compose 7–10 prose pieces, which may include revisions and in-class, timed essays.

These desired “outcomes” are what I will take as institutional expectations. Because they generally remain unchanged or un-revised for a long period of time (the above was last revised in 2000), I will consider them to be a constant factor. I do so with complete awareness that what I call “constant” here or “fluid” later can at best be relatively so. From a historical perspective, all things change and nothing is absolutely constant; conversely, the fluidity of anything can be seen as constant because it goes through changes all the time, which is the basis for constancy.

Given the rigor of the course and the high expectations from the department on the one hand and the typical freshmen’s unpreparedness for challenges on the other, many students find themselves in the unpleasant situation of having to retake the course. Making these course objectives absolutely clear to the new TAs and helping them achieve these objectives in their respective classes can therefore be an essential part of the training program.

## II. Rhetoric/Composition Theory

Another constant factor is theory. The establishment of rhetoric/composition studies as a legitimate and well-respected academic discipline roughly in the second half of last century and the ever growing expansion of such programs across American campuses have produced a sizeable body of theory on the teaching of writing. Although the TA program is primarily a hands-on practicum, it must ground itself in a solid theoretical foundation. Most of the TAs, in spite of their brilliant performance in the graduate classes they take, have had little exposure to the field of rhetoric and composition. While in a typical TA class of 12 to 15, there might be only two or three who want to pursue a career in teaching writing at the college level, the majority of them, however, join the program just to cultivate a new dimension of their marketability, their main interest remaining in the study of literature or other areas of emphases in English, comparative literature, or linguistics. To be fair, almost all of the TAs have worked in the university writing center or the learning center since such experience is prerequisite for applying to the program; that experience alone, however, can in no way compensate their lack of knowledge on theory. It is therefore imperative that reading and discussion of the current theory be an integral part of the training.

To that end, collections of essays on the current thinking by some of the best known researchers in the field are assigned throughout the year, although most of the theoretical explorations are carried out in the first semester. Weekly journals on these readings and subsequent in-class discussions reinforce the learning of the theoretical component of this training course. Time constraint necessitates the limit of reading selections, with most of them focusing on the classroom effectiveness in today’s multi-cultural, multi-lingual setting as typified by our campus. Currently, *The St. Martin’s guide to teaching writing* by Cheryl Glenn and Melissa Goldthwaite (2014), *Assigning, responding, evaluating: A writing teacher’s guide* by Edward White (2007), and *First time up* by Brock Dethier (2005) make up the list of required textbooks. Supplemental and recommended texts include *Cross-talk in comp Theory* edited by Victor Villanueva and Kristin L. Arola (2011) and *Relations, Locations, Positions: Composition theory for writing teachers* by Peter Vanderburg, Sue Hum, and Jennifer Clary-Lemon (2006).

## III. Student Writers in English 101

Academic standards and theoretical framework aside, what really matters in the training of those new TAs is how they actually teach their students in the writing classroom. As individuals, students in any class are necessarily different from one another, each with unique abilities and personalities. They are thus fluid and changing, in contrast to the aforementioned factors of institutional expectations and composition theory, which are relatively constant. Seen collectively, though, the entry level student writers in English 101: Beginning College Writing, do share certain common

characteristics that are readily observable. The English Department's Course Guidelines (2000) describe English 101 students in the following way:

[Entry-level writing] students at CSUF make up a diverse ... community. They come from a variety of learning environments, including American High schools and overseas schools, and often use English as a second or third language, or as a second dialect. This course is therefore designed to assist students with a wide variety of writing skills and to take into account the linguistic, cultural, and social situations from which our students come.

As it is known throughout the world, Southern California, where my university is located, is perhaps one of the most diverse cosmopolitan areas in America in terms of the number of ethnic origins people represent, languages and dialects they speak, cultural practices and customary habits they embrace, and economic stratifications they fall under. Our students are products of this rich diversity, one that can make the writing class infinitely interesting and vibrant, but can also create numerous challenges. Writing, being at an advanced stage of cognitive development and linguistic competence, requires a solid all-round command of knowledge, not only of the English language, but also of culture, history, society, and so on. It is therefore impossible for students in any English 101 class to be equally prepared academically or to be on the same footing. In spite of the superficial scores on their English Placement Test administered throughout the entire 23-campus California State University system and taken by every single freshman before they enroll in any of these campuses, students who are identified as "college-ready" and thereby routed into the classroom of English 101 always differ broadly in terms of their writing ability, critical thinking skills, reading speed and comprehension, and level of linguistic fluency. To help them reach the goals set out for them in the aforementioned English Department Guidelines, necessary measures must be taken to make each and every student:

- Understand that it usually takes multiple drafts to create and complete a successful text,
- Develop flexible strategies for generating, revising, editing, and proof-reading,
- Become aware that writing is an open process which permits writers to use later invention and re-thinking to revise their work,
- Understand the collaborative and social aspect of writing processes,
- Learn to critique their own and others' works,
- Use a variety of technologies to address a range of audiences.

These measures constitute the various segments or aspects of the writing process. They may overlap, they may intersect, or they may operate independently of each other. Some of them may feature more prominently in some types of writing than in others. Taken together, though, they form the core elements that English 101 and other writing classes must address. It is of paramount importance that all these elements be highlighted in the TA training course agenda. They must be emphasized alongside course objectives and desired outcomes throughout the year-long program.

#### **IV. The Teaching Associates as a Team**

Among the numerous ways of learning, the most effective may very well be that of peer influence. We all know the value of partnership, of collaboration, of teamwork. Working together, we make wonders. TA training is no exception. As another fluid dimension in the overall framework of TA training, these teaching associates each bring to the program a vast array of experiences and expectations. As individuals they differ in personality, in attitudes, in work habits and so forth. As a team, though, they share three things in common: first, they are all new to the art of teaching composition; second, they are all in the program to learn this art well enough to become effective teachers; and third, they are all determined to excel in this learning process.

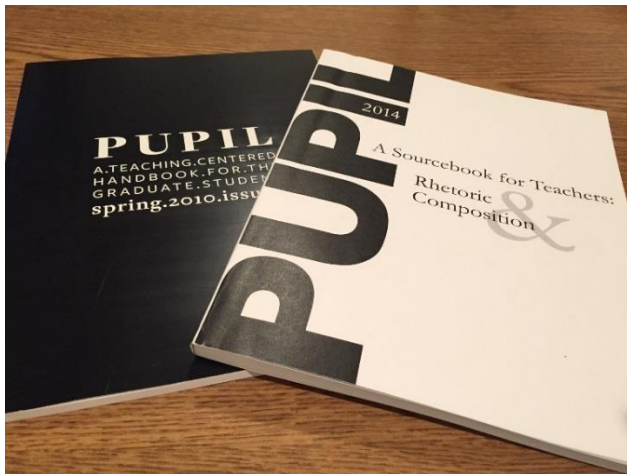
These commonalities keep them together. They bond. They learn from each other. Sharing comes very naturally to them. I don't even have to tell them to share. They simply do all the sharing on their own. They share ideas of what works and what doesn't; they share tips of effective lesson plans or activities; they share discussion topics or even essays prompts. And they share stories and observations of their students, of classes, and of me sometimes. They do all this sharing not only during the weekly class meetings, but also in their offices, in the hallway, in their Facebook chatroom, or wherever they happen to bump into each other. Just as Dethier puts it in his *First time up* (2005),

Camaraderie may be the most alluring and addicting aspect of the comp teacher's job. An unusual and powerful bond develops when you wander, punchy and bleary, into your neighbor's office after you've both survived a day of three classes

or twenty-seven conferences. Or when you suggest just the right activity when your officemate rushes in, frantic for ideas, ten minutes before class. Or when you spend two hours and \$10 of beer money grousing about the student who won't shut up or the class that won't talk. (5)

The best part of this bonding is that it simply happens. It goes with the professional culture. I as the program's coordinating or supervising instructor really don't have to do anything to make them bond. They do it on their own. All I have to do is to provide them with the space for sharing and channel their conversation in such a way that each and every TA can benefit from it. I make sure that they have all the time they need during each class meeting to let other TAs know what has transpired in the week before, what they plan to try in the week ahead, what problems they have run into and how they have dealt with them. Other TAs are always invited to help out if anyone of them has an unusual situation or a difficult issue. In addition, I give them assignments that require a great deal of teamwork. For instance, they have to create group presentations on topics that they share an interest in. Or they have to observe each other and report to the class the strengths they have seen during the observation and suggestions for improvement. I encourage them to borrow ideas—on class activities, on essay prompts, on group exercises or any other kind. There should be no limit in what they want to share. After all, as Dethier (2005) advises his readers who aspire to the profession of teaching writing, "As a new composition teacher, you need to get used to borrowing, whether from veterans like me, founding fathers like Murray, or your officemate whose class ends just before yours begins. If you think you are going to do everything your own way, not follow anyone's footsteps, you'll blow fuses before you turn in your first set of grades. Teaching composition is, and as far as I can tell always has been, a cooperative venture" (1).

So the sharing continues. Each year's TAs carry the tradition onto the next. They freely borrow from others and gladly let others borrow from them. In fact, this sharing not only happens within each group, it often times is passed on in the form of self-compiled collections of ideas, tips, lesson plans, reflections, textbook selections and evaluation, teaching philosophy statements and so on. The photo below shows two such collections, both titled *Pupil* perhaps to suggest their humble humility as student teachers, one by the class of 2010 and the other by that of 2014, all in the spirit of sharing.



## V. Conclusion

At the end of each academic year when the teaching associates are ready to graduate and be on their own, I always ask them to write a reflective essay about their experience in the program, what they learned and what they had expected to learn but didn't, and what changes they want to see in order to make it better for future TAs. As always, I give them this assignment with minimal instructions and very little structure in order to encourage them to write freely. Their reflections always vary in length. Some write several pages, others only a paragraph or two. Their comments and suggestions likewise differ, although they are always well-meaning and constructive. Whatever the differences, these reflections always fall within the four areas I have discussed, plus a few words about me as their cheer leader of a supervising instructor.



I feel cheesy to talk about what seems so obvious. After all, anyone can see that a training program such as ours inevitably involves these four aspects. What I wish to emphasize here is that beyond the obvious on the surface, each one of those four areas has many details that can interact differently to the other three, resulting in very diverse outcomes at times. To me, with my role both seemingly at the center—I am the program coordinator after all—but actually on the side since I really do not teach English 101 with the TAs, meaningful training takes place only when I adopt an individualized approach, one in which I work with each TA according to his or her strengths and needs. And there is no other way to identify their strengths and needs except in the context of interactivity. The TAs and I work together to determine where their strengths lie and where they need to improve. I observe them as they interact with the theories we read, as they learn to understand and implement the institutional guidelines for the tasks on hand, and as they conduct their classes and work with their students. We talk, discuss, discover problems, solve them, and reflect on each interaction to determine what's done well and what needs more work. Throughout the whole process, I make sure that every TA knows that teaching composition is not just a job—you finish it and you are done. Nor is it a science where there is a correct answer to every question. Teaching composition is an art at which one can always get better, but there is never going to be a best way to teach. As long as the four factors discussed here are present, they will interact differently each and every time. And the best way to handle each one of such moments will always be determined by how they interact.

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## Psychological Capital and Entrepreneurial Success: a Multiple-Mediated Relationship

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### Abstract

*This study examined the relationship between psychological capital and entrepreneurial success and the roles of entrepreneurial work engagement and entrepreneurial learning intensity as multiple-mediators in influencing the relationship. In addition, the effects of service orientation and market orientation on entrepreneurial factors were also tested. Respondents were the owner-managers of small and medium service enterprises (service SMEs) in Malaysia. Simple random sampling was used, given a sampling frame which contained 502 service SMEs. A questionnaire survey involving 125 entrepreneurs with more than five years of entrepreneurial experience in service businesses provided useful data. The data were analyzed using SPSS and SPSS Macro. The results showed that psychological capital had a positive relationship with entrepreneurial success. In fact, through entrepreneurial work engagement and entrepreneurial learning intensity, the multiple-mediators, the relationship was found to be more comprehensive. Application of bootstrapping procedure in SPSS Macro had found that entrepreneurial work engagement and entrepreneurial learning intensity were simultaneously significant multiple-mediators but entrepreneurial work engagement had higher impact than entrepreneurial learning intensity on the relationship between psychological capital and entrepreneurial success. In conclusion, this study supported the theoretical arguments that entrepreneurial success are strongly associated with internal power and strengths, which this study believed as psychological state resources. However, the relationships between firm orientations such as service and market orientations and entrepreneurial factors require further investigation in future studies.*

**Keywords:** psychological capital, entrepreneurial success, multiple-mediators, entrepreneurial work engagement, learning intensity, service orientation, market orientation

### Introduction

Entrepreneurial success of small and medium-sized enterprises (SMEs) sounds exciting to research because the concept is complex. At individual level, many entrepreneurs voluntarily keep faith in their ventures hoping for success, despite the facts that they themselves know, few would get through while the majority march into the death-valley as observed by Lerner (2009). At organizational level, entrepreneurial success is a myth due to conflicting interests between the owner-managers and strategic decision makers regarding problem/opportunity-solution/exploitation nexus (Shane, 2003). Occasionally, there are success stories and they are documented exclusively in books and films but not much examined theoretically as yet. Thus, until now little is understood about the complexity of entrepreneurial success as well as its fundamentals, which involve several different knowledge spectrum (Fisher, Maritz, & Lobo, 2013; Frese & Gielnik, 2014; Sok, O'Cass & Sok, 2013).

Many people are interested in entrepreneurship, awaiting for constructive explanations to these questions: What does entrepreneurial success actually mean, if money is not the issue? What do successful entrepreneurs have so much in common that others do not? How do they do things with limited resources and capability? Previous research define entrepreneurial success from strategic performance perspective and they conclude that personal traits determine the level of business performance (Idar & Mahmood, 2011; Zheng & Yin, 2010). However, from the individual entrepreneurs' perspectives, their concerns nowadays are much more about the meaningfulness of life rather than growth, financial performance, and wealth creation alone, and this in turn, calls for changes in understanding entrepreneurial success as a concept (Haber & Reichell, 2005; Fisher, Maritz, & Lobo, 2013). Thus, recent research highlight that entrepreneurial

success should be given new definitions, and therefore, more comprehensive explanations. From the lens of psychology, a lot more could be understood about entrepreneurial success and the fundamentals of entrepreneurial success (Frese & Gielnik, 2014), while attaching meaningfulness of life in discussing it. Generally, it is acknowledged that SMEs lack of resources and capability to innovate and succeed in their entrepreneurial ventures (Sok, O'Cass & Sok, 2013) but the success stories of the few cannot simply be overlooked and they call for further research especially within the framework of psychology. Therefore, this study aimed to address those questions by examining the degree of multi-relationships between psychological state factors, firm orientations, and entrepreneurial success in order to broaden entrepreneurship theory.

Taken into consideration in this study were complexity of entrepreneurial success and limitations of cross-sectional study approach. Thus, multiple-mediation hypothesis testing model was used to do the data analysis which was available at SPSS Macro. Methodologically, SPSS Macro has the ability to examine multiple-mediation effects of more than one mediators simultaneously (Preacher & Hayes, 2008). Overall, this study integrated entrepreneurship with the other fields of studies such as psychology, behavioral management, learning, and marketing to understand entrepreneurial success. Specifically, this study examined entrepreneurial success as the theoretical outcome of psychological capital and entrepreneurial work engagement together with entrepreneurial learning intensity as mediators in strengthening the psychological capital – entrepreneurial success relationship. Since explanations of entrepreneurial success is always in conjunction with strategic marketing activities, this study included market orientation and service orientation to verify the descriptions of each mediator in relation to entrepreneurial success accordingly.

### **Entrepreneurial success**

What does entrepreneurial success mean, if money is not the issue? This study agreed with a view which says that entrepreneurial success is a set of positive outcomes from the utilization of internal human strengths guided by virtue (Seligman & Csikszentmihalyi, 2000). The power and strengths are embedded deep within the psychology of individual entrepreneurs (Hmieleski & Carr, 2007). Entrepreneurs perceive success not only financially but also psychologically (Gorgievski et al., 2011). For entrepreneurs, non-monetary incentive is more fulfilling, while monetary gains do not always bring the greatest satisfaction (Alstete, 2008; Csikszentmihalyi, 2003). Meanwhile, career success literature highlights that people appreciate more subjective success than objective measures of performance, given their full commitment to their work (Poon, 2005). In other words, successful entrepreneurs often feel more satisfied after all hardship and much more satisfied after sharing the abundance of money or wealth with the society in the forms of charity, donations, sponsorship etc. and at the same time, transmitting the feeling of gratitude to the society for being successful (Csikszentmihalyi, 2000). Thus, entrepreneurial success is highlighted to comprise not only financial gains but also psychological measures of success, such as satisfaction, feeling of gratitude, and preparedness (Sisodia et al., 2007; Tang et al., 2010). In regards, reliability of entrepreneurial success with the inclusiveness of psychological measures of success is still under researched.

Entrepreneurial success is dynamic because it depends on the fluctuation of psychological states, which determine behaviors amidst uncertainties, difficulties, changes, and challenges in the environments. In positive psychology theory, satisfaction is a higher level state of being successful relative to what the entrepreneurs have tried to achieve (Cooper & Artz, 1995; Davidsson, 2005). Although satisfaction is relevant, it per se provides an incomplete description of entrepreneurial success (Gorgievski et al., 2011; Judge et al., 2001). Therefore, this study proposed a couple of other psychological aspects such as feeling of gratitude and entrepreneurial preparedness. Feeling of gratitude is a positive emotion as a result of the belief in achievement after hard work (Weiner, 1985). As a mental state, feeling of gratitude is a high level of personal ability which means a very meaningful achievement (Anderson et al., 2007; McCullough et al., 2002; Sisodia et al., 2007). Lastly, entrepreneurial preparedness is an entrepreneurial standard quality in making evaluation and judgment whether to exploit on opportunities based on available information (Judge et al., 2001; Tang et al., 2010). Thus, financial performance, satisfaction, feeling of gratitude, and preparedness together are deemed relevant as four criteria of entrepreneurial success in this study.

### **Psychological capital and entrepreneurial success**

What do successful entrepreneurs have in common? Psychological states are valuable personal resources critical to small firm success (Runyan, Huddleston & Swinney 2007) and psychological capital is an established state construct (Carr 2011;

Luthans, Luthans & Luthans 2004) that is most fundamental at personal level from the perspective of resource-based view. Psychological capital in a way is an expansion of the concept of "economic capital", but it differs from human capital or social capital (Luthans et al. 2004). In other words, psychological capital is the belief that one has all the mental strengths, the capacity, and the capability to do something for the betterment of oneself and others. According to Luthans et al. (2004), economic capital refers to "what people have", human capital refers to "what people know" and social capital refers to "who people know". Psychological capital is concerned with people knowing "who they are". Psychological capital has four dimensions: self-efficacy, optimism, resilience, and hope (Luthans et al. 2004; Luthans, Avolio, Avey & Norman 2007). In extant literature, psychological capital is the key determinant of entrepreneurial success of small and medium businesses (Hall & Chandler 2005; Hmieleski & Carr 2007; Peterson, Luthans, Avolio, Walumbwa & Zhang 2011). Psychological capital drives people to succeed in the pursuance of meaningful life (Seligman & Csikszentmihalyi, 2000). In entrepreneurship literature however, more empirical evidence is required to prove the significance of positive relationship between psychological capital and entrepreneurial success (Hmieleski & Corbett 2008; Newman, Schwarz & Borgia, 2014).

Thus, literature strongly suggest that psychological capital has a direct positive relationship with entrepreneurial success. Other than that, psychological capital relates positively to work performance (Luthans et al. 2004; Peterson et al. 2011; Sweetman et al. 2011); desired psychological outcomes (Avey et al. 2010); and the general well-being of human (Culbertson et al. 2010). The most recent empirical evidence in entrepreneurship study shows a positive relationship specifically between psychological capital and satisfaction among entrepreneurs (Hmieleski & Carr 2007). Based on the above evidences, it is appropriate to posit that there is a significant direct relationship between psychological capital and entrepreneurial success. The following hypothesis was then deduced.

*Hypothesis 1: Psychological capital is positively related to entrepreneurial success.*

## **Psychological Capital and Mediators:**

### **Entrepreneurial Work engagement and Entrepreneurial Learning Intensity)**

How successful entrepreneurs work with limited resources and capability? In some extent, it is concluded that entrepreneurs are just being overconfident (Artiger & Powell, 2015). Indeed psychological capital becomes the only critical resource left for the entrepreneurs in deciding whether to face the uncertain, risky, unstable environments locally and globally nowadays. However, those who lack of psychological capital would not dare to exploit opportunities (Newman, Schwarz & Borgia, 2014), cannot endure the challenges of being entrepreneurs (Lerner 2009), and cannot do things greater than ordinary in life (Culbertson et al. 2010). Having high psychological capital means having all four elements of it namely self-efficacy, optimism, resilience, and hope.

In specific, high self-efficacy can affect motivation in completing difficult tasks, the stronger self-efficacy the more likely a person to make extra effort (Lope Pihie & Bagheri 2012). Similarly in the context of entrepreneurship, because conviction to act is highest when entrepreneurs believe that their actions (e.g., exploiting a new opportunity) lead to attainable outcomes, high self-efficacy is an important determinant of required entrepreneurial behaviors. Since self-efficacy positively affects diverse behavioral functions, this study suggests the other elements of psychological capital which also have the same direction on entrepreneurial behaviors. Optimism, for instance, relates to ability to delay gratification and to forgo short-term gains in order to achieve long-term goals (Carr 2011; Peterson et al., 2011). Resilience helps entrepreneurs emerge into positive and progressive transformation despite being exposed to risks, adversity and uncertainty during entrepreneurial venturing (Peterson et al., 2011). Hope on its own is a construct closely related to optimism which acts as therapy to help entrepreneurs formulate clear goals, produce pathways toward the set goals, motivate them to pursue their goals, and reframe adversity and problems as positive challenges to be overcome (Peterson et al., 2011). Therefore, self-efficacy, optimism, resilience, and hope are combined together as psychological capital which was posited to relate positively with entrepreneurial work engagement.

*Hypothesis 2a: Psychological capital is positively related to entrepreneurial work engagement.*

The entrepreneurial journey is full of adversity and critical events which put great challenge to the morale of entrepreneurs (Holcomb et al. 2009) but there is where the good sources of effective learning are situated (Sarasvathy, 2004; Stokes & Blackburn 2002). Most successful entrepreneurs spin out their innovations risking their investments just for good

entrepreneurship lessons not found in books (Sarasvathy, 2004; Stokes & Blackburn 2002). Embracing that nature in entrepreneurial venturing, entrepreneurs find it necessary to have high level of self-efficacy, optimism, resilience, and hope (elements of psychological capital) along the way. For the purpose of learning-by-doing, entrepreneurs exploit opportunities based on heuristics, empowered especially by the elements of hope and optimism within psychological capital concept. In other words, entrepreneurs with strong psychological capital have strong drive to learn by doing and to learn from failures regardless the costs (Carr 2011; Politis 2005; Stokes & Blackburn 2002). Thus entrepreneurial learning intensity necessitates entrepreneurs to have strong psychological capital to be capable in allocating, channeling, and combining scarce resources at personal level towards further exploitation and exploration of business opportunities at organizational level.

*Hypothesis 2b: Psychological capital is positively related to entrepreneurial learning intensity.*

### **Entrepreneurial Work Engagement and Entrepreneurial Success**

A successful entrepreneur has the inner strengths developed to allow him/her to devote energy, effort and focus on something benevolent he/she has been aiming for and to lead strategic actions in attaining positive outcomes or success (Seligman & Csikszentmihalyi 2000). By the way, no success is without hard work (Liechti, Loderer & Peyer 2011). Hard work is an abstract concept but according to Cavana et al. (2001), such an abstract behavioral concept can be reduced to measurable ones given the appropriate theoretical justifications. For the purpose of this study, hard work was partly represented by entrepreneurial work engagement. Entrepreneurial work engagement is demonstrated when an entrepreneur performs work activities voluntarily with passion, attentiveness, and absorption. The importance of entrepreneurial work engagement in explaining entrepreneurial success is empirically supported. Breugst et al. (2011) explain that when an entrepreneur shows his passion and hardship for the business development, he actually has influenced the work teams to be more committed to achieve goals and targets, by which eventually resulting in the next entrepreneurial glory.

Similarly, each entrepreneur ought to view his/her ventures as very meaningful in his life and the life of others (family, workers, and customers). In general, people who venture into business and eventually become successful entrepreneurs are pulled by opportunities and desire to have good life and not necessarily pushed by unemployment or life-style requirements (Gorgievski et al. 2011). It is compelling therefore for entrepreneurs to invest all types of resources available and labor all their strengths, dedication, and absorption to accomplish their business goals. Thus, the following hypothesis was sought to examine the relationship between entrepreneurial work and engagement entrepreneurial success.

*Hypothesis 3: Entrepreneurial work engagement is positively related to entrepreneurial success.*

### **Entrepreneurial Learning Intensity and Entrepreneurial Success**

The issue of learning has been discussed by Levitt and March (1988), who emphasize that organizational learning is the underlying process which explains firm success. At the individual level, learning determines the next level of entrepreneurial success (Sarasvathy 2004; Stokes & Blackburn 2002), which can only be achieved through high-level of entrepreneurial learning (Cope 2003). Past researchers describe that entrepreneurs learn from direct experiences and experiences of others and enforce the new knowledge into actions, i.e. learning-by-doing. As an effect, it is found that a high-level entrepreneurial learning can improve business outcome (Cope 2003; Wang 2008). How rough is the entrepreneurial journey and how intense is the learning process, entrepreneurs rely only on limited knowledge and make decisions quickly without doing exhaustive analysis (Cope 2003; Holcomb et al. 2009; Stokes & Blackburn 2002), especially within the context of service SMEs where enter – compete – exit is the dynamic nature. That being said, entrepreneurial success is the outcomes of high intensity of learning, as implied in Frese's concept of entrepreneur-in-action (2009) and by Cope's (2003) concept of high-level learning. Empirical evidence shows a positive link between learning-by-doing and performance (Dutton, Thomas & Butler 1984) as well as between experiential learning and non-financial performance (Spicer & Sadler-Smith 2006). Therefore, it is appropriate to posit in this study that entrepreneurial learning intensity is positively related to entrepreneurial success.

*Hypothesis 4: Entrepreneurial learning intensity is positively related to entrepreneurial success.*

## **Indirect Effects of Psychological Capital on Entrepreneurial Success through Entrepreneurial Work Engagement and Entrepreneurial Learning Intensity**

The study was driven to examine the possibility that the relationship between psychological capital and entrepreneurial success is mediated by two mediators: entrepreneurial work engagement and entrepreneurial learning intensity. Previous research in behavioral literature show that work engagement mediates the relationship between individual resources and desired behavioral outcomes (Salanova, Agut & Peiro 2005). In addition, following the theoretical assumption and testing procedures for multi-mediation mechanisms by Preacher and Hayes (2008), this study had to examine whether the mediators were positively correlated. Entrepreneurial learning intensity and entrepreneurial work engagement need to be correlated because they ought to explain entrepreneurial success mutually and simultaneously (Preacher & Hayes, 2008). To match such theoretical proposition which requires that the multiple mediators to be correlated, the following hypothesis was tested.

*Hypothesis 5a: Entrepreneurial work engagement and entrepreneurial learning intensity are correlated.*

Given both mediators are positively correlated, entrepreneurial learning intensity can now be posited to influence entrepreneurial success because empirically entrepreneurial work engagement (complementing mediator) has been reported to relate to performance positively as well. Based on the explanations and descriptions of *Hypothesis 5a* above about the roles and relationship of entrepreneurial work engagement and entrepreneurial learning intensity as correlated multiple-mediators, the following multiple-mediation hypothesis was finally derived:

*Hypothesis 5b: Psychological capital influences entrepreneurial success through entrepreneurial work engagement and entrepreneurial learning intensity.*

## **Service Orientation and Entrepreneurial Work Engagement**

Service orientation is one of the winning strategies in doing business, especially salient in a services (Oliveira & Roth 2012; Salanova, Agut & Peiro 2005). Service orientation is a strategic differentiator which makes the providers' image as unique and special which in turn ensures survivability of service enterprises (Vargo & Lusch 2008). However, the impact of service orientation on business performance is only realized in long-term (Carraher, Parnell & Spillan 2009). Nevertheless, one important insight from the service orientation literature is that service oriented entrepreneurs are very passionate in presenting excellence to their customers (Juhdi & Salleh, 2009; Breugst et al., 2012). Thus, it is assumed that successful entrepreneurs invest energy, time, and focus (entrepreneurial work engagement) in translating their passion towards satisfying customers' desire, needs and wants. Furthermore, another stream of the literature says that service orientation leads to positive behavioral outcome (Lytle & Timmerman 2006) of which entrepreneurial work engagement is also a positive behavioral outcome (Schaufeli et al. 2006). However, previous research are conducted in Western countries but scarcely in Asian, at least in Malaysia, in which entrepreneurship agenda are very aggressive. Unfortunately, service orientation is relatively new concept in this part of the world (Liu et al. 2003). This is why empirical evidence pertaining to service orientation in business is limited in Asia generally and in Malaysia specifically. Therefore the following hypothesis was tested:

*Hypothesis 6: Service orientation is correlated to entrepreneurial work engagement.*

## **Market orientation and Entrepreneurial Learning Intensity**

Market orientation was incorporated in this study to measure entrepreneurs' personal mental attitude towards upgrading knowledge and information about customers, market, and competitors directed at providing excellence (Despandhe & Farley 1998; Slater & Narver 2000). For years, customers have been a major emphasis in business practices where firms feel obligated to deliver superior quality products and services to customers (Paladino 2007). However, according to Steinman et al. (2000), the paradox is that the more one knows about one's customers, the more one does not know about them because providers' and customers' perceived needs and wants may not match and keep evolving. The mismatch and evolution of customer needs and expectations over time make market orientation not just another trivial concern but it is the key concern for any successful entrepreneur (Jain & Ali 2013; Slater & Naver 2000). Market orientation becomes even more critical in services businesses (Slater & Naver 2000; Sok, O'Cass & Sok 2013). Thus, the degree of learning intensity

about wanting to know what customers need and want and what competition has to offer are expected to depend on the level of market orientation at the personal level of service enterprises.

*Hypothesis 7: Market orientation is related to entrepreneurial learning intensity.*

## Methodology

### Sampling

The population for this research was among the local entrepreneurs of all races namely the Malay, Chinese, and Indian, who need to be the owners, founders, or top managers of established service SMEs in Malaysia. According to the SSM statistics of companies and business 2013, the overall population of the registered business in Malaysia was 5,215,978 as of the first quarter of 2013. In the year alone, there were 244,495 new business registrations and 90% were the small and medium enterprises. There were 645,136 small and medium enterprises still in operation since the year 2011 and 591,883 (91.7%) were the service SMEs (Economic Census: Profile of Small and Medium Enterprise 2011). The target group of service SME entrepreneurs were taken from the SMI SME Business Directory 2010, an official business directory of SMI Association of Malaysia. It served as the sampling frame for this research to do the simple random sampling. There were 502 registered service SMEs in the directory and they became the population for this study. The services section in the directory lists at least 48 categories of services. There are various types of providers including air express services, beauty salons, cleaning services, computer system consultants, corporate secretarial services, database processing, driving institutes, event management, health care, logistics service providers, packaging, restaurants and catering, training centers, travel agents, tuition centers and more (SMI SME Directory 2010). However, banks and financial services were excluded as this study was concerned because their measurement of success was assumed to be purely financial performance and in fact none of them falls under the small and medium company category by definition. Computer software/hardware developers were also excluded because their rules of the game are patents and innovations (Menell 1998), which were not within the scope of this study. 125 samples were drawn randomly as the study respondents.

For the purpose of this research, "entrepreneurs" was understood as high caliber business owners cum managers (Baron & Henry 2011; Stokes & Blackburn 2002) who own and manage any kind of business that is driven by virtue (Mariussen et al. 1997), hold stable financial wealth, and articulate psychological terms of success (Csikzentmihalyi 2003; Haber & Reichel 2005; Sisodia et al. 2007). With that conceptual definition, this research provided strict compliance to qualify as respondents. Therefore, the entrepreneurs should have all of the following criteria:

- a) Formal business registration with the Registration of Companies Malaysia;
- b) More than 5 years of experience in managing service business;
- c) Business and activities which by nature do not display unethical businesses such as prostitution, gambling, gaming etcetera; and
- d) Permanent worker(s) of at least 1.

### Measurements

*Entrepreneurial Success.* It consists of two domains: financial wealth and psychological measures of performance. The *financial wealth* domain was adapted from Haber and Reichel's (2005) perceived profitability of the previous, current, and future years with  $\alpha = 0.92$ . An example of the items from Haber and Reichel (2005) is "I perceived high profitability last year". This item was adjusted as "I perceived sufficient income in the first three years of establishment". The *psychological performance* domain consists of three facets: entrepreneurial satisfaction, feeling of gratitude, and entrepreneurial preparedness. *Entrepreneurial satisfaction* was adapted from Greenhaus's et al. (1990) career satisfaction ( $\alpha = 0.84$ ) with a sample item such as "I am satisfied with the success I have achieved in my career." *Feeling of gratitude* measures were adopted from McCullough et al. (2002) with  $\alpha = 0.82$ . An example of item is "I have so much in life to be thankful for". *Entrepreneurial preparedness* measures were adapted from Tang's et al., (2010) evaluation and judgment of opportunities with  $\alpha = 0.83$ . An example of an item is "I can distinguish between profitable opportunities and not-so-profitable

opportunities". Altogether 18 items were used to measure entrepreneurial success and they were reviewed by three local entrepreneurs for face and content validity.

*Psychological Capital.* It was measured using 24 items, adopted from Luthans, Avolio, Avey, and Norman with  $\alpha = 0.89$  (2007). All four domains were taken together to result in high relationship with outcome as suggested by the literature. An example of an item is "I feel confident analyzing a long-term problem to find a solution".

*Entrepreneurial Work Engagement.* The work engagement construct has been established in the literature and consists of three dimensions: vigor, dedication, and absorption. There are 17 items and this study made some adaptations on all of them to fit within the study context. The work engagement instrument with an alpha range from  $\alpha = 0.80$  to  $\alpha = 0.90$  (Schaufeli et al. 2006) was adapted as entrepreneurial work engagement. An example of an item is "I feel happy when I am working hard enough".

*Entrepreneurial Learning Intensity.* The development of the item instruments was guided by the organizational learning and entrepreneurial learning literature. A 6-item instrument was taken from Holcomb et al. (2009) since they already assimilate all of the major concerns of previous researchers (e.g., Levitt & March 1988; Sarasvathy 2004; Politis 2005). A sample items include "I put a great deal to learn business knowledge from direct experience" and "When in lack of knowledge, I have to make exhaustive analysis" (reverse-coded). Two academic experts were sought to review for face and content validity.

*Service Orientation.* The development of this scale was based on the work of Lytle et al. (1998). From 35 items only 8 items were found to be theoretically applicable to small and medium firms' situation. An example of an item is "I view customers as opportunities to serve rather than as sources of revenue". Two academic experts were sought to review for face and content validity.

*Market Orientation.* 10 items used to measure market orientation with  $\alpha = 0.88$  were adapted from Deshpande and Farley (1998), with suggestions from Slater and Narver (2000). An example of an item is "We monitor customers and competitors to find new ways to improve customer satisfaction".

For parsimony of data analysis, all measures used a 6-point Likert scale ranging from 1 (strongly disagree) to 6 (strongly agree). Two-category response (agree/not agree) with 6 choice-points was used for the purpose of optimizing psychometric sensitivity of the instruments (Cummin & Gullone 2000). In addition, the 6 choice-points is used because Alwin (1997) and Cummins and Gullone (2000) justify that the greater the number of choice-points, the more reliable, valid, and sensitive the data to capture variance in assessing subjective expressions. The item measurements for entrepreneurial success, psychological capital, entrepreneurial work engagement, entrepreneurial learning intensity, service orientation, and market orientation are presented in APPENDIX A.

## Data collection

Each company's telephone number was contacted to locate the owner-manager, founder, or top manager of the enterprise. An owner-manager means the founder of the enterprise and still manage it until the date of this study. A founder means the original owner who establishes the enterprise. A top manager refers to a trusted employee who is responsible to make routine decisions and to play spoke-person role when necessary in dealing with customers and clients. Through the personal assistance of the enterprise, the researchers set an appointment with the owner-manager, founder, or top manager to meet. In cases where the owner-managers, founders, or top managers did not have any personal assistance, the researchers telephoned them directly to affirm their availability to meet and to inform about the research interests, for the purpose of completing the questionnaire face-to-face. However, in many instances, the respondents requested answering the questionnaire via mobile phone because it was more convenient for most of them. There were occasions where the respondents requested the researchers to call back at other times. The questionnaire survey with 83 items was completed within 30 minutes in average for face-to-face survey. However, it was prolonged to about one hour and a half via phone.



## Analysis and results

The raw data was entered, cleaned, and transformed based on the six variables. SPSS 20 was employed to do the basic statistical analysis. As a start, the basic quantitative and descriptive statistics were computed to estimate the central tendency of the research sample. Another basic data analysis is scale reliability analysis to evaluate the internal consistency of measurements (Cronbach 1951). After the data was confirmed clean and free from any outlier and missing data, then normality, linearity and homoscedasticity were checked. Grounded in multivariate statistics approach due to the number and types of relationships to be analyzed in this study, all those multivariate assumptions were necessary to be deliberated. The assumptions of normality, linearity and homoscedasticity were addressed following the technical suggestions by Hair, Anderson, Tatham and Black (1998) and Tabachnick and Fidell (2001) and they were met.

A paired sample t-test was then used to check for non-response bias. Non-response bias is always possible in cross-sectional survey where the data come from the same group and yet they somehow could come from two different conditions (more ready respondents and less-ready respondents). The t-value, degree of freedom, and two-tail significance can tell the degree of difference between the groups (Coakes & Steed 2007). If they are found to be no significant difference, there should be no serious issue of non-response bias (Breugst et al. 2011). With 42 non-respondents out of 125 targeted sample of respondents, this study was concerned about their impacts on the study findings and interpretations especially when it comes to generalizing the findings. According to Armstrong and Overton (1977), the impact of non-responses can be estimated and it can be minimized. A common way is by using time-trend extrapolation (Armstrong & Overton 1977; Breugst et al. 2011; Idar & Mahmood 2011). The extrapolation is based on the assumption that the samples which are "less ready" are almost like the non-respondents (Armstrong & Overton 1977). Accordingly, the current study identified the "less ready" and "more ready" respondents. In the data base, there were 21 "less ready" respondents (who requested the researcher to call back). Then, the responses of these "less ready" samples were entered as an additional variable in the SPSS data file and compared to that of the first 21 respondents in the same file (whom were assumed to be "more ready"). With these two groups, paired sample t-test was run to examine differences in terms of key constructs such as psychological capital, service orientation, market orientation, entrepreneurial work engagement and entrepreneurial learning intensity as well as of several demographic variables. All of the results were found to be non-significant, indicating that there were no significant difference between the groups. Thus, non-response bias was unlikely to be a concern of this research.

A factor analysis is useful to address issues such as common method variance bias, multicollinearity, and convergent/discriminant validity. Common method variance bias can be assessed by calculating variance proportion (Ramayah, Yan & Sulaiman 2005). If the variance proportion score is less than 0.5, there should be no serious issue of common method variance bias. Multicollinearity could cause statistical problems and weaken statistical analysis but it is not uncommon in behavioral studies. It is when variables are highly correlated (Byrne 2001; Tabachnick & Fidell 2001). In SPSS 20 through collinearity diagnostics, data across variables and in-rows should show no variable has more than one variance proportion greater than .50 (Tabachnick & Fidell 2001, pg 98). A correlation analysis was completed to explore the bivariate relations among the constructs. All variables were positively correlated at significant level of 0.01 or 0.05 (2-tailed). However, certain variables had alarmingly high correlation coefficients (Tabachnick & Fidell 2001) close to 0.80 although not reaching 0.90. In particular, the possibility of multicollinearity between entrepreneurial work engagement and psychological capital seemed to exist as their correlation matrix was 0.799 ( $p < .01$ ). As such, multicollinearity could occur and should be given attention because multicollinearity could cause logical and statistical problems and also it could weaken the statistical analysis (Byrne 2001; Tabachnick & Fidell 2001).

Therefore, a statistical test on collinearity was done to assess the goodness-of-fit analysis on entrepreneurial work engagement and psychological capital. If goodness-of-fit indices ( $\chi^2/df$ ) are less than 5, there is probably no problem of multicollinearity (MacCallum 1998; Byrne 2001). The chi-square tests in SPSS for entrepreneurial work engagement yielded a goodness fit of  $\chi^2 = 32.55$  and  $\chi^2/df = 1.48$ . Similarly, psychological capital yielded a goodness fit of  $\chi^2 = 49.31$  and  $\chi^2/df = 1.49$ . Therefore, both constructs fit the data. In other words, there was no serious problem of multicollinearity and thus both constructs could be used in the subsequent hypothesis testing.

Two important components of construct validity are convergent and discriminant validity which are a concern in this study. Convergent validity is the degree to which measures of a construct that theoretically should be related are related. Discriminant validity is the degree to which measures of a construct that theoretically should be unique are not

overlapping. Both can be identified by analyzing the factor loadings and cross loadings in the factor analysis (Fornell & Larcker 1981; Ramayah, Yan & Sulaiman 2005).

Convergent validity can be identified in the loadings and cross loadings of all the 83 item instruments. In the factor analysis, the loadings and cross loadings showed that all six constructs had convergent validity. The highest scores down and across the loadings table belonged to the according variables, except item 10 and 15 of psychological capital of which the highest loading for both fell into entrepreneurial work engagement. The scores of loadings and cross loadings are available in APPENDIX B. To solve this problem, discriminant validity was assessed. As SPSS 20 does not provide the average variance extracted (AVE), the calculation of the AVE data of each six variables was done manually following the procedure proposed by Fornell and Larcker (1981) and Ramayah et al. (2005). The calculation for the AVE is as follow:

$$AVE = \frac{RSL}{RSL+ESL}$$

[RSL: cumulative % rotation sums of squared loadings; ESL: cumulative % extraction sums of squared loadings]

Table 1 presents the AVE (in bold) and the squared correlations of all six variables. According to Fornell and Larcker (1981), the AVE of a variable should be higher than the squared correlations between the variable and all other variables. It was found that psychological capital and entrepreneurial work engagement did not have discriminant validity initially. It could be because of the items 10 and 15 of psychological capital. The researchers decided to delete item 10 about optimism (*Right now I see myself as being pretty successful at work*) which conceptually overlapped with pride in entrepreneurial work engagement; and item 15 about resilience (*I can be on my own, so to speak, at work if I have to*) which overlapped with dedication in entrepreneurial work engagement. After the deletions, the Pearson's Correlation Product Moment was run and the correlation between psychological capital and entrepreneurial work engagement was .754 (down from .799) and thus the squared correlation was .569 (down from .638). After the adjustment, these variables were appropriately to be included in the main analysis and hypotheses testing.

Table 1: Discriminant validity of constructs

Constructs	1	2	3	4	5	6
ENTSS	<b>.673</b>					
EWE	.552	<b>.573</b>				
ELI	.461	.545	<b>.581</b>			
PSYCAP	.590	.569	.469	<b>.627</b>		
SO	.165	.141	.169	.194	<b>.560</b>	
MO	.101	.109	.091	.159	.383	<b>.584</b>

(Diagonals (in bold) represent the AVE and the other scores are the squared correlations.)

(ENTSS – entrepreneurial success; EWE – entrepreneurial work engagement; ELI – entrepreneurial learning intensity; PSYCAP – psychological capital; SO – service orientation; MO – market orientation)

This research was a cross-sectional survey for which the measures of both independent and dependent variables all depended on single-source reporting. Therefore, a common method variance bias is always a possibility (Johnson et al. 2011; Summers 2001). According to Ramayah et al. (2005) almost a similar technique for multicollinearity in Tabachnick and Fidell (2001) can be employed to test for common method variance bias by calculating the variance explained

proportion (the ratio between initial eigenvalues cumulative rate and extraction sums of squared loadings cumulative rate). The variance proportion score should be less than 0.50 (Tabachnick & Fidell 2001, pg. 98) to claim that there is no serious issue of common method variance bias (Ramayah et al. 2005). Using factor analysis under dimension reduction in SPSS 20, correlation matrix and promax rotation, all 83 items had eigenvalues greater than 1, and the test score showed that common method variance bias was not a serious problem in this study. The variance proportion was calculated manually following Ramayah et al. (2005) and the result was 0.29. The calculation is as follow:

$$\begin{aligned} \text{Common Method Variance} &= \frac{\text{cummulative \% extraction sums of squared loadings}}{\text{cummulative \% initial eigenvalues}} \\ &= 81.741 \div 23.393 \\ &= 0.29 \quad (\text{less than } 0.50) \end{aligned}$$

### Demographics

Of the 83 respondents, the majority were founders (74.7%) and still being the owners and top managers of their according companies to the date of this study. There were 57 (68.67%) males and 26 (31.32%) females. Among them only 5 (6%) were aged more than 60; 23 (27.7%) aged between 28 and 39 years; and 55 or majority (62.7%) were aged between 40 to 59 years. 50 out of 83 (60.2%) respondents had obtained entrepreneurial experience of more than 10 years in entrepreneurial service ventures. 20 (24%) of them had 5 to 9 years of experience, while the rest 13 (15.7%) had about 5 years of experience. In average, service SME entrepreneurs in Malaysia had 22 employees.

### Descriptive statistics

Table 2 presents the descriptive statistics. The findings indicated that the data points tend to be close to the data means, which in turn indicated that the constructs being tested were theoretically and appropriately measuring what they were supposed to measure. Most of the respondents perceived that they were successful (mean = 5.07). Similarly, based on the descriptive statistics, the entrepreneurs perceived that they had moderately high level of entrepreneurial work engagement (mean = 5.50), psychological capital (mean = 5.18), and entrepreneurial learning intensity (mean = 4.98). They also perceived that they had considerable concern about the customers, market, and competitors. The mean were 4.79 for market orientation and 4.77 for service orientation.

Table 2: Variables, Means and Standard Deviations

	Min.	Max.	Mean	Std. Deviation
Entrepreneurial Success	4.11	5.89	5.073	.393
Entrepreneurial Work Engagement	4.65	6.00	5.498	.375
Entrepreneurial Learning Intensity	3.83	6.00	4.975	.549
Psychological capital	3.79	6.00	5.180	.391
Market Orientation	3.00	6.00	4.792	.642
Service Orientation	3.00	6.00	4.768	.618

### Reliability

Reliability test was run to check the internal consistency of the constructs (Cronbach 1951) and to check that all measurements were free of unstable errors (Cooper & Emory 1995). The results showed that each construct scored an acceptable standard reliability coefficient alpha (Cronbach 1951; Peterson 1994). The reliability and validity results are presented in Table 3. Even though entrepreneurial learning intensity had a Cronbach alpha of 0.694, which is less than the

average of 0.77 in psychology research (Peterson 1994), it does not necessarily imply a problem of internal consistency (Yang & Green 2011). The relatively low score could be due to the scale length (Yang & Green 2011) which was only 6 items in the case of entrepreneurial learning intensity in this study. The alpha of 0.694 is still very close to 0.7 to remain within the acceptable range for further analysis (Nunnally, 1978; Peterson 2004).

Table 3: Reliability of constructs

Constructs (domains)	Number of items	Cronbach's alpha (in earlier pretesting)
Entrepreneurial success	3	.680 (.691)
- Financial wealth		.855 (.872)
- Psychological performance	15	overall .855 (.857)
Entrepreneurial work engagement	17	.915 (.933)
Entrepreneurial learning intensity	6	.694 (.601)
Psychological capital	24	.894 (.913)
Service orientation	8	.840 (.830)
Market orientation	10	.865 (.840)

#### Multiple-Mediation Hypothesis Model Testing

SPSS Macro was used to test the multiple-mediation hypotheses. The results are shown in Figure 1.

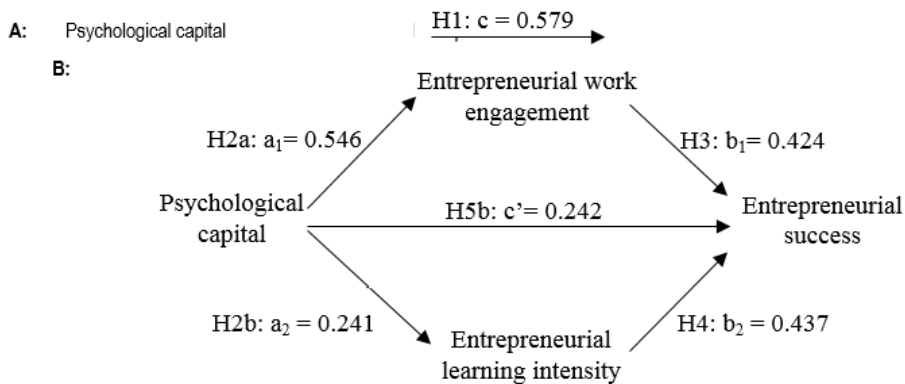


Figure 1: Illustrations of Multiple Mediation Effects

The procedures in SPSS Macro involved testing mediation effects by entrepreneurial work engagement and entrepreneurial learning intensity (the multiple mediators) simultaneously. The investigations involved three parts:

(1) Investigating the *total indirect effect* of the predictor (psychological capital) on the dependent variable (entrepreneurial success) through the mediators (entrepreneurial work engagement and entrepreneurial work engagement);

(2) Investigating the *specific indirect effect* of psychological capital on entrepreneurial success through entrepreneurial work engagement; and

(3) Investigating the *specific indirect effect* of psychological capital on entrepreneurial success through entrepreneurial learning intensity.

The *total effect* (c) in **A** (Figure 1) of psychological capital on entrepreneurial success was examined. As expected, psychological capital was strongly related to entrepreneurial success ( $\beta = 0.579$ ,  $p < 0.000$ ). Hypothesis 1 was supported. The *specific indirect effect* in **B** (Figure 1) of psychological capital and entrepreneurial success via mediators was defined as the product of two unstandardized paths ( $a_1b_1$ ;  $a_2b_2$ ) linking psychological capital to entrepreneurial success via those mediators. Then, it becomes necessary for the predictor (psychological capital) to have significant influence on each of the mediators (entrepreneurial work engagement and entrepreneurial learning intensity). The findings showed that psychological capital had significant direct effects on entrepreneurial work engagement ( $a_1$  path:  $\beta = 0.546$ ,  $p < 0.000$ ) and on entrepreneurial learning intensity ( $a_2$  path:  $\beta = 0.241$ ,  $p < 0.000$ ). Therefore, hypotheses 2a and 2b were supported.

Findings showed that entrepreneurial work engagement had a significant effect on entrepreneurial success ( $b_1$  path;  $\beta = 0.424$ ,  $p < 0.0468$ ). Hypothesis 3 was supported. Similarly, entrepreneurial learning intensity had significant direct effect on entrepreneurial success ( $b_2$  path;  $\beta = 0.437$ ,  $p < 0.0409$ ). Hypothesis 4 was supported.

The findings showed that the *specific indirect effect* of psychological capital on entrepreneurial success via entrepreneurial work engagement was 0.232 (i.e.  $0.546 \times 0.424$ ); and via entrepreneurial learning intensity was 0.105 (i.e.  $0.241 \times 0.437$ ). The Pearson's correlation of the mediators was not an issue in this study since both variables were positively correlated:  $\beta = 0.610$ ,  $p < 0.01$ . Hypothesis 5a was supported.

The *total indirect effect* is the sum of the specific indirect effects. Thus, the total indirect effect was 0.337 (i.e.  $0.232 + 0.105$ ). Alternatively, the total indirect effect of psychological capital on entrepreneurial success through both mediators was the difference between total effect and direct effect of psychological capital on entrepreneurial success or  $c - c' = .579 - .242 = .337$ . However, the study is yet to confirm the significance of this total indirect effect of the mediators.

Bootstrapping is the best method to confirm the significance of the multiple-mediation effects (0.337) (Duffy et al. 2012; Kim & Park 2009) because it overcomes the potential problems caused by unmet assumptions of multiple-mediation theory (Preacher & Hayes 2008). Bootstrapping is also the best to test the significance of the total indirect effects associated with each mediator (Zhao, Lynch & Chen 2010). Within the application of SPSS Macro, this researcher created 5,000 bootstrap samples at 95% confidence interval by taking into accounts the bias corrected and computed for the upper and lower potential limits of the indirect effects. Across the 5,000 bootstrap samples, if there is no zero value then the indirect effects would be significant. The findings showed that entrepreneurial work engagement and entrepreneurial learning intensity were significant mediators when confidence intervals did not contain a zero (see Table 4). Hypothesis 5b was supported. Somewhat more fundamental in the findings was that entrepreneurial work engagement had slightly stronger statistical magnitude (specific indirect effect = .232) as a competing mediator at significant level compared to entrepreneurial learning intensity.

Table 4: Bootstrap Results for Specific and Total Indirect Effects

Mediators	Bootstrap estimate	se	Bias corrected and accelerated 95% confidence interval	
			Lower	Upper
Entrepreneurial work engagement (specific)	.232	.057	.0121	.2841
Entrepreneurial learning intensity (specific)	.105	.054	.0109	.2179
Total indirect effect	.337	.081	.0796	.3989

The summary of the multiple-mediation hypothesis testing model shows moderately high percentage of contribution to the variance of entrepreneurial success ( $R^2 = 0.639$ ;  $p < 0.000$ ). In other words, 63.9% of entrepreneurial success was explained by psychological capital through entrepreneurial work engagement and entrepreneurial learning intensity. Overall, the multiple-mediation hypotheses were all supported.

### Service Orientation and Entrepreneurial Work Engagement

Hypothesis 6 was drawn on the basis that entrepreneurs are concern about the excellence of service delivery (service orientation). They show concern by dedication and passion on the business (entrepreneurial work engagement). A Pearson's product moment correlation analysis resulted in positive and significant relationship between service orientation and entrepreneurial work engagement ( $\beta = .338$ ;  $p < 0.01$ ). Therefore, Hypothesis 6 was supported.

### Market Orientation and Entrepreneurial Learning Intensity

Hypothesis 7 was drawn on the basis that the higher the entrepreneurs' stance in understanding customers, market, and competition (market orientation), the higher the entrepreneurs' efforts to know further by acquiring, organizing, and capitalizing the new knowledge into decision making to exploit opportunities (entrepreneurial learning intensity). A simple regression in SPSS 20 resulted in non-significant relationship between market orientation and entrepreneurial learning intensity. Therefore, Hypothesis 7 was not supported. Table 5 presents the findings.

Table 5 Market Orientation and Entrepreneurial Learning Intensity

IV	Unstand. Beta	Stand. Beta	T	Sig.	95.0% Confidence Interval	
					Lower Bound	Upper Bound
(Constant)	3.514		.560	.577	-.812	1.367
MO	.121	.139	1.544	.126	-.035	2.481

(MO: market orientation)

In summary, the multiple-mediation hypotheses were supported, showing that statistically and empirically this study has enriched the body of knowledge of entrepreneurship. Entrepreneurial success can be well explained by psychological capital and the explanation was further enhanced by entrepreneurial work engagement and entrepreneurial learning intensity simultaneously. In this study, the role of marketing in entrepreneurship is no more a matter of debate but some findings about market orientation in this study could not show support.

## Discussion and conclusion

### *Psychological capital and entrepreneurial success: A multiple-mediated relationship*

The findings of this study have supported the proposition that psychological capital is positively related to entrepreneurial success. Such finding is consistent with prior studies which assert that psychological capital is one of critical personal resources required by entrepreneurs (Avey et al. 2010; Luthans et al. 2005) especially in uncertain environment. The finding also confirms that self-efficacy, optimism, resilience, and hope (four elements of psychological capital) must be taken together as a package of valuable personal assets and four of them are not options to have or not to have, as claimed and strongly suggested by the founding authors (i.e. Luthans, Luthans & Luthans 2004). For example, it is not enough to have just self-efficacy in entrepreneurial venturing because entrepreneurial venture is so rough and unpredictable that requires clearer achievement motive (Poon et al 2006), market change awareness (Idar & Mahmood 2011), and resilience (Luthans & Youssef 2007). Taken together those four elements conceptualized as psychological capital is theoretically an indicator of personal strength or valuable resources (Carr 2011). This study finding is also in line with prior studies (Hmieleski & Carr 2007; Peterson et al. 2011; Sweetman et al. 2011) which argue that positive psychological capital could determine entrepreneurial success.

Therefore, this study supported the resource-based view which asserts that unique and rare resources, including psychological resources are the key determinants of entrepreneurial success of service SME owner-managers. That is, when entrepreneurs have high psychological capital they are likely able to take all necessary positive actions (strategies) such as engagement in entrepreneurial work (entrepreneurial work engagement) and strong willingness to learn new knowledge (entrepreneurial learning intensity) even during rough times. On the other hand, those who lack of psychological capital would not be able to endure rough experiences and would gradually withdraw (Carr 2011; Seligman et al. 2005). That being said, this study enriches entrepreneurship theory by introducing the importance of psychological capital besides the acceptance of personality trait importance in entrepreneurship theory. In other words, the findings in this study show some support to the notion which says entrepreneurs are born with some unique characteristics. However practically, entrepreneurs pursuing success must have high level of psychological states and could still learn to develop strong level of self-efficacy, optimism, resilience and hope, while these personal assets can be cultivated (Luthans & Youssef 2007).

The proposed comprehensive predictor and multiple-mediators research framework was able to explain the major variances in entrepreneurial success (63.9%). It means that 63.9% of the variance in entrepreneurial success is majorly explained by psychological capital, entrepreneurial work engagement, and entrepreneurial learning intensity. The findings were consistent with the propositions of previous research in entrepreneurship (e.g., Haber & Reichel 2005; Rauch & Frese 2000) which specify the power of having positive mental and emotions and strategies on the way to earn meaningful achievements or entrepreneurial success.

The findings of this study indicate that psychological capital predicts entrepreneurial success directly and indirectly through both entrepreneurial work engagement and entrepreneurial learning intensity. Such findings are also consistent with Rauch and Frese's (2000) claim that some mediation mechanisms should be engaged in order to understand entrepreneurial success phenomenon. It is because the nature of entrepreneurial success is very complex of which investigation of direct relationship only would not suffice (Simpson et al. 2012). Furthermore, this study found that not only both entrepreneurial work engagement and entrepreneurial learning intensity were significant multiple-mediators but also entrepreneurial work engagement actually had a bigger effect size on the relationship between psychological capital and entrepreneurial success.

Therefore, theoretically and empirically this study has supported the notion of training and motivating entrepreneurs to instill strong psychological states of mind and substantial effort, namely higher entrepreneurial work engagement, and entrepreneurial learning intensity, to ensure entrepreneurial success (Hmieleski & Carr 2007). This study confirms the main assumption of positive psychology which states that positive action lead to positive outcome. This study also shows support to the argument that says entrepreneurs who have positive psychological states would be more successful and benevolent to the society at large for longer terms (Csikszentmihalyi 2003; Sisodia et al. 2007). In other words, entrepreneurs who want to be successful should have the critical resources, i.e. psychological capital in addition to monetary capital. These psychological resources need to be transmitted into physical, mental and emotional actions or strategies to ensure ultimate entrepreneurial success (Baron & Henry, 2011; Csikszentmihalyi 2003; Seligman 2000).

#### *Service and market orientations as firm strategies*

Marketing concepts such as service and market orientation are very crucial in the survivability and sustainability of businesses of any kind and even more critical in service enterprises (Salanova et al. 2005; Slater & Naver 2000; Zheng & Yin 2010). However, this study only found support for service orientation which is correlated with entrepreneurial work engagement.

Service orientation was positively and significantly correlated with entrepreneurial work engagement. The findings of this study were consistent with prior studies which specify that service orientation acts as a differentiating strategy between high and low service performance (e.g. Vargo & Lusch 2008). The finding of this study had proven statistically that service orientation could have marginal explanation on entrepreneurial work engagement. The finding is consistent with Lytle and Timmerman (2006) which found that service orientation leads to positive behavioral outcome. It means that service orientation could be as another translation of serious efforts in ensuring customers' needs and wants being fulfilled excellently. The explanation of such finding is also found in previous research which states that good service orientation is reflected during service encounters where both the producer and customers meet. During the service encounters, the feeling of delight and happiness of the customers become dedication of the producer to engage further in providing excellent

services. In other words, by applying marketing concepts such as service orientation the producer in return becomes more able to present memorable services with dedication, enthusiasm, and passion.

The relationship between market orientation and entrepreneurial learning intensity was not significant based on the collected data. The underlying premise of market orientation concept being examined within this research framework initially was to indicate that its adoption would constitute a good strategy that can benefit entrepreneurs directly or indirectly. However, market orientation, in this study, could not explain why entrepreneurs would engage in serious learning (entrepreneurial learning intensity) by channeling their mind and hearts closely to customers, market, and competitors. There are two plausible explanations. First, market orientation might be more relevant to large firm than service SMEs, the context of this study (Steinman et al. 2000; Zheng & Yin 2010). In a meta-analysis involving fifty-three (53) empirical studies representing an overall sample size of 12,043 respondents from 23 countries, across five continents, it is found that market orientation is effectively practiced by multinational corporations with substantial financial, technical, management and marketing capabilities (Cano, Carilla & Jaramillo 2004); whereas service SMEs would have less resources to perform specific tasks looking at market orientation (Jain & Ali 2013).

Second, integration of market orientation in entrepreneurial success study is still new and requires more researches. In the literature, there are mixed results. For example, Kirca et al. (2005) has shown in a meta-analysis study that market orientation – outcomes relationship would be lower or may not be significant in service firms compared to that in manufacturing companies. Similarly, Steinman et al. (2000) highlight that the more information entrepreneurs know about customers and market the less information which match. In practice, market orientation efforts such as making surveys, focus group discussions and research and development involving customers are quite costly (Svensden et al. 2011) where majority of small and medium sized enterprises could not afford.

### **Implications of study**

This study provides theoretical, methodological and practical implication. In terms of entrepreneurship and small business theoretical implication, it was evident that entrepreneurial success among small and medium service enterprises (service SMEs) should be conceptualized with reference to resource-based view, small business success and positive psychology theories. From the resource-based view, the concept of “resources” should be broadly defined to include tangible (financial and material resources) and intangible (human and psychological capital) resources. Psychological capital should be viewed as key resources within SMEs, especially service SMEs. One way of explaining, psychological capital also play significant role in ensuring the ventures efforts heading towards entrepreneurial success. Resources would produce better outcome if properly translated into positive actions and strategies that cover formal strategy such as service orientation and entrepreneurial strategies such as entrepreneurial work engagement and entrepreneurial learning intensity. Ultimately, positive outcome or entrepreneurial success is the function of these valuable resources and positive action (strategies).

The theoretical sequencing proposition of resource, strategies and success within small business success model; and the proposition which stated that positive actions produce positive outcomes in positive psychology theory are meaningful in explaining entrepreneurial success and its antecedents. Strategies as mediator should receive more attention, especially entrepreneurial strategies that refer to intangible efforts by entrepreneurs in terms of entrepreneurial work engagement and learning intensity. This finding also implies that future research in entrepreneurial success should integrate theories by examining more variables using multiple intervening frameworks. This study is among the pioneer research proposing complex mediating relationships in the entrepreneurship literature and answering the notion that entrepreneurial success is a complex outcome variable which requires a comprehensive explanation (Baron & Henry, 2011).

The methodological implication is that future entrepreneurship studies require a robust statistical analysis (Rauch & Frese 2000). Employing a multiple-mediation model hypothesis testing, this study has provided methodologically evidence that entrepreneurial success is partly an attribution of psychological capital on entrepreneurial success mediated by entrepreneurial work engagement, and entrepreneurial learning intensity. The multiple-mediation analysis method also allows further diagnostic of a stronger mediator, in this case, entrepreneurial work engagement had slightly stronger statistical magnitude, which means the stronger mediator in this study.

The practical implication of this study is on entrepreneurs and potential entrepreneurs. Based on the findings of this study, entrepreneurs are expected to be equipped with strong psychological states of mind by having self-efficacy, optimism, resilience, and hope. They are also expected to be more engaged in their entrepreneurial venture and spending more time



on high-learning to ensure success. Nonetheless, they must be aware that entrepreneurial success could be indicated by financial and psychological measures. Perhaps having sense of entrepreneurial satisfaction, feeling of gratitude, and preparedness is more real in surviving the cuts of entrepreneurial venturing. To policy makers, this study provided guidelines useful to prioritize potential entrepreneurship training and incentives. Entrepreneurship training should also cover psychological capital components and strategies. In particular, entrepreneurs with significant work engagement and learning intensity should be given more attention and service orientation as part of the firm strategies should be included in training programs for potential entrepreneurs, especially training design for the service SMEs.

### Limitations and future research suggestions

Although the research was designed carefully, it was not without limitations. The limitations have to be highlighted to caution against straight forward interpretations of the research findings and to give directions for future research. First, the data collection method was cross-sectional. The data was gathered at one time by which could not represent the actual picture of how entrepreneurial success actually evolves within the mind of entrepreneurs in the real sense. Therefore, this study could not establish causality inference from the data. If the data were collected using longitudinal method, the study could carefully describe the development from being potential entrepreneurs, to early start-ups, and to established entrepreneurs.

Second, in order to examine the extent of entrepreneurial learning intensity impacting on psychological performance, qualitative methods like case studies could have been more useful to study the differences between risk-takers (usually have high entrepreneurial learning intensity) and risk-averse (usually have low entrepreneurial learning intensity). The results would turn out to be more rigorous because case studies could explain why, when and how an entrepreneur gradually transforms to become an established entrepreneur due to entrepreneurial learning intensity in real time.

Third, the context of the study was focused on established entrepreneurs of small and medium service enterprises in Malaysia. Thus, future research could include established entrepreneurs in other industrial sectors such as agriculture, food and beverages, and manufacturing. The logic is for making comparison and comprehensive conclusions pertaining to the true essence of entrepreneurial success and the contributing factors. Perhaps variations will be discovered, given the differences. It would be interesting to discover in which disciplines that psychological states particularly psychological capital and its related strategies have the most impact from the entrepreneurs' perspective.

Last but not least, the sample size is another limitation. The usable size sample (83) was hindering advantages of using more robust statistical software such as structural model equation (SEM) which requires normally a sample of at least 200 respondents (Hair et al. 1998), considering the number of relationships and parameters in the research model. For example, even though the R-squared value of the multiple-mediation model was more than 60 percent (63.92%), the significance of the goodness fit indices of the model could not be tested. Hence, future research should replicate this study using a larger sample size.

### Conclusion

To conclude, this study confirmed theoretically and statistically that psychological capital is the most critical personal psychological resource for all small and medium-sized enterprise owners to have the chance to become successful entrepreneurs. This means the inclusiveness of psychological states variables, such as positive psychological capital, would enhance the understanding of entrepreneurial success, in line with the propositions by previous scholars who posited that the higher the personal psychological resources, the higher chance for entrepreneurs to earn lasting entrepreneurial success. Of course, the explanation of entrepreneurial success is not simplistic. This study substantiates that it would be more comprehensive when a couple of mediators are introduced to explain entrepreneurial success because entrepreneurial success is a complex phenomenon. The significant relationship between psychological capital (predicting variable) and entrepreneurial success (dependent variable) necessitates this study to examine mediation mechanisms between psychological capital and entrepreneurial success. Entrepreneurial work engagement and entrepreneurial learning intensity, as mediators, both were the intervening variables that strengthen the influence of psychological capital on entrepreneurial success significantly. Previous research urge entrepreneurs of small and medium-sized enterprises to be real and closer to market, customers, and competitors. Therefore, service and market orientation are newly introduced variables in this study to seek potential enriching explanation. Although the effect of market orientation remain unanswered,

service orientation was found to be related to entrepreneurial work engagement in service SMEs context. Finally, future research involving service companies should examine the role of service orientation in more depth because it might be related to service firm success and long-term sustainability.

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## APPENDIX A

### Item Measurements

#### Entrepreneurial success

1. I perceived sufficient income in the first three years of establishment.
2. I perceived having high income for the last few years.
3. I expect having high income for the next following years.
4. I am *highly* satisfied with the success I have achieved.
5. I am *highly* satisfied with the progress I have made toward meeting my overall goals.
6. I am *highly* satisfied with the progress I have made toward meeting my goals for income.
7. I am *highly* satisfied with the progress I have made toward meeting my goals for self-advancement.

8. I am *highly* satisfied with the progress I have made toward meeting my goals for the development of new skills.
9. I have so much in life to be thankful for.
10. If I have to list everything that I feel grateful for, it would be a very long list.
11. When I look at the world, I don't see much to be grateful for.
12. I am grateful to very wide variety of people.
13. As I get older I find myself more able to appreciate everything that has been part of my life history.
14. Long amounts of time can go by before I feel grateful to something or someone.
15. I have a gut feeling for potential opportunities.
16. I can distinguish between profitable opportunities and not-so-profitable opportunities.
17. I have a knack for telling high-value opportunities apart from low-value opportunities.
18. When facing multiple opportunities, I am able to select the good ones.

### Psychological capital

1. I feel confident analyzing a long-term problem to find a solution.
2. I feel confident in representing my work area in meetings with management.
3. I feel confident contributing to discussions about the organization's strategy.
4. I feel confident helping to set targets/goals in my work area.
5. I feel confident contacting people outside the organization (e.g., suppliers, customers) to discuss problems.
6. I feel confident presenting information to a group of colleagues.
7. If I should find myself in a jam at work, I could think of many ways to get out of it.
8. At the present time, I am energetically pursuing my work goals.
9. There are lots of ways around any problem.
10. Right now I see myself as being pretty successful at work.
11. I can think of many ways to reach my current work goals.
12. At this time, I am meeting the work goals that I have set for myself.
13. When I have a setback at work, I have trouble recovering from it, moving on.
14. I usually manage difficulties one way or another at work.
15. I can be "on my own," so to speak, at work if I have to.
16. I usually take stressful things at work in stride.
17. I can get through difficult times at work because I have experienced difficulty before.
18. I feel I can handle many things at a time at this job.
19. When things are uncertain for me at work, I usually expect the best.
20. If something can go wrong for me work-wise, it will because I believe anything bad is possible for me.
21. I always look on the bright side of things regarding my job.
22. I am optimistic about what will happen to me in the future as it pertains to work.
23. In this job, things never work out the way I want them to.
24. I approach this job as if "every cloud has a silver lining."

### Entrepreneurial work engagement

1. At my work, I feel bursting with energy.
2. I find the work that I do full of meaning and purpose.
3. Time flies when I am working.
4. At my work, I feel strong and vigorous.
5. I am enthusiastic about my ventures.
6. When I am working, I forget everything else around me.
7. My business activities inspire me.
8. When I get up in the morning, I feel like going to work.
9. I feel happy when I have already worked hard enough.
10. I am proud of the work that I do.
11. I am immersed in my work.
12. I can continue working for very long hours.
13. To me, my job is challenging.
14. I get carried away when I am working.
15. At work, I am very resilient, mentally.
16. It is difficult to detach myself from my job.
17. At work, I always persevere, even when things do not go well.

### Entrepreneurial learning intensity

1. I put a great deal to learn business knowledge from direct experience with customers.
2. I put a great deal to learn business knowledge by observing others.
3. I make an effort to take in and digest new knowledge.
4. I make an effort to link new knowledge with my preexisting situation.
5. When in lack of knowledge, I do not think hard to decide on taking opportunities.
6. When in lack of knowledge, I have to make exhaustive analysis.

#### Service orientation

1. I am committed in providing resources to enhance employee ability to be excellent.
2. I view customers as opportunities to serve rather than as sources of revenue.
3. I believe that my business exists to serve the needs of my customers.
4. My employees always report that they care for customers.
5. My employees always report that they go extra mile for customers.
6. My employees always report that they go out of their way to reduce inconveniences for customers.
7. Every employee receives personal skill trainings that enhance his/her ability to deliver high quality service.
8. Large amount of time and effort in simulated training activities that help us provide high levels of service.

#### Market orientation

1. I continually monitor my customers and competitors to find new ways to improve customer satisfaction.
2. I freely communicate information about successful and unsuccessful customer experiences with every worker across functions.
3. My business strategy for competitive advantage is based on my understanding of customers' needs.
4. My business activities are more customer-focused.
5. My business activities include polling end users at least once per year to assess the quality of products and services.
6. My overall business objectives are driven primarily by customer satisfaction.
7. One of my main concerns is to measure customer satisfaction systematically.
8. I set routine or regular measures of customer service.
9. I believe this business exists primarily to serve customers.
10. Data on customer satisfaction are disseminated at all levels in this business on regular basis.

## APPENDIX B

### Factor Analysis: Loadings and Cross-Loadings

	ELI	PSYCAP	MO	SO		
FW1	<b>0.2218</b>	0.1155	0.1428	0.0754	0.0746	0.1468
FW2	<b>0.4728</b>	0.3151	0.3282	0.2733	0.1638	0.0133
FW3	<b>0.3899</b>	0.2259	0.3319	0.3432	0.1855	0.0821
OPP1	<b>0.4716</b>	0.3624	0.3646	0.367	0.3015	0.1484
OPP2	<b>0.5634</b>	0.4762	0.4009	0.484	0.3606	0.236
OPP3	<b>0.5254</b>	0.3786	0.4432	0.4393	0.3718	0.1832
OPP4	<b>0.5697</b>	0.458	0.4749	0.5215	0.3552	0.3145
PPG1	<b>0.5885</b>	0.481	0.444	0.5592	0.3172	0.3346
PPG2	<b>0.5906</b>	0.4761	0.4594	0.5805	0.2655	0.4001
PPG3	<b>0.4503</b>	0.3686	0.2309	0.423	0.174	0.1063
PPG4	<b>0.7398</b>	0.6172	0.5346	0.6573	0.2335	0.2699
PPG5	<b>0.5544</b>	0.5044	0.3875	0.5464	0.1521	0.1138
PPG6	<b>0.5485</b>	0.4208	0.3132	0.4854	0.0937	0.1057
PPS1	<b>0.6604</b>	0.4062	0.3757	0.4712	0.257	0.1999
PPS2	<b>0.5765</b>	0.3668	0.3776	0.3515	0.2207	0.1908
PPS3	<b>0.5451</b>	0.4306	0.4005	0.3523	0.3065	0.3114

PPS4	<b>0.5760</b>	0.3977	0.3925	0.3858	0.2571	0.1776
PPS5	<b>0.6268</b>	0.4857	0.4363	0.4595	0.1823	0.2304
EW1	0.6264	<b>0.7453</b>	0.6095	0.6233	0.4051	0.3537
EW10	0.5195	<b>0.6686</b>	0.5003	0.5439	0.303	0.2619
EW11	0.3789	<b>0.6133</b>	0.5084	0.5264	0.3396	0.1894
EW12	0.4656	<b>0.5141</b>	0.4171	0.4517	0.0827	0.1098
EW13	0.4461	<b>0.5044</b>	0.4579	0.3935	0.3379	0.3321
EW14	0.3315	<b>0.4394</b>	0.2693	0.3176	0.2216	0.2763
EW15	0.4284	<b>0.6285</b>	0.3625	0.5337	0.1481	0.2022
EW16	0.3647	<b>0.5496</b>	0.3925	0.4329	0.1902	0.1805
EW17	0.408	<b>0.6846</b>	0.4534	0.5623	0.1506	0.1206
EW2	0.6074	<b>0.7801</b>	0.6246	0.6206	0.2767	0.2387
EW3	0.6441	<b>0.8004</b>	0.5233	0.7235	0.3045	0.366
EW4	0.636	<b>0.8031</b>	0.5854	0.7007	0.3787	0.3508
EW5	0.4925	<b>0.6936</b>	0.505	0.5514	0.2198	0.2266
EW6	0.3687	<b>0.4938</b>	0.4156	0.3602	0.0598	0.1201
EW7	0.5972	<b>0.7809</b>	0.6032	0.6148	0.3423	0.227
EW8	0.5843	<b>0.7500</b>	0.4882	0.6247	0.2873	0.2367
EW9	0.5533	<b>0.6508</b>	0.5639	0.5679	0.3788	0.3392
ELI1	0.6035	0.6271	<b>0.7801</b>	0.5536	0.4832	0.4056
ELI2	0.3845	0.4489	<b>0.6316</b>	0.4205	0.3524	0.1999
ELI3	0.6041	0.6456	<b>0.8680</b>	0.5978	0.4537	0.3224
ELI4	0.5365	0.579	<b>0.8144</b>	0.5593	0.3502	0.2833
ELI5	0.3394	0.3344	<b>0.4344</b>	0.3544	0.0457	0.0937
ELI6	0.2947	0.1971	<b>0.2961</b>	0.2896	0.0352	0.032
PSYCAPC1	0.4462	0.4747	0.3772	<b>0.5979</b>	0.3766	0.2516
PSYCAPC2	0.4925	0.4896	0.4722	<b>0.5699</b>	0.3088	0.1294
PSYCAPC3	0.3607	0.361	0.2365	<b>0.5405</b>	0.2999	0.2262
PSYCAPC4	0.45	0.4766	0.3433	<b>0.6301</b>	0.2225	0.1611
PSYCAPC5	0.5651	0.5702	0.4292	<b>0.7383</b>	0.2937	0.1967
PSYCAPC6	0.6022	0.6115	0.5092	<b>0.7504</b>	0.3312	0.218
PSYCAPH10	0.1205	<b>0.2341</b>	0.1597	<b>0.2174</b>	0.0024	0.0274
PSYCAPH11	0.4215	0.4554	0.3751	<b>0.6116</b>	0.3094	0.3072
PSYCAPH12	0.5274	0.441	0.3858	<b>0.4962</b>	0.3362	0.3682
PSYCAPH7	0.53	0.549	0.5212	<b>0.6672</b>	0.1933	0.2787
PSYCAPH8	0.5704	0.6017	0.5378	<b>0.6123</b>	0.3924	0.2187
PSYCAPH9	0.5466	0.5219	0.3647	<b>0.5921</b>	0.0998	0.1493
PSYCAPO19	0.5934	0.5318	0.5212	<b>0.6879</b>	0.2209	0.3386
PSYCAPO20	0.3138	0.2181	0.2428	<b>0.3186</b>	0.0932	0.19
PSYCAPO21	0.4875	0.3821	0.425	<b>0.5786</b>	0.2252	0.3462
PSYCAPO22	0.5775	0.5289	0.5095	<b>0.6890</b>	0.3196	0.3115
PSYCAPO23	0.2601	0.1431	0.1492	<b>0.3019</b>	0.0833	0.1622
PSYCAPO24	0.5829	0.6317	0.495	<b>0.6853</b>	0.353	0.2197
PSYCAPR13	0.3422	0.3228	0.1514	<b>0.3539</b>	0.181	0.2056
PSYCAPR14	0.3768	0.4977	0.3666	<b>0.5107</b>	0.2039	0.2315
PSYCAPR15	0.031	<b>0.054</b>	-0.0091	<b>0.0259</b>	-	-0.1547
PSYCAPR16	0.4543	0.5551	0.4927	<b>0.5336</b>	0.3732	0.3577
PSYCAPR17	0.293	0.3978	0.3448	<b>0.4737</b>	0.2629	0.2389
PSYCAPR18	0.3176	0.3316	0.3042	<b>0.4829</b>	0.165	0.3173



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MO1	0.2661	0.2332	0.4125	0.2317	<b>0.6556</b>	0.3141
MO10	0.3695	0.4749	0.3185	0.4518	<b>0.6826</b>	0.5898
MO2	0.2081	0.2652	0.3343	0.2904	<b>0.5834</b>	0.2928
MO3	0.3445	0.2753	0.4125	0.3398	<b>0.7476</b>	0.3333
MO4	0.4247	0.3194	0.398	0.3921	<b>0.7350</b>	0.2825
MO5	0.1247	0.15	0.1782	0.1306	<b>0.5473</b>	0.4386
MO6	0.2742	0.2495	0.2933	0.268	<b>0.7387</b>	0.5176
MO7	0.1828	0.147	0.1237	0.249	<b>0.6444</b>	0.4644
MO8	0.2868	0.2482	0.2339	0.3222	<b>0.6736</b>	0.5379
MO9	0.3664	0.2971	0.3579	0.3329	<b>0.7721</b>	0.5597
SO1	0.1916	0.2183	0.2896	0.2849	0.5289	<b>0.6914</b>
SO2	0.1266	0.161	0.1279	0.2076	0.2511	<b>0.4451</b>
SO3	0.2011	0.2957	0.1454	0.316	0.4213	<b>0.7202</b>
SO4	0.1262	0.2043	0.1217	0.2588	0.3508	<b>0.6605</b>
SO5	0.0698	0.13	-0.0174	0.1199	0.2648	<b>0.5034</b>
SO6	0.2268	0.2273	0.268	0.2087	0.3512	<b>0.7865</b>
SO7	0.401	0.3076	0.3858	0.3635	0.5589	<b>0.8490</b>
SO8	0.4911	0.3991	0.4847	0.4317	0.5182	<b>0.8007</b>

## Sustainability of “Vetëvendosje” Movement in the Political Sphere

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### Abstract

*This paper aims to analyze how “Vetëvendosja” movement has preserved its legitimacy since its creation and its actions, firstly as a movement and now as a political representative within the political system. Based on the analytical model of Constructivist Theory, Social Movement Framing Theory, data gathering and elaboration from interviews done to Albin Kurti as the first leader of this movement, The Ahtisaari’s plan, the political program and different public discourses, this paper will create a clearer research picture on this topic. This movement, born to contradict categorically and systematically the Ahtisaari’s Plan that stressed out the judicial, military and political sovereignty under the international protectorate, developed more and gain strength thanks to the thesis of national union. It organized a number of protests that caused the murder of a number of supporters and the imprisonment of the leader from the international forces. These new conditions led to the creation and put into action a number of strategies and techniques that brought the institutionalization of the movement within the political system as a political and parliamentary representative. In contrast with other movements who lost their legitimacy in the moment they entered the political system, this paper analyses how the “Vetëvendosja” movement managed to preserve its legitimacy, in both positions, in and out the political system.*

**Keywords:** Contradicting the Ahtisaari’s Plan, National Union, (political –parliamentary) Institutionalization, Legitimacy

### 1. Introduction

Different schools of social and political thought that have dealt with the causes and organization of social movements, agree that the activities of these structures are characterized by four main developmental stages that happen through the sudden appearance, accession or unification of different groups among them, bureaucratization and formalization (in the organizational meaning within the movement) and its suppression and achieving or not their aims in the fourth stage in which it function as a movement (Christiansen, 2011), skipping the fact that a social movement can achieve its goals even if it functions as a political party. Based in similar studies that are based on the analysis of pure empirical data, this article, based on the Constructivist Theory of Action, aims to claim that inside and outside the institutions, even in the case of “Vetëvendosja” exists a legitimate relationship within this movement in the past when it functioned as a social movement and now that it functions as a political party. Given that every social movement is created and develops its activity opposing the pressure that state or other institution exercise in relation with the lack of knowledge or non- acceptance and different social or cultural, physiological, gender, racial and political behaviors of these groups, Vetëvendosja, after the end of war and non-recognition of the Republic of Kosovo from Russia that gave a veto in the Council of UN, was born as a result of the opposition against the International Plan offered by Ahtisari, which was perceived and considered from some groups as an International Protectorate that affected that political, judicial and military sovereignty of the Republic of Kosovo.

Since its creation in 2004, this movement was characterized by a continuous number of demonstrations that stressed out their opposition not only against the exercise of international power through the Ahtisari Plan, but they also accused the national political actors that agreed with this agreement. This was a focal point that gave life to the articulation of the national unity within the movement as a tactic to attract and engage a large number of people in their actions. The organization of protests and demonstration for several years in continuance peaked with the murder of two of its activists in 10<sup>th</sup> February 2007 and the imprisonment of the ex-leader of Vetëvendosja, Albin Kurti. These new conditions led to the creation and use of new tactics and strategies, without changing the goals of the movement and getting closer to the institutionalization of movement as a political party and a legislative representative of its supporters since the general elections of 2010. In difference with other social movements that have erased their intentions and lost their legitimacy after they became a

political party, this article takes in consideration the case of Vetëvendosja, that now it functions as a party, will prove that it has preserved the goals of its creation and the legitimacy of its cause.

## **2. The creation and development of the movement thanks to its opposition to The Ahtisari's Plan and supporting national unification**

In difference with the ideological and rational structure of political parties, social movements are characterized as "efforts by a large number of people to solve collectively a problem that they feel they have in common" (Toch, 1965, pp. 5). Defining such formula means not only the perseverance and the amelioration of active relationships that are based on different sociological, physiological (race, color, sex) and aesthetic (common language, faith, national consciousness, etc.), but also the contradiction of those governmental policies that discriminate or choose not to respect these features. Based on these premises that manage to show the meaning and explain the inner nature of social movements, it means that in one side we have to deal with social movements that are oriented towards "contentious politics that are based on underlying social networks and resonant collective action frames and which develop the capacity to maintain sustained challenges against powerful opponents" (Tarrow, 1998, pp. 2). On the other side, the approach of social movements shows "collective challenges, based on common purposes and social solidarities, in sustained interaction with elites, opponents, and the authorities" Tarrow, 1998 a, pp. 4).

The above description gives us a chance to deal with the creation and the development of the social movement through its opposing continuity. To make clear all these opposing meanings of the social movements, this article tries to analyze the case of Vetëvendosja movement, as a movement that took place in Kosovo. Finding itself in a non-favorable position in terms of the continuity of the political, economic, cultural and social relationships and due to the war with Serbia and its consequences, Kosovo was obliged to accept and submit itself to the protectorate of international states and authorities. In the second article of the 9<sup>th</sup> appendix of the Ahtisari's Plan (UN representative elected to create a legal package on the ways how the state of Kosovo should function and that would serve as a basis for the creation of the Constitution) that has to do with the exercise of power of the International Civil Representative, is said: "as for the general surveillance of the application of this solution, ICR has the supreme power in Kosovo in interpreting different civil aspects of this solution" (the Ahtisari's Plan, 2007, Appendix IX, pp. 58)

The incapacity, maybe the incapacity of the political elites in Kosovo to create an independent state, - thanks to some conjectures inside and outside the country, made possible that in "12 June 2005" (The history of Vetëvendosja movement), to create the movement that in its foundation defended not only the independence as a cause and its legitimated sovereignty, but it proclaimed as the unification with Albanian, despite the general dispositions of the Ahtisari's Plan, that turned out to be also a Constitution for Kosovo. In the article 1.7 and 1.8 is stated that: "Kosovo will have its special national symbols, the flag included, its emblem and anthem, as a reflection of its multi-ethnic character. Kosovo will not request any unification with any other state or accept to be part of any state (the Ahtisari's Plan, 2007 a, General Dispositions, pp.3)

Unfolding such a thesis was a big problem not only for the international representatives but also for the national political actors "that in meetings they have had with the prime minister Berisha in 1991-1993, insisted more on the idea of a state than to the idea of national unification" (Kurti, 2010, December 2). In this sense, it could be said that Vetëvendosja started its activity through a complete opposing policy, articulated as a counter action against international policies and their national supporters, because for this movement "the Kosovar identity is geographical, far away from a national identity; it is stronger than the Drenica identity than the Kosovar identity and above all these stands the national one" (Kurti, 2010 a, December 2). Embracing such an initiative that lies on the protection and empowerment of a national consciousness and memory, requires the formation of strong symbolic signifiers to stress out that "collective action frames deny the immutability of some undesirable situation and the possibility of changing it through some form of collective action. They define people as potential agents of their own history" (Gamson & Meyer, 1996, pp. 285). On the other side, is necessary to find and use means that make possible the further progress of this issue, because even though exist such a generalizing discursive code, according to Meyer and Rochon (1997), the social movements are compound by coalitions of actors that act simultaneously through elements created by common goals and also by the encounter of predefined claims and tactics. Based on this the independence and Kosovo sovereignty is described by four elements and according to Vetëvendosja these four elements are: "the recognition from the UN, the creation of military army under the rule of the Ministry of Defence of Kosovo, leded by Albanian Kosovars, territorial integrity and the creation of the Foreign Ministry with complete decision making power" (Kurti, 2008, January 3).

According to Vetëvendosja and its claims, the international factors, through a plan written by Ahtisari, decided to create a state of Kosovo, led by and under the custody of international actors, leaving apart the above four points, because in the article 1.3 and 1.4 of the Appendix 11, that defines the competencies of an international army and in the article 13.1 and 13.2 of Appendix 3 on decentralization is stated:

*The international military representative (IMR) will survey and monitor the Kosovo Security Forces and will have executive authority on it, till the moment when IMR in collaboration with ICR will notice that this force is self-sufficient and capable of fulfilling its duties in accordance with international standards. IMR in collaboration with ICR has the executive power on Kosovo Defence Body (KDB) and will decide for the time when it will cease to exist as is foreseen in the article 6 of Appendix 8 of this solution. (the Ahtisari's Plan, 2007 b, Appendix XI, pp. 64-65)*

*In the actual territory of Mitrovica will be created two new districts, the North Mitrovica and the South Mitrovica, boundaries defined in the Appendix 3. It will be created a common board of North and South Mitrovica that will develop a functional collaboration within their competencies and according to the agreements between them. (the Ahtisari's Plan, 2007 c, Appendix III, pp. 35)*

For Vetëvendosje, more or less, this meant:

*Adapting such a plan gives the right to Serbs to create 11 ministries with Serb majority in the north of Kosovo, giving the chance to create official parallel structures with Serbia and the unification of this mini districts will lead to the create of Serbian enclaves in the north and as a consequence to the creation of a kind of federation among them, reflecting also the vertical connection with Serbia. (Kurti, 2008 a, January 3)*

Given that the movement conducted its activity in the edges and outskirts of institutional boundaries that were controlled by the international actors, the application of this plan, according to Vetëvendosja, could lead not only to complete loss of sovereignty of the state but also to the absence of a real participation in the life of the public sphere, knowing that "only 37% of the population took part in the elections of 2007 and where Hashim Thaci was elected primeminister with only 104.000 votes" (Kurti, 2010 b, December 2). This fact could lead to the claim that political discussions include not only the confrontation of political parties on influences on public sphere, but also it could define the special conditions for intentional interventions by the government, problematic or responsible, the use of legitimated means of power and the dictation of final objectives against any non-institutional intervention (Stone, 1997 a). It looks like that these two conditions motivated Vetëvendosja to ignore any conversation or any decision that encouraged this political direction, because big political issues (national and public policies) as says Burstain (1991) are controlled by political monopolies that are made of a large network of groups and individuals that operate in and out the government and that are connected by mutual acquaintances that have to do with a special group of policies.

In a certain way, this means that the attempts for reforms, articulated outside these central institutions (Vetëvendosja for example) could be easily ignored and also the appearance of a conflict between these actors that will lead to a cramp that produces side changes in the field of public policies (Baumgartner and Jones, 1993). As consequence, the activity of this movement found itself locked by international pressures and inner political influences, things that would lead to continuous strong reactions against these decisions or to the respect and acceptance of these initiatives that would practically mean the failure of the movement. Between these two alternatives, Vetëvendosja chose the first. Even though in the beginning taking such a risky and opposing action against UNMIK and Kosovar political actors, had to be focused in the context and different events within and outside the country, because in a large part the process of opposing movements is characterized by the creation of networks and coalition among groups and individuals that do not act in complete synchrony with one another and for this reason it is important to take into consideration the circumstances in which is made possible for these actors to collaborate (McAdam, 1982).

Adapting this tactic, that emphasises the relationship between central politics, public policies and opposing politics (Tilly, 1978) was not possible in that moment and as a result led to the murder of two activists of the movement by the international forces, during the protest of 10<sup>th</sup> February 2007 and the imprisonment of the leader and many other activists, as sign that political reforms could happen as a result of change in the political power balance within a triple monopoly.

*The right to demonstrate, freedom of speech and of movement are given to us by the Universal Human Rights Declaration, in the article 20 and in the International Pact of Political and Civil Rights, article 21. The violation of these rights in favour of political interests is unacceptable. In the demonstration of 10<sup>th</sup> February these rights were denied collectively while in my case individually are denied human universal rights (Kurti, The judicial process against Albin Kurti, 2007-2008)*

These were the words of AlbinKurti in one of the hearing processes after his arrest. Despite that fact it is unmoral and not human to kill unarmed people in the middle of the street, what counts for central monopolies of power has to do with issue that as long as these movements reflect and are created not only thanks to the acknowledgement and emphasis of certain problematic, but also thanks to people who oppose such problems (Schneider and Ingram, 1997 b). This means that these activities have to be isolated together with their activists, either through arrests or physical extermination, either by the "trade of lost lives". In a letter for the lawyer of one of the victims, the special representative of General UN Secretary says:

*In your letter of 27<sup>th</sup> August 2009 to the special representatives of General UN secretary, who has sent it to the Board, you declare that you continue to follow your appeal in the Consulting Panel on Human Rights for a full criminal investigation. We inform you that the condition for compensation payment, in accordance with the standard procedures of UN, you will be required to sign an obliging document that frees UNMIK and UN of every other obligation that comes from the death of ArbenXheladinit. (Hearing process in the Consulting panel of Human rights)*

This for the fact that "repressive may be defined as legitimate by the state" (Miller, 1999, pp.305), because such a counter response creates political, social and psychological obstacles against actual or future engagement of such movements. Although it can be considered as unimaginable taking such an action by the international forces, for Vetëvendosja this made obvious the necessity to adapt and improve the interactive actions among inner actors (within the political system of the movements) and outer political actors, with the aim of a broader expansion of the movement in the social- political and cultural sphere and the deepening of the influence that the movement has to have in the coordination of relations between several actors.

## **2.1 Changing the movement into a political party and the "election- movement" functions.**

The confrontation of the movement with the direct counter response by the military forces of UNMIK in 10<sup>th</sup> February, in which were killed two activists in the middle of the street and several other activists, the leader included, were arrested, had a direct influence in the function and its progress and increased the discontent against these forces. This means that the principal goal of the military forces of UNMIK could have been either the paralysis and the disband of the entire movement, or the comparative testing of resources and operational skills of international forces against such movement, giving indirectly a precaution in terms of changed objectives and operational tactics of it. There is no other way to explain the fact that "during 10 months of imprisonment, Albini was interrogated just once for 30 minutes and it was clear that for UNMIK, in Albini's case, the biggest priority was isolation and not justice" (The judicial process against Albin Kurti 2007-2008 a). However, a little later after his release from jail, the international factor, decided that Kosovo, based on the Ahtisari's plan, will be an independent state, despite the veto of Russia in the UN. This did not only neglect the main issue in which the movement based its activity, but it also created new contextual conditions and premises. The definition of such agenda by the side of the internationals and the other arrest of the leader and some other directors by the government of Kosovo in 12 June 2010, "after the press conference during which Vetëvendosje made public the decision to participate in the election as a movement" (Vetëvendosje leaflet, nr. 202, 2010, June 13), - motivated this movement to take further steps to make this decision concrete:

*We have decided to participate in the elections after the democratic debate that we have developed within the movement during these five months. This does not mean that we will transform into a political party. No way. We will remain a political movement, preserving the same objectives and the participation in these elections is just a method more towards our goals. (Vetëvendosje Leaflet, nr. 204, 2010 a, June 25)*

This means that in difference from political parties, the large trajectory of the movement allows its inclusion within the central or local institution and also its position outside the state institutions (Meyer, 1990). More or less, such a situation is related with the neutralization of the non-systematic political battles by framing them within a constitutional legal framework, where such a shift of the tactical course is perceived as necessary not only for the development of the movement in all fields by facilitating the weight of the direct pressure that was exercised previously from the international and inner political actors, but also as a need to add more possibilities that fit with its goals and objectives. All this is taken in consideration due to the fact that a social movement is much bigger than a special event and its appearance holds a challenge expanded in time because the movement, in a certain way, operates through a dynamic interaction in relation to the central politics (Meyer, 1990 a).

But the question is: is it possible to have any direct relations between the content and objectives that Vetëvendosja had before, with the content and goals of a movement now represented politically?

That idea is that it could be seen as an attempt to develop an inner tactical movement, that could lead to the gradual avoidance of the principal goals on which was founded Vetëvendosja. The chance for such a tendency stimulates the opposition of the main actors and supporters that share a firm belief in the goals and causes of the movement and in the same time it can influence on other supporters to weaken their belief and actions in relation to the cause of it. Presuming this fact highlights the configuration of the movement during different stages that held within its organization not only the functionality of achieving the objectives since its foundation but also the attempt to reinforce the movement. In the opening of the electoral campaign and during the development of the election process in December 2010 was said:

*We cannot be united if Mitrovica is not united. We want a new state for the Albanian nation and not a new nation for the state of Kosovo. Citizens of Kosovo, the election process faced problems in several voting centers; some are solved and are taken concrete measures after the reactions of Vetëvendosje! We are monitoring the process in details in each center and in each voting place, reporting even the minor infringements and preventing the major ones. (Movement 2010- fourth part 2010 b, December 29)*

Based on these two basic categories, at the end of elections 2010, resulted that the movement had won 12 places in the Parliament of the Republic of Kosovo. These results made everybody think about two principal parameters that have to do with the authorities and the supporters. One of them serves as an objective to preserve and increase the influence, if we have in mind the moment when a director of the movement says that "the declarations of Jabllanovic, who calls the mothers of the missing and the protesters in Gjakova- savages-were typical of a colonizer who tries to justify the invasion and all crimes that Serbia as committed in Kosovo (Rusta, 2015, January 16, the Action in front of the Ministry of Communities). The other parameters serves as a premise for add acting resources, when is declared that "the state has to spend of poor and tax the rich. But in Kosovo happens the contrary; the system exploits twice the poor; individually with high rates of interests and collectively with non-progressive taxes" (Kurti, 2014, December 30, The Burden of the poor man).

Given that these two definitions exercise pressure on different social groups, on those who support and those who don't support this policies (Knowing that the prime minister of Kosovo did not have any public reaction against the Serbian minister and his declaration), then is necessary to facilitate the weight of these pressures by sustaining the movement and the political completion in a written program that not only creates a connection of responsibility and seriousness, but it also legitimates the beginning of trust for the leaders of the movement, more when these programs reveal what is already said but in a larger and more inclusive context such as:

*Vetëvendosje Movement! Is engaged to change parts of the Constitution that limit the sovereignty of Kosovo, including here the removal of the Ahtisari's Plan that divides the territory, institutions and culture based on ethnicity, while perpetuates the international sovereignty on Kosovo. (the Short Political Program, State-building, pp.7)*

This makes the movement representatives to rely on the idea that if groups collaborate on goals and tactics, they can maximize their influence on policy-makers (Zald & McCarthy, 1987) and by this they mean the growth of supporters through the affirmation of national symbols and also the increase of pressure on political parties that are part of the government. Along with these uttered and active flows, is needed also the perseverance of stability within the members and supporters of the movement, saying that "the ratification of the agreement Thaci- Dacic is a major damage. So, the damage that this agreement is causing to Kosovo will hold the seal of the Parliament of Kosovo. This way, Thacishares his responsibility with other lawmakers of LDK and AAK, degrading the Parliament in a parliament of the government without a republic" (Kurti, 2013, June 18, Publicly against ratification).

This means that they can change themselves from their groups, because each of these groups tries to create and improve the personal space for further support (Zald & McCarthy, 1987 a). However, the recognition and bringing on focus different daily problems by the part of the leaders of Vetëvendosje- problems that deal with the public interest- gives the chance to different social groups to direct their daily demands towards governing institutions that have not achieve to meet the expectation of citizens, stressing out that: "the office of Energy Regulator has decided to increase the price of all tariffs of electrical energy with 5.8%. This increase comes immediately after the price growth with 4.57%, a decision taken this July. So two times in a row the price of the electrical energy was increased in Kosovo" (The privatization of KEDS- a higher price for less energy, 2014 a, 03 September).

From the other side, highlighting the failure to meet the daily demands of the citizens by the government, not only addresses the movement by any personal and formal identification in relation to its supporters and voters of different parties, those in power included, but creates a chance for a larger support and possibilities to solve these problems where “those who have incomes till 170 euro will not be taxed; those from 17- up to 500 euro will be taxed with 5%; wages from 500 euro – to 850 euro will be taxed 10%; wages from 850 euro to 1700 will be taxed 20% and those who earn more than 1700, the tax will be 30%. For illustration, in Germany, those who have more than 250.000 incomes per year, pay 45% taxes” (Kurti, 2014 b, April, 09, Progressive taxation diminish inequality).

The political framework of the movement in a broader public sense, when it is emphasized that “we are against the privatization of public fabrics and strategic properties of Kosovo that have an enormous potential of incomes and compound the economic basis of the country” (The Short Political Program: the Privatization), confirms in one side the discourses when it was not part of the political system, because in this point of view the “the Public” could be considered as an entrance room to the National Unification. On the other side, the interaction of specific daily life with all its public inclusion helps the movement not only to grow its human resources, but to improve also their institutional support and pursue their goals for a long time (Piven and Cloward, 1977). This is important because different social groups need a solid structure for the future engagements (Minkoff, 1995), if we take in consideration that groups have more possibilities to change in the moment when the public interest is corrupted, resulting in the chase of different elements for the important matters (Meyer and Douglas, 1993 a).

Meanwhile, what is important for the movement is related also with the preparations that it has done for the perseverance and melioration of relationships with international actors that have recognized Kosovo’s independence and that emphasize the problems that they have noticed in different economic, energetic and educative sectors, problems with which the movement agrees on as well and is trying to solve and improve the state of these sectors. The talks and meetings with the diplomatic representatives of Germany, The Netherlands and Austria resulted in common declaration of Vetëvendosje and the representatives in several points such as:

*Ambassador Viets showed interest on plans and activities of Vetëvendosje! in the upcoming months and explained that she shared the same concern regarding the sector of energy in Kosovo, because the German investors think that this is one of the main concerns they have on Kosovo. (Meeting with the German Ambassador, 2015 a, April 01)*

*Ambassador Bosch agreed that one of the main issues for Kosovo is employment, saying that the state should pay more attention in stimulating the consumption of home-brew products. (Ambassador of the Netherlands in a meeting with Vetëvendosje, 2015 b March 31)*

*Ambassador Brieger congratulated for the new assembly, after the election within the movement and highlighted the need for a higher attention on problems related with education and healthcare in Kosovo, saying that a new economic approach would improve the situation in these two areas. (Vetëvendosje in a meeting with the ambassador of Austria, 2015 c, March 31)*

Vetëvendosja has achieved to grow the political cooperation with other inner political actors of opposition, coordinating their agendas in common protests:

*The repeal of the ZRrEE decision of 29<sup>th</sup> August 2014 and the dismissal of its board. Trepca should be declared a public enterprise with a special status; firing Hajredin Kuqi, Enver Hasani and all the managerial team of RTK. (From the meeting of opposition leaders, 2015 d, April 08)*

This means that the institutionalization, in content and procedures, describes the ways in which change can be achieved, within losing the cause in which is founded the movement, because when the attention of the public is more attracted towards an issue and when resources used for it, Benford (1993 b), says that the groups that collaborate between them, even those who did not have any principal interest, have chances to develop it.

## Conclusions/ Suggestions

Usually, both in physical sciences and in humanities, conducting a stable theoretical and methodological study, means to open new paths of research and practice, creating new possibilities that will serve as a basis or new meanings, approaches to solve the numerous problems that society faces and to help configuring a more broaden and sustainable mentality in

the continuity of the Humanity and Citizenship in general. In this sense, this article tried to offer a clear and understandable overview of the society and how important is for the presence and the social political activities of social movements and political parties. Punting these two entities in a race leads to competition and a better selection of alternatives that offer more in terms of welfare.

If we manage to acquire the sense of responsibility and responsiveness of social movements and political parties based on the concerns of their voters and supporters, we will pay more attention to their socio-political programs and the political debate will not be diminished in simple opposing ideas between competitors but it will aim to define clearly their ideologies, make their actions concrete and articulate their political discourse.

The match between the program and action to make it concrete, being conscious that no all the requests and problems of the citizens will be fully resolved due to a number of subjective, objective or circumstantial reasons, will make possible to draw a positive correlation between the movement and the party in one side and to the voters and supporters in the other. What is important is that at the end the voters and supporters should be generally pleased and that their request are taken in consideration so that they may feel actors and influential factors in the social- political changes.

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## An Overview on Different Legal Systems and the Reflection in Kosovo

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### Abstract

*The state apparatus represents one of the fundamental elements of the development of contemporary society. While the right and law represents a basic understanding of the existence of the state power that performs in order to preserve a balance between the action which is accepted by society and other behaviors that by law are prohibited. The state actions principally are based on the rule of law, namely the legal system accepted or elected by people. Studying different legal systems, it shows that there are similarities more than the differences between them. Despite very different legal cultures, processing methods and institutions, different legal systems exhibit convergence in the treatment of different legal issues. As a result of these processes, many of the differences between common law and civil law now look more like nuances rather than as major differences. The differences are mostly pronounced in the styles of using legal argument, methodology, content and legal norms etc. Various legal systems, using different tools, aimed at the same purpose, and similar results are often taken from different justifications. Often it happens in practice that, despite the use of diverse tools and methods, they arrive at the same solutions or similar ones and it certainly that should not be surprising. So it can rightly be concluded that despite many changes, legal systems aim at achieving the same objective. While generally the target of the state is always and in any system the implementation of norms and rules set in advance, what the contemporary world tends to be considered as respect for the rule of law. In general, the objective of the state authorities in every system is the implementation of the norms and rules set in advance, that concept in the contemporary world tends to be considered as respect for the rule of law. Since Kosovo was part of the former Yugoslav federation and practically until the end of the war of 1999, in the absence of state sovereignty and subjectivity, people of Kosovo were not in a position to choose, like other sovereign nations which legal system will be applied on their lives. Without the will of the citizens, in Kosovo was applied a type of Continental legal system, with certain specific elements that were mostly common in other countries of former Eastern European Communist bloc. In the first years after liberation, until new legislation was passed through the legislative system, it was continued with the older system, through some minor changes. While at a later stage after the adoption of the new legislation, was introduced a large scale reform to the exciting system through the application of the combination of elements of Anglo-Saxon system, this reform which is to this day is in process as well.*

**Keywords:** System, Legal, State, Sovereignty, Continental, Anglo-Saxon, Communist

### Introduction

State as such, represents one of the basic elements for the development of contemporary society. While the legal system, to a basic understanding of the existence, represents the apparatus that takes care to preserve the balance between the actions accepted and those behaviors that are prohibited by the legal norms set out by the society. Any operation or action should be based on the principles of the rule of law. If a society is faced with violation of the rule of law, in most of the cases people act individualistically and while some of the members of the society suffer this condition in the form of victims without any compensation, others in many cases may take the law enforcement in their hands or other forms of self-judgment.

The rule of law means a legal system that works regardless the functioning methodology of that system. In this case important is the existence of the legal system which provides direction on the basic rules that determine the functioning of society and legal system is helping to put them into practice.

Public confidence in the legal system is necessary for overall economic development, since it creates an environment where citizens feel secure. Banks and financial institutions can carry out their transactions, unpaid debts will be returned, people pay their taxes and obligations. And in return they will receive proper public services, improvements in infrastructure and so on. The legal system should also ensure development of: culture, media, educational system etc. With a dysfunctional legal system, in general, people feel insecure. The basic element for the creation of public confidence is the

belief that the rules, laws and the whole normative spectrum, and other legal elements for what the legal system is exciting. As an agreement in a democratic society and should be implemented by the entire society and state structures.

A very important component of the legal system regardless of any judicial system, it is the transparency. A transparent legal system should be a tool to eliminate corrupt elements within the system. It should be noted that corruption is a phenomenon in which people are not necessarily voluntarily included. For this reason, it is very important for the legal system to protect its participants from the corruption of voluntary or involuntary involvement in corruption.

Review different legal systems show that there are more similarities than differences between legal systems, despite very different legal cultures, processing and institutions. Although different legal systems, exhibit convergence in the treatment of different legal issues. Under pressure from globalization contemporary legal systems show some signs of convergence. Many of the differences that exist between legal systems are much less visible because of the changes which have passed through these legal systems. Already it is clear that the role of the courts in addition to the implementation is more present in the creation of the law even this role is greatly increased.

As a result of these processes many of the differences between common law and civil law now look more like nuances rather than major differences. The differences that exist between the continental and the Anglo-Saxon law should not be exaggerated. It is also important to note that there are differences on many issues. The differences are mostly pronounced in the styles of argument, the methodology and the content of legal norms. Using various tools, aimed at the same purpose, and similar results are often taken from different justifications. Often it happens in practice that despite the use of different tools and methods, the result arrives at the same solution or similar and it certainly should not be surprising. So it can rightly be concluded that despite many changes the legal systems are more or less the same. While a certain rapprochement between the continental system and common law system is obvious and this trend is likely to continue, there are still important differences and they will continue to exist for an indefinite period. Recognition of these differences is necessary for any professional who deals with the legal matters.

Nevertheless, the differences in some areas are substantial in relation to the parties as well as procedures. Every legal system may have some advantages and some disadvantages. If a foreign legal system has several advantages, why we would not incorporate them into the domestic legal system? In this way, the resulting convergence of two legal systems can only contribute to the common purpose of which should be to create a fair system, convenient and accepted legal system that can provide legal certainty and protection for all citizens.

## CONTINENTAL LEGAL SYSTEM

Continental legal system can also be described as a legal tradition which has its origins in the Roman law that was codified in "Justinian's Corpus Juris Civilis" or as we know it from practice "The Justinian Code". This legal tradition was practiced and is developed during history mainly in the continental part of Europe<sup>1</sup>. Today, continental legal system or Romano-Germanic, is present in all continents of the world. This system is based on concepts, categories and rules derived from Roman law, with some influence of the legal traditions, sometimes greatly supplemented or modified by local custom or culture. The tradition of civil rights, although secularized over the centuries and decided to focus more on individual freedom, promotes cooperation between human beings.<sup>2</sup> This tradition itself, it could be divided further into impacts that have had Roman norms, rules influenced by French law and the Germanic family of legal norms, or dominated by German jurisprudence. In particular the Roman legal norms were modeled on the French Civil Code approved in 1804 otherwise known as "The Code Napoleon". Napoléon Bonaparte was the French very successful leader, who managed to straddle large parts of Europe. This invasion which had not only meaning in occupying territories, but also the classic invasion of ideas and culture. French Civil Code was also a short collection of clear legal principles based on common sense and experience and theory in the country.<sup>3</sup>

<sup>1</sup> Ismajli O. 2011.

<sup>2</sup> <http://www1.law.lsu.edu/clo/civil-law-online/what-is-the-civil-law/>

<sup>3</sup> [http://www.mu.ac.in/myweb\\_test/M.A.%28Part%20-1%29%20History%20Paper%20-%20III%20-%20History%20of%20Europe%20%281789-1919%29%20-%20%28Eng%29.pdf](http://www.mu.ac.in/myweb_test/M.A.%28Part%20-1%29%20History%20Paper%20-%20III%20-%20History%20of%20Europe%20%281789-1919%29%20-%20%28Eng%29.pdf)

The German Civil Code that was adopted in 1896 and entered into force since 1900, this code was also a consequence of movements and ideas from codified legal norms initiated by the French code<sup>1</sup>. This is typical for almost all countries of continental legal system or as is known in international legal practice "Civil Law System". The main characteristic of these norms is that the law is almost entirely codified, very much arranged and structured, broadly based in general principles, where not necessarily are determined the details.

The main element of the continental legal system lies in the fact that the right is written in laws or codes which are described as a guide, authoritative and systematic, with general coverage in legal life. Among the legal codes of different countries of the continental system, despite the fact that there are many common issues, there are still some important differences, and they are often grouped into those that address issues under the Roman tradition and the tradition of Germanic legal family. Although these legal codes of different countries are not homogeneous, there are certain characteristics of all legal codes which bind them together and determine what is practiced differently in every system.

Basically continental legislation is classified, structured and mainly contains a large number of rules and general principles, but often is described as legal norms with lack of detailed data's. One of the basic characteristics of continental legislation is that the main task of the court is to apply and interpret the legal norms written/included in the code. The assumption is that the code regulates all cases that may occur in practice, and when specific cases are not regulated by the code, the courts must apply general principles to fill the gaps.

After the end of World War II, Kosovo as an autonomous province within the former Yugoslav Federation, as well as other republics of the Federation, had a continental legal system. This system was applied not for the fact that this was the will of the people of Kosovo, neither because of any tradition. In fact people of Kosovo, were not even able to choose because this type of legal system was applied to all 6 Socialist Republics and 2 Autonomous Provinces in the ex-Yugoslav Federation. Mainly his system with some small changes was applied almost in most European countries of the former socialist bloc.

After the changes made in the Kosovar legislation especially after 2004, when it was approved the Interim criminal Code and the Code Criminal Procedure, we find changes that lead towards a combination of continental system with elements of Anglo-Saxon legal system<sup>2</sup>. This tradition continued even further with the adoption of other normative legal acts and today Kosovo can be described as a functioning state based mainly in continental system of law, who apply techniques and methods of common law system such as judicial precedent<sup>3</sup>.

## ANGLO-SAXON LAGAL SYSTEM

Anglo-Saxon legal system means the body of legal principles that prevailed England since the 6th century until the Norman Conquest in 1066. In light of the Scandinavian rules and the so-called barbarian laws (*Leges barbarorum*) of continental Europe, was constituted a body of rules called Germanic law. Anglo-Saxon law was written in the vernacular format and was relatively far from the Roman influence, which had great influence on mainland and laws from that period of time were mainly written in Latin language. Roman influence in Anglo-Saxon law was indirectly and exercised mainly through churches<sup>4</sup>.

Anglo-Saxon legal system or "Common Law" is a legal tradition, which in most cases was developed in England and is present today as well. This legal tradition is the basis of the law, not only for England, as the country of origin, but also for Wales, Ireland, almost all the states of USA (with the exception of Louisiana), most of Canada (except Quebec) and in most countries that have adopted this system. Here in the first place make part former British colonies which are generally independent members of the Association of Commonwealth states, but in large parts are connected to related rules and religious as well as local customs laws like India, Pakistan, Malaysia or Jamaica.

<sup>1</sup> <http://faculty.cua.edu/pennington/Law508/GermanLegalHistory.htm>

<sup>2</sup> Kodi i Perkohshem i Prodedures Penale, 2004

<sup>3</sup> Morina V. (2013)

<sup>4</sup> <http://global.britannica.com/EBchecked/topic/25121/Anglo-Saxon-law>

Principles of Anglo-Saxon legal system appear to most trials reported, usually given by the higher courts, in connection with specific situations arising from disputes, which the courts have already judged. In general all the common rules of the Anglo-Saxon legal system appears to be as specific procedures detailed in comparison with the rules and procedures of the continental legal system. The most obvious difference between this system and the continental system is that the continental system is a codified system, while the Anglo-Saxon legal system is not created entirely through written legislation, but rather is based on judicial jurisprudence.

One of the fundamental principles of this system is that judicial decisions, which are often taken by the higher courts, issued on a similar case, followed in subsequent cases, ie. That case law precedent must be respected. This principle is known as "staredecisis" (namely the principle of the court is based on the principles set by decisions in previous similar cases from another higher court) and has never been legalized, but is considered as binding by the courts, which can be modified.

The claim that Anglo-Saxon legal system is created based on written law, but separate in cases adjudicated or judicial precedent is only partially true, as the continental legal system is based in large part on codes, laws, statutes that judges are obliged to apply and interpreted in approximately the same way act judge in the Anglo-Saxon legal system.

### **MIXEC OR "HYBRID" LEGAL SYSTEM**

In addition to the mentioned systems, which in reality is difficult to find a pure but in most cases there are different combinations and mixed legal systems or "Hybrid", which cannot be tied so completely clear or have elements of Anglo-Saxon legal system and even the continental legal system and therefore it is so called hybrid legal systems. The term "mixed", which we have chosen over other terms such as "hybrid", "mixed" or "composed" should not be interpreted restrictively. This category includes cases of countries where two or more systems apply cumulatively or interactively, but also when there is a confrontation of systems, as a result of the field more or less clearly defined application.<sup>1</sup> In those legal systems, the right to force stems from more than one of these legal traditions, for example, in Scotland or Quebec, where the traditions of the law are common.

### **THE LEGAL SYSTEM OF FORMER COMUNUNIST COUNTRIES**

Another group set up somewhere so special that can be discerned, in any case until around 1990, was the legal system of the countries with communist or socialist legal systems. Even after the collapse of the political system almost completely and the implementation of another system or market economy and democracy in most of these countries, it is still useful to treat. This is because many of the similarities in the system, characteristic of these countries can only be understood as the result of 50 years of communist rule. This, especially if one wants that, at all events, to distinguish specific subgroups within the continental legal system which is used with certain changes in most of these countries.

Within the former communist states were more or less three subgroups that can be distinguished:

- Soviet law, also called socialist law, took place mainly in Russia after the arrival of the communists in power in 1917. This system was imposed in all parts of the Soviet Union in 1920.<sup>2</sup> In Russia and other countries of the former Soviet Union, provisions are almost identical in content and generally were applied in succession law and international private law in these sometimes still used or issued other but based on provisions dating from this time.
- Other countries of Eastern Europe (including the Baltic States) had differed legal system from other communist countries, in particular from countries of former Soviet Union, especially in terms of international private law. Generally this is seen as a result of the permanent tendency towards greater freedom, for example of the legal agreement and marital or succession law. After the fall of the communist system and release from tutelage of the former Soviet Union, the reform of the legal system in most of these countries returned to their laws from the time of before the Second World War.
- The third subgroup consists of countries of East, South East Asian countries. In particular, here comes the People's Republic of China, which has always exposed

<sup>1</sup> <http://www.juriglobe.ca/eng/sys-juri/class-poli/sys-mixtes.php>

<sup>2</sup> <http://global.britannica.com/EBchecked/topic/557116/Soviet-law>

considerable differences in the legislation of the Soviet Union countries. But some differences in the legal system were to be seen also in the countries like Mongolia or Vietnam. These countries followed the so-called Soviet model closely. A more typical system that represents a special case in terms of the legal system is Cuba. This is the only Latin American country who is still in the legal system that can be called communist. The legal system of this country, especially in terms of civil relations with bigotry still maintains continuity or is very close to the previous system of the former Soviet Union, while in terms of private international law is a legal tradition influenced by Latin American countries.

## DIFFERENCE AND COMMON ELEMENTS THAT CHARACTERIZE THE MAIN SYSTEMS OF LAW

If we want to make comparisons and examinations more closely, character or details that permeate existing main legal systems, then it also becomes clear that they have their uniqueness but also the similarities. To find certain distinguishing characteristics between the Anglo-Saxon legal system and Continental legal system, accordingly assigned to the application in different countries of course differ from one another in both time as well as in space. In this case we will only examine some distinctive features, which in fact do different and distinguish these systems from each other.

## SOURCES OF LAW

Continental system bases the law as the main source of legislation, judicial system is typically inquiry, unlimited by precedent, and composed of judicial officials. The rule of law is to build a bridge to the available collection and writing of laws relating to all citizens and that judges should follow that practice<sup>1</sup>. One of the most important and widely known is undoubtedly distinguishing different sources of law in which support is these legal systems. It cannot be taken as just perfect widespread view that these two systems differ from each other by the fact that the Anglo-Saxon legal system is based on the judge that creates cases the only source of the right, while the in the Continental legal system the right is the source. It is a law adopted as the only source of that right. Freely can be found with such absolutism this distinction has never been correct or not correct. On the one hand the law is not codified as such exists only in the Anglo-Saxon legal system, but no matter what form it is presented is still a certain importance. Even for some issue certain legal solutions are offered traditionally in constitutive format. Countries that apply the Anglo-Saxon legal system in most of the cases have codified laws. Which is stem from a long legislative process that means they are approved by parliament and the courts must take into account in their decisions even in cases where existing precedents apply court.

As another feature distinguishing element between legal systems, is the principle of the application of "judicial precedent" that could be considered as a work methodology that is used in Anglo-Saxon legal system. Analyzing court decisions on cases that have similarities, to find a general solution or that is used more and that has given better results. Solution used in most of these cases then be used in the actual dispute resolution. When we refer to judicial precedent we are alluding to what is known as judicial practice or a law created by judges.<sup>2</sup> While the judges in the continental legal system may be obliged to apply the laws or codes written, judges apply the Anglo-Saxon legal system doctrine called "stare decisis" which is a legal principle that dictates that courts can not violate the precedent that applies to first degree. This is a general principle that when a matter is settled by judicial decision, it sets a precedent that is later to be respected.<sup>3</sup> A court decision is a precedent if that decision will be applied in future cases. But, for such application, the court's decision should contain a guide, to achieve by the use of reason rationally and that this reasoning can be found by other courts. A judicial precedent is binding until the moment is broken by the decision of a higher court or declared invalid by the approval of any legal act. The high court also may review and revoke its previous decision.

<sup>1</sup> <http://www.lawteacher.net/free-law-essays/constitutional-law/contrast-between-common-and-continental-legal-systems-constitutional-law-essay.php>

<sup>2</sup> <http://www.ukessays.com/essays/law/judicial-precedent-and-doctrine-of-stare-decisis-law-essay.php>

<sup>3</sup> <http://legal-dictionary.thefreedictionary.com/stare+decisis>

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## Long Memory Volatility Models in R: Application to a *Regional Blue Chips Index*

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### Abstract

*An increasing number of researchers and analysts have formulated in the last decade innovative statistical equations for modelling and forecasting the volatility of financial returns. The evolution of technology and new software development have contributed positively to emerging economies, as well as in the improvement of market competition. We investigate in this study some experimental extensions of the multiplicative error model, which has been introduced by Engle (2002) for positive valued processes and it is specified as the product of a conditionally autoregressive scale factor and an innovation process with positive support. We use R 3.1.3 for the optimization, a modern software for statistical computing and graphics. Empirical analysis is carried out starting from May 2009 to January 2015. The equations fit fairly well the volatility of 'STOXX Balkan 50 Equal Weight' Index, which represents leading blue chips from eight Balkan countries in terms of free-float market cap. The models seem to absorb completely the slow decay of the global autocorrelation function.*

**Keywords:** Stock Market Data, Volatility, MEM models, Balkan stock index.

### 1. Introduction

The volatility process is associated with the conditional variance of financial returns over time. It is a subject to be taken into consideration while assessing the risk of an investment in financial assets. A relatively high level of volatility means that the corresponding asset price tends to large variations over time, therefore the investor can record high profits or high losses. The realized volatility is a positive valued process with a highly persistent temporal dependency, indicated by a slow hyperbolic decay of the autocorrelation function. Granger and Joyeux (1980) and Hosking (1981) suggest the use of fractionally integrated autoregressive moving average (ARFIMA) model in order to capture the long term persistence in time series of many fields. Engle and Russell (1998) propose a different method for the analysis of data which arrive at irregular interval such as financial transaction series. The authors define a new statistical model called autoregressive conditional duration (ACD), which can be considered part of the generalized autoregressive conditional heteroskedasticity (GARCH) model, introduced by Bollerslev (1986). Engle (2002) extends the research suggesting the use of the multiplicative error model (MEM) for modelling non-negative processes. This model specifies an error that is multiplied times the conditional expectation that follows a GARCH dynamic. Brownlees, Cipollini and Gallo (2011) focus on the different possible specifications of the persistence in the conditional mean using applications on the volatility of components of the S&P100 index, following the logic of Engle and Lee (1999). Cipollini, Engle and Gallo (2013) suggest an extension to the vector MEM model defined by Cipollini, Engle and Gallo (2006), where the conditional expectation is given as a function of its past and the conditional expectations of other variables. The authors follow a semiparametric method lacking the necessity of specifying the probabilistic distribution function or the particular copula function. Barigozzi, Brownlees, Gallo and Veredas (2014) expand the MEM model introduced by Engle (2002), decomposing the conditional expectation as the product of a systematic trend and an idiosyncratic dynamic component. This model, named SemionParametric Vector MEM (SPvMEM), can be used to estimate panels of market activity, risk and liquidity measures.

We suggest in this paper an interesting flexible MEM specification in which the process for realized volatility can be seen as a mixture of two Gamma MEMs with different coefficients for the conditional expectation and different shape parameters for the Gamma (De Luca and Gallo, 2007; Gallo and Otranto, 2014). We extend this framework even further adopting a mixed Gamma model for a MEM with fixed parameters which depend on the value of the past (Lanne, 2006; Ahoniemi and Lanne, 2013).



The paper is organized as follows. Section 2 establishes the notation by summarizing some of the features of the multiplicative error model. Section 3 contains features of the equations and some empirical results illustrating the behaviour of the two MEM specifications for the realized volatility of 'STOXX Balkan 50 Equal Weight' Index. Section 4 concludes.

## 2. Theoretical framework

Let us consider  $r_t$  to be the daily log return at time  $t$  with negligible mean. We use a common indicator of volatility  $y_t$ , the daily squared return. The general structure of a multiplicative error model was outlined by Engle (2002) for realized volatility. A linear MEM( $p, q$ ) is given by:

$$y_t = \mu_t \varepsilon_t$$

where, conditionally to information  $I_{t-1}$ :  $\mu_t$  is a non-negative predictable process. The  $\mu_t$  evolution depends on a vector of unknown parameters  $\theta$ ,  $\mu_t = \mu_t(\theta)$ .  $\varepsilon_t$  follows a distribution with nonnegative support, with mean 1 and unknown variance  $\sigma^2$ . We have:

$$\varepsilon_t | I_{t-1} \sim D(1, \sigma^2).$$

These definitions provide us:

$$E(y_t | I_{t-1}) = \mu_t$$

$$V(y_t | I_{t-1}) = \sigma^2 \mu_t^2$$

In order to close the model, we adopt a density function for  $\varepsilon_t$  and specify an equation for the conditional mean  $\mu_t$ . A common choice in many studies, is to use the exponential distribution, a particular case of the Gamma distribution. We have:

$$\varepsilon_t | I_{t-1} \sim \text{Gamma}(\phi, 1/\phi),$$

where  $\phi > 0$ ,  $E(\varepsilon_t | I_{t-1}) = 1$  and  $V(\varepsilon_t | I_{t-1}) = 1/\phi$ . The density function conditioned to the innovation  $\varepsilon_t$  is:

$$f(\varepsilon_t | I_{t-1}) = \frac{1}{\Gamma(\phi)} \phi^\phi \varepsilon_t^{\phi-1} \exp\{-\phi \varepsilon_t\}.$$

We can conclude that  $y_t$  follows a Gamma conditioned distribution

$$y_t | I_{t-1} \sim \text{Gamma}(\phi, \mu_t / \phi)$$

with density function:

$$f(y_t | I_{t-1}) = \frac{1}{\Gamma(\phi)} \frac{\phi^\phi}{\mu_t^\phi} y_t^{\phi-1} \exp\{-\phi \cdot y_t / \mu_t\}.$$

So, we have in this case:

$$E(y_t | I_{t-1}) = \phi \cdot \frac{\mu_t}{\phi} = \mu_t$$

$$V(y_t | I_{t-1}) = \phi \cdot \frac{\mu_t^2}{\phi^2} = \frac{\mu_t^2}{\phi}.$$

With regards to  $\mu_t$ , we consider the simplest specification, the GARCH( $p, q$ ).

$$\mu_t = \omega + \sum_{i=1}^p \alpha \cdot y_{t-i} + \sum_{j=1}^q \beta_j \cdot \mu_{t-j}.$$

We estimate the parameters included in  $\mu_t$ , let's call them  $\theta$ . The log-likelihood function useful for the estimation is:

$$\log L(y_t; \theta) = l(y_t; \theta) = c - \phi \sum_{t=1}^T \left( \log \mu_t + \frac{y_t}{\mu_t} \right),$$

where  $c$  is an irrelevant constant to the estimation method depending on  $\Phi$ . We maximize the function with respect to  $\theta$ :

$$\sum_{t=1}^T \left( \frac{x_t - \mu_t}{\mu_t^2} \right) \frac{\partial \mu_t}{\partial \theta} = 0.$$

We obtain the our estimators  $\hat{\theta}_{SMV}$  using iterative procedures. We have:

$$\hat{\theta}_{SMV} = \arg \max_{\theta} l(y_t; \theta)$$

The asymptotic distribution of the estimators under regularity conditions will be:

$$\sqrt{T}(\hat{\theta}_n - \theta)^{asy} \sim N(0, V_{as})$$

$$\hat{\theta}_n^{asy} \sim N\left(\theta, \frac{1}{T} V_{as}\right),$$

where  $V_{as} = J^{-1}$  is the asymptotic variance. We have:

$$J = E \left[ - \frac{\partial^2 l(y_t; \theta)}{\partial \theta \partial \theta'} \right],$$

$$\hat{J} = - \frac{1}{T} \sum_{i=1}^T \frac{\partial^2 l(y_i; \theta)}{\partial \theta \partial \theta'} = \frac{1}{T} \sum_{i=1}^T \frac{\partial l(y_i; \theta)}{\partial \theta} \frac{\partial l(y_i; \theta)}{\partial \theta'} \Big|_{\theta = \hat{\theta}}$$

In order to verify the null hypothesis  $H_0 : \theta_i = \theta_{i,0}$ , we use the Student's t test:

$$t = \frac{\hat{\theta}_i - \theta_{i,0}}{\sqrt{V_{ii}}},$$

where  $\hat{\theta}_i$  is the  $i$ -th row vector and  $V_{ii}$  is the  $(i,i)$  element of the  $\frac{1}{T} \hat{V}_{as} = \frac{1}{T} \hat{J}^{-1}$  matrix.

### 3. MEM equations and application

Initially, we consider an interesting formulation of MEM models (Lanne, 2006; Ahoniemi and Lanne, 2013), where the innovation term  $\varepsilon_t$  follows a mixed gamma distribution with constant parameters. The innovation mean is unitary respecting

the establishment of the previous section. Let's call  $y_t$  the realized volatility of a generic stock. We have:

$$y_t = \mu_t \varepsilon_t.$$

The innovation is defined as follows:

$$\varepsilon_t = \begin{cases} \varepsilon_{1,t} & \text{with prob. } \pi \\ \varepsilon_{2,t} & \text{with prob. } (1-\pi) \end{cases},$$

where  $0 < \pi < 1$  and

$$\varepsilon_{1,t} \sim \text{Gamma}(\gamma_1, 1/\gamma_1)$$

$$\varepsilon_{2,t} \sim \text{Gamma}(\gamma_2, 1/\gamma_2).$$

The general form of the conditional mean equation is:

$$\mu_{1t} = \omega_1 + \sum_{i=1}^q \alpha_{1i} \cdot y_{t-i} + \sum_{j=1}^p \beta_{1j} \cdot \mu_{1,t-j}$$

$$\mu_{2t} = \omega_2 + \sum_{i=1}^q \alpha_{2i} \cdot y_{t-i} + \sum_{j=1}^p \beta_{2j} \cdot \mu_{2,t-j}.$$

We consider also a model, belonging to the MEM family, with an innovation term distributed according to a mixture of Gamma with variable weights (De Luca and Gallo, 2007; Gallo and Otranto, 2014). The overall mean of the innovation term is always unitary. So, we have:

$$\varepsilon_t = \begin{cases} \varepsilon_{1,t} & \text{with prob. } \pi_t \\ \varepsilon_{2,t} & \text{with prob. } (1-\pi_t) \end{cases}$$

$$\varepsilon_{1,t} \sim \text{Gamma}(\lambda_1, \gamma_1)$$

$$\varepsilon_{2,t} \sim \text{Gamma}(\lambda_2, \gamma_{2,t})$$

where  $0 < \pi < 1$ . We suppose that weights depend on their past and on the previous value of realized volatility:

$$\pi_t = \frac{\exp\{\delta_0 + \delta_1 \cdot y_{t-1} + \delta_2 \pi_{t-1}\}}{1 + \exp\{\delta_0 + \delta_1 \cdot y_{t-1} + \delta_2 \pi_{t-1}\}}$$

Imposing the unitary mean constraint, we have:

$$\gamma_{2,t} = \frac{1 - \pi_t \lambda_1 \gamma_1}{(1 - \pi_t) \lambda_2}.$$

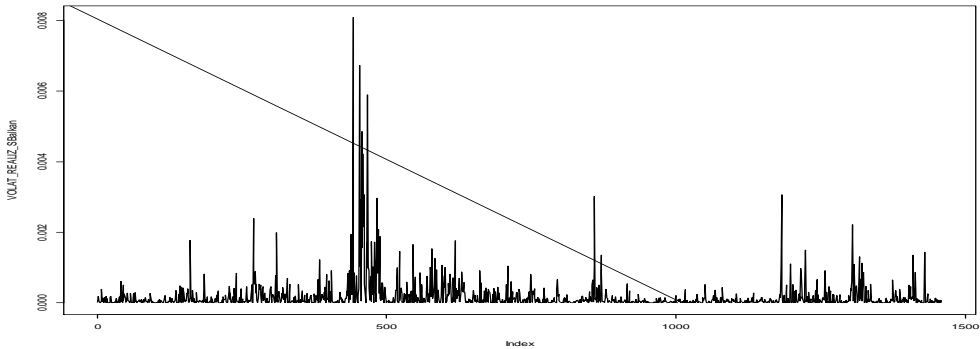
We call the two models respectively, LANE and DLG in our analysis. After defining the regression models, it is important to confirm the goodness of fit of the model and the statistical significance of the estimated parameters. In simple linear models the errors follow a normal distribution, but in some regressions based on mixture of distributions this hypothesis may not be valid. The method used in this paper is based on the so-called probability integral transformation of Rosenblatt (1952), which is a universal approach of transforming a set of dependent variables into independent uniform distributed variables. Dunn and Smyth (1996) define and apply the quantile residuals to regression models with independent responses.

Let  $F(y; \mu, \phi)$  be the cumulative distribution function of  $P(\mu, \phi)$ . If  $F$  is continuous, then the  $F(y_i; \mu, \phi)$  are uniformly distributed on the unit interval. The quantile residuals are defined by

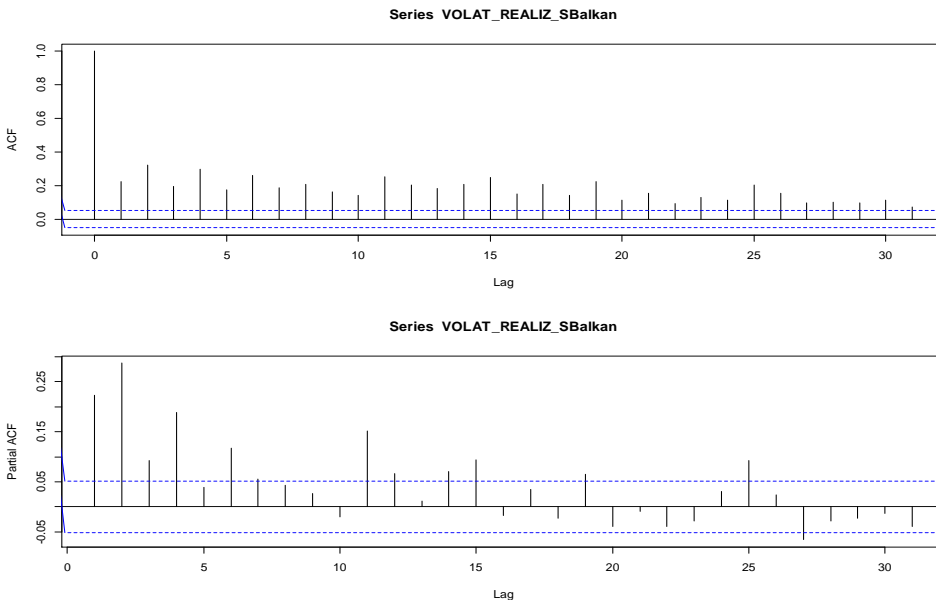
$$r_{q,i} = \Phi^{-1} \left\{ F(y_i; \hat{\mu}_i, \hat{\phi}) \right\}$$

where  $\Phi(\cdot)$  is the cumulative distribution function of the standard normal. Quantile residuals are independent and follow a standard normal distribution if the model is correctly specified and the parameters are consistently estimated.

We start with considering the realized volatility of ‘*STOXX Balkan 50 Equal Weight*’ Index, which represents the largest and most liquid companies across eight Balkan countries. The index covers 50 stocks from Bulgaria, Croatia, Greece, the Former Yugoslav Republic of Macedonia (FYROM), Romania, Serbia, Slovenia and Turkey. We consider the period from 1<sup>st</sup> May 2009 to 30<sup>th</sup> January 2015. The time series of daily realized volatility has been built as the square root of realized variance. Figures 1 displays the plot of realized volatility. Figure 2 shows the estimated global autocorrelation function and partial autocorrelation function of realized volatility which exhibit a very slow decay, that is a long-memory pattern.



**Figure 1.** Time series of ‘*STOXX Balkan 50 Equal Weight*’ realized volatility.



**Figure 2.** Global Autocorrelation Function and Partial Autocorrelation Function for ‘*STOXX Balkan 50 Equal Weight*’ realized volatility.

We try to model the realized volatility series with both possible specifications of MEM models. Let’s see what happens with the LANE specification. This is the conditional mean equation, where  $p = 2$  and  $q = 1$ :

$$\mu_t = \omega + \alpha_1 \cdot y_{t-1} + \alpha_2 \cdot y_{t-2} + \beta_1 \mu_{t-1}.$$

We can see in the tables below the estimate, the standard error, the statistic test value and the observed p-value for each of the seven parameters. We simply observe the last column of the table where is calculated the p-value for the statistical test. We can fix a priori a p-value of 5% for acceptance of the null hypothesis. So, we accept 'H0: The parameter is null' if the observed p-value is greater than 5% and vice versa if it is less than 5%. As we can see from the table we refuse the null hypothesis in all cases, a positive indicator for the model evaluation.

Parameter	Estimation	p-value
$\pi$	0.067	~0
$\gamma_1$	5.634	~0
$\omega_1$	0.127	~0
$\alpha_{11}$	0.374	~0
$\beta_{11}$	0.749	~0
$\gamma_2$	11.564	~0
$\omega_2$	0.011	~0
$\alpha_{21}$	0.378	~0
$\beta_{21}$	0.769	~0

**Table 1. Parameters test, LANNE model.**

Let's check now if the model is specified correctly or not using the quantile residuals method mentioned above. We have represented in figure 3 (from the left to the right) the quantile residual graph, the quantile-quantile graph (if the distribution approximates the normal standard one), the global autocorrelation (ACF) and the partial autocorrelation (PACF) of the quantile residuals and of the squared quantile residuals for LANNE model. We observe that the approximation is generally good.

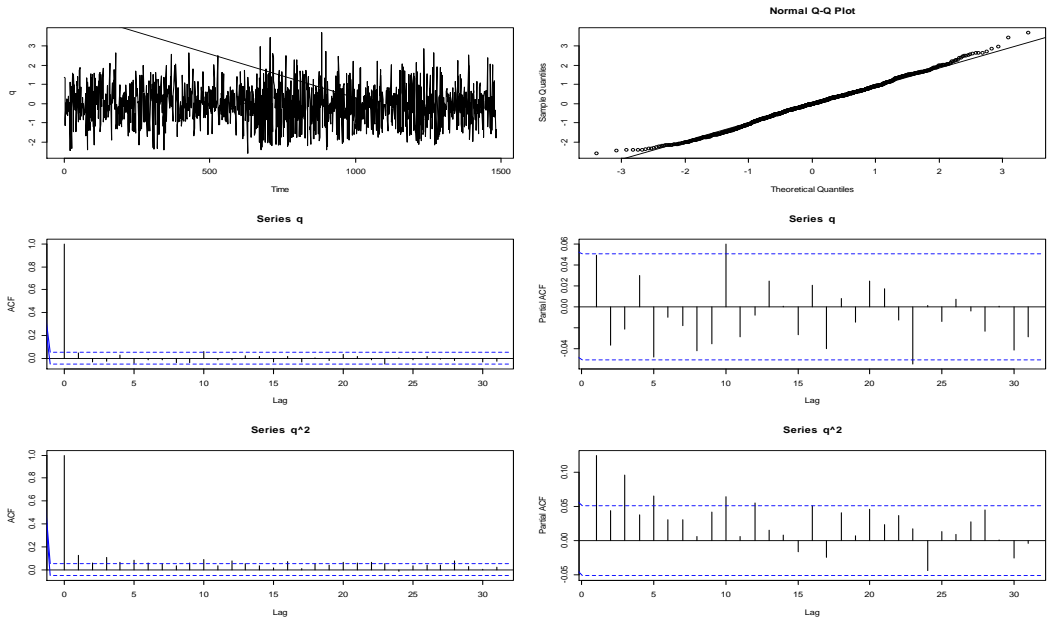


Figure 3. Quantile residuals graphs, LANE model.

Let's try now to estimate our time series through the other MEM formulation, the DLG one. This specification is a mixture of two Gamma MEMs with different coefficients for the conditional expectation. The equation for the conditional mean will be:

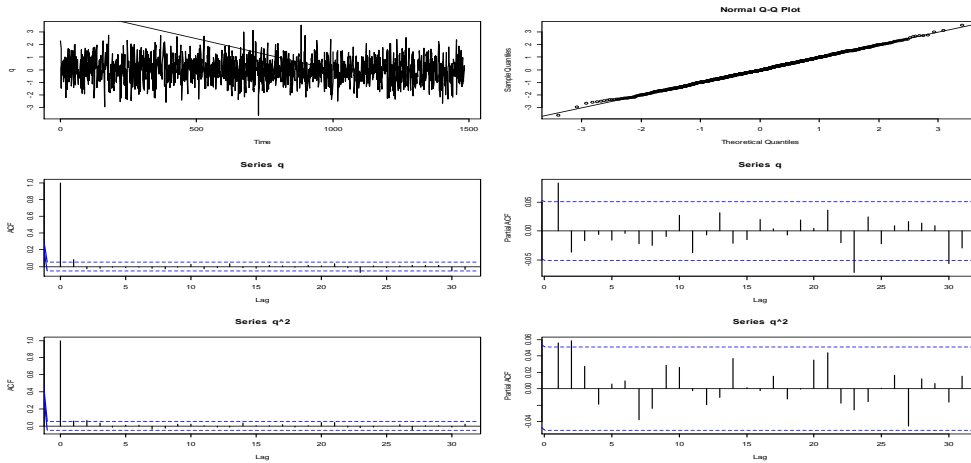
$$\mu_t = \omega + \alpha_1 \cdot y_{t-1} + \alpha_2 \cdot y_{t-2} + \beta_1 \mu_{t-1}$$

We use the method of Maximum Likelihood (ML) to estimate the parameters of interest.

Parametro	Stima	p-value
$\lambda_1$	6.723	~0
$\lambda_2$	16.016	~0
$\omega$	0.099	~0
$\alpha_1$	0.374	~0
$\alpha_2$	0.081	0.805
$\beta_1$	0.631	~0
$\delta_0$	0.905	~0
$\delta_1$	0.983	~0
$\delta_2$	17.106	~0
$\gamma_1$	0.419	~0

Table 2. Parameters test, DLG model.

As we can see from the table, we refuse the H0 hypothesis in all cases, except for  $\alpha_2$ . The p-value in this case is greater than 5%, so we accept the null hypothesis that the coefficient is statistically equal to zero. We use even in this case the quantile residuals method. We check if residuals are independent and approximate the standard normal distribution. If this is true, the model is correctly specified and the parameters are consistently estimated. If not, quantile residuals are expected to exhibit different characteristics, i.e. dependence, autocorrelation or different distribution.



**Figure 4. Quantile residuals graphs, DLG model.**

We have represented in figure 4 the quantile residual graph, the quantile-quantile graph (if the distribution approximates the normal standard one), the global autocorrelation (ACF) and the partial autocorrelation (PACF) of the quantile residuals and of the squared quantile residuals for the estimated model. We observe that the points line up perfectly to the normal distribution. The global and partial autocorrelations are, in most cases, within the confidence bands. We conclude that the model is correctly specified and the estimates are consistent.

Now we compare our models using well known selection criteria as AIC (Asymptotic Information Criterion; Akaike, 1974) and BIC (Bayesian Information Criterion; Schwarz, 1978). The first criterion, AIC, is defined as:

$$AIC(k) = 2 \cdot k - 2 \cdot l_T,$$

where  $l_T$  is the maximized value of the likelihood function for the estimated model,  $k$  is the number of parameters in the statistical model and  $T$  is the number of data points. BIC is defined as:

$$BIC(k) = k \cdot \log(T) - 2 \cdot l_T.$$

We have presented in the table below the maximized value of the likelihood function, AIC and BIC for the estimated models.

MEM Model	lt	AIC	BIC
LANNE	-109,217	236,434	281,704
DLG	-71,638	163,276	213,576

Table 3. Maximized value of the likelihood function, AIC and BIC criteria.

Lower values of AIC and BIC, as well as higher values of the maximized value of the likelihood function correspond to the most fitting model and vice versa. In this case, we can conclude that DLG model fits better the corresponding data sample.

#### 4. Concluding remarks

We consider in this study two possible innovative equations for the realized volatility of financial returns, part of the multiplicative error models family, called LANNE and DLG respectively. We estimate and compare these models using some applications on 'STOXX Balkan 50 Equal Weight' Index, for the period from 1 May 2009 to 30 January 2015. The error term of LANNE equation follows a gamma distribution with constant parameters, whereas the error term of DLG equation is distributed according to a mixture of Gamma with variable weights.

We compute the quantile residuals in R 3.1.3 software, in order to measure how well the specific MEM models fit the corresponding data sample. We observe positive signals of independence and a satisfactory approximation of residuals to the standard normal distribution. This implies that the equations fit fairly well the volatility of 'STOXX Balkan 50 Equal Weight' Index, and the corresponding coefficients are consistently estimated. We also calculate the maximized value of the likelihood function, and the AIC and BIC criteria for each model, concluding that DLG model fits better the data. This study can be enriched with supplemental analysis regarding other possible approaches of volatility estimation and other possible variables. Furthermore, we can test and compare these methods through the quantile residuals analysis, as well as through forecasts.

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## The Vocative Case: Romanian versus Latin

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### Abstract:

*The vocative is a residuary case in most Indo-European languages, mirroring a particular Proto-Indo-European status. Its syntactical function is preserved in the descendant languages, but the morphological aspects are strongly simplified. In Latin, not unlike the cognate languages, the general tendency is toward a formal overlapping with the nominative case. The Romanian vocative is, in the Romance frame, surprisingly multifarious. It displays four distinct variants: desinence and intonation; desinence, intonation and prolongation of the final vowel; intonation and vowel prolongation; solely intonation. Old Romanian texts attest the tendency of gradually replacing the vocative form with the nominative form, perceived as more expressive. On the other hand, there is an observable development of the formal marks specific to this syntactical function; these marks are only partially inherited from Latin. In nowadays Romanian language the formal specificity of the vocative case is not diminishing – on the contrary, some colloquial vocative forms (not yet acceptable in the frame of the linguistic norm) emphasize an unambiguous linguistic will to maintain this case, while the general tendency is to reduce as much as possible the differences between the actual two cases of the Romanian language, nominative-accusative and genitive-dative.*

### Introduction

In the frame of comparative linguistics, the status of the vocative case imposes a definition in terms of a relic case, attesting the Proto-Indo-European stage of the first bifurcation in the name syntax, *id est* interpellation *versus* the rest of the nominal functions. The vocative is actually a formal relic and not a syntactic relic: in Latin it displays distinct marks only in a limited part of the thematic declension (the animated nouns ending in -us at the nominative case). The general trend is toward replacing it with the nominative form, syntactically enriched by the interpellation function. This trend has only one exception: the vocative *Iuppiter* (composed with the appellative *pater*, “father”, attesting a non-etymological double -pp-, in order to increase the expressivity of this frequently used invocation) that became the regular nominative form in classical Latin); the Latin use of a vocative form with nominative function is comparable with its Romanian lexical equivalent, in baby talk: “Doamne-Doamne” (recurrently used as nominative-accusative).

Some theoretical approaches point out the definition of the vocative case as non-syntactic (Pană Dindelegan 2010, 57) and, in its diachronic alternative, from the perspective of ancient languages, as exclamatory incident free proposition (Slușanschi 1994, 33). It is somehow close to the syntactic function of the apposition (*vide* Tomescu 1998, 176), due to the fact that it preserves the independence with respect to the context, even if it receives an attribute or, on the contrary, functions as an apposition of another noun. The vocative communicates a relationship of interdependence with a certain part of the adjoining proposition, given the fact that, if it is to be considered a proposition, the ensemble is structured as two distinct propositions. The formal overlapping of nominative and vocative becomes the linguistic standard in the Romanian language (nevertheless in the frame of comparative linguistics), thanks to the similarities with the apposition.

Beyond the particularities of its syntactic function, the Romanian vocative displays its own formal marks, in four distinct variants: desinence and intonation; desinence, intonation and prolongation of the final vowel; intonation and vowel prolongation; solely intonation.

The occurrences of vocative in Old Romanian texts attest the gradual tendency of replacing the vocative with nominative, considered to be stronger and more explicit. *Exempli gratia*: in the biblical book of Prophet Ezekiel, the phrase “fiul omului” (“son of human”) appears no less than ninety four times in vocative. For a text that stretches on forty eight chapters, this multiplication of one single phrase has all the characteristics of an emblematic message. The meaning of this phrase has been abundantly analyzed, mostly in messianic perspective. The present paper considers its morphosyntactic aspect, regarding predominantly the Romanian translations. For example, the pericope Ez. 2:1 is to be found in the main Romanian biblical translation in these terms: “Fiul omului! Scoală-te în picioare ca să vorbesc cu tine!” (Radu-Galaction, 1939); „Fiul omului, scoală în picioare, că am să-ți vorbesc!” (Iustinian 1968 /Teoctist 1988); „Fiul omului, ține-te pe picioarele tale și-ți voi grăi!” (Anania, 2001); „Fiul omului, stai în picioare, și-ți voi vorbi!” (Cornilescu, 2000); „Fiul omului, stai pe picioarele

tale și voiui grăi cătră tine.” (Bible of Bucharest, 1688); „Fiul omului, stăi pre picioarele tale și voiui grăi cătră tine!” (Bible of Blaj, 1795); „Fiul omului, stăi pã picioarele tale și voiui grăi cu tine!” (Vulgata de Blaj, 1760-1761); “Fiu al omului, stai pe picioarele tale și îți voi grăi.” (*Septuaginta*, 2008).

The patristic texts largely commented on this phrase, throughout the New Testament occurrences (eighty eight), in a slightly different form, as both the nouns are articulated, “the son of the human”, *vide* the Greek *ho hyós tou anthrôpou*. The phrase<sup>1</sup> of the book of Ezekiel is constantly associated with the pericope Daniel 7:13-14: “Priveam în vedenie de noapte și, iată, pe norii cerului venea ca un fiu al omului (Greek *hos hyós anthrôpou*) și <Cel> ca <unul> vechi de zile se afla acolo, și cei de față s-au apropiat de el. Și i s-a dat puterea și toate neamurile pământului, pe seminții, și întreaga slavă erau în slujba lui; și puterea lui [este] putere veșnică, ce nicipând nu va fi luată: și împărăția lui nicipând nu se va strica.” The text in the Theodotion version displays differences that do not involve the phrase “son of human”: “Priveam în vedenie de noapte și, iată, cu norii cerului venea ca un fiu al omului (Greek *hos hyós anthrôpou*); și a înaintat până la Cel vechi de zile și a fost adus în fața Lui. Și i s-a dat domnia și cinstirea și împărăția, și toate popoarele, semințiile și limbile îi vor sluji; puterea lui <este> putere veșnică, ce nu va trece, și împărăția lui nu va fi nimicită.” (*Septuaginta*, 2008)

The phrase is again present in the next chapter of the book of Prophet Daniel, 8:17, included in a direct communication, similar to the occurrences in the book of Ezekiel: “[...] și mi-a zis: «Înțelege, fiu al omului (Greek *hyié anthrôpou*), căci această arătare <este> chiar pentru ceasul vremii cuvenite»”; the Theodotion version attests again the same phrase: “[...] și <el> a zis către mine: «Pricepe, fiu al omului (Greek *hyié anthrôpou*), căci vedenia <este> chiar pentru sfârșitul vremii.»” (*Septuaginta*, 2008).

The third noteworthy occurrence in the book of Daniel is 10:11; the pericope does not include neither the phrase “son of human”, nor a vocative (although the Theodotion version might include the Greek vocative *aner*, with short vowel and withdrawn accent, formally replaced by nominative, plausibly under the influence of an ambiguous appellative, *Daniel*, that lacks any mark of accentuation, as usually happens with the foreign names in *Septuagint*) – it nevertheless resembles some Ezekiel occurrences, including the exhortation to stay on his own feet: “Și mi-a spus: «Daniele, ești un om vrednic de milostivire (Greek *ánthropos eleeinós*); cugetă la poruncile pe care eu le grăiesc către tine, și stai pe locul tău, căci tocmai am fost trimis la tine!»”; in this case, the Theodotion version is different: “Și mi-a spus: «Daniele, bărbat al doririlor (Greek *anér epithymión*), înțelege cuvintele pe care le voi rosti către tine, și stai pe picioarele tale, căci acum am fost trimis la tine!»”

In the book of Ezekiel, the phrase “son of human”, in vocative (with the specific mark of the case), is attested in situations that might be divided into two series: in the first series, there are the direct commands, with or without the insertion of the personal pronoun, with or without an emphatic order of the words (the vocative in the first or the second position); in the second series are references to “son of human” in phatic expressions, with or without an emphatic order of words (the vocative in the first or the second position).

The direct appealing that observes the pattern: personal pronoun, second singular, and the vocative case, /tu+vocative/, is always used with a mark of coordination, as these are frequently exhortations to accomplish an act, as in 2:6 (“Iar tu, fiu al omului, să nu te temi de ei și nici să nu te pierzi cu firea în fața lor”), 2:8 (“Iar tu, fiu al omului, ascultă-L pe Cel care îți grăiește”), 4:1 (“Iar tu, fiu al omului, ia-ți o cărămidă, pune-ți-o dinainte și scrijelește pe ea cetatea”), 5:1 (“Iar tu, fiu al omului, ia-ți o sabie <mai> ascuțită decât un brici de bărbier”), 12:3 (“Iar tu, fiu al omului, pregătește-ți boccea de robie”), 13:17 (“Iar tu, fiu al omului, așintește-ți fața împotriva fiicelor poporului tău”), 21:11 (“Iar tu, fiu al omului, geme frângându-ți mijlocul”), 21:19 (“Iar tu, fiu al omului, proorocește și lovește-ți mâinile una de alta și ia a doua sabie”), 21:24 (“Și tu, fiu al omului, pregătește-ți două căi <pe care> să intre sabia regelui din Babilon”), 43:10 (“Și tu, fiu al omului, arată-i casei lui Israel Casa”); or transmit a message, as in 7:2 (“Și tu, fiu al omului, zi: «Acestea le spune Domnul»”), 21:33 (“Și tu, fiu al omului, proorocește și zi: «Acestea le spune Domnul»”), 28:1 (“Iar tu, fiu al omului, spune-i mai-marelui din Tyr: «Acestea le spune Domnul»”), 33:10 (“Și tu, fiu al omului, spune-i casei lui Israel: «Așa ați vorbit»”), 36:1 (“Iar tu, fiu al omului, proorocește împotriva munților lui Israel și spune munților lui Israel: «Ascultați cuvântul Domnului»”), 39:1 (“Și tu, fiu al omului, proorocește împotriva lui Gog și spune: «Acestea le spune Domnul»”), 39:17 (“Și tu, fiu al omului, zi: «Acestea le spune Domnul»”).

<sup>1</sup> The examples are quoted, unless a different translation is specified, from *Septuaginta* (2008).

To this occurrences is to be added the deictic turn of phrase that includes the equivalent of the Greek particle *idou* (based on an imperative form), meaning "here you are!", accompanied by a mark of coordination, as in 3:25 ("Și tu, fiu al omului, iată: ți s-au pus legători și te vor lega cu ele").

The sequence */tu+vocative/* might belong to an assertion, as in 33:7 ("Și tu, fiu al omului, pe tine te-am pus străjer pentru casa lui Israel"), with a mark of coordination. The direct appealing sometimes assumes the interrogative form: 5:2 ("Și tu, fiu al omului, ce este lemnul viței față de toate lemnele ramurilor care sunt în copacii pădurii?"), 22:2 ("Și tu, fiu al omului, oare vei judeca cetatea <plină de> sânge?"). As in most of the occurrences previously quoted, there is a mark of coordination before the appellative "son of human". Several interrogations occur inside some fragmented sentences as in 24:25-26 ("Iar tu, fiu al omului – oare nu în ziua când iau țaria de la ei [...] în ziua aceea [...]"), 33:30 ("Și tu, fiu al omului, <iată>, fiii poporului tău grăiesc despre tine [...]").

The inverted order of the words, */vocative+tu/*, occurs, without the mark of coordination, in 12:2 ("Fiu al omului, tu trăiești în mijlocul nelegiuirilor acestor <oameni>").

Much more frequent are the occurrences */vocative+.../* without the personal pronoun *tu*. There are two distinct developments of the commands in this form, imposing the accomplishment of an act, as in 2:1 ("Fiu al omului, stai pe picioarele tale și îți voi grăi"), 2:3 ("Fiu al omului, Eu te trimit"), 3:1 ("Fiu al omului, mănâncă sulul acesta"), 3:3 ("Fiu al omului, gura ta va mânca și pântecele tău se va umple de sulul acesta"), 3:4 ("Fiu al omului, du-te <și> mergi către casa lui Israel"), 3:10 ("Fiu al omului, toate cuvintele pe care ți le-am grăit ia-le în inima ta și ascultă-le"), 3:17 ("Fiu al omului, te-am pus străjer pentru casa lui Israel"), 6:2 ("Fiu al omului, ațintește-ți fața înspre munții lui Israel"), 8:5 ("Fiu al omului, ridică-ți ochii"), 8:8 ("Fiu al omului, sapă"), 16:2 ("Fiu al omului, dă mărturie Ierusalimului"), 20:4 ("Fiu al omului, dă-le lor mărturie"), 21:2 ("Fiu al omului, ațintește-ți fața împotriva Thaimanului"), 24:2 ("Fiu al omului, scrie-ți în <fiicare> zi"), 25:2 ("Fiu al omului, ațintește-ți fața înspre fiii lui Ammon"), 27:2 ("Fiu al omului, pornește bocet pentru Sor"), 28:12 ("Fiu al omului, pornește bocet pentru mai-marele Tyrului"), 28:21 ("Fiu al omului, ațintește-ți fața înspre [cetatea] Sidon"), 29:2 ("Fiu al omului, ațintește-ți fața înspre Faraon"), 32:2 ("Fiu al omului, pornește un bocet pentru faraon"), 32:18 ("Fiu al omului, bocește pentru țaria Egiptului"), 35:2 ("Fiu al omului, întoarce-ți fața spre muntele Seir"), 37:16 ("Fiu al omului, ia-ți un toiag și scrie pe el"), 38:2 ("Fiu al omului, ațintește-ți fața înspre Gog și ținutul lui Magog"), 44:5 ("Fiu al omului, rânduiește-ți în inima ta și privește"); or simply transmitting a message, as in 13:2 ("Fiu al omului, procește împotriva prorocilor lui Israel, procește și spune-le: [...]), 17:2 ("Fiu al omului, povestește <o> poveste și spune <o> parabolă pentru casa lui Israel și zi: [...]), 17:12 ("Fiu al omului, spune-i casei care <Mă> întărită: [...]), 20:3 ("Fiu al omului, grăiește-le bătrânilor lui Israel și spune-le: [...]), 21:14 ("Fiu al omului, profețește și zi: [...]), 22:24 ("Fiu al omului, spune-i [țării]: [...]), 30:2 ("Fiu al omului, procește și zi: [...]), 31:2 ("Fiu al omului, spune-i lui Faraon, regele Egiptului, și mulțimii alor săi: [...]), 33:2 ("Fiu al omului, grăiește-le fiilor poporului tău și spune-le: [...]), 34:2 ("Fiu al omului, procește împotriva păstorilor lui Israel, procește și spune-le păstorilor: [...]).

Less frequent are the occurrences of vocative in the middle of the sentence or by the end, */[...], vocative, [...]/* or */[...], vocative/*, as exhortation to an act, as in 11:4 ("[...] să procești împotriva lor, să procești, fiu al omului."), 20:27 ("[...] grăiește către casa lui Israel, fiu al omului, și spune-le: [...]), 21:7 ("[...] să procești, fiu al omului, și să-ți ațintești fața împotriva Ierusalimului."), 21:17 ("Înaltă strigă și jeluiește-te, fiu al omului, căci < sabia > a ajuns în poporul Meu") and as message to be transmitted, as in 37:9 ("Procește, fiu al omului, procește asupra duhului și spune-i duhului: [...]), 38:14 ("[...] procește, fiu al omului, și spune-i lui Gog: [...]).

The phatic use of vocative is to be found in two coordinates: interrogation *versus* information, on one hand, and, on the other, the order of words in the sentence. The interrogative pattern of sequence */vocative, [...]?/* occurs in 8:6 ("Fiu al omului, ai văzut ce fac aceștia?"), 8:12 ("Fiu al omului, ai văzut ce fac bătrânii casei lui Israel [...]?" ), 8:15 ("Fiu al omului, ai văzut?"), 12:9 ("Fiu al omului, nu ți-a spus casa lui Israel [...]?" ), 12:22 ("Fiu al omului, ce <înseamnă> pentru voi zicala aceasta: [...]?" ), 18:2 ("Fiu al omului, ce <înseamnă> pentru voi zicala aceasta: [...]?" ); 23:36 ("Fiu al omului, nu le vei judeca oare tu pe Oola și Ooliba?"), 37:3 ("Fiu al omului, oare vor <mai> fi vii oasele acestea?"). The sequence */[...], vocative?/* occurs in 8:17 ("Ai văzut, fiu al omului?"), 40:4 ("Ai văzut, fiu al omului?"), 43:7 ("Ai văzut, fiu al omului, [...]?" ), 47:6 ("Ai văzut, fiu al omului?"). There are relatively frequent occurrences in asserting sentences, type */vocative, [...]/*, as in 4:16 ("Fiu al omului, iată, Eu voi spulbera [...]), 11:2 ("Fiu al omului, acești [sunt] bărbații [...]), 11:15 ("Fiu al omului, frații tăi și bărbații <aflați> cu tine în robie [...]), 12:2 ("Fiu al omului, tu trăiești în mijlocul nelegiuirilor acestor <oameni> [...]), 12:18 ("Fiu al omului, mănâncă-ți pâinea în durere și bea-ți apa în chin și tulburare."), 14:3 ("Fiu al omului, bărbații aceștia și-au așezat cugetările [...]), 14:13 ("Fiu al omului, dacă o țară păcătuiește împotriva Mea [...]), 23:2 ("Fiu al omului, erau două femei, fiice ale aceleiași mame [...]), 26:2 ("Fiu al omului, pentru că Sor a vorbit [...]), 29:18 ("Fiu al omului, Nabucodonosor,

regele Babilonului, și-a pus oastea la trudă grea [...]”, 30:21 (“Fiu al omului, am zdrobit brațele lui Faraon [...]”), 33:24 (“Fiu al omului, cei care locuiesc în ținuturile pustiite [...]”), 37:11 (“Fiu al omului, oasele acestea sunt toată casa lui Israel [...]”), 36:17 (“Fiu al omului, <cei din> casa lui Israel au locuit în țara lor [...]”), 43:18 (“Fiu al omului, acestea le spune Domnul: [...]”), and the type / [...], vocative/, in fragmented sentences, as in 12:27 (“Fiu al omului, iată: casa lui Israel [...]”), 22:18 (“Fiu al omului, iată: <cei din> casa lui Israel [...]”), 24:16 (“Fiu al omului, iată: Eu iau de la tine desfătarea ochilor tăi [...]”).

The expected vocative form of this term in Romanian language, *fiule* (“son”) is rarely attested in the old language (*vide* Bible of Bucharest, 1688), being relatively new. It emerged due to the fact that, simultaneously with the disappearance of the casual desinences, their role was fulfilled by the enclitic article: as soon as the nominal declension faded away, it was replaced by the declension of the article. The immediate advantage on the morphosyntactic level is the presence of a comprehensive paradigm, thanks to the complete series of casual forms. In some distinct conditions, it is obvious that the existence of this desinence (that has a phonetic consistency) has precisely phonetic origins: for the noun *fiu*, the addition of the vocative desinence directly to the lexical root creates a word that is too short and, implicitly, the final part of the word does not provide enough space for changing the tone (a necessary mark of interpellation): consequently, the enlarged form *fiule* becomes lexical norm.

The dictionary of the Romanian language (tome II.1, F-I, 1934) registers the sequence *Prea bine, fiiule* (Calendar 1844). The regular Latin inherited form, *fi*, is frequently used by Coresi; the old writings, on the other hand, attest the vocative *fiule*. All the same, the Coresi texts display nominative occurrences of this term with vocative function (“Fiu, lasă-ți-se păcatele tale”); in contemporary language, it occurs with this function only when accompanied by the possessive adjective: *fiul meu*.

The Romanian language preserves some specific vocative desinences, consistent with the general trend of linguistic conservatism in the frame of Romance languages. Among the vocative desinences, some are inherited from Latin, probably as a result of Slavic enforcement (e.g. -e in masculine singular), some others are borrowed from Slavic (the feminine singular -o) and others are created in Romanian language: masculine singular -ule, coined on the enclitic article, masculine singular, -(u)l, enlarged with the specific vocative desinence, resulting in a complete paradigm of the masculine declension (with article), differentiating the cases of the singular (nominative-accusative: -ul, genitive-dative: -ului, vocative: -ule), nonetheless the vocative plural form, both in masculine and feminine nouns, -lor, formed by reusing the desinence for genitive-dative plural, with article, of the masculine nouns. The usual explanation for this astonishing form is a reinterpretation of the religious phrase “Vă spun vouă, fraților”, “I tell you, brothers”, throughout a gradual shift of dative to vocative, probably as a result of the fact that the concorded apposition (in dative case, in this example) became weak and finally disappeared.

There are circumstances (*vide* Vasiliu, 1956, 12-15) when both forms (-e, -ule) are preserved, with basically no differences of their meaning; there are solely some fine distinctions, brought by a certain affectivity attached to one of the forms, expressing irony, despise, hypocoristic appellation, e.g. the vocative forms of the nouns *copil, băiat, poet* (“child”, “boy”, “poet”). Some old terms are preserved only with the enlarged vocative form, which totally replaced the previous one, as in *bât* (“grandfather”, a restricted term) or *unchi* (“oncle”): *bătule* and *unchiule* replaced *băte* and *unche*.

Words sharing the same vocative syntactic status (Vasiliu, 1956, 21) display either one single vocative desinence, or as many as words are; the multiplication of vocative morphological marks is more frequent in colloquial language, e.g. *sărmane omule* (Ion Creangă), *nene Iancule* (Ion Luca Caragiale), *cinstiților negustori* (Mihail Sadoveanu), nevertheless some old texts, e.g. *iubite cetitorule* (Miron Costin, the Moldavian chronicler).

The preservation of vocative in Romanian language is fortified by the emergence of new morphological marks, well attested along the linguistic history. Despite the general tendency toward simplifying the nominal paradigm, by reducing as much as possible the differences between the actual two cases of the Romanian language (nominative-accusative and genitive-dative), the presence of vocative case seems to get stronger, not only syntactically, but also morphologically. This surprising trend is perceptible in nowadays Romanian language, where the colloquial \*\**dragelor* and \*\**dragele mele* (“dear”) is largely used as a feminine counterpart of *dragilor* and *dragii mei*, the correct form of vocative plural, both for masculine and feminine.

The conclusion is double: Romanian language attests, like most Romance (and also Indo-European) languages, a shift from vocative toward nominative, *id est* providing a nominative form with a vocative function; on the other hand, although

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the nominal flexion tends to diminish, there is attested a multiplication of vocative marks, even though in linguistic conditions that are not yet accepted by the norm.

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## Science Teachers' Attitudes towards Using ICT and Mobile Learning Technologies in Malaysian Schools

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### Abstract

*The use of ICT has resulted in new opportunities that mobile devices have transformed from a means of communication to tools for socialization, entertainment, work, and learning. The aim of this study is to determine the science teachers' attitudes towards ICT and using mobile learning in education. The research sample consists of (67) science teachers from different cities in Malaysia who studying for master in University Education Sultan Idris. A valid and reliable scale has been adapted from "Mobile Learning Survey" (Pollara, 2011) and "Information and Communication Technology Attitudes Questionnaire-IAQ" (Kubiátko & Haláková, 2009; Mehra & Far, 2013) was used as a data collection tool. The results indicate that; science teachers have positive attitudes toward using ICT and mobile learning in education. On the other hand, science teachers' attitudes towards mobile learning was predicted by their perception about ICT and their self-efficacy.*

**Keywords:** Science teachers, ICT, mobile learning.

### Introduction

*The recent time is influenced by an intensive usage of information and communication technologies. These technologies influence the way that young people play, socialize, and communicate as well as the educational process and has led to fundamental changes in education. The integration of Information and Communications Technology (ICT) in classrooms has been a challenge for the educational systems that aim to cope with the needs and the demands of the 21st century (Kyriakidou, Chrisostomou, & Banks, 1999; Yapici & Hevedanlı, 2012).*

*The Malaysian Ministry of Education (MOE) has introduced various initiatives to facilitate the adoption and diffusion of Information and Communication Technology (ICT). In line with the Vision 2020, Ministry of Education has draft ways to integrate ICT into the education system. The Malaysian government has invested millions of Ringgit for the usage of ICT in education (Rashid, 2011). The Malaysian Ministry of Education sees ICT as a means, not an end in itself. As such, all efforts are concentrated on developing new media as tools in the service of richer curricula, enhanced pedagogies, more effective organizational structures in schools, stronger links between schools and society, and the empowerment of disenfranchised learners. The concept of ICT in education, as seen by the Ministry of Education, includes systems that enable information gathering, management, manipulation, access, and communication in various forms. The Ministry has formulated three main policies for ICT in education (Chan & Foong-Mae, 2002; Mohd Zaki M. et al., 2009):*

- 1. ICT is for all students, meaning that ICT is used as an enabler to reduce the digital gap between the schools.*
- 2. Emphasizes the role and function of ICT in education as a teaching and learning tool, as part of a subject as well as a subject by itself.*
- 3. Emphasizes the use of ICT to increase productivity, efficiency and effectiveness of the management system such as the processing of official forms, timetable generation, management of information systems, lesson planning, financial management and the maintenance of inventories.*

*It is now recognized that learning occurs in different settings, and school is only one of them. The way that young people use digital technologies in out-of-school settings and the intensity with which digital technologies are being used has challenged the educational community to rethink the nature of learning in informal settings, and how informal learning can inform formal learning. Education today takes place in a much broader context than the confines of school walls or traditional curricula (Khaddage & Knezek, 2013).*

## Theoretical Background

Much discussion about technology and education has focused on the question of how technology facilitates teaching and learning. The potential benefits of using ICT in teaching and learning are immense. The use of ICT has greatly transformed the outcomes of teaching and learning experience in classrooms. It does not only supplement and/or complement teacher instructional processes, but also offers unlimited access to knowledge and information that is readily available through the internet, manipulate data, explore relationships, intentionally and actively process information, construct personal and socially shared meaning and reflect on the learning process. It also gives the students opportunities to examine a variety of viewpoints so they can construct their own knowledge of various concepts (Koç, 2005; Tam, 2000).

The educational potential of ICT is stressed in a variety of ways. For instance, the potential of ICT could be to present rich learning environments, allowing learners to adopt multiple perspectives on complex phenomena, to foster flexible knowledge construction in complex learning domains, and to cater for individual differences (Sang, Valcke, Braak, & Tondeur, 2010). Students are more than ready to embrace technology in education. Today's students have grown up using digital technology. Surveys show that, of young people aged 12-17 (Look, 2005):

- Over 50% have their own blog or contribute to another blog or website
- Over 50% download music
- 90% use the internet to search for information for class assignments
- 80% are given internet assignments to complete at school
- 60% are using online dictionaries, encyclopedias and thesauruses
- Over 70% say that having access to the internet helps them earn better grades & be stronger students

Look (2005) cited that a review of 219 studies on the use of technology in education consistently found that students in technology rich environments experienced positive effects on achievement in all subject areas. The merits of ICT in education have been extolled in the literature. The use of ICT has been found to (Fu, 2013; Kubiatio & Haláková, 2009; Look, 2005; Sim & Theng, 2014):

1. Assist students in accessing digital information efficiently and effectively
2. Support student-centered and self-directed learning
3. Produce a creative learning environment
4. Promote collaborative learning in a distance-learning environment
5. Offer more opportunities to develop critical (higher-order) thinking skills
6. Support teaching by facilitating access to course content
7. ICT offers students more time to explore beyond the knowledge allowing them to understand better the scientific concepts.
8. ICT enhances the effectiveness of information presentation and stimulates students' interest.
9. ICT can improve the quality of education.
10. The use of multimedia approach had been successful in generating conceptual understanding.
11. The use of interactive multimedia software motivates students and leads to improved performance.
12. Using ICT increase the students' attitudes.

Further, research studies showed that ICT motivate student learning, there are a lot of assumptions that students are interested in using ICT; they found it more pleasant, more appealing, and more motivating to study with ICT tools than by traditional means (Kubiatio & Haláková, 2009). Multimedia and technology have proven helpful in engaging students in learning about subjects, in exploring ways to present their learning, and in helping students control their learning (Taylor & Parsons, 2011). In sum, the use of ICT also changes the teaching and learning relationship.

One of the technologies that teachers and students can use in learning process is the "Mobile technology". Mobile technology is changing the way we live and it is beginning to change the way we learn, mobile technology have transformed from a means of communication to tools for socialization, entertainment, work, and learning. Statistics show that over 6 billion people have access to a connected mobile device and for every one person who accesses the internet from a computer two do so from a mobile device (Tamhane, Khan, Tribhuwan, Burke, & Take, 2015). According to the International



Telecommunication Union 2014, the number of mobile-cellular subscriptions worldwide is approaching the number of people on earth. Mobile cellular subscriptions will reach almost 7 billion by end 2014, corresponding to a penetration rate of 96%. More than half of these (3.6 billion subscriptions) will be in the Asia-Pacific region (Union, 2014).

Mobile learning involves the use of mobile technology, either alone or in combination with other information and communication technology (ICT), to enable learning anytime and anywhere. Learning can unfold in a variety of ways: people can use mobile devices to access educational resources, connect with others, or create content, both inside and outside classrooms. Mobile learning also encompasses efforts to support broad educational goals such as the effective administration of school systems and improved communication between schools and families (Tamhane et al., 2015). The concept of mobile education or mobile learning is still emerging and still unclear. Early approaches at defining mobile learning focused on technology, for example, it can be considered as any learning and teaching activity that is possible through mobile tools or in settings where mobile equipment is available. Caudill (2007) cite multiple definitions of m-Learning, including:

1. The point at which mobile computing and e-Learning intersect to produce an anytime, anywhere learning experience.
2. Mobile learning is a form of education whose site of production, circulation, and consumption is the network.
3. M-learning is as a process of coming to know, by which learners in cooperation with their peers and teachers, construct transiently stable interpretations of their world.
4. Mobile Learning- (M-Learning) The process of using a mobile device to access and study learning materials and to communicate with fellow students, instructors or institutions. Mobile learning can be done anytime, anywhere (Pollara, 2011).

Researchers suggested that there are three ways in which learning can be considered mobile: (1) learning is mobile in terms of space; (2) in different areas of life; and (3) with respect to time. It is clear that mobile learning systems should be capable of delivering educational content to learners anytime and anywhere they need it (Aderinoye, Ojokheta, & Olojede, 2007). In general, we can conclude that mobile learning is the use of any mobile or wireless device for learning indoor or outdoor. It is any service or facility that supplies a learner with electronic learning materials that aids their acquisition of knowledge, regardless of location and time.

Mobile learning is a relatively new phenomenon with its theoretical basis still under development. Researchers have begun to analyze more specific characteristics of mobile learning, including how mobile learning can support learning opportunities, the types of learning and learning activities that can be supported, and the various contexts in which mobile learning can take place. According to Sharples (2006), key characteristics of mobile learning that emerged were as follows:

1. Enables knowledge building to take place in different contexts.
2. Provides the ability to gather data unique to the current location, environment, and time (real and situated).
3. Enables learners construct their own understanding (customized to the individual path of investigation).
4. Changes the pattern of learning or the work activity (supports interactivity).
5. Supports the use of mobile learning applications which are mediating tools and can be used in conjunction with other learning tools.
6. Goes beyond time and space in which learning becomes part of a greater whole.

From a pedagogical perspective, mobile learning will serve a whole new highly mobile segment of society, a reality that could very well enhance the flexibility of the educational process (Aderinoye et al., 2007). Peters (2007) say that characteristics of mobile learning must include:

1. Urgency of learning needs
2. Initiative of knowledge acquisition
3. Mobility of learning setting
4. Interactivity of the learning process
5. 'Situatdness' of instructional activities
6. Integration of instructional content

Given that m-Learning is a discipline unto itself, there are certain advantages provided in a m-Learning environment that are not present in other kinds of e-Learning. The primary advantage of m-Learning is to provide truly anytime, anyplace learning. What this means for the learner is that they are no longer constrained by static resources. In addition to being able to access resources from anywhere with a mobile device, this ease of transport has other advantages. Perhaps most notably, mobile devices provide users with an interface to their content that is both personalized and secure (Caudill, 2007). According to Lim, Fadzil, and Mansor (2011), the general objectives of mobile learning are to:

1. Enhance the blend of the learning modes;
2. Increase the flexibility of learning offered to learners; and
3. Encourage and support ubiquitous learning (just in time, anytime, anywhere) via mobile technologies.
4. In a report of more than 25 handheld learning projects, Shuler (2009) found that the report highlights five opportunities to seize mobile learning's unique attributes to improve education. Those key opportunities for mobile learning include:
5. Encourage "anywhere, anytime" learning: Students can gather and process information outside the classroom to learn in a real-world context.
6. Reach underserved children: The low cost of a mobile device makes it accessible to low-income families and can help advance digital equity.
7. Improve 21<sup>st</sup>-century social interactions: Mobile technologies can promote and foster communication and collaboration; all important skills of the 21st century.
8. Fit with learning environments: Mobile devices can fit easily into many learning environments and eliminate the barriers associated with large devices.
9. Enable a personalized learning experience: Mobile devices allow differentiated instruction for diverse learners who can learn at their own pace.

Shuler (2009) remarked that mobile devices might be used to capitalize on the personalization capabilities of the devices that make learning more accessible. Mobile devices have bridged learning in school, afterschool, and home environments. Similarly, Shih and Mills (2007) and Pollara (2011) agree that the potential uses of Mobile learning in the classroom can do more than foster communication and aid in the exchange of information. They identify several potential advantages of mobile learning.

1. Mobile learning helps learners improve their literacy and numeracy skills and to recognize their existing abilities
2. Mobile learning helps learners to increase their understanding of the material/curriculum content.
3. Mobile learning may act as a good assessment tool for the students to identify areas where they need assistance and support
4. Mobile learning can be used to encourage both independent and collaborative learning experiences
5. Mobile learning helps to combat resistance to the use of ICT and can help bridge the gap between mobile phone literacy and ICT literacy.
6. Mobile learning helps to remove some of the formality from the learning experience and engages reluctant learners to express themselves and their ideas in a manner that is most comfortable to them.
7. Mobile learning helps learners to remain more focused for longer periods
8. Mobile learning helps to raise self-esteem/self-confidence
9. Mobile learning helps to increase students' motivation.
10. Mobile devices are becoming increasingly less expensive than purchasing textbooks, desktop, or laptop computers.
11. A student may use his or her mobile device to podcast, study using virtual flashcards, access the internet, connect to social media, read a poem, respond to a question posed by the teacher, post a comment, blog, or use the device as a calculator.
12. Games for mobile phones have the potential to support both cognitive and socio-affective learning while aiding in the development of strategic thinking, planning, communication, application of numbers, negotiating skills, group decision making and data handling.

Those advantages are supporting the results of some studies that integrating Mlearning with sound curriculum can contribute to increased student engagement, collaboration, productivity, technology competency, innovation, and critical thinking (Chou, Block, & Jesness, 2012). The study done by UNESCO (2012) has shown that mobile learning projects in South Africa have been used to improve teaching system especially teaching biology subjects. Furthermore the study conducted by Utulu and Alonge (2012) in Nigeria revealed that mobile phones were used by students for communicating with lecturer in charge of the course, collect data (recordings), sending emails to lecturers, access Online Public Access Catalogue and share knowledge. Also a study by Kajumbula (2009) in Makerere University-Uganda found that mobile phones were used by students for learning and teaching; for example, students can know whether their marks are missing, dates for tutorials, venues and meeting times with research supervisors.

Research has shown that teachers still resist the integration of new technology into the classroom. There are many factors affect the teachers' usage of new technology especially mobile learning. Researchers proposed those factors as the following (Kathryn MacCallum, Lynn Jeffrey, & Kinshuk, 2014):

1. Teachers' beliefs about the perceived value of the new technology "usefulness" and the perceived effort needed to learn to use the new technology "ease of use".
2. Teachers' skills to use and integrate digital technology into their teaching "digital literacy".
3. Teachers' self-efficacy beliefs pertaining to their own level of competence and their attitudes towards technology adoption.
4. ICT anxiety is considered as the tendency of a teacher to experience a level of uneasiness over his/her impending use of ICT.

The results on many studies indicated the importance of these factors in the acceptance of mobile learning.

The success of any initiatives to integrate ICT in classroom life depends strongly upon the support and attitudes of teachers involved, especially new teachers (Kyriakidou et al., 1999; Teo, 2008). Teachers' attitudes to and perceptions of technology use affect their technology use in instruction; guide the decisions teachers make and actions they take in the classroom. Those factors are important in motivating and encouraging a teacher to use technology in the classroom (Gilakjani, Leong, & Ismail, 2013). The results of those studies support the evidence that teachers' beliefs have an influence on the way they organized their classrooms, interacted with students, and how they act in the classroom (Fu, 2013; Palak & Walls, 2009). Palak and Walls (2009) mentioned that teachers who effectively integrate technology move toward student-centred instructional practices, and this in turn suggests a shift in teachers' beliefs as teachers experience new patterns of teaching and learning.

### **Purpose of the Study**

The success of student learning with ICT will depend largely on the teachers' abilities, perceptions, and their willingness to embrace the technology (Teo, 2006). Teachers' attitudes and perceptions towards ICT is a very important factor that educators ought to consider in implementing mobile learning in classroom and it is a major predictor for future ICT use in the classroom (Teo, 2008). Other factors such as digital literacy, teachers' self-efficacy, and ICT anxiety are crucial for the usage of ICT as well as mobile learning. Therefore, the major purpose of this study is to examine science teachers' ICT attitudes and perceptions towards using ICT and mobile learning in teaching and learning as well as the factors affect the use of mobile learning. In particular, the following research questions will be addressed:

1. What are teachers' attitudes and perceptions toward ICT and mobile learning application in education?
2. How will the variables of the perceived attitudes and perceptions towards ICT and mobile learning, use of mobile and self-efficacy influence the perceptions and behaviour intention of science teachers' attitudes to adopt mobile learning?

### **Method and Research Design**

This research is a descriptive in nature; its key purpose is a description of the state of affairs, as it exists at present. Surveys are concerned with describing, recording, analyzing and interpreting conditions that either exist or existed (Kothari, 2004). Therefore, qualitative data were obtained through a survey conducted with science teachers, the gathered data were analyzed using both descriptive and inferential statistics.

## Participants

The research sample consist of 67 science teachers who teaching science from two cities in Malaysia in the academic year of 2014-2015 , they were invited to participate in the survey via email that included a link to the web-based survey. The male teachers (n = 23) form 34.3% of the sample while the female teachers (n = 44) form 65.7% of the sample.

## The Instrument

In order to investigate the science teachers' perceptions and attitudes towards ICT and mobile learning in education, the researcher adapted two instruments.

"Teachers' attitudes and beliefs about ICT" has been adapted from (Jimoyiannis & Komis, 2006) and from Mehra and Far (2013). The adapted questionnaire was a Likert-type scale containing 28 items that presented statements of perceptions and attitudes toward ICT. Every item in the questionnaire is 5 Likert scale. Likert scale question comprised five points ranking following: "strongly agree" (5 points), "agree" (4 points), "neutral" (3 points), "disagree" (2 points), "strongly disagree" (1 point). Several questions were constructed negatively. The evaluation of them was in reverse order. The scale consists of two dimensions, namely attitudes towards ICT in instruction (12 items) and perceptions/beliefs about the role of ICT in education (16 items). The results of Split-half reliability test and Cronbach's Alpha internal consistency coefficient for the sub-categories indicate that "Attitudes towards ICT in instruction" has Split-half reliability test of 0.757 and Cronbach's alpha of 0.83. On the other hand, "Beliefs about the role of ICT in education" has split-half reliability test of 0.969 and Cronbach's alpha of 0.90. This means that the instrument has a good reliability and can be used to measure the science teachers' ICT attitudes and perceptions towards using ICT.

"Mobile Learning Survey" developed by Pollara (2011) has been adapted to survey teachers' usage, cababilities and perceptions about mlearning. The adapted questionnaire was a Likert-type scale containing 34 items that presented statements of perceptions and current educational use of mlearning. The instrument consists of two sections; the first section divided into three sub-scale: prior knowledge (items 1-5), teachers' self-efficacy (items 6-10) and Ease of Use (items 11-18), the items in this section are 3 Likert scale (usually, sometimes, never). The second section of the instruments contains 16 questions related to perception about Mlearning.. Every item in the second section is 5 Likert scale. Likert scale question comprised five points ranking following: "strongly agree" (5 points), "agree" (4 points), "neutral" (3 points), "disagree" (2 points), "strongly disagree" (1 point). Cronbach's alpha, the measure of reliability, was calculated for the scales and subscales for items measured on the five-point Likert scale. The overall scale had an alpha of 0.864. The instrument has a good reliability and can be used to measure the science teachers' perceptions towards mlearning.

## Research Results

The research's survey asked science teachers to report their use of mobile devices for various educational tasks, their self-efficacy and thier attitudes towards ICT and mobile learning. Teachers were able to respond to as many of the questions that they believed applied to their prior use of a mobile device. Table (1) includes the means and standard deviations about science teachers prior knowledge, self-efficacy, use of mobile devices and attitudes.

The results show that science teachers have a high level of knowledge (82.8%) about using mobile learning and ICT in the learning process (M = 2.484, SD = 0.365). They also highly evaluate (77%) their self-efficacy in using mlearning (M = 2.31, SD = 0.438) and their frequent use of mlearning and its application in the learning process (M = 2.427, SD = 0.398), the percent of using mlearning is 80.9%.

In the next section of the survey, teachers were asked about their attitudes and perceptions with regard to ICT and mobile learning and mobile device use in the classroom. Means and standard deviations were calculated for all items, means above 2.5 indicate a positive response, 1.5-2.4 neutral while means below 1.5 indicate a negative response to the question. The results in table 1 show that science teachers have positive attitudes about Mlearning (M = 3.436, SD = 0.685) and about ICT (M = 3.42, SD = 0.352). They also have good and positive perceptions about ICT application in instruction (M = 3.596, SD = 0.446).

Those results indicate that science teachers believe about the importance of using ICT and mobile in education and they assert the usefulness of applying it in the teaching and learning process.

The second aim of this research is to investigate the effectiveness of the perceived attitudes and perceptions towards ICT, use of mobile, and self-efficacy in influencing science teachers' attitudes towards mobile learning. Therefore, a multiple linear regression analysis was conducted and a full model entry was employed to regress all predictor variables onto the dependent variable simultaneously. Table 2 displays the correlations between the variables.

Each variable has a positive significant correlation with each other variable with no any Multicollinearity. To get more information about the goodness of fit of a model, the results about R Square is presented in Table 3. In this case the  $R^2$  of 0.393 indicates that 39.3% of the variation in science teachers' attitudes towards mlearning is explained by the regression variables. The adjusted  $R^2$  value of 0.354 indicates that a good percent of the variability in science teachers' attitudes towards mlearning could be predicted by their perceptions towards ICT, use of mobile learning, and self-efficacy.

For more information about the model, Table 4 shows the regression ANOVA, which tests for a linear relationship between the variables. The results in the ANOVA Table ( $F(4, 62) = 10.044, p < .001$ ) indicate that the value of F is significant beyond the 0.01 level. The full model  $R^2$  was significantly greater than zero,  $R^2 = 40.7\%$ .

On the second step all of the predictors were entered simultaneously, resulting the "Coefficients", that provides the estimates of the regression coefficients (table 5).

Analysis of regression coefficients (Table 5) indicated that science teachers' attitudes towards mobile learning was predicted by their perception about ICT ( $Beta = 0.8, p < .01$ ), and their self-efficacy ( $Beta = 0.4, p < .01$ ). It is clear that those variables predicted significantly 39.3% of the variance. The other variables (prior knowledge and frequent use of mobile) are not a significant predictor. The overall model fit was  $R^2 = 0.393$ . Thus, the positive perceptions and the highest self-efficacy increase science teachers' attitudes towards using mobile learning in science classroom.

## DISCUSSION

The research's survey asked science teachers to report their use of mobile devices for various educational tasks, their self-efficacy and thier attitudes towards ICT and mobile learning. The results show that science teachers have a high level of knowledge about using mobile learning and ICT in the learning process. They also have a high level of self-efficacy in using mlearning and of using mlearning and its application in the learning process. One the other hand, science teachers have positive attitudes and perceptions about Mlearning and about ICT. Each variable has a positive significant correlation with each other variables, the adjusted  $R^2$  value indicates that a good percent of the variability in science teachers' attitudes towards mlearning could be predicted by the independent variables. For more specification, science teachers' attitudes towards mobile learning was predicted by their perception about ICT and their self-efficacy.

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Table 1. Basic Descriptive Statistics

	Mean	Mean %	Std.Dev.
Prior Knowledge	2.484	82.8%	0.365
Self-efficacy	2.310	77.0%	0.438
Use of Mobile	2.427	80.9%	0.398
attitudes ML	3.436	68.7%	0.685
Attitudes ICT	3.420	68.4%	0.352
perception ICT	3.596	71.9%	0.446

Table 2. Correlations Between Predictor Variables

	Prior Knowledge	Self-efficacy	Use of Mobile	attitudes ML	perception ICT
<i>Prior Knowledge</i>	1	.335*	.287*	.296*	.321*
Self-efficacy	.335*	1	.383*	.452*	.391*
<i>Use of Mobile</i>	.287*	.383*	1	.398*	.489*
<i>attitudes ML</i>	.296*	.452*	.398*	1	.579*
perception ICT	.321*	.391*	.489*	.579*	1

\* Correlation is significant at the 0.01 level (2-tailed).

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.627	0.393	0.354	0.549

Table 4. The regression ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.186	4	3.047	10.044	0.000

Residual	18.806	62	0.303		
Total	30.992				

Table 5. Regression output (Regression Coefficients)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Intercept	-1.268	0.805		-1.575	0.120
ICT perceptions	0.800	0.231	0.385	3.460	0.001
Prior Knowledge	0.215	0.200	0.115	1.073	0.287
Self-efficacy	0.400	0.176	0.256	2.279	0.026
Use of Mobile	0.176	0.200	0.102	0.879	0.383



## The Creation of Economic Zones as Instruments for the Attraction of Fdis and for the Promotion of Exports: Case of Kosovo

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### Abstract

*Various theories and studies suggest that the Economic Zones are actual and very important instruments for the attraction of the FDIs and for the promotion of exports. However, on the other side, there are pro and against economic arguments regarding the opinions for the creation of economic zones, suggesting also that the adoption of such schemes is not always profitable. Economic Zones are a solution for the whole region because it creates demand for a variety of jobs that would encourage technological education and that would promote economic growth for the existing population in the areas that are currently attracting new residents. For the reason that benefits arising from the making of Economic Zones are of unique value and very important for the country in which they are established, therefore on this it is based the decision of many countries to adopt the schemes for the Economic Zones. However, even more important is to know the other side of the coin, i.e. limitations and obstacles to achieve the expected benefits, problems and costs which in many cases are unforeseen or underestimated. In addition to the abovementioned benefits for the country as a whole, the state must also perform an analysis of costs and revenues, so to evaluate the effects that would have on the state budget the establishment and management of these areas and its ability to realize other public investments. This paper also provides details of benefits and problems arising from implementation of Economic Zones, such as: the potential growth of foreign exchange earnings; the effect of income taxes; transfer of technology, knowledge and relationships in the supply chain; employment effects on local and national economy; as well as the benefits from the development of human capital. In the focus of this paper are the policies and the structural and institutional reforms of Kosovo on the creation of appropriate conditions for the attracting of FDIs and for the promotion of exports. This for the fact that Kosovo is among the countries with the lowest indicators of exports regardless of the kind of products or services. Therefore, the establishment of economic zones, except that are very important instruments for the promotion of exports, they will make also possible the generation of new work places that Kosovo needs for the fact that unemployment is very pronounced. Various cases of creating Economic Zones in Kosovo are presented in the final part of the paper. The purpose of this paper is that in both in practice and in theory to treat the economic zones from a critical perspective regarding their main benefits and to find the factors that would minimize the positive impact on the host country.*

**Keywords:** Economic Zones, exports, impact, jobs, employment, development, Kosovo.

### 1. Introduction

When we talk regarding the creation of Economic Zones, as important instrument for economic development, then we say that the presentation of Economic Zones is important for all the involved parties: for the investor, the economy and the region as a whole. For the investor is also beneficial as is able to use the comparative advantage of the economy (e.g. cheap labor) technological and scientific infrastructure, free trade agreements, initiatives and priorities from Economic Area itself, as a business park, industrial park, technology park, or effective business incubator.

It is suggested, that the balance of payments of the economy is improved as a result of increased trade volume and export revenues. The economic growth is stimulated as a result of the growth of value added (wages and taxes) and as a result of mutual ties of industry, trade and local services to international markets.

From this point of view, Economic Zones are a region-wide solution as it creates higher demand for a variety of jobs that would encourage technological education and that would promote economic growth for the existing population in areas that are currently on site and may also attract young people<sup>1</sup>. So from this we can say that all the above mentioned benefits do

<sup>1</sup> Eldar, M., *Towards Economic Growth and Independence: Establishment of Free Export Processing Zones in Israel*, Institute for Advanced Strategic and Political Studies, Jerusalem, No. 10, 1992

hold and are very important because based on them are made the decision from many countries whether or not to adopt Economic Zones schemes.

However, even more important it is to know the other side of the coin, i.e. limitations and obstacles to achieve the expected benefits, problems and costs that in many cases are unforeseen or underestimated. Especially in the planning stage of the economic zones, it is necessary to carry out a realistic objective analysis of the costs and of the expected benefits.

Before treating some of the main benefits and costs associated with the implementing process of the economic zones we have to consider three main problems:

- Firstly, the cause and effect relationship in the case of benefits which come from the creation of economic zones, it is never very clear. Even in the case when the investment or the employment levels increase after the implementation of zones, this does not necessarily mean that this increase was due to the creation of economic zones. This can lead to the overestimation of the benefits.
- Secondly, the analysis does not consider the distribution of costs and benefits, such as increased employment which belongs only to the host country, while the growth of foreign exchange earnings, at a time that is expected to bring benefits to the host country, can bring more benefits to the beneficiary country where such income goes in the form of profits.
- Thirdly, some benefits are intangible and difficult to measure, such as technology transfer, "flow" of knowledge, etc.<sup>1</sup>.

## 2. The expected benefits and the problems coming from the implementation of Economic Zones

### 2.1. Growth potential in the foreign direct earnings

One of the main benefits from the establishment of an economic zone are the expected foreign exchange earnings. In fact, this is not the correct criteria for assessing the success or failure of the zone, but can help many economies with low incomes to meet their needs for imports and to provide the state with the funds needed for development (public investment, to support policies for the development of local industries, etc.).

However, the benefits from the increased foreign exchange may be overestimated. According to Warr (1989)<sup>2</sup>, when companies operate in the zone are mainly with foreign capital, it is likely that during the process of buying the inputs, they choose more the international supplier of low cost, instead of local suppliers. Especially in the case when international companies follow a flexible strategy- "international mobility of their manufacturing operations", long-term relationship with local suppliers would go into conflict under this strategy. If we include in the analysis the fact that most activities in the economic areas have low added value, then the result suggest that the value of net exports will be substantially lower than the value of gross exports.

### 2.2. The effect of income from tax / tax losses

In many cases, establishment of economic zones means providing fiscal support from the host country to attract FDI. Some researchers think that the losses of revenue from taxes, due to the fiscal facilitation, are lower than the benefits provided by the creation of employment and foreign exchange earnings. They note that in any regime, taxes such as customs duties are still low, that is why the losses will not be significant. There exist several arguments that weaken this reasoning.

Firstly, the costs of establishing economic zones are not consisted only from the missing incomes from taxes, even to say the largest share of these costs is occupied from spending on infrastructure investments, services, facilities, management of the zone as well as opportunity costs of public funds investment on Economic Zones.

<sup>1</sup> Totoni A., *Zonat ekonomike si instrumenta për tërheqjen e IHD-ve dhe nxitjen e eksporteve - argumenta ekonomike pro dhe kundër, Ekonomia dhe tranzicioni*. - Nr. 1, 2009, page 46 - 58. XVII

<sup>2</sup> Warr, P., *Export Processing Zones - The Economics of Enclave Manufacturing*, World Bank Research Observer. 4, 65-88, 1989

Secondly, in many developing countries, taxes, fees and other indirect duties are an important source of income for the state. In these countries, the state in many cases is incapable to implement the plan of collecting fiscal obligations due to the existence of the informal economy. Being at a disadvantaged position, the situation would worsen if the state will give up from a part of this revenue due to tax incentives. This is also why a number of international organizations (EU, IMF, etc.) discourage the use of fiscal incentives by developing countries.

### **2.3. Catalyst effect of FDI, transfer of technology, knowledge and relationships in the supply chain**

The effect of FDIs goes beyond the attraction of the necessary capital, whether in the form of cash or materialized in the form of machinery and equipment. Successful companies in the zone serve as well as examples or models from which local enterprises and entrepreneurs can learn and "copy". Rhee and Belot (1990) refers to the economic zones as "catalyst" because they initiate and develop production for export (mainly non-traditional exports) by combining their technical, managerial and marketing know-how to access the global markets and the advantages that the host country offers.

With regard to the transfer of technology and knowledge, this can be accomplished in several ways, such as: through links in the forward supply chain (from the buyer to the vendor), as well as through formal trainings or through the transfer of the personnel from a foreign company operating within the zone to the domestic companies operating abroad.

Backward links in the supply chain occur when a foreign company buys an input within the area and a local company sells this input. This also happens when a foreign company subcontracts a part of the production to a local company outside the zone. The technology transfer often occurs because buyers tend to help the retailers on the achievements of the required quality specifications of the product. Also the backward links in the supply chain are difficult to express in quantitative form, but they can be evaluated approximately by calculating the percentage of raw materials purchased within the country, or by calculating the percentage of the costs incurred in the country against total output.

Transfer of technology and knowledge happens also in those cases when the labor force is transferred from a foreign company to a local company within the zone. Especially for middle-class managers are offered good opportunities, because after they enrich their experience by working with the foreign companies in economic zones, they can be removed to create their own businesses (Khemani, 2007).

However, the positive effects of technology transfers can be limited. According to Warr (1989), foreign enterprises focus on the research-development activities and on the manufacturing processes of advanced technologies in the home country. Therefore technological processes that are carried in the economic zones are usually of low-tech, labour-intensive and employs less skilled workforce.

### **2.4. The employment effects in local and national economy**

Since they rely on labour-intensive activities, economic zones are considered as a source for employment generation. The creation of new jobs is considered as one of the main goals and the most important contributions of the economic zones for the local economy. This goal is based on two assumptions:

The first is that the country has high unemployment rates. This is a significant reason until the excess supply of labor is absorbed. Thereafter, the host country face a tight labor market and as such labor costs start to rise. Certainly, the rising of the labor costs is translated into higher incomes for the work and the improvement of living standards for workers. On the other hand, this makes companies that operate in the zone to have local exports less competitive in the world market. This can lead to the loss of new investments, or, even worse, the leave of current investors to countries that offer lower variable cost.

The second assumption is related to the fact that the creation of new jobs will ease the unemployment problems. Economic zones have created a significant number of new jobs, especially in those cases when they have been managed and developed successfully. However there are cases when they have not achieved the expected goals due to poor choice of dislocation or due to unsatisfied infrastructure that can lead to the partial population of the economic zone.

**Table 1:** Direct employment in economic zones

Region	Direct employment (million)	Share to total employment (%)
Asia/ Pacific	35	2.3
North and South America	2.1	1.2
Central Europe / Eastern & Central Asia	0.2	0.001
Middle East & North Africa	1.1	1.5
Sub-Saharan Africa	0.7	0.2

Source: Khemani, 2007

An interesting phenomenon is the employment of mainly female works in majority of the economic zones, which has had an important impact on the general unemployment. Initially, it was thought that these zones would have a positive impact on the reduction of unemployment, mainly among men. But looking for a less skilled workforce, these zones have had an unexpected effect, employed a considerable high number of women. They were seen as the most suitable candidates for unskilled jobs because they newly entered to the labour market and have lower demands for payments compared to men. The percentage of women to the total workforce vary from 60% to 80% (Kusago and Tzannatos, 1998), however, this trend is changing with the emergence of new industries in Economic Zones.

### 3. The revenues and expenditures for the state

In this regard, briefly will be discussed the impact of the creation of an Economic Zone on state revenues and expenditures.

The revenues generated for the state, relate mainly on the increase of the tax volume, fees and other charges due to the increase of economic activity. So, although companies that operate in these zones are subject to a more favourable fiscal regime (with lower tax rates) compared to local companies, have a positive final effect on incomes that enter into state budget. Positive contributions would have also the payments that are collected from leasing land and facilities, or by issuing permits, licenses, etc.

With regard to expenses, usually are necessary large public investments for infrastructure, particularly in those zones which are funded by the state. Infrastructure costs, including here public services such as water and electricity, can be too high especially in the cases when the expected benefits on employment and investments are delayed.

**Table 2:** Revenues and costs of state from developing these areas

Revenues	Costs
Revenues from profit tax	Costs for the management of the zone and other operating costs
Revenues from personal tax and from direct and indirect employment	Foreign infrastructure construction costs (and domestic if the developer is the state)
Revenues from permits, licenses and service fees	Customs duties lost due to smuggling
Revenues from the sale or lease of public land (developers)	Taxes lost from companies that are relocated from outside the area to inside
Customs duties on products that are allowed to be sold within the country	Fundings / Subsidies
Concision payments for other facilities associated with the development of areas	

Source: Khemani, 2007

The use of various fiscal incentives such as exemption from tariff payment, income tax and other tax exemptions may have a negative impact on state revenues. Although fiscal tendencies stimulate the investments, there is no empirical evidence regarding their effectiveness in terms of costs. Governments that provide these fiscal incentives, should assess time by time how appropriate they are and the economic benefits derived from them by comparing with the costs, to assess their long-term impact on the allocation of resources, etc (OECD, 1996).

#### 4. Economic Zones in Kosovo

An economic zone is a territory that has a special economic status and it can be in a form of free zone or as industrial park, as defined below.

*Free zone* is an area, with defined land, buildings and other real properties, with productive, trade or service activities that is estimated as part of the customs territory of the Republic of Kosovo, separated from this territory, in terms of fiscal and customs regime, and governed in accordance with the provisions of this law.

On the other hand, the *industrial park* is an area, divided into plots, in accordance with a general plan, equipped with the necessary infrastructure such as roads, public transport and services, with or without industrial buildings, intended for industrial development.

As *Developer* is any legal person, licensed, local or foreign, who builds, administers and monitors the functioning of economic zones in accordance with the provisions of this law.

*Operator* is any legal person, local or foreign, who operated insides he boundaries of the economic zone, in the quality of a manager, through a contractual relationship concluded between him and the developer, a relationship which is not subject to this law.

*The user* is the person, individual or legal, local or foreign, in an economic activity within the economic zone, in accordance with the provisions of this law<sup>1</sup>.

<sup>1</sup> Law No. 02/L-5 on the Supervision of Small and Medium Enterprises (SMS), March, 2005.

## **Legalization of Economic Zones**

Law on the Economic Zones and the legal acts coming from this law, with the purpose for their normal operation, foresees the legalization of economic zones. There have been developed all the necessary procedures foreseen by the legislation in force such as necessary forms and applications dealing with the zones and that will be used for obtaining permissions from the relevant institutions.

### **Economic codes for Economic Zones**

Economic codes are defined and are prepared the Payment Forms / Invoices for payment, which will be used for payment and which are provided on the basis of Administrative Instruction no. 2009/26, in the case of the application from the interested parties for the establishment of Economic Zones.

### **Legalization of Economic Zone in Drenas**

After the completion of the documentation, in conformity with the legislation under the Law on Economic Zones and after the recommendations from the Minister of Ministry of Trade and Industry to create an economic zone in Drenas, the Prime Minister with the Decision No. 06/140, dated. 18.08.2010 announced the Drenas Business Park as an economic zone.

### **Legalization of Economic Zone - Technological Park in Skenderaj**

After submitting the application by the municipality of Skenderaj, it was analyzed the documentation whether it is in comfort with the legislation. After the evaluation of the documentation, was prepared the file and was forwarded to the issuance of the decision for legalization. Economic Zone, Technological Park in Skenderaj was announced by the Prime Minister through the decision no. 07/140, dated. 18. 08. 2010.

### **The Programme for the management of Economic Zones**

During this year, there were drafted the terms of reference for designing the program for the management of the economic zones. Then the economic operator was contracted and started the designing of this program with the study visit in Slovenia. So far, there has compiled over 60% of the program, while the rest goes to the dynamic plan in 2011.

### **Package for the facilitations for businesses that operate within the Economic Zones in Kosovo**

At the regular meeting of the SME Advisory Board on date 02.07.2010, has been issued the decision on the formation of the group "to create incentives for local businesses in economic zones". The working group is represented by relevant institutions and business associations in Kosovo. This working group held regular meetings and has prepared a draft package for facilitation, a draft that will be presented to the Advisory Board in its next meeting<sup>1</sup>.

## **5. The creation of Business Park in Mitrovica**

In Mitrovica, the Ministry of Trade and Industry has allocated a budget with the amount of 155,000 Euros on the construction of an industrial park in this Municipality. The selected location is made on the basis of a feasibility study which was conducted by the Department Private Sector Development, conditions which offered by the Municipal Assembly of Mitrovica. As additional criteria for this municipality are taken in terms of regional development and multi-ethnic character that this municipality possesses.

The Municipal Assembly of Mitrovica has offered a land with an area of 350.86 hectares, which has been owned before by the municipality, and a budget in the amount of 10,000 Euros. The Ministry of Trade and Industry (now on referred ad MTI) has announced a tender for the construction of a part of the total infrastructure because the budget needed for the completion of the whole infrastructure was limited. This phase of construction of this infrastructure is now in the final stage and the MTI is in talks with European Agency for Reconstruction (EAR) to receive financial support from the agency in order to complete all the infrastructural works.

From the Municipal Assembly of Mitrovica has been made the selection of beneficiary companies for the Business Park.

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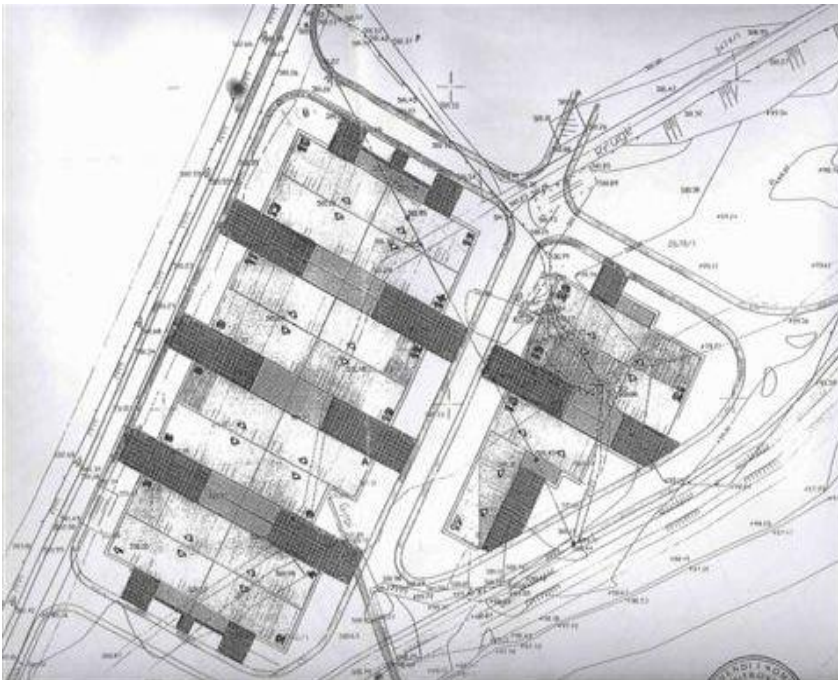
<sup>1</sup> Agency for the Support of Small and Medium Enterprises (SME), MTI, Kosovo.

**Position** - The Park is located in the north-eastern part of the city at a distance of 200m from the main road of the city and in the north-western part is bordered from the city industrial area.

**Spaces (parcels)** – On the location are foreseen 21 plots for the placement of businesses. Parcel sizes vary from 162 m<sup>2</sup> to 411m<sup>2</sup>. Activities that are conducted by the businesses in the park deal with manufacture textile, wood elements, construction, traditional crafts and food, etc.

**Statute of the parcels**- in the Business Park parcels will be in service without rent for a period of 10 years, and then will be applied reasonably renting prices in comfort with the market<sup>1</sup>.

**Figure 1:** Construction phase of the industrial park (international) in Drenas



Source: MTI

## 6. Industrial Park (national) in Drenas

The location of the industrial park is located in the Upper Koreticë in the Municipality of Drenas. This place is known as "Spring of the King" and is found along the road Prishtina - Peja at the 16th kilometre. In relation to Kosovo, it is in a radius of 100km.

The reason that made the MTI to implement this project exactly in this place, which already has a feasibility study from the AER, it is because near this place is located the International Airport of Prishtina, the railroad, the highway Durres-Prishtina. This site includes an area of 27ha and is owned by the Municipality of Drenas.

For its building, in 2005, the MTI has allocated € 650,000 while the European Agency for Reconstruction has been supporting this project with a feasibility study and has designed the infrastructure of the Industrial Park.

<sup>1</sup> Agency for the Support of Small and Medium Enterprises (SMS), MTI, Kosovo.

The Park is now in the infrastructure design phase, and we expect that as soon as we designed phase to finish, then to be announced tender for construction of infrastructure,

Distribution of parcels will be subject to interest and scope of investors' operation.<sup>1</sup>

**Figure 2:** The Business Park in the Municipality of Drenas



Source: MTI

### **Business Park in Drenas (BPD)**

Regular meetings of the Supervisory Board have been held for the management of BPD. In the meetings, were presented regular reports on the progress of the work on capital projects, dealing with the Business Park in Drenas. Also within the meetings, have been taken necessary decisions regarding the solution of the problems occurred during the execution of projects. In meetings of the Board are also presented information on the documents for competitions and evaluations that have been conducted to establish businesses in BPD

### **The placement of businesses in BPD – Competition, the second and third phase**

During 2010, were conducted two competition phases to place businesses in BPD, namely the: phase two and phase three.

Second Phase- Documents have been prepared to publish the competition, phase two, placement of businesses in BPD. The contest was announced on 04.02.2010 and was opened for 30 days. At this stage, the interested businesses have applied and the total number of applicants was 21 businesses. However, only 11 businesses benefited. After this, the contracts have been signed.

Third Phase- Documents have been prepared to declare the competition, phase three, placement of businesses in BPD. The competition was announced in June 2010 and continues to be open for interested application. At this stage 8 contracts

<sup>1</sup> Agency for the Support of Small and Medium Enterprises (SMS), MTI, Kosovo.



have been signed with businesses and by the end of this phase, is concluded that all parcels in the Business Park in Drenas are fulfilled. In addition, another 7 businesses have remained on the waiting list, in case of withdrawal of any business.

### **Building Business Objects in the BPD**

Within the published competitions for the three phases in order to establish businesses in BPD, a total of 37 contracts were signed with the businesses that have applied. Until now, has started the construction of 13 businesses while the rest are in preparation for the construction of the facilities<sup>1</sup>.

Even though the businesses were obliged, under the contract, to begin the construction of the buildings and for this issue many time to them have been forwarded numerous letters to respect the contract, this part of the businesses still declare that are still in preparation.

For not respecting the deadlines for the start of works, contracts with 6 businesses of the first phase of the application have been breached.

### **7. Conclusions**

Economic Zones are instruments with value for economic development to the investors, for the economy of the host country and also for the region where they are created. However in some cases, the benefits derived from those zones are not those expected, and it can happen that the costs associated with the establishment of the zones may result higher than the benefits.

For this reason, especially in the planning phase of economic zones, it is necessary to carry out a realistic analysis of costs and expected benefits.

This analysis may be difficult because of uncertain cause and effect relationships between the creation of economic zones and their effects, the uncertainty in the distribution of costs / benefits between host country and investors, as well as because of the difficulty of measuring the intangible benefits such as technology transfer, "flow" of knowledge etc. which are among the most valuable benefits of Economic Zones.

Among the main benefits can be mentioned: higher currency incomes, growth of gross exports, creation of new work places, higher wage levels, opportunities to train employees, managers and supervisors, ensures effects of the catalysts and demonstration, etc.

The main problems relate to the fact that some of the above benefits can be overstated. The net exports may be lower, job security may be lower, the skills that the employee benefits and technologies may be of low-tech, lost income from taxes /fees and the opportunity cost of public investment in relation to the area. So all these disadvantages can be high, may cause environmental damage and safety problems at work due to the neglecting of laws and insufficient supervision by the government.

These problems and their causes must be taken into consideration by the governments when planning the economic zones in order to limit the negative effects, to stop inhibitory factors and to maximize the expected benefits.

In addition to the above mentioned benefits for the country as a whole, the state must also perform an analysis of costs and revenues, so to evaluate the effect that the establishment and management of areas will have on the state budget and its ability to realize other public investment .

### **8. Summary**

According to different authors and other supporters of the creation of Economic Zones as instruments for economic development, the presentation of these economic zones is of value to all involved parties such as: the investor, the economy

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<sup>1</sup> Agency for the Support of Small and Medium Enterprises (SMS), MTI, Kosovo.

and the overall region. The benefits mentioned above are of high importance, because based on them are made decisions by many countries to adopt schemes for the creation of economic zones.

However, even more important it is to know the other side of the coin, i.e. limitations and obstacles to achieve the expected benefits, problems and costs which in most of the times are unforeseen or underestimated. Especially in the planning stage of the economic zones, it is necessary to carry out a realistic analysis of costs and expected benefits. So to conclude, this paper tried to address from a critical perspective the main benefits of economic zones by highlighting the deficiencies and the factors that minimize their positive impact especially on the host country.

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## The Role of Development of Farmers' Cooperatives

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### Abstract

*This abstract is a summary of scientific review of the present paper. As new circumstances have been created after the last war in Kosovo, it is of high importance and urgency to create and build a new mentality for the development of Farmers' Cooperatives (FC). The Farmers' Cooperatives have played an important role in the past and they continue to act so, both nationwide and globally. The practice for organization of farmers in their cooperatives of the International Cooperative Alliance (ICA) has enabled the creation of a membership of more than 800 million farmers who employ more than 100 million people. Their participation in the supply of the market reaches 33% of the total world production. Farmers' cooperatives are organizations in which farmers retain private ownership of the land. The profit from the cooperatives is of a considerable variety and the practice of such organization has shown its positive effects through strengthening of the farmers and raising their profit, facing the market and creation of a positive business. This is based on the opinion of a number of scientists of this field. They divide the farmer's profit in direct and indirect type. As far as Kosovo is concerned, the development of farmers' cooperatives is delayed although the necessary legislation (the Law on Cooperatives) is applied. On that basis the conditions for strengthening the role of the farmers is of high urgency. This paper consists of two parts: In the first part the respective legislation of Kosovo in relation to the role of farmers' cooperatives is going to be presented. The second part presents the conditions for establishment, rights, duties and statics of the farmers' cooperatives. In this paper is analysed the role of development of farmers' cooperatives in general. At the end, a summary of the above will be presented in analytical form, including recommendations and conclusions.*

**Keywords:** Cooperative, Farmers, Law, Kosovo, Federation, income, etc.

### Introduction

Historically, Farmers' Cooperatives existed for a long time, including the time of former SFRY. One of the organizational forms for performing activities according to applicable laws of then was through Farmers' Cooperatives. However after the last war in 1999 all Socially Owned Enterprises, Public Enterprises and Farmers' Cooperatives fall under UNMIK administration. Until 2003, respectively entry into force of the Law No.2003/9 on Farmers' Cooperatives, no Farmers' Cooperatives were subject to any registration process. Based on the research work of applications filed with the Agency for Registration of Businesses, up to date, a total of 83 farmers' cooperatives have been registered.

### Purpose of the paper

The purpose of this paper is the identification of the factors effecting the development of the farmers' cooperatives. This would help in undertaking preventive measures for:

- Creation of agricultural zones
- Facilitating granting of low interest rate loans,
- Contribution of farmers' cooperatives in the creation of jobs, income, application of new technologies, intensification of cooperation between businesses, intensification of the competition.
- Provision of supply of markets and entering markets for acquisition of inputs and sale of products represent the two most important advantages offered by farmers' cooperatives,
- Supporting of family farms,
- More extensive profit for communities.

### 1. Registration

Any Cooperative established in Kosovo is subject to registration within Kosovo Business Registration and shall come into existence only upon registration. The activities of a registered Cooperative shall be in compliance with the Law No.03/L-004 on amending and supplementing of the Law on Farmers' Cooperatives No.2003/9, and the Statute of Cooperative<sup>1</sup>.

An Farmers' Cooperative shall have the rights and duties as a legal person independent of its members. It has its own appurtenant property and duties. It is responsible for its own property and for any act performed by it in its behalf.

The Law sets forth the establishment of the Federation of Farmers' Cooperative of Kosovo which is a professional body acting independently. The statute of the Federation shall be approved by the Assembly of the Federation with the prior consent of the Ministry, and shall be in compliance with the law and an administrative instruction issued by the Ministry. The funds of the Federation are generated by the Members and contribution of the Cooperatives and their Union.

## 2. Conditions for Establishment

All Farmer's Cooperatives shall be established by a minimum of five (5) farmers who shall all have written agreements with the cooperative<sup>2</sup>.

A Cooperative member enjoys the right to:

- a) use the Cooperative's services with regard being had to the type of activities for which the Member has become a Member;
- b) attend the general meeting of the assembly with voting rights regardless of the number of shares owned;
- c) receive interest payments calculated on the Member's paid capital contribution at the rate stated by the Statutes;
- d) receive the Cooperative's distributions in proportion with the activity realized with the Cooperative;
- e) sell and transfer his shares according to the provisions of this law and the Cooperative's Statute;
- f) receive the nominal value of the Member's shares after termination of the Member's membership, provided that the Accumulated Losses does not exceed the Reserve Funds and in accordance with other restrictions specified in this law and in the Cooperative's Statute.

### A Cooperative Member is obliged to:

- a) undertake specific agreed upon activities exclusively with the Framers Cooperative for at least three consecutive years in accordance with the Cooperative's statute with regard to the commitment made by the member;
- b) contribute to the share capital the proportional value of his Activity Commitment and pay his shares in accordance with the legal and statutory requirements, or buy the number of shares required by his Activity Commitment;
- c) bear liability for the Cooperative's debts up to an amount equal to the Member's Capital Contribution in case of insolvency<sup>3</sup>.

### Statute of cooperative member is gained:

- a) During cooperative funding, with the request endorsement for membership, endorsement of the statute or participation on the Founding Assembly where statute is approved.
- b) Statute of cooperative member is gained after cooperative founding through the request for membership and the statement for cooperative statute admittance by what the signatory permits all the rights and obligations of the cooperative member.

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<sup>1</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 2, Pristina on 15.05.2003

<sup>2</sup> Law No.03 / L-004 on Amending and Supplementing the Law on Farmer's Cooperatives No.2003 / 9, Article 2, Pristina on 13.10.2008;

<sup>3</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 7, Pristina on 15.05.2003

A Decision to accept new members is taken by Steering Council within 30 days from submission of the request. The appeal against the decision on the membership request rejection can be submitted to the General Assembly. The Co-operative shall maintain a register of Co-operative Members indicating the number of shares owned by each Member as well as records of every transfer of shares.

**Cooperative member shall lose its statute by:**

Withdrawal of the member from cooperative; member exclusion; elimination or abandon the agriculture activity of the member who is a legal entity; death of the member and cooperative failure

- a) Member of the co-operative may withdrawn from the co-operative with request for withdrawal which is pursued six months before the expiry of prescribed date. If the co-operative member has obligation towards the co-operative, statute of the member will end after obligation accomplishment.
- b) Statute of co-operative member expires on the prescribed date on the decision for its exclusion from the co-operative due to the reasons defined by cooperative statute
- c) Inheritors of the member may have member statute with the rights and obligations of the one who died, if for this decided the Steering Council and if they accomplish the conditions for having the statute of cooperative member.
- d) Rights and obligations of the member, except property rights and obligations prescribed by special legal acts are dismissed on the day when terminates the statute of the member.

**Share Capital**

At the time of its establishment, the cooperative must declare the capital which is not limited. The capital of a Cooperative shall consist of the Contributions of cooperative Members and may be variable. Capital decrease is prohibited if the decrease would have the effect to cause the capital of the Cooperative to be less than half of the highest capital reached since the creation of the Cooperative. Capital contributions shall either be in cash or Contribution in Kind<sup>1</sup>. A contribution in activity is prohibited. Contribution in Kind during the establishment of the cooperative is assessed during the statute signing by founding members or founding assembly during the statute approval. Whereas, assessment of contribution in Kind during the cooperative work is performed by the general assembly. Members are severally and jointly liable towards third parties for having adopted any valuations of Contributions in Kind that are different from the value as assessed by the External Auditor. The right of a Member takes the form of shares only. The capital is divided into shares of equal value with each share having a minimum value of 10 €.

**The General Assembly**

The general assembly which is the supreme body of the cooperative will be either ordinary or extraordinary. The powers of the ordinary general meeting of the assembly are limited to voting on matters not within the powers of the extraordinary meeting of the general assembly or other bodies of the cooperative.

The Steering Council referred to Article 12 convenes the general assembly meeting of the assembly at least once a year or when the bi-semester interim accounts shows losses. The general assembly may also be called by 25% of the cooperative members.

The minutes of the meetings of the assembly shall be recorded chronologically in a register to be maintained at the cooperative's registered office.

**External auditor**

The Ministry of Economy and Finance shall authorize qualified individuals to act as external auditors and shall designate an External Auditor to perform an annual audit for each cooperative, including:

- a) verifying that the annual accounts truly and fairly represent the result of the cooperative's operations during the previous fiscal year, its financial situation and the cooperative's property;

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<sup>1</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 9, Pristina on 15.05.2003

- b) verifying conformity of the accounting practices with the rules in force;
- c) examining the accuracy and conformity of the annual accounts with the information given in the management report of the Steering Council

The Ministry of Finance and Economy shall bear the cost of the financial audit<sup>1</sup>.

### **The Steering Council**

The Steering Council is the body of the cooperative which is vested with all the management powers except for those expressly within the authorities of other Cooperative bodies or powers limited by the cooperative's statutes and shall only be exercised within the limits of the cooperative's purpose.

The Steering Council shall have the following powers to:

- a) review and revise the annual accounts of the cooperative and present them to the general assembly of the cooperative for approval;
- b) elect and dismiss the president from amongst the Steering Council's members;
- c) appoint a member of the cooperative to fill a vacancy of the Steering Council;
- d) convene a general assembly of the cooperative and determine the general assembly's agenda;
- e) appoint the cooperative's director;
- f) admit or exclude members; and
- g) borrow, issue securities or commercial paper, or secure debts of third parties.

The Steering Council shall consist of at least three but no more than nine members appointed by the statute or founding assembly when the cooperative is founded or by the general assembly in a regular meeting and shall serve for a period of at least three but no more than six (6) years<sup>2</sup>.

### **A member of the Steering Council:**

- a) shall be a Member who is not liable for any debts towards the cooperative at the time of his appointment, and on whom no penalty for an economic crime has been imposed;
- b) shall not be the spouse, the parents, children, of a member of the Steering Council;
- c) shall not be an employee of the cooperative;
- d) shall be at least 18 years old

A member of the Steering Council shall never borrow from the cooperative or obtain the guarantee of the cooperative for his own personal debt, and shall be personally liable for any breach of their duties toward either the cooperative or third parties.

A meeting of the Steering Council shall be convened by the president or by the president on demand by a 1/3 of the members of the Steering Council. Minutes of the decisions of the Steering Council are chronologically recorded in registers maintained at the registered office of the cooperative.

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<sup>1</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 11, Pristina on 15.05.2003

<sup>2</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 12, Pristina on 15.05.2003

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### **The President**

The president of the cooperative shall have the following powers to:

- a) represent the cooperative in any suit;
- b) execute all the decisions of the Steering Council excluding those decisions delegated to the Director; and
- c) control the work of the director.

### **The Director**

The director of the cooperative is in charge of the day-to-day management of the cooperative.. Also s/he has to adhere to certain conditions. The person holding the manager's position:

- a) shall not be a cooperative Member;
- b) shall have a labour contract;
- c) shall not have been convicted for any economic based offence ;
- d) cannot perform any simultaneous activity that would be in competition to the activity he performs for the cooperative

The functions of the director shall be described in the statute of the cooperative.

### **Net Incomes and Losses**

Any annual net income shall be allocated in the following order of priority:

- a) 5% in the compulsory reserve fund;
- b) 5% to a Reserve Fund for reimbursement of shares for members who leave the Cooperative;
- c) any amounts required by the statute of the cooperative for the reserve fund;
- d) any amounts necessary to pay interest on the paid up capital of the cooperative Members;
- e) any amounts to pay cooperative Members in proportion to their activities within the cooperative;
- f) any remaining amounts to the account of accumulated surplus and losses, or other funds to be kept in reserve.

Any Annual Loss shall be allocated to the account of accumulated surplus and losses. Members shall not receive any interest on shares and no allotment to the Reserve Funds is to be made if it hinders payment of any distributions or interests<sup>1</sup>.

When Net Assets due to losses are less than half of the highest share capital reached since the cooperative's foundation, an extraordinary meeting of the general assembly shall decide whether the cooperative should be liquidated or maintained. If the decision is to maintain the cooperative, the members shall contribute an amount necessary to bring the Net Assets of the cooperative to at least half of the highest share capital reached since the cooperative's foundation.

In the absence of such a decision by the general assembly, any aggrieved or interested party may bring the matter before a competent court, which may issue a decision requiring the liquidation of the cooperative.

Law No.2003 / 9 on Farmers Cooperatives also set forth the: Liquidation and Merger - Break-up of farmers' cooperatives

### **Liquidation**

A cooperative is liquidated by virtue of:

- a) the termination of the period for which it was established, or the completion of the activity for which it was formed unless a new activity is decided by the extraordinary meeting of the general assembly;
- b) a vote of the extraordinary meeting of the general assembly, in accordance with the statutes of the cooperative decides by vote in unanimity of the cooperative Members;

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<sup>1</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 15, Pristina on 15.05.2003

c) a court order where the number of the co-operative members is less than the legal minimum; or there is a lack of decision of the general assembly as specified in Article

The cooperative being liquidated remains a legal entity during the liquidation period for the sole purpose of its liquidation. Liquidators are appointed by the general assembly unless the Court makes such an appointment<sup>1</sup>.

Net Assets remaining after payment of all creditors and the reimbursement of the contribution to the Members shall not be allocated to the Members. The Net Assets are compulsorily transferred to another Cooperative or to an Union of Framers Co-operative, or to another legal organisation of Framers Cooperatives. If a liquidation occurs pursuant to bankruptcy laws, the provisions set out in the Law No.2003/9 on farmers' cooperatives shall not apply.

### Merger - Break -up

One or more Framers Cooperatives may transfer their interests to an existing Framers Cooperative or to a new Framers Cooperative established by those Cooperatives. A Cooperative may split itself into two or more Cooperatives by transferring its interests to new or existing Cooperatives. In both cases the Cooperative which transfers its interests pursuant to the Law No. 2003/9 ceases to exist without being liquidated. In case the co-operative stops existing due to the reasons on this article, co-operative assets will be transferred to its legal inheritors. Mergers and break-ups are only allowed between Cooperatives<sup>2</sup>.

The Law No.2003/9 on Farming Cooperatives set forth for the:

### Unions of the Framers Cooperatives (Unions)

Unions of Framers Cooperatives (Unions) can be established through the adherence decision of two or more Framers Cooperatives which collaborate using their funds and their rights for the purpose of exercising a certain activity and must be registered in the office for registration of legal entities. The decision for adherence is taken by the Steering Council of each Cooperative and for this the general assembly during an ordinary meeting. If a Cooperative's contribution to a Union is limited to certain activities, the adherence decision shall specifically identify those activities. The members of the governing bodies of a Union of Cooperatives shall consist of representatives appointed by the Steering committees of each Cooperative. An Farmers Cooperative may neither be a member of a general partnership nor of any other form of business organization where member liability is not limited to their share contribution. An Framers Co-operative may own shares of a company engaged in business either by purchasing shares or by contributing to the share capital of such a company<sup>3</sup>.

The data on the number of Farmers' Cooperatives taken from the Kosovo Business Registration Agency for each Municipality are provided in the following table<sup>4</sup>.

### Farmers' Cooperatives according to the Municipalities

1.	Deçan	1
2.	Giakova	6
3.	Glogoc	5
4.	Gjilan	4
5.	Dragash	6
6.	Istog	5
7.	Kaçanik	0
8.	Klina	4
9.	Fushe Kosova	0
10.	Kamenica	1
11.	Mitrovica	1
12.	Leposaviq	2
13.	Lipjan	2
14.	Novo Brdo	0
15.	Obiliq	1
16.	Rahovec	5

<sup>1</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 17, Pristina on 15.05.2003

<sup>2</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 18, Pristina on 15.05.2003

<sup>3</sup> Law No.2003 / 9 of Farmer Cooperatives, Article 19, Pristina on 15.05.2003

<sup>4</sup> Kosovo Business Registration Agency



17.	Peja	2
18.	Podujeva	2
19.	Prishtinë	7
20.	Prizren	7
21.	Skenderaj	5
22.	Shtime	5
23.	Shterpce	1
24.	Suhareka	1
25.	Ferizaj	2
26.	Viti	2
27.	Vushtrri	2
28.	Zubin Potok	0
29.	Zvegjan	0
30.	Malisheva	3
31.	Gracanica	1
32.	North Mitrovica	0
33.	Hani i Elezit	0
<b>Total:</b>		<b>83</b>

## Conclusions

The establishment of cooperative can be a great challenge but also a very significant event. It requires very high confidence in the functioning of the cooperative model, a lot of knowledge, research, planning, patience and dedication. The development of cooperative maybe will not come early as it has been planned by the founders but we must have patience for more time from what is foreseen by the founding act. Groups, members, founders of the cooperative who devote themselves own financial means and time, with their dedication and commitment in the end will be evaluated with positive results and financial benefits. Founders of the cooperative makes union labor and capital for many financial benefits for themselves and for business - Cooperative.

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## Prishtina-Belgrade Technical Agreement Promotes Political Dialogue but with Delay of its Implementation It Sharpens Ethnic Divisions

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### Abstract

*The Technical Agreement between Prishtina and Belgrade, brokered by European Union in April 2013, was hailed as a milestone in the process of normalization of relations between the two countries as well as unblocking the path of both Kosovo and Serbia towards European Union. The dialogue held a promise as a vehicle which, in conjunction with bilateral pressure on both sides by EU and a tailored enlargement process, could finally lead to normalization of relations between Kosovo and Serbia. However, most of the deadlines set up in the implementation plan of the Agreement have been stepped over. This delay in implementation combined with the victory of "Serbian List", Kosovo Serb political party backed heavily by Belgrade Government, in the last general elections in Kosovo, have brought into jeopardy two of the main targets of the Technical agreement as a vehicle to a broader and more important political dialogue between Kosovo and Serbia as well as integration of local Kosovo Serbs into institutions of the state of Kosovo. This paper argues that Germany, United Kingdom and USA need to be more directly engaged in the process to pressure both sides to fulfill what was agreed in April 2013. It is a prevailing belief among many analysts that the only peaceful acceptable outcome depends on full integration of Kosovo Serbs in Kosovo's state institutions, full normalization of relations between Prishtina and Belgrade, mutual recognition, and rewarding Kosovo by suspending the visa regime for EU countries for citizens of Kosovo. Delay in implementation, loss of pace and interest of EU in this process, is leading to sharpening of ethnic divisions in Kosovo and increasing the numbers of those who oppose dialogue on both sides.*

**Keywords:** Kosovo, Prishtina-Belgrade dialogue, EU Foreign Policy, Western Balkans, Albanian-Serb divisions

### CHRONOLOGY OF EVENTS

Following the Declaration of the Independence of the Republic of Kosovo, February 17<sup>th</sup> 2008, European Union, especially the countries that have recognized Kosovo's independence have tried to find a way to open a dialogue between Prishtina and Belgrade authorities to try to bridge the political divide that exists between Kosovo and Serbia even today. This initiative coming from EU officials was further strengthened by the fact that Kosovo has been recognized, in a very brief period by more than 100 UN Member States in all of the continents of the Globe. Since spring 2011, EU has supported a technical dialogue between the governments of Kosovo and Serbia, firstly aiming to improve the living conditions of the Serbs living in Kosovo, and secondly aiming to increase the dialogue to other political options and discussions that would cover matters such as recognition of each other countries documents, freedom of movement, with the final prize of reaching a political sustainable settlement between Kosovo and Serbia in their path toward EU integration processes.

Technical dialogue between Prishtina and Belgrade authorities began on March 8<sup>th</sup> 2011 via mediation of EU in Brussels with full support of United States of America. First four rounds of dialogue resulted in no credible outcomes but they set the principles and the framework for future negotiations. In the fifth round of dialogue, on July 2<sup>nd</sup> 2011, an agreement was reached on freedom of movement of citizens across territories of Kosovo and Serbia with the use of ID cards, rather than passports.<sup>1</sup> This decision was not in collision with the current Constitution of the Republic of Serbia, which still in its preamble states that "Province of Kosovo and Metohija is part of the territory of Serbia, holds a position of substantial autonomy as part of sovereign state of Serbia therefore it is obliged to represent and protect the interest of Serbia in Kosovo

<sup>1</sup> Brussels, July 2<sup>nd</sup> 2011, "Report on political and technical dialogue with Provisional institutions in Pristina", Government of Serbia, full text provided on 24<sup>th</sup> of April 2013

and Metohija in all of its internal and external decisions".<sup>1</sup> Kosovo's authorities viewed this decision in a more pragmatic way, since their interest was the freedom of movement of Kosovo's citizens through the territory of the Republic of Serbia without any kind of hindrance.

After this initial agreement there were several other agreements on the technical level regarding cadastral records and other individual documents, customs duties, mutual recognition of university degrees. The most important technical agreement was reached on border issues, more precisely on Integrated Border Management-IBM, reached on December 2<sup>nd</sup> 2011. According to this agreement both sides have agreed to have their representatives in all borders crossings between Kosovo and Serbia including representatives of EULEX Mission. Regarding this decision a special Technical Protocol was established and signed between the parties in Prishtina on February 23<sup>rd</sup> 2013.

In the ninth round of negotiations an agreement has been reached, on February 24<sup>th</sup> 2012 following persistent insistence of the EU, on allowing Kosovo to take part in regional integration processes. This came not without a price for the authorities of Kosovo which had to accept that their representation in regional forums will be "Republic of Kosovo" followed by a footnote stating that "the status in the nomination does not prejudice final status and is in accordance with the Resolution 1244 of UN Security Council and the Decision of the International Court of Justice regarding Kosovo's Declaration of Independence". Serbian side considered that it had protected their Constitution while Kosovo side was more interested in taking part and being integrated as much as possible in the regional cooperation institutions, barring in mind that these are necessary steps to reaching EU cooperation institutions.

Perhaps the largest achievement of the technical dialogue between Prishtina and Belgrade was that it has step by step lowered the burden of Albanian and Serb conflicts from previous century that was resting on the shoulders of political representatives of both Prishtina and Belgrade. Moreover, this process has helped citizens of Kosovo and Serbia, both individual and businesswise, to have no obstacles in their intentions to travel or invest in Kosovo or Serbia.

Following Parliamentary elections in Serbia in May 2012 a new Government was formed, and for the first time since the end of Kosovo war the issue of Kosovo was not the predominant matter in the campaign; it was the economy. Therefore, the technical dialogue was moved to a more political starting from 19<sup>th</sup> October 2012, which resulted in an agreement of appointing "Liaison Officials" of Kosovo and Serbia in Prishtina and Belgrade, on 7<sup>th</sup> of November 2012. For Serbian side this was just another political decision, while Kosovar side considered this decision another step forward to Serbian formal recognition of Kosovo as an independent state. Kosovar side also showed a very pragmatically decision to put the official offices of the Representative of Kosovo to Belgrade in the building of EU official representation in Serbia.

Following further high level political dialogue between Kosovo's PM Hashim Thaci and Serbian PM Ivica Dacic, facilitated by EU's representative for Foreign and Security Policies Catherine Ashton, on 19<sup>th</sup> of April 2013 a formal agreement has been reached between the sides outlining the steps of "normalizing the relations between Prishtina and Belgrade". The agreement came just in time as on Monday, 22<sup>th</sup> of April, was the meeting of EU's General Affairs Council and Foreign Affairs Council. In both meetings Catherine Ashton briefed Foreign Ministers of EU's 27 countries on the current status and future steps in negotiations between Kosovo and Serbia. At stake was whether to open negotiations on Serbia becoming a possible EU member and a possible Stabilization and Association Agreement (SAA) between Kosovo and EU. As it happens, General Affairs Council of the European Commission formally recommended to EU Member States that EU accession negotiations with Serbia and negotiations on an SAA with Kosovo be opened.

Messages of congratulations by a number of very important world politicians followed the Agreement in the EU facilitated dialogue on the normalization of relations between Kosovo and Serbia. Among others they included President of European Council Herman Van Rompuy, President of European Commission Jose Manuel Barroso, Commissioner for Enlargement and Neighborhood Policy Stefan Fule, US Secretary of State John Kerry, UN Secretary General Ban Ki-Moon, NATO's Secretary General Anders Fogh Rasmussen.

The 15 Points Plan signed between PM Thaci and PM Dacic witnessed by Catherine Ashton include several very important items. In accordance with the Plan all Serb Police officers, including those of northern Kosovo, are to be integrated into the Republic of Kosovo Police Force, while all other security structures are to be dissolved. A regional police commissioner, who will belong to Serb minority in Kosovo, is to be appointed for the four predominantly Serb ethnic group municipalities in "northern Kosovo". All legal institutions of the Serbs are to be integrated into the legal system of Kosovo. The court of

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<sup>1</sup> Current Constitution of the Republic of Serbia

appeal in Prishtina is to establish a branch court in Northern Mitrovica to deal with cases of the communities with a Serb majority. The judges in district courts will be predominantly made up of Serbs. Elections in Serb predominant areas, local and general, are to be supported by OSCE, conform to the legislation of Kosovo and international standards. In addition, neither Belgrade nor Prishtina are to block each other on their path toward EU.<sup>1</sup>

After the agreement reached between Kosovo and Serbia came the talks for the Implementation Plan of the Agreement. From 19<sup>th</sup> of April 2013 until 24<sup>th</sup> of July 2013 thirteen rounds of talks were held on this subject alone.<sup>2</sup> Implementation of the Agreement was not able to be achieved yet for several issues mainly related to the status of Kosovo and the manner that Serbia views Kosovo. For authorities in Belgrade the implementation had to be in accordance with "status neutral" policy while authorities in Prishtina considered that implementation is not possible without establishment of full sovereignty in all of Kosovo's territory.

Belgrade authorities particularly remain persistent in the creation of the Association of Serbian Municipalities in Kosovo, as foreseen in the Brussels Agreement, a body which will have its Assembly, Executive Committee, aid funds (meaning from Serbia). Kosovo's authorities have agreed that Serbian Municipalities in Kosovo can create their Association which will be in full compliance with the Laws of the Republic of Kosovo.

Authorities in Belgrade were instrumental in convincing local Kosovo Serbs to take part in local and governmental elections in 2014. Authorities in Belgrade insisted in appointing new local Serb politicians at local and governmental level that would be loyal to Belgrade. In that attempt they have achieved success and now part of Kosovo's Government is local Serb political entity "Srpska Lista" (Serbian List). The aim of authorities in Belgrade was to have influence in highest levels of decision making policies in Kosovo through a political entity that answers to Belgrade at all times. Authorities in Prishtina were not bothered by this fact since by the Constitution of Kosovo Serbian Minority has a guaranteed participation in the Government. But the implementation of Brussels Agreement needs more.

## CONCLUSIONS

In the following processes and relations between Prishtina and Belgrade the most significant role remains the one of United States and Germany, as leaders of Western Countries, NATO, EU influence, and future OSCE chairmanship. European perspective and dynamics of the process of integrations will remain on the willing of EU's institutions of resolving opened questions sooner rather than later. EU cannot afford another frozen conflict like Cyprus/Northern Cyprus or Armenia/Azerbaijan Nagorno Karabakh situation to be present in volatile Balkans. In case of Nagorno-Karabakh the situation remains explosive. In the summer of 2014, while the international community was focused on the crisis in Ukraine, hostilities escalated in this region yet again. Over the years Azerbaijan has used its energy revenues to improve its military capabilities spending 3 billion USD per year, or 5% of GDP for military purposes. To match Azerbaijani capabilities, Armenia equipped itself with drones.<sup>3</sup> So, the seeming comfort of status quo in frozen conflicts should not be taken for granted.

One often suggested possibility is that even Slobodan Milosevic hoped to partition Kosovo on terms favorable to the Serb minority, and favorable to the Serb control of historical and religious sites and mineral wealth. There is no evidence, however, that Serb officials suggested this possibility-not at Rambouillet Talks and not during the war of 1998-1999. However, there is evidence that Milosevic had pushed the plan for the partitioning of Kosovo during negotiations before the war.<sup>4</sup> Many observers before and during the war speculated that partitioning might be the "last stand" objective.<sup>5</sup> Serbian military employed a greater pattern of physical destruction to Kosovar Albanian property in certain areas in northern part of

<sup>1</sup> Predrag Jurekovic, Austrian National Defence Academy Vienna, "Kosovo Agreement-Implementation as Litmus test", IFK Monitor International July 2013, pg 2

<sup>2</sup> Dragan Djukanovic, Odnosi izmedju Beograda I Pristine, Izvorni Naucni Rad Jul 2013, Beograd, BiBlid Vol. LXV, br 3, pg 377

<sup>3</sup> Elena Pokalova, "Conflict Resolution in Frozen Conflicts: Timing in Nagorno-Karabakh", Journal of Balkan and Near Eastern Studies, 20 December 2014, pg 82

<sup>4</sup> Carlotta Gall, "Serbs Fear Puts Segregation back on the table in Kosovo", New York Times, 26<sup>th</sup> of August 1999, p A1

<sup>5</sup> Jonathan Steele, "Kosovo Crisis: Province at Stake as Milosevic considers spoils of war", 9<sup>th</sup> of June 1998 Guardian, pg11; Vladimir Kuznechevskiy "Primakov may have suggested Kosovo Partition to Milosevic", Moscow Rossiyskaya Gazeta, 31<sup>st</sup> of March 1999, and also Barry R. Posen "The War for Kosovo", International Security, Vol 24, No.4 (Spring 2000) pg 45-46

Kosovo, hence some observers noted an apparent pattern of expulsion of Albanians concentrated in these same areas and inferred a partition motive.<sup>1</sup>

Authorities of Kosovo have shown capacity in building a society with multiethnic and multicultural elements in all parts of Kosovo and there is no doubt that that can be achieved in the northern part as well. They have also shown a great what one might call, generosity in providing additional rights for all minorities in Kosovo, although last census has shown that Kosovo is 92% Albanian populated country.

On the other hand Serbian side has taken steps similar to the policies of the 90s in the last century by which Belgrade is the political, intellectual, spiritual, capitol of all Serbs as well as protector of their rights in all of the countries that Serbs live, but comprise no more than a national minority.

Delay of implementing Brussels Agreement will prove a severe mistake for all sides. Having in mind the relations between Kosovo and Serbia, open issues between two countries and nations; it is hard to believe that progress can be done without firm involvement of United States and EU headed by Germany to insure that all sides deliver on their promises.

EU integration policy towards Kosovo and Serbia must continue entailing clear conditions with regard to Kosovo-Serbia dialogue. United States and EU should make Belgrade responsible for implementing Brussels Agreement in northern Kosovo as they did in the case of Erdut Agreement in Croatia in 1998.

Kosovo's authorities should make sure to fulfill all obligations and provide more favors to northern Kosovo Serbs than those that southern Kosovo Serbs already have.

Any other scenario could bring out in the open ethnic divisions in Kosovo and the Balkans which is in no one's interest.

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## Public Internal Financial Control. Evidence from Albania

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### Abstract

*Public Internal Financial Control (PIFC) was developed in the late 90s as means for Eastern Bloc countries working toward full membership in the European Union (EU) to implement the necessary control systems to safeguard public resources. PIFC is an integral part of the National Strategy for Development and Integration (NSDI). This document, produced in March 2008, replaced the National Strategy for Social and Economic Development and set priorities and medium to long-term targets, strategic objectives for Albania and also includes a set of operating principles to ensure that government policies, planning and their implementation will be carried out in an integrated manner. The aim of this paper is first to list the reasons for implementing a different system and the importance of changing the system to Financial Management and Audit for Albania, and second, to examine, through a comparative analysis, the effectiveness of the implementation of the new system of financial management and control in the public sector comparing the two systems. By giving an opinion on each component of the system, this paper aims at analyzing, in a critical way, elements of the different perspectives of the two systems, their advantages and disadvantages.*

**Keywords:** Public Internal Financial Control, internal audit, financial management control, Internal Supreme Audit.

### INTRODUCTION

Public Internal Financial Control (PIFC), was developed in the late '90s as a means of assistance to Eastern Bloc countries to implement control systems necessary to safeguard public resources while working towards full membership to the European Union (EU). Council of Europe (CoE), in its meeting held in Helsinki in 1999 proposed the Stabilization and Association Process (SAP) for five countries of Southeast Europe, including Albania.

Enlargement of EU from 15 to 25 state members in 2004 forced new member countries towards the implementing of sound financial management which includes all aspects of public finances, regardless of whether the funds are derived from European or national sources. As a matter of fact, most of the original 15 EU members have yet to apply the principles of PIFC in all aspects of the management and control of their financial systems. Therefore PIFC is now a priority for all EU members and candidate countries, as well as beneficiaries of EU funds.

In Albania, PIFC has been incorporated in the context of the National Strategy for Development and Integration (NSDI). This document, produced in March 2008, replaced the National Strategy for Social and Economic Development and set priorities, targets and medium to long-term strategic objectives for Albania as well as includes a set of operating principles to ensure that government policies, planning and implementation will be carried out in an integrated manner.

### Public finances in Albania

Many countries in Eastern Europe, including Albania, have chosen to apply the advanced reform public financial management. The new law on the state budget (Organic Law adopted in 2008), subordinate ordinances and the Treasury Regulations (adopted in accordance with the budget law) are the main pillars of management of the Albanian public expenditure.

The Ministry of Finance is moving toward performance budgeting and goals already are approved. Albania's government has declared its commitment to take ownership of the European Commission in the implementation of IPA-funded programs. In this regard, it has started preparations for decentralized management of EU-funded programs. Decentralised Implementation System (DIS) for the IPA is closely linked to the institutional development of public expenditure management

## Financial Management and Control

The main actors of the current PIFC system in Albania are: the Ministry of Finance, CHU/FMC (Central Harmonization Unit for Financial Management and Control) and CHU/IA (Central Harmonization Unit for Internal Audit). The Ministry of Finance is responsible for establishing internal control systems to all governmental entities and fulfils its duties in the field of FMC supported by the CHU. The CHU/FMC is responsible for the implementation of public internal audit as the basis for monitoring and control of public finances. CHU/IA initiates and supports the process of creating a functionally independent internal audit service, in the ministries and at different levels of local government.

The Ministry of Finance has developed a comprehensive PIFC policy paper which was adopted by the government in 2005 and remodelled in June 2010. It describes the ways in which MF works for the development of necessary legislation to implement the ideas presented in the document and the action plan. The action plan includes various steps from the drafting of the Internal Audit Law, regulations on how to implement PIFC – related legislation, including financial management training as well as internal audit. It covers the period up to 2013. The Assembly approved the amendment for Internal Audit in October 2010. Considering that Albania is a small country with a small administration, additional challenges are present and additional effort is required to successfully implement the internal audit.

### Advantages and importance of PIFC framework

Albania is making a lot of effort in creating the preconditions for development of a modern FMC as a main pillar of PIFC. The legal framework on Financial Management Control (FMC) in Albania has been approved by Parliament and entered into force on January 2011. However, the successful implementation of the legal basis requires a significant change in management arrangements. The changes require new regulations and procedures which are usually relied upon to achieve the desired results. For that reason, the 5-year Plan for Implementation of a Modern System for Financial Management and Control Concepts in the Public Sector for the period 2011-2016 has been prepared and approved. Now we are in the phase of implementing the FMC requirements. Clear objectives for FMC are defined in the Strategy for Development of Public Finance during 2013-2020. Before starting the implementation of FMC, the CHU/FMC required support from SIGMA during 2011 to make a joint detailed and high quality analysis of the existing situation in Albanian Institutions.

### Analysis of the needs for the transition to the new system

#### The weak points of old system

- The quality of objectives and performance indicators is limited; Strategic management groups are mostly functioning during the planning process but during the implementation of the budget there are no effective strategic management instruments within budget institutions.
- Management structures are not necessarily defined in a way that supports programme objectives, they do not recognize the practical implications of a requirement to deliver services efficiently and effectively and there is confusion between programme and managerial unit or activity management.
- The finance director, who ought to be the financial adviser, has little influence except over budgetary control; traditionally the finance directorate is considered as a different structure, without any coordination between them and are usually underestimated by the management.
- The finance directors are not sufficiently trained to enable them to carry out the financial management role.
- The financial information made available to senior management through the Financial Information System, administered by Treasury, is good but limited to control against the budget and does not provide managerial reports for line managers
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#### Cost-effectiveness of PIFC

This leads to the consideration that, just as internal control systems at a budget institution level, being riskdriven, have to be cost-effective, nationwide PIFC systems need to be so too. This entails at least two observations:

- A lot of activities, supported or not by assistance projects, contain one way or another PIFC related inputs, like risk assessment exercises, writing procedures, establishment of control systems and the training attached to it. There are a number of possible synergies and resources to mobilize which get unnoticed by the beneficiaries themselves. This could provide concrete and contextual examples of what is expected to be in place, in particular as far as internal control is concerned. These practical examples are indeed often missing in the implementation of PIFC, thus causing delays and misunderstandings.
- In Western countries, internal audit has been set up according to needs and as an answer to practical challenges. This results in a remarkable, maybe regrettable, diversity of situations within the same country. It is, however, the result of a pragmatic approach, rarely based on a legal framework as internal audit is seen as a management tool, not something to regulate or to legislate. In countries in transition, the approach has been more systematic and law based in the first place, resulting in a rather institutional concept. In many cases the result is a dissemination of very small, sometimes single – staffed internal audit units because on the one hand all budget institutions were meant to have one internal audit unit (possibly above certain thresholds), but on the other hand there was no possibility to hire more people. My point, based on the experience, is that an autonomous budget entity should only have internal audit to the extent it really needs it, and that in any case, it is inappropriate to set up too small units which will not comply with the quality criteria (internal audit work is by construction a team work), and are facing risks about their independence and ability to perform the audit work as it should be. In such a situation it might be preferable to avoid a permanent internal audit structure. But to provide internal audit service, not necessarily in-house, is a completely different thing. It should be possible to think of different ways of providing an efficient service from the existence of a central service (a really central service, or a unit servicing one ministry and all subordinated budget institutions, or pooling services or outsourcing, which is not something I would however encourage).

## **Which are the benefits and innovations coming with the new system.**

### 1. Strengthening managerial responsibility and accountability

With managerial responsibility will understand the responsibility of managers for the quality and duration of implementation of programs, increasing efficiency, cost control and management of adverse trends rising from the implementation of benefit programs. Management responsibility includes responsibility of managers at all levels to implement internal controls and reviewing its maintenance. The old system lacked this<sup>1</sup> because it didn't care about the importance of proper responsibilities, beginning with the segregation of duties where the first authentication system lacked a complete separation of duties. The delegation process was conducted regardless of the effects and without due regard to consequences, were frequent cases where the responsibility for this was charged on people inappropriately.

### 2. Improve budgeting procedures

New law on state budget reflects a fundamental improvement of the budgetary procedures in accordance with the most advanced experiences. The law was drafted with foreign assistance and aims to define the principles, regulate procedures and responsibilities in the whole process of design and implementation of the state budget of the Republic of Albania.

There was noticed the absence of the above elements as documentation, budget analysis or reporting under the old system. But it highlights the need for increased transparency to the public, orientation towards standards, correct application of the method TC / benefit to investment selection.

### 3. Development of assessment methodologies and risk management

In our country, in the whole system of public internal financial control and audit in the internal and external, are not developed risk assessment methodologies. Internal audit has adopted, in his manual, several methods for risk assessment audit and risk assessment elements of internal control, but they are not sufficient for the PIFC system. Methodological

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<sup>1</sup> SIGMA rating 2012, dokument zyrtar (u përgatit nga stafi i Njësisë Qendrore të Harmonizimit për Auditimin e Brendshëm dhe Grupi i Punës: Hysen Muçeku, Pjetër Ndreca, Albana Gjinopulli, Hasan Deda, Erton Hysenllari, Festime Trebicka, Ramadan Ndreaj, Bashkim Xhika, Silvana Gushali, Dorina Klosi, Manual I Auditit të brendshëm)



framework for risk assessment in the construction of a PIFC system should include: The meaning and content of the risk assessment; Identification of risk; Analysis, assessment and measurement of risk; Risk Management.

It's the responsibility of management to evaluate and balance the relationship between cost and benefit to the internal controls built into the process of risk management.

The old system had no methodology for risk assessment, and change introduction of the new system is noted with the introduction of new concepts about security. It shows increased level of security by institutions (placement of cameras, alarm systems, establishing IT systems in order to maintain data, the creation of conservation areas of data duplication so that in cases of violent actions in the institution material They are stored elsewhere, etc.) and better understanding of the need for security.

#### 4. Develop comprehensive framework for human resources

A strong system of PIFC<sup>1</sup> requires the development of human resources, which is the core component of the control. This development is required to be organized and arranged in special criteria. Without this element fixed any internal control designed will not succeed, so will fail being jeopardized. For these reasons, the system in question must determine: unique criteria based on recruitment at all levels of financial services; Rate qualification and training programs based on modern professional curricula; unique request based on job descriptions.

Develop criteria and curricula for job positions in the public finance system is necessary for recruitment of financial services and the budget, because of the process is not developed on an unified criteria. Job descriptions also are not designed based on some basic criteria and unique for all these services. Meanwhile, the training of these officers is to a minimum and not well organized.

#### 5. Improve accounting service

Given the unsatisfactory situation of accounting services in public entities need to be taken important steps regarding the computerization of the services and the preparation of special Microsoft software, according to service features. In this context, we can emphasize:

1. Preparation and implementation of the Standards of Accounting and Reporting Forms for the execution of the budget, to be used by the Treasury structures and spending units.
2. Accelerate work for formal adoption 20016 GFSM accounting format, including data extraction arising with high frequency (monthly cash flows and quarterly data on government operations), as well as quarterly debt data of non-financial public entities.
3. Ensure national public accounting standards based on international accounting standards in this sector, according to IPSAS.

Activities of current controls do not specify any particular role in the decision of the accountant and management of public resources as a whole. Double signature system, inherited as a means of control, has lost its role because the regulatory provisions on which it is based are obsolete and require renovation of this function in the context of generating environment.

It is necessary that, without prejudice to the role of senior management and responsibilities for internal control system, the role of accountant in decision making and actions in authorizing the budget and public resources in general should be strengthen. A preliminary sketch of his responsibilities would provide a written expression of opinions and present them to senior management on issues on which it has different opinions, as well as by senior management responsibility in case of not taking into account the opinions of accountant . Meanwhile, necessary to draft procedures for the allocation of tasks and escalation of the delegation of authority, work manuals and operational procedures for each post etc.

Current situation of the accountancy service in public entities do not provide complete information, and especially in time of economic events. This because in its majority this service is manual. This is the reason why it feels necessary the introduction of a new computerized system.

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<sup>1</sup> [www.pifc.eu/shop/index.php](http://www.pifc.eu/shop/index.php)

## 6. Improving the internal audit function

Internal audit has realized important developments, but these developments are still at the drafting of the basic audit documents and their implementation requires taking some actions. Functional independence of internal audit is not yet fully secured. Thus, although there have been steps towards the separation of structures and separation of the internal audit activity from other activities of the entity, reporting to the highest level of management, the wording of the report and the recommendations is weak. Other steps may be taken especially in: appointment, removal, transfer or other disciplinary measures to a certain level; Establishment of Audit Committees, initially as advisory bodies to the leadership and, later, as the executive bodies which report to the ministry audit structures and ministries covering the system. In this form it increases the functional independence as a possibility that programs approved by the committee and reporting to be made to the Audit Committee; Improving motivation and reward at work and ensuring career in the public sector after the completion of specific conditions; Qualifying for internal auditors in the public sector it is designed in specific provisions, but further steps and further commitments to realize this process, in accordance with the best practices of EU countries and to ensure the continuity of this process. Likewise, it should be accompanied by a motivation to make the classification of results. The new system attaches great importance to professional skills, preparation of training programs to ensure the education of employees updated audit structures is one of the priorities of the new system. Strengthening of cooperation between internal auditing and SAI also is an element of the new system and functional independence of internal audit.

### Assessment of current situation

This assessment was based mainly on the annual report of the IC system quality. Analysis of system components (questionnaire on which I have made the analysis is in the Annex)

### Setting objectives

The evidence shows that 25% of public institutions have not responded to the mission statement. Also most of the public entities that have responded to their unit have adopted development strategies and action plans which were distributed to all staff, or at least the management of the unit.

### Organizational Structure

The organizational structure is built in such a way to enable the achievement of policy objectives efficiently and should be in accordance with internal control standards in order to ensure that those tasks, hierarchy, reporting lines and determination of activities control are properly allocated to ensure that the long-term objectives are achieved. In connection with this component of the control environment are analyzed specific aspects, such as determination of US and NZ in accordance with FMC Law; the creation of the Strategic Management Group and compliance with the purpose and structure of the institution's activities.

1-Monitoring of the authorizing officer assignment started in 2011 and continued in 2012 and concluded that their appointment was made according to the requirements of FMC law and the Law 9936 "On the Budget Management System RA"

2 Pursuant to the recommendations and conclusions of the Board SAI PIFC started closely monitoring the status of compliance enforcement officials at every level of general government units. Problems identified in 33% of the institutions are not meeting the criteria of law in determining the NZ FMC related to: a- fulfilling the criterion of direct dependence of the US NZ; b- educational criteria; c- managerial criteria,

Specifically, 16% of the CPU belonging to 233 institutions Implementers result that officers have no proper education under the law and do not depend directly by the authorizing officer of the institution, while 17% result in civil institutions Implementers specialist level, and finance functions not divided into separate administrative structures directly subordinated to US.

### Implementing professional training officers

Legal requirements: Implementing employee must have a university degree in commercial economics or law with postgraduate specialization in the field of public finance and managerial experience. Current status presented in graphical form:

### Implementing Civil education institutions

## Opinion

Focus in relation to increasing the effectiveness should focus along with the definition of the mission, strategy and objectives, in particular in the drafting and monitoring of concrete action plans, which must include deadlines and persons responsible for their implementation. From the above analysis, I noticed that there were still institutions that have their employee structures that do not have the required education, and limited staff in finance that results in the financial performance of the few people not respecting criteria internal control and leaving room for abuse.

## RISK MANAGEMENT

Risk management is the process of identifying, evaluating and monitoring the risks facing public entity in achieving its objectives and conducting the necessary checks in order to keep risk exposure at an acceptable level for the institution. Risk management is a new concept for the Albanian administration and it is still unconsolidated. I noticed that a significant part of the public entities does not have risk management procedures.

## Opinion

The analysis shows that are not properly understood the role of risk coordinator and coordinators have not been finalized, although FMC Law clearly states that the authorizing officer is the coordinator of the risk of the unit. In practice should be noted that this part is overlooked by the institutions. On the other hand it is noted that no written internal procedures to identify risks are in place, they are subject to constant verbal discussion between the directors and staff in order to minimize and to enable the fulfilment of objectives. I can say that this process is not yet formalized. This brings to shortfalls of responsibility and therefore lack of monitoring to minimize the risks.

Given that risk management is still in its early steps, it is necessary to develop proper training in this field.

## CONTROL ACTIVITIES

Control activities are the rules, procedures and actions aimed at reducing the risks with a view to achieving the objectives of the organization and to promote the implementation of the head decisions<sup>1</sup>. Control activities should be geared to processes and systems, as soon as these processes and systems are created. The introduction of control activities later would be more costly and less efficient.

### Segregation of duties

Within each public entity is required to have a management hierarchy, with the head of the organization with the main responsibility for the adoption of internal rules and policies of the IC, and then individual managerial responsibilities distributed to US and every manager within the unit (including the dependency management units). This management process should be documented, including the extent of each individual accountability manager, the manager's level of decision making, and reporting methods.

## Opinion

It is known that the main concern of managers running the assets is expressed in physically existence of the assets and if they are stored by the unit. This is not enough because non-use or inefficient use of assets means that the public sector is using more capital resources than would be needed. FMC requirements for efficiency and effectiveness should be changed and so the attitude of managers in using of assets. They must not only ensure that the assets exist and are not misused, but they also need to ensure that they are used efficiently and effectively.

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<sup>1</sup> [http://en.wikipedia.org/wiki/Internal\\_control](http://en.wikipedia.org/wiki/Internal_control)

## INFORMATION AND COMMUNICATION

The fourth group of IC components are information and communication. Communication is the basis of information needed to perform duties effectively. The information must be communicated to the head and other employees, in the form and at the right time, to assist them in fulfilling their responsibilities.

### Opinion

It is seen that the units have not yet fully developed a system of communication and adequate information. This brings obstacles in their daily work. Monthly systematic reporting on the activities and performance of managers in general exist (as we can see from the results of their answers) but the quality of the reports cannot be accurately judged.

Systematic reporting is an essential requirement of accountability. Reporting should cover the achievements, performance standards, gaps and use of resources. Reports must recognize that the operating environment is dynamic and what might have been planned is not possible to achieve 100%, or vice versa, can be achieved more. Managers need to become fully aware of their responsibilities and what to report on these responsibilities.

## MONITORING

Monitoring is a set of processes to review the activities of the institution, which aims to provide reasonable assurance that the control activities function according to the purpose for which they were created and remain efficient over time.

The focus this year in its annual report has been subordinate unit reporting to the head, monitoring of progress and reporting lines that ensure independence of internal audit.

### Opinion

From the data I see that the frequency and method of reporting or monitoring should be improved and the focus should be not only on traditional financial reporting but also on performance. Also in connection with securing the independence of the audit function is observed that a lot still remains to be done in this regard.

### Conclusions

1. Old IC system did not provide sufficient security that units successfully fulfil their objectives. Regarding the state of financial management and control, in last year's report, SAJ has given seven recommendations of which five are fully implemented and two of them are still in process<sup>1</sup>. This is an indication that management units has paid due attention to correcting existing weaknesses and shortcomings.
2. The previous IC system conveyed in absence of clear guidelines, policies and procedures. Risk management was almost not an explored area. This is best described by the fact that for years the units operate with a deficit, having exceeded available funding. Under that system loss grew from year to year and management had no clear strategy on how to get out of the situation, while the new system is defined from that first moment.
3. One system will be called effective if it has essentially treating human resources as an asset in order to improve professional skills with the aim of maximizing usage of human intellect in favour of a better development of the country.
4. Developing new PIFC system in Albania requires from participants in the process a leading effective action in accordance with their role and responsibilities. Only proper implementation of the new legal framework and efforts by all stakeholders can lead to achieving the goal, the creation of a modern, reliable and functional Public Internal Financial Control.
5. For the coming period would be more appropriate to work towards increasing the capacity of public administration staff through workshops and training for all levels of public entity.
6. Some institutions had made progress by developing their own code of ethics, or including elements of ethics in internal regulations of the relevant institution. So the Code of Ethics should definitely be a basic element of any entity.

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<sup>1</sup> Kontrolli I Lartë I Shtetit, Raporti Vjetor mbi Funkcionimin e Sistemeve të Menaxhimit Financiar e Kontrollit dhe Funkcionimin e Auditimit të Brendshëm në Njësitë e Qeverisjes së Përgjithshme për Periudhën 1 Janar – 31 Dhjetor, 2011

7. Fundamental focus for the future must be to consolidate the legal basis regarding risk management, as the drafting of specific guidelines for risk management and training of public administration on contemporary concepts.
8. Emphasis and future focus should be the development of IT systems in order to improve control activities. Also, each unit must have internal regulations which should summarize the description of all procedures for performing activities, provide access to information and assets by the appropriate person, the development of IT systems to support control activities.
9. Adequate measures should be taken to ensure a strengthened control environment and eliminate irregularities present in this component.
10. To ensure that all transactions will be classified, recorded and provide quality reporting;
11. Managerial structures should be designed to deliver policy objectives: it must be clear who are the leaders, resources made available to them, their responsibilities, areas of competence and reporting (accountability).

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[http://ec.europa.eu/budget/library/biblio/publications/2011/compendium\\_27\\_countries\\_en.pdf](http://ec.europa.eu/budget/library/biblio/publications/2011/compendium_27_countries_en.pdf)

[www.europa.eu](http://www.europa.eu)

[www.pifc.eu/shop/index.php](http://www.pifc.eu/shop/index.php)

## APPENDIX

Appendix 1: Form of self-evaluation system components

### I. ENVIRONMENT CONTROL

1. Do you have in your unit a Mission Statement adopted in accordance with the requirements of the Law on Management of Budgetary System in Albania?
2. Do you have a strategy (one or more documents) which contains strategic goals and priorities of your unit, in accordance with the requirements of Budget Management System in the Republic of Albania?
3. Is there any guidance on managing the process of setting objectives (for the entire unit, or part of it) to ensure that the targets set are realistic and achievable?
4. Do you have adopted action plans to achieve strategic goals, which include actions, deadlines, and concrete persons responsible for each anticipated action?
5. Are customized rules and procedures that exist at your facility as required by law for FMC?
6. Are developed new procedures and rules in your unit, in accordance with the requirements of FMC law?

### I.1 PERSONAL AND PROFESSIONAL ETHICS

1. Is there a procedure that ensures that all employees know / understand the Law on Rules of Ethics in Public Administration?
2. Are all employees required to act in accordance with the Rules of Conduct for civil servants and in particular, to comply with the Code of Ethics of the respective unit (if one exists)?
3. Is there a procedure for reporting violations of rules of conduct for civil servants and for taking action as a result of this?

### III. ORGANIZATIONAL STRUCTURE

1. In your opinion, is the structure of the unit suitable for its size?
2. Are defined and exercised a leadership responsibilities in an appropriate manner to ensure that none of them has an excessive responsibility?
3. described in writing tasks, powers and responsibilities of the head of the unit (in accordance with the laws and by-laws)?
4. Is there any department / director / sector responsibilities and duties clearly defined and separately by departments / departments / other sectors.

### I.2 POLICIES AND PRACTICES OF HUMAN RESOURCES

1. Are there specific internal rules regarding the selection, appointment and determination of salary and bonuses for employees, or connected with the performance evaluation and sanctions in case of non-fulfillment of duties?

2. Are the policies and practices of human resources, such as to guarantee that the promotion is perceived by employees as a direct consequence of good results and achievements at work, and that the promotion is done in accordance with clear rules and criteria ?
3. Do you have approved job descriptions for each job position in the unit, in which the involved individual tasks to be performed, the requirements regarding the qualifications required and reporting lines?
4. Is the policy and practice of human resources, such as to guarantee the employment of sufficient staff with the right qualifications?
5. Is the policy and practice of human resources such as to ensure the preservation and development of professional competencies of staff?
6. Do you feel you needed training for employees with managerial functions on your unit, around the concept of PIFC and the Law on FMC, which is expected to be adopted soon?

## II. RISK MANAGEMENT

1. Is there any procedure to your unit for risk management - identifying, analyzing and controlling the risks that could endanger the achievement of the objectives of the unit?
2. A discussion between the owner and employees with managerial functions in the unit, the risks that might jeopardize the achievement of the objectives of the unit and whether they plan appropriate measures to put under control those risks?
3. Are managers at all levels aware of their responsibilities in risk management?

## III. CONTROL ACTIVITIES

1. Are there rules / detailed internal guidelines that describe the main operational and financial processes, including circulation of documents and information, levels of decision-making and internal controls located?
2. described and documented in detail the working procedures and put them whether they were available to all employees?
3. A guarantee you that your unit there is a separation of duties, so that the same person should not simultaneously involved in the implementation of two or more tasks related to: the adoption, implementation and registration of financial operations?
4. Have the appropriate steps to reduce the level of risk to employees that are involved in delicate nature detyran?
5. Are appropriate action provided control for IT systems (information technology)?

## IV. INFORMATION AND COMMUNICATION

1. Does the IT system in your unit information for monitoring progress in achieving the objectives of the unit as a whole and its separate units?
2. Are there any written instructions to your unit on the manner of communication internally within the unit (written communication, electronic, or oral)?
3. Is there a mechanism for getting useful information from abroad about changes to the legal and economic conditions, or to exchange information with other public sector with citizens, non-profit organizations, media and representatives the private sector?

## V. MONITORING AND VERIFICATION

1. A set is a reporting line, which ensures the objectivity and independence of the internal audit?
2. As the head of the unit au ask you departmental managers / directors, to send periodic reports on the activities of the directorates / departments concerned?
3. regularly monitored progress regarding the achievement of objectives and a analyze the reasons for failure in this regard?
4. A head continuously monitors the implementation of recommendations made by internal auditors and external on the improvements in the system of internal controls?

5. Does the operating manual which clearly describe what controls need to be implemented and give the name of the contact person in case of identifying the weaknesses in existing controls?

6. A unit regularly performs a self-assessment of internal control?

Appendix 2: list of entities audited to assess the financial management and control

1. Ministry of Finance
2. Administration of the President
3. Council of Ministers
4. Ministry of Justice
5. Ministry of Environment, Forestry and Water Management
6. Bank of Albania
7. State Intelligence Service of Albania
8. Social Insurance Institute
9. Healthcare Insurance Institute
10. Directorate General of Taxation
11. Official Publication Center
12. National Registration Center
13. The Albanian Telegraphic Agency
14. National Centre of Culture for Children
15. Regional Education Directorate of Shkodra
16. Elbasan Municipality
17. Delvin Municipality
18. Laç Municipality
19. Hall Municipality

Lists of abbreviation

- PIFC Public Internal Financial Control  
EU European Union  
IC Internal Control  
CoE Council of Europe  
SAP Stabilization and Association Process  
CHU Central Harmonization Unit  
CHU Central Harmonization Unit  
FMC Financial Management and Control  
IA Internal Audit  
SAI Internal Suprem Audit



## National Identity and the “Great Divide” between Two Theories. Where Does the Albanian National Identity Take Part

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### Abstract

*According to Tom Nairn, the reason why the dispute between modernists and primordialists is not resolved is because it is irresolvable. This is because the two approaches place different emphases on different aspects of identity formation. Nairn described the debate between Anthony Smith and Ernest Gellner, as a courteous difference of emphasis. Hence, the old presuppositions of modernism are losing their hold, but no one is quite sure what new ones will replace them. The great debate in nationalism studies, is one between so-called "primordialists" and "modernists". Put simply, primordialists argue that the nation derives directly from a priori ethnic groups and is based on kinship ties and ancient heritage. For their part, modernists insist that the nation is an entirely novel form of identity and political organization, which owes nothing to ethnic heritage and everything to the modernism, and the scope of the debate between them, fail to offer a satisfactory account of the formation of national identity. In this context we need to see where the Albanian national identity takes part. This paper seeks to show how it reacted to the waves of social transition? Where it finds itself and what connects it with globalisation?*

### 1. Introduction

Adam Lerner says: "... nation, moreover, exist in the minds of the people than in the real world ...". Starting from this statement determine national identity is the consequence of various perceptions that have various theories for the nation. This paper seeks to examine whether the theories sociological, anthropological or communication have their importance and value in explaining the reconstruction of Albanian national identity in different contexts and different time periods. Also, the paper analyzes the relationship of the nation with different variables that create identity as ethnicity, customs, heritage (tribe, race, culture), symbols (blood, flag, anthem), language, regional elements, territorial, geographic, religious (faith), spiritual constitution etc. So the question naturally arises which (s) of theories explains better idea of building the Albanian national identity as a product of all these variables.

It is said that ethnicity and identity represent something more natural than biology, and nationalism represents a certain religion to modernity. So, here we depart and say that theories worthy of national identity are to analyze the theory of explanation primordialism as fundamental variables and essential forms of the nation and modernity as a theory that departs from the fundamental elements to come to the link and contact me the cloud that leads to globalization and the fear of losing or alienating these values.

In its historical development, social and cultural Albanian society was organized in social groups or family and tribe and larger groupings based on ethnicity, religious, regional, etc. In the eighteenth century, in Europe, we have the emergence of new concepts like nation or derivation of his later collective identity and national. Obviously the latter came as human need to become involved in a more inclusive community, from which flowed even a kind of attraction with common elements. The need to join any group and to feel the equality with others in this group, the Albanians, is as early as humanity itself, and national identity is a new phenomenon in this need, bound close to political and geographic dimension (nationalism).

When you want to give a definition for the nation, researchers analyzed initially receive the origin and the source or origin of the term. First arguments coming that ... *has been the process of modernity that did not leave room dynastic and religious authorities and has forced a new form of legitimacy for the central authorities to things.* (Giddens 2005: 1, 55-58). Adam Smith says: "... *the nation is modern phenomenon, but it also stresses that nations have not come from nowhere, but pre-modern ethnicities have been transformed into national identities.*" (Smith 1998: 63).

Reverted back to Adam Lerner can say that in his nation can be seen as real and constructed, primordial and modern. Among them there is "great divide", which offers are unsatisfactory way in understanding the reconstruction of national identity through data that bring the two sides of the great divide. On the other hand, Lisa Malkki states that "*the nation Operates nor an absolute differentiator, which Makes Certain collusions of people and territory Appear natural and others incommensurable.*" (Gilroy 1990: 114).

## 2. Theoretical context on theoretical aspects for national identity.

Among the efforts to find a definition of the Albanian national identity, it is the question of to what extent the nation and national identity are modern phenomenon as time dictates. And the answer to solving this dilemma is the largest division of the nation fundamental theories: primordialiste, modernist and ethno-symbolist. During work we will reach to analyze and come to the conclusion that the Albanian kombetër identity is less of both these theories.

1. **Primordialist / essentialist** - group of theorists who walks under German Romantics steps Herder, Fihte, Kant, Schiller and others who defend the idea that nations are essential, eternal entities and early forms of social group, or as a result of political campaigns nationalist, or as being top-down from the already existing states. This proves that this theory was first literary and philosophical, sociological and anthropological later. Even in Albania, during the Renaissance, if not very political, literary and cultural least this movement was alive and active, with red figures as Frashëri brothers Asdreni, Çajupi, Veqilharxi etc.

2. **Modernists / constructivist** - belonging to a dominant perspective where nations see as a modern phenomenon and social structures. "Constructive social 'names and entities conventional notions created by the people in a particular context and that cultural and social because people believe that there exist and operate thanks to their agreement to behave as if they existed. There are different views among the proponents of this approach, but common is the belief that nations and nationalisms are modern and contemporary phenomena. Also believe that nations are formed by radical changes in modern times, which have made it impossible to continue the rule of the time by pushing people to new forms of organization of social and political life. They explain how it was possible and necessary to imagine new forms of collective organization (nations), being the oldest became invalid under the influence of new economic circumstances, political and social, caused by modernity. (Ernest Gellner, Benedict Anderson, Eric Hobsbawm). According to them, the education system and communication technology make it possible to transfer the message to the population elites. In Albania, in this direction we band of authors and researchers after 90s, who added that the introduction of new conceptions and perceptions influenced by the opening of borders to the world beyond the Adriatic. This meant that the Albanian culture already talk of a mix of cultures and values, but that essentially affiliation and rebuild in another state of the idea of national identity.

"Consequently loyalties closer instance, generated by interpersonal contact are replaced with links to wider scale impersonal and anonymous society, whose members never meet, nor have heard of the fellow most their" (Anderson, Gellner, Breuilly, Brass).

Benedict Anderson and Eric Hobsbawm defend the idea that nations as social constructs built on myths. "*History continuous and unbroken, it is often rely on fiction EEC half mythical figure, forged documents and symbols such as a flag and images, which are intended to arouse nationalistic feelings.*" (Hobsbawm 1983: 12). It's difficult to test the authenticity of the common origin and means that people have mixed backgrounds, and their ideas are the common past with many imaginary, that are more myths than facts.

Myth is distinctive to the idea of a purely ethnic origin of the Balkan peoples. Here history is interpreted in a way that kontribuojëkrjimit symbols and myths of the nation and that historical events are subject to a selective process that aims to invent myths and symbols on the awareness and national origin, paving the way for the need for recreation and own national identity reconstruction. "*The figure of our national hero Skanderbeg and his war against the Ottoman Empire*

cooperating with other nations of Balkan, by some non-nationalist currents is used as an argument to link Albanians and Slavic Greek nationalism, while the Albanian nationalists used as proof of Albanian nationalist idea and practice. "(Ferraj 1999: 84). Thus the formation of the Albanian nation, as well as other Balkan peoples, became during the breakup of the Ottoman Empire, while maintaining a rather deep embrace to myths of history and tradition.

3. **Etnosimbolist-** scholars of national identity theorists (within modernity), under which nations are formed by nationalist elites based on pre-modern ethnic ties or affiliations to a particular population, modern character broom agree with nationalism, but claim that cultures Ethnic early provide the foundation upon which today's national identities constructed. "*While nations may be modern, their origin is not so, but their traces can be found in previous ethnicities, nations are invented out of nothing, but the processes characteristic of modernity of transform these ethnicities in the nation, but without the destroy them*". (Smith 1991: 76).

In this context, the history of the Albanian national identity construction is very significant.

### 3. The common past of the Albanian people with its neighbors and its role in establishing and maintaining national identity.

If we talk about the common past of the nation, we consider the common ethnic affiliation, cultural and others. "*Often we face common belief, the moral superiority of the community, in the sense that cultural values are a central national community and are irreplaceable, something that can be traced back in time to the cultivation of previously myth of ethnic selection by pre-modern ethnic elites*". (Smith 2008: 111). According to Anthony Smith *ethnicity is a group of people with cultural identity and common language*.

Stored where written language. Referring to this worth highlighting the fact that the Albanian language as part of our culture irrefutable, knew to maintain a good part of the collective consciousness, which is unquestionably the national identity. Language, in any sense that display is tied to the essential elements that have to do with the sense of ethnicity and nation we come from. Ethnicity, Albanians, it is one of the most important aspects of cultural or social identity and therefore even more important in the creation of national identity, hence the term ethnicity is often used as a synonym for the nation. Ethnic, linguistic and religious have enough influence in the formation of the Albanian nation bearing the weight of a sense of national identity, but it is not clear the extent of their contribution to the formation of national identity.

Albanian written language is so important in the creation of our nation and the preservation of a sense of national identity, due to the sense of historical and cultural specificity that it causes in the communities (Albanian or not) who read it. Different people define themselves in terms of common origin and language theory in practice. Language and religion are considered as the main problems in the definition of national belonging and the wars in the name of protecting this value as national identity. "*By resisting erosion of myths, which aimed to raise the notion of class in the highest category, the fact national and religious fact, find echo in the deepest part of the political consciousness of individuals .... Spiritual values of the features that make up the nation should not hide that was directed less noble passions, where the wild one is pride*". (Doja, 2009: 166).

The process of recognition of national identity among the Albanians is inclusive and exclusionary because it involves people with common features and exclude others, as defined by distinct nation from the other nations represented by neighboring and that all nations have common perception of the other (the opponent), and that Albanians do not often lacked. The sense of national identity is displayed when a nation is feeling threatened by perceived enemies as such. Not always is external opponent, but he has often come from within the nation. Kadare states that "*... The problem of understanding or misunderstanding Albanian continent is basically understanding or misunderstanding of themselves*". (Kadare 2006: 49). And how many times you will talk to an enemy of the Albanians "source" should be seen first from within.

Self context of the neighborhood and the common past has left deep traces in the self-empowerment of the Albanians for their nation and consequently the national identity. The dramatic events that have shaken Europe at different times, especially these last 20 years, or even bloody conflict with the Serbs and Albanians of Kosovo and the rights of Kosovars, brought the international response to protect society model and relationships between neighboring social groups. Prof. Albert Doja wanted that "*Considering the region as a cultural area should be defined as a mixed field. Albanian populated*

*areas are not only that of a Balkan European country ... or even country western extension of some models or on establishing local identities, but all of these at once". (Doja, 2009: 148).*

Modernism in Albanian society are aware of shows that dynamic unity and awareness of national identity, means to delete the gap between East and West, recognizing synthetic character of European civilization, to assimilate the historical and political traditions in their cultural dimensions. Origin differences affect relationships using "real" which can remain latent and beyond generations.

#### 4. Conclusions

At the end of this work we can say that it is very difficult to find if there is a split with a knife where the Albanian national identity is positioned between these two theories (primordialism and modernity). The difficulty stems precisely in the fact that the Albanian society displays characteristics that are specific and can take place in each of the approaches. However we think that both approaches are enough to grasp positioned Albanian national identity, since the latter itself creates a kind of correlation and relationships with national identity concept for several reasons:

- *First* origin of Albanian national identity is connected spiritually and stems from what constitutes the national culture and not only an essential support, base primordialism that are: family, tribe, origin, soil, blood, symbols, language, religion, Well irrefutable reaffirmation of the roots from which we come, regardless of the time Storm and the wars or assimilation efforts, which have done their job.

- *Secondly*, globalization, modernist theory of recent years is seeking to have its effect in this direction, then in the war between preserving national values of Albanians and therefore on a kind of reconstruction or re-conceptualization of national identity. *"Given the prospect ones that can connect with the phenomena of globalization and modernity, despite the end of national identities warned of European construction and the globalization of economic, cultural, political, social or purely instrumental character that tend to make human relations We must understand that the idea of citizenship remains very much linked to well-defined national identity". (Doja, 2009: 166).* The phenomenon of national identity construction reflects the reality. The will to impose the model of national identity, as well as instruments of globalization, are necessarily dependent on local political and cultural economies in order to evoke the discourse on national sovereignty or fundamentalism, where the state plays a key delikapor.

- *Thirdly*, we say it is and continues to be difficult to speak today to the Albanian national identity. Political movements, taking into account the real or alleged difference of different cultures, as a result ethnicised, what does the model dominating conflict looks like a conflict to renewed acquaintance and recreation identities. That is why we think that the last storm of nationalist ideologies, pregnant and strained by various political movements, Albanians should seek and finally reach what they have in common, building a society with values that integrate the region, Europe and beyond, because, being still a society in transition, the Albanian society will continue for a long time to seek ways and means to position itself and its national identity because it says researcher Kim Mehmeti *"... we feel good where we are not: ... and Albanians still do not know where they are ...*

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## Compound Pronouns in English and Albanian

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### Abstract

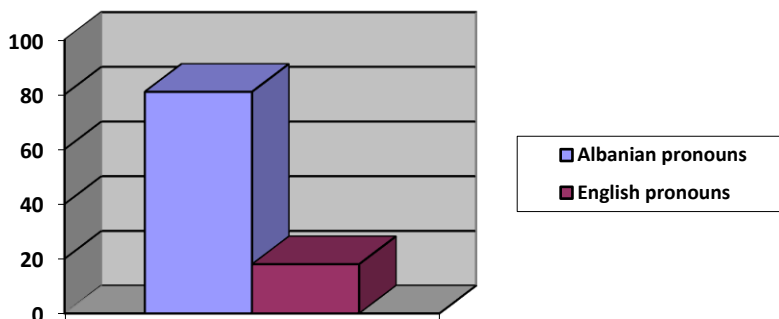
*This study concentrates on compound pronouns in English and Albanian. Compounding is considered as one of the most prolific word formation techniques in both languages. The study is made up of three basic parts: compounding is analysed theoretically; compound pronouns collected by the Dictionary of Contemporary Albanian Language and Oxford Student's Dictionary are analysed; conclusions are drawn as of their similarities and differences. Albanian language provides interesting results as it includes a specific category of pronouns under a different heading than compounding and that is agglutinated pronouns. Compound pronouns are analysed quantitatively and qualitatively in both languages. Quantitative analysis deals with their positioning in relation to all compound words per each dictionary. Qualitative analysis deals with the elements constituting the compound pronouns. The study also pinpoints the differences and similarities between compound pronouns when translated from English into Albanian and vice versa. The study is illustrated with abundant examples in both languages. Statistic results of the study show that Albanian compound (agglutinated) pronouns outnumber the English compound pronouns → 81: 18; also constituent structures of Alb. vs Eng. pronouns are → 9:2. Translation of pronouns from one language into the other: one English pronoun – different Albanian pronouns and vice versa.*

**Keywords:** compounding, pronouns, English, Albanian, dictionary

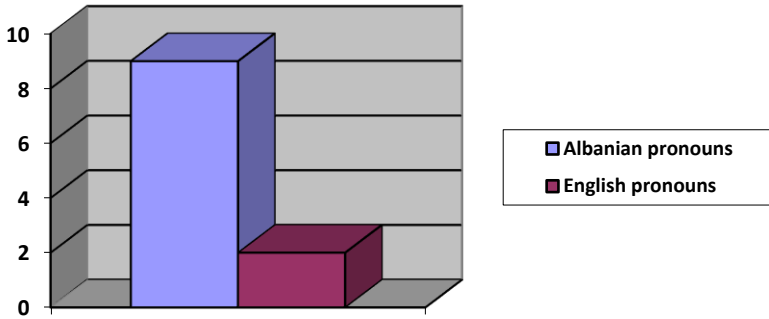
### Introduction

Compounding is one of the most prolific word formation techniques in all the languages. It is defined as a word formation process which denotes a lexical unit made up of more than one word which functions as such not only grammatically, but also semantically. Compounding is present in all parts of speech. Not only has the newly formed word a new meaning, but also a new stress. A typical characteristic of English compounds is their spelling, as it appears in three different forms: hyphenated, solid or open. Albanian language on the other hand has another word formation technique in addition to compounding and that is agglutination. Agglutination in Albanian grammar is found in almost all parts of speech, but it is particularly prevalent in pronouns.

The study is based on identification of differences between compounding in both languages. Compound pronouns have been collected by the Dictionary of Contemporary Albanian Language (1980) and Oxford Student's Dictionary. Translation of pronouns from one language into the other: one English pronoun – different Albanian pronouns and vice versa. Quantitative analysis in both languages shows that Albanian compound (agglutinated) pronouns outnumber the English compound pronouns → 81: 18. Graph as follows:



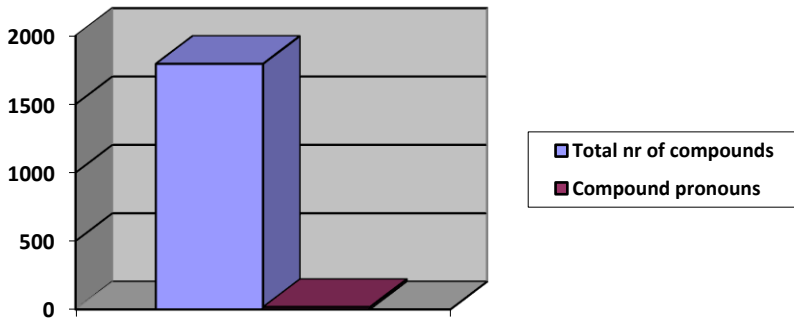
Qualitative analysis deals with the elements constituting the compound pronouns and the resulting ratio of constituent structures as of Alb. vs Eng. pronouns is →9:2. Graph as follows:



Agglutinated pronouns in Albanian comprise 15.5% of all agglutinated words in DCAL, while in English as of OSD, only 1%.

**Compound pronouns in English**

Compound pronouns in English are made up of a number of indefinite pronouns, respectively 11, as well as all reflexive pronouns, respectively 7. Compound pronouns in English in fact are inconsiderable. Graphically they appear as follows:



As far as spelling is concerned compound pronouns are written as solid compounds. 17 of them are made up of two words, whereas one of three words. They are as follows:

- **whosoever** → **who** + **so** + **ever**

The structure of compound pronouns is as follows:

**indefinite pronoun + pronoun / noun**

*somebody, someone, anyone, everyone, everybody, everything, anything, nothing, whatever, whoever, whosoever*

**possessive adjective + reflexive pronoun “self”**

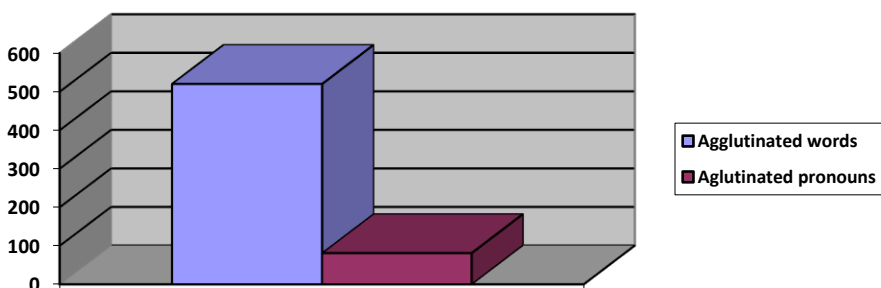
*myself, yourself, herself, himself, itself, ourselves, themselves,*

The pronoun “themselves” is an exception as it is not formed by the possessive adjective of third person plural, “*their*”, but by the personal pronoun “*they*” in the form of an object + reflexive pronoun “self” in plural.

### Compound-agglutinated pronouns in Albanian

The majority of indefinite pronouns in Albanian are agglutinated ones, where pronouns formed by two elements predominate, respectively 50. 25 other pronouns are formed by agglutination of three elements and only 6 six of them by four pronouns. The DCAL (1980) has 81 pronouns formed by agglutination which make up respectively 15.5 % of all agglutinated words.

The graph as follows:



Agglutinated pronouns as of Dictionary of Contemporary Albanian language:

*akëcili, akëkush, akësecili, akësekush, asfarëgjë, asgjë, asgjëkafshë, asgjësend, askurfarë, askurgjë, askurkush, askush, asndonjë, asndonjëri, asnjeri, asnjë, asnjëfarë, asnjëfarëlloj, asnjëri, asodore, cilido, cilado, çdo, çdofarë, çdokush, çdolloj, çdonjëri, çfarë, çfarëdo, çfarëdolloj, çka, çkado, çoç, çdokush, diç, diçka, dikush, disa, dokushdo, farëgjëje, farësendi, gjëkafshë, gjësend(i), gjithçka, gjithçmos, gjithfarë, gjithfarëlloj, gjithfarësoj, gjithkush, gjithmbarë, gjithsecili, gjithsekush, hiçasgjë, hiçgjë, hiçgjëkafshë, hiçgjësend(i), hiçmosgjë, kësisoj, kësodore, kurrfarë, kurrjë, kurrkush, kushdo, moskush, mosnjeri, ndokush, ndonjë, ndonjëri, njëfarë, pakkush, rrallëkush, secili, secilido, seç, sedo, sekush, sikush, shumëkush, tjetërkush, vetvete, xhanxhin*

Indefinite pronouns formed by agglutination have the following structures:

**a. indefinite pronoun + pronoun “who = kush”:**

*gjithkush, gjithsekush, shumëkush, tjetërkush, çdokush, pakkush.*

**b. indefinite pronoun + indefinite pronoun:**

*çdonjëri, gjithçmos, hiçasgjë, hiçgjë, gjithmbarë;*

In the pronouns *hiçgjëkafshë*, *hiçgjësend* the element *hiç* (form Turkish) is united with the pronouns *gjëkafshë* and *gjësend*, fomred by *(gjë+kafshë, gjë+send*.

Another category of pronouns is made up of an indefinite pronoun and a fixed form, e.g. *kushdo, cilido, dikush, ndokush, sekush, askush, asnjë, asgjë, asnjeri* etc.

As of the fixed element, serving as a formative element indefinite pronouns are classified as follows:



1. A fixed element at the beginning of the word and e second element which is declined. The fixed element might be:

**a) pronominal:** this group includes the pronouns *akë+kush*, *akë+cili*, and *akë+sekush*, *akë+secili*, where the element *akë* is attached to the pronouns *sekush*, *secili*.

**b) verbal:** this includes *di*, *ndo* (formed by agglutination of the verb *do* with the conditional conjunction *në*). E.g: *dikush* < *di+kush*, *disa* < *di+sa*, *ndoca* < *ndo+ca*, *ndokush* < *ndo+kush*, *ndonjëri* < *ndo+njëri*, *ndonjeri* < *ndo+ njeri*.

**c) Negative particles** *as* and *mos* with indefinite pronouns: *askush*, *asnjeri*, *asnjëri*, *asndonjë*, *asndonjeri*, *asndonjëri*, *askurrgjë*, *askurrkush*, *asnjëfarëloj*, *mosgjë*, *moskush*, *mosnjeri*.

**d) the conjunction** *se*: *se + cili*, *se + cilido*, *se + kush*.

**e) the adverbs** *kurr(ë)* and *rrallë*: *kurr + kush*, *kurr + gjë*, *rrallë + kush*. These pronouns may be declined.

2. A fixed element at the beginning of the word and e second element which is not declined. E.g: *di + çka*, *di+ç*, *se + ç*, *kurr(ë) + farë*

efinite pronouns formed by agglutination of a pronominal words and a fixed element. The pronominal word is declined. These indefinite pronouns are declined and they are formed by the fixed element *do* deriving from the third person singular of the verb *dua* + a pronoun: *kushdo*, *cilido*, *secilido*

4. Indefinite pronouns formed by a fixed element, which comes after another pronominal element which is not declined: *çmos* < *ç + mos*, *gjithçmos* < *gjithë + çmos*, *çdo* < *ç + do*, *çfarëdo* < *çfarë + do*, *sedo* < *se + do*.

5. Another category of pronouns derive from repetition of the same noun or pronoun: *lloj-lloj*, *shoku-shokun* (*shoqja-shoqen*), *njëri-tjetrin* (as well as the forms used in some dialects *njëri-jatëri*, *jatër-jatri*, *jetër-jetri*).

### Translation of compound pronouns

Translation of compound pronouns from Albanian into English or vice versa is often accompanied by discrepancies in parts of speech. A certain pronoun translated from one language into another does not necessarily render a pronoun, but another part of speech, e.g:

lloj-lloj → various (adjective)

### Other examples:

compound pron in Eng. → agglutinated pron in Alb.



<i>someone</i> / <i>somebody</i>	<i>akëcili(a)</i> , <i>akëkush</i> , <i>akësekush</i> , <i>dikush</i> , <i>ndokush</i> ,  <i>ndonjëri</i> , <i>sekush</i> , <i>tjetërkush</i>
<i>nothing</i>	<i>asgjë</i> , <i>asgjëkafshë</i> , <i>asgjësend</i> , <i>gjëkafshë</i> , <i>gjësend</i> , <i>hiçgjë</i> , <i>hiçasgjë</i> <i>hiçgjëkafshë</i> ,

	<i>hiçgjësendi, hiçmosgjë, kurrjë, mosgjë</i>
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**compound pron in Eng. → simple pron in Alb.**



<i>someone</i>	<i>një, njëri, njëra</i>
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**agglutinated pron in Alb. – pron phrase in Eng.**



<i>asfarëgjë</i>	<i>nothing at all</i>
<i>askurrjë</i>	<i>nothing at all, none whatever, absolutely nothing</i>
<i>asgjësend</i>	<i>nothing, not a thing</i>
<i>askurrfarë</i>	<i>none at all, no kind of</i>

## Conclusions

Albanian agglutinated pronouns obviously outnumber English compound pronouns. There are 4.5 times more pronouns and 3 times more constituent structures in Albanian than in English. Because of the similarities in function and structures with nouns or adjectives Albanian pronouns often have the same grammatical features with these parts of speech, whereas in English they are not declined. However reflexive pronouns in English do have the grammatical category of number: singular and plural.

As far as the constituent elements in each language are concerned the results appear as follows: in Albanian 62 % are made up of two elements, 31% three elements and 7 % four elements. In English, on the other hand 95% are made up of two elements and about 5% of three.

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## Implementation of Inclusion in Secondary Schools ( DN 2013)

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### Abstract

*Completeness is a challenge in training! It is a message for humanity and responsibility for us to engage in experiences of the success stories of national and international practices to help teachers who have or may have in the future, in their classes, students with disabilities. In the Convention on the Rights of the Child states that every child has the right to be educated and be successful. The study aims to contribute to the professional development of teachers, especially primary school teachers, who can access the subject of civic education, working as children with disabilities, as well as other students in these conditions, thus facilitating the insertion successful integration in schools Albanians. The main international standards for teachers who work in schools inclusive for students with disabilities is the first recognition of the development and the characteristics of the students, to get easier then to a plan of action.*

**Keywords:** inclusion, education, disability, strategy, teacher, etc ...

**Hypothesis:** The theme of civic education helps the teacher to the student rather to promote inclusion.

**The purpose of the study** show that the subject of civic education is a prize to challenge barriers to inclusion in the school-teacher-student help education today. Have confidence that the most challenging in the education sector is the inclusion, makes it even more significant, transforming it into a noble way of life care in one of his performances.

**Objectives:** One of the specific objectives is to promote and spread awareness on the rights and protection of children, following the international standards for teachers in comprehensive schools with students with disabilities.

**Expected results of the paper** are now thousands of parents, sociologists, researchers, children, teachers and all those who are facing the challenges of inclusion in any part of the world and in Albania, with their experiences through this study. The message is that the teacher is the very object and subject, as well as leaders in this new direction of education.

## Implementimi I Gjithpërfshirjes Në Shkollat 9- Vjeçare " (Sipas Dn 2013 )

### Abstrakt

*Gjithpërfshirja është një sfidë në arsim! Është një mesazh për humanizmin dhe përgjegjësinë për ne, për t'i përfshirë në rrugë të suksesshme eksperiencash e praktikash kombëtare dhe ndërkombëtare në ndihmë të mësuesve, të cilët kanë apo mund të kenë në të ardhmen, në klasat e tyre, nxënës me aftësi të kufizuara. Në konventën e të Drejtave të fëmijëve sanksionohet që çdo fëmijë ka të drejtën të arsimohet dhe të jetë i suksesshëm<sup>1</sup>. Studimi synon që të ndihmojë zhvillimin profesional të mësuesve, sidomos mësuesit e arsimit fillor, të cilët mund të kenë akses në shumë lëndën mësimore, në punën, si me fëmijët me aftësi të kufizuara ashtu dhe nxënësit e tjerë në kushte të tilla, kështu që të lehtësojë procesin e integritit në gjithpërfshirjen e suksesshme në shkollat shqiptare. Kryesore për mësuesit që punojnë në shkollat gjithpërfshirëse me nxënës me aftësi të kufizuara është së pari njohja e zhvillimit dhe karakteristikat e nxënësve, për ta pasur më të lehtë më pas, për një plan ndërhyrjeje për më tepër duke u ndihmuar nga mësuesi ndihmës i cili ka një rol të rëndësishëm që kjo gjithpërfshirje të ketë sukses.*

**Fjalët kyçe:** gjithpërfshirje, edukatë shoqërore, aftësi e kufizuar, strategji, mësues ndihmës etj...

**Hipoteza:** Lënda e edukatës shoqërore ndihmon mësuesin, për më tepër nxënësin për të përkrahur gjithpërfshirjen.

**Qëllimi i studimit** Të tregojë se lënda e edukatës shoqërore dhe mësuesi ndihmës janë premisa për të sfiduar pengesat ndaj gjithpërfshirjes në marrëdhënien shkollë-mësues-prindër-nxënës duke ndihmuar arsimin sot.

<sup>1</sup> Konventa e të drejtave të fëmijëve (CRC), neni 3, f 68

**Objektivat:** Një nga synimet konkrete është të nxisë dhe të përhapë ndërgjegjësimin mbi të drejtat dhe mbrojtjen e fëmijëve duke ndjekur standardet ndërkombëtare për mësuesit e shkollave gjithëpërfshirëse me nxënës me aftësi të kufizuara.

**Rezultatet e pritshme të punimit** Sot janë me mijëra prindër, sociologë, studiues, fëmijë, mësues e të tjerë, që përballen me sfidat e gjithëpërfshirjes në kudo në botë e në Shqipëri, me përvojat e tyre përmes këtij studimi. Mesazhi është që mësuesi është vetë objekt dhe subjekt, si dhe drejtues në këtë drejtim të ri të arsimit.

### **Edukata qytetare luan rolin ndihmës për realizimin e gjithëpërfshirjes në shkollat 9-vjeçare.**

Lënda e edukatës është pjesë zyrtare e kurrikulës së arsimit fillor, e cila ndihmon në vlerësimin e shprehive, aftësive dhe qëndrimeve që fëmijët kanë arritur në drejtime të ndryshme të kërkesave të kësaj lënde. Kjo lëndë mundëson tek ata një formim qytetar, të shprehur përmes synimeve të përgjithshme si: Të mundësojë tek fëmijët të mësuarit e njohurive të shoqërizimit dhe të qytetarisë, duke zhvilluar aftësi intelektuale, të domosdoshme për të kuptuar, për të analizuar dhe për të zbatuar në praktikë idetë e tij, detyrat dhe përgjegjësitë që i takojnë, si dhe të japë, sipas mundësive, ndihmesën e tij në mjedisin e tij shoqëror dhe Termi "*fëmijë me aftësi të kufizuara*" apo "*fëmijë me nevojat të veçanta*" thekson fëmijën, të nxënësit, përpara "të qenurit ndryshe" gjë që e cila që në fillim të krijon një paragjykim, por në thelb na thërret ne për një ndihmë.

Studimet shumëvjeçare për gjithëpërfshirjen, janë përpjekur të mbledhin eksperiencat më të mira në këtë fushë mbi bazë kriteresh profesionale, por edhe duke patur parasysh kushtet e Shqipërisë së shekullit XXI. Po të marrim parasysh avantazhet dhe disavantazhet, eksperiencat dhe t'i përdorim në varësi të nevojave e të kushteve të klasës gjatë procesit të punës, në funksion të gjithëpërfshirjes. Në kuadër të mësimdhënies ngelin gjithmonë pyetje pa përgjigje, sidomos në situata të tilla të komplikuar.

Ky konfuzion, na vë përpara sfidave e arritjeve në dukje të pamatshme, të cilat ngjallin diskutim për treguesit ndaj suksesit e përparimit; si një shqetësim i përbashkët ndaj gjithëpërfshirjes.

Ndryshimet individuale në nxënie, strategjitë mësimore; mjediset mësimore mikpritëse dhe ndërveprimi social në këto mjedise, të cilat me anë të lojërave psikosociale, komunikimi dhe për më tepër, planifikimi i mësimdhënies dhe i udhëzuesve; vlerësimi i nxënësve me aftësi të kufizuara duke zbatuar kuadrin ligjor në mbështetje të proceseve të gjithëpërfshirjes, janë premisat për një gjithëpërfshirje të suksesshme në shkollat shqiptare.

Pikërisht më datë 22.12. 2009 Shqipëria firmosi Konventën e të drejtave të personave me aftësi të kufizuara dhe tashmë është në rrugën e ratifikimit të saj<sup>1</sup>. "World Vision" kreu një studim kombëtar, i cili analizon historikisht zhvillimin e fëmijëve me aftësi të kufizuara në Shqipëri në periudhën 1945-2011.

Tashmë Kuadri ligjor i arsimit shqiptar garanton të drejtën paraqitur në Konventën e të Drejtave të e plotë për arsim publik të çdo fëmije pavarësisht njeriut, si dhe vendos detyrime të reja ndaj qeverive për realizimin e tyre.

Në qershor të vitit 2012 Kuvendi nga nevojat dhe aftësitë e veçanta shpalli përfshirjen dhe integrimin e Shqipërisë duke miratuar Ligjin 69 integrimin e fëmijëve me aftësi të kufizuara në kopshtet dhe arsimin parauniversitar në Republikën shkollat e zakonshme të arsimit bazë si parësore".<sup>2</sup>

Kjo është një arritje për më tepër, siguron përkatësisht në arsimimin me nevojat individuale të çdo fëmije për arsim cilësor.<sup>3</sup>

Kjo synon zhvillimin e plotë të potencialit intelektual e fizik dhe përmirësimin e cilësisë së jetës së tyre për integrim të plotë në shoqëri sepse integrimi i fëmijëve me aftësi të kufizuara në kopshtet dhe shkollat e zakonshme të arsimit bazë është parësore madje nxënësve që nuk dëgjojnë e nuk flasin, u garantohet e drejta e komunikimit në gjuhën e shenjave, dhe atyre që nuk shikojnë, përdorimi i shkrimit Braille. Njësia arsimore vendore, sipas kriterëve dhe procedurave të përcaktuara me udhëzim të përbashkët të ministrit dhe të Ministrisë së Shëndetësisë, i siguron arsimim në shtëpi nxënësve që nuk mundën të ndjekin një shkollë të zakonshme ose të specializuar të arsimit bazë.

<sup>1</sup> "Save the Children" botoi në 2009-n një udhëzues përdorimi të Konventës së të Drejtave të Personave me Aftësi të Kufizuara të Kombeve të Bashkuara, që nxit të drejtat e fëmijëve, titulluar "Më shikon, më dëgjon".f. 3

<sup>2</sup> "Përfshirja e fëmijëve me aftësi të kufizuara në se institucionet arsimore të specializuara" MAS,2014,f.3

<sup>3</sup> 7.12., UNICEF-i publikoi "Modeli i arsimit cilësor mbi bazën e të drejtave" për arsimin gjithëpërfshirës.

Në institucionet arsimore të zakonshme, programi i personalizuar për nxënësin me aftësi të kufizuara hartohet nga një komision, në përbërje të të cilit janë mësues të fushave të ndryshme të të nxënës, të institucionit e psikologë. Hartimi i këtij programi bëhet në bashkëpunim me prindërit e nxënës.

Ndryshimi i programit të personalizuar brenda një institucioni arsimor vendoset nga komisioni brenda institucionit, në bashkëpunim me prindërit e fëmijës. Nxënësve me aftësi të kufizuara u sigurohen mësues ndihmës dhe shërbim rehabilitues, sipas kritereve të përcaktuara me udhëzim të ministrit. Punonjësit arsimorë të institucioneve, që kanë nxënës me aftësi të kufizuara, certifikohen në programe trajnimi për trajtimin e këtyre nxënësve. Njësia përkatëse bazë e qeverisjes vendore u siguron nxënësve me aftësi të kufizuara mjediset e përshtatshme të mësimdhënies e të të nxënës, sipas standardeve të përcaktuara nga Ministria.<sup>1</sup>

Të gjithë fëmijët kanë një set karakteristikash të veçanta, me të cilat i përgjigjen përvojave të reja që mësojnë. Formimi i këtyre karakteristikave natyrisht që bazën e ka në fëmijërinë e hershme dhe në formimin e tyre ndikojnë faktorë të tillë si : marrëdhënia prind-fëmijë, kultura, mjedisi etj. Studimi fillon me përkufizime për Aftësinë e Kufizuar; lloje të aftësisë së kufizuar mendore; nxënësit me aftësi të kufizuara fizike, më tej në kreun e dytë jepen mënyra trajtimi i fëmijëve me AK, Qasjet ndaj fëmijëve me nevoja të veçanta, Abuzimi i fëmijëve me AK, Strategji në ndihmë të mësuesit për edukimin special;

### Gjithëpërfshirja sfidë në arsimin shqiptar

Njohuritë në lëndën e edukatës shoqërore konsiderohen si një shtysë dhe motivim i pandërprerë i fëmijëve për të përballuar kërkesat e kësaj lënde. Ato nuk duhen parë thjesht në këndvështrimin e arritjeve të fëmijëve, por si një mekanizëm nxitës për pjesëmarrje me dëshirë në formimin qytetar, e tashmë për të ndihmuar në integrimin e të gjithë fëmijëve në shoqëri. Sugjerojmë që zhvillime në veprimtaritë e edukimit qytetar të jetë një proces i gjatë stimulues, nxitës, dashamirës, të krijojë besim se fëmija është i aftë të ndryshojë dhe të bëjë diçka në këtë rrjedhë. Si forma nxitëse dhe stimuluese për fëmijët krahas, mund të shërbejnë: Lavdërimi i produkteve që përgatisin, që bëjnë fëmijët ose të ngjarjeve që ata tregojnë për përvojat e tyre të të jetuarit në shtëpi, shoqëri, klasë, mënyrat se si kryejnë detyrat dhe përgjegjësitë shoqërore në mënyrë të vazhdueshme. Stimulimi i fëmijëve-pjesëmarrës në punën në grupe, duke përmendur rolet që ata kryejnë. Krijimi në klasë i një këndi ekspozues për punët e fëmijëve, i cili të ndryshojë herë pas herë dhe në të t'u jepet mundësi të gjithë fëmijëve që të pasqyrojnë punën e tyre dhe në këtë mënyrë rekomadojmë që arsimit sot ofron shërbim vullnetar, merr pjesë në qytetarinë e fëmijëve për të nesërmen etj.

Çdo fëmijë demonstroi, shpreh gatishmëri për shoqërimin, përdor etikë në komunikim, modifikon sjelljet, merr shpejt vendime, zgjidh lehtë situatat e ndryshme, ndan mendime ... etj, këto janë hapat e para dhe më pozitivet drejt gjithëpërfshirjes.

Nuk ka statistika zyrtare për numrin e fëmijëve apo personave me aftësi të kufizuara në Shqipëri. Të dhëna statistikore për fëmijët me aftësi të kufizuara në kopshtet dhe shkollat 9-vjeçare në Shqipëri<sup>2</sup> përbën vetëm 0.5% të numrit të përgjithshëm të fëmijëve të regjistruar në arsimin e detyruar. Sipas Ministrisë së Arsimit dhe Sportit, dallohen kategoritë e mëposhtme të aftësisë së kufizuar: mendore, fizike (lëvizore), mendore dhe fizike, pamore, dëgjimore, të të folurit dhe autizmi.

Duke iu referuar të dhënave nga MAS 2014 numri i përgjithshëm i fëmijëve me aftësi të kufizuara të regjistruar në kopshtet dhe shkollat e zakonshme të vendit është 3678, nga të cilët 511 në kopshte dhe 3167 në shkollat 9-vjeçare.

Në institucionet arsimore zbatohet parimi i gjithëpërfshirjes së nxënësve. Nxënësve të familjeve në nevojë, nxënësve me aftësi të kufizuara dhe atyre me vështirësi në të nxënë u ofrohet përkujdesje e posaçme, sipas përcaktimeve në këtë ligj.<sup>3</sup>

Kuadri ligjor është plotësuar tashmë. Arsimiti në kushtet e shtëpisë ofrohet në raste të veçanta, për të gjitha klasat e arsimit bazë ose vetëm për disa prej tyre. Ministri përcakton rastet e veçanta, kriteret dhe procedurat për arsimimin në kushtet e shtëpisë.<sup>4</sup>

<sup>1</sup> Neni 65. Organizimi i arsimit të fëmijëve me aftësi të kufizuara, DN.2013

<sup>2</sup> Sipas të dhënave të INSTAT-it, numri i fëmijëve me aftësi të kufizuara të regjistruar në arsimin e detyrueshëm është 2400.

<sup>3</sup> Ligji Nr. 69/2012, datë 21.06.2012 "Për sistemin arsimor parauniversitar në Republikën e Shqipërisë,

Neni 6. Parime të përgjithshme

<sup>4</sup> Neni 17. Arsimiti në kushtet e shtëpisë

DAR/ZA ngre komisionin multidisiplinar të përbërë nga një mjek peditatër. Kryetar i komisionit është drejtuesi i njësisë së shërbimit psiko-social.<sup>1</sup>

Komisioni: a) njofton prindin për gjendjen dhe ecurinë e fëmijës b) i jep me shkrim personit që ka paraqitur kërkesën, rekomandimin përndjekjen nga fëmija të shkollës së zakonshme ose të specializuar ose kalimin nga shkolla e specializuar në shkollën e zakonshme apo anasjelltas; Drejtori: organizon marrëdhënie bashkëpunimi me institucione të tjera arsimore, institucione të arsimit të lartë, OJF për shkëmbim të përvojave me fëmijët me AK.<sup>2</sup>

Mësuesi ndihmës, në bashkëpunim me mësuesin lëndor dhe prindin, hartojnë dhe venë në jetë PEI-në e fëmijës. PEI bazohet në dokumentet zyrtare të kurrikulës dhe përmban edhe objektiva për aftësitë e vetë-ndihmës dhe aftësi të tjera sociale, që nxënësi duhet të arrijë, sipas udhëzimeve të komisionit pranë DAR/ZA-së. Mësuesi ndihmës shënon në planin ditas aspekte të ecurisë së fëmijës me AK.<sup>3</sup>

Konceptualizimi i termit "Integrim" duhet t'i përshtatet specifikave, nevojave dhe mundësive të çdo nxënësi, (është detyrë e shkollës të nxisë, zhvillojë në maksimum mundësitë dhe aftësitë e çdo nxënësi, që ata të jenë përfshirë aktivisht në procesin e nxënies). Integrimi social: nxitja e miqësisë dhe marrëdhënieve sociale brenda një grupi, (klase) që ka një qëllim të caktuar përfshirjen e fëmijëve në marrëdhënie sociale për zhvillimin e funksionimit social të tyre në të ardhmen, Pikërisht këto mund të ofrojë ndihmë mësuesi i edukatës shoqërore i cili mund të jetë dhe në rolin e mësuesit ndihmës.

Parimet e Konventës për AK përfshin: Respekt për dinjitetin e natyrshëm, autonomi individuale përfshirë lirinë për të bërë zgjedhjet personale, dhe pavarësi e personit; Mos-diskriminim; Pjesëmarrje dhe përfshirje e plotë dhe efektive në shoqëri; Respekt për ndryshimin dhe pranimin e personave me aftësi të kufizuara si pjesë e diversitetit njerëzor dhe humanizmit; Parimet e përgjithshme Barazi mundësisë; Aksesibilitet; Respekt për kapacitetet në zhvillim të fëmijëve me aftësi të kufizuara dhe respekt për të drejtat e fëmijëve me aftësi të kufizuara për të ruajtur identitetin e tyre.

Shtetet Palë duhet të sigurojnë se fëmijët me aftësi të kufizuara kanë të drejtën për të shprehur pikëpamjet e tyre lirshëm në të gjitha çështjet që prekin ata, pikëpamjeve të tyre i është dhënë pesha/vlerësimi i duhur në përputhje me moshën dhe maturinë e tyre, në baza të barabarta me fëmijët e tjerë, dhe për t'u pajisur me asistencën e duhur sipas moshës dhe aftësisë së kufizuara për të realizuar këtë të drejtë. Liria nga shfrytëzimi, dhuna dhe abuzimi; e duhura për të parandaluar të gjitha format e shfrytëzimit, dhunës dhe abuzimit duke siguruar, ndër të tjera, format e duhura të asistencës në bazë të gjinisë dhe moshës dhe mbështetje për personat me aftësi të kufizuara, familjeve të tyre dhe punonjësve të kujdesit, përfshirë nëpërmjet sigurimit të informacionit dhe edukimit se si të shmangen, njihen apo raportohen rastet e shfrytëzimit, dhunës apo abuzimit.

Shtetet Palë njohin të drejtën e personave me aftësi të kufizuara për edukim. Me qëllim që të realizohet kjo e drejtë pa diskriminim dhe në bazë të mundësive të barabarta, Shtetet Palë duhet të sigurojnë një sistem edukimi përfshirës në të gjitha nivelet, dhe të mësuar gjatë gjithë jetës, të drejtuar nga: Zhvillimi i plotë i potencialit njerëzor dhe sensit të dinjitetit dhe vlerës së vetvetes, fuqizimit të respektit për të drejtat dhe liritë themelore të njeriut, dhe diversitetit njerëzor;

Zhvillimi nga personat me aftësi të kufizuara të personalitetit, talenteve dhe kreativitetit të tyre, si dhe aftësi të tyre mendore dhe fizike, në potencialin e tyre të plotë; Shtetet Palë duhet të marrin masat e duhura dhe efektive, përfshirë dhe mbështetjen e moshatarëve, për të bërë të mundur që personat me aftësi të kufizuara të arrijnë dhe të ruajnë pavarësinë e tyre maksimale, aftësinë e plotë fizike, mendore, shoqërore dhe profesionale, dhe përfshirjen e pjesëmarrjen e plotë në të gjitha aspektet e jetës.

### **Qasjet ndaj fëmijëve me nevoja të veçanta**

*Qasje të tilla në lëndën e edukatës shoqërore konsiderohet si një shtysë dhe motivim i pandërprerë i fëmijëve dhe nuk duhen parë thjesht në këndvështrimin e arritjeve të fëmijëve, por si një mekanizëm nxitës për pjesëmarrje me dëshirë në formimin qytetar, të krijojë besim se fëmija është i aftë të ndryshojë dhe të bëjë diçka në këtë rrjedhë.*

<sup>1</sup> NENI 93, Ngritja e komisionit pranë DAR /ZA-së dhe detyra të tij, DISPOZITAT NORMATIVE PËR SISTEMIN ARSIMOR PARAUNIVERSITAR Tiranë, 2013

<sup>2</sup> NENI 96

<sup>3</sup> NENI 97

*Qasja e bamirësisë*, sipas këtij modeli aftësia e kufizuar është një problem personal ata shihen si të "pafat", "varur", "pavlerë" trajtohen si njerëz të cilët kanë nevojë për mëshirë e bamirësi supozohet se personat të cilët kanë një dëmtim nuk mund të kontribuojnë në shoqëri dhe të kujdesen për vete i ofron atyre para, dhurata apo veshje e ushqim. Personat me aftësi të kufizuara kthehen në përfitues afatgjatë të shërbimeve e mbështetjes sociale.

*Qasja përfshirëse*, që të shihen si pjesë e shoqërisë. Sipas këtij modeli: fokusohet te shoqëria, jo te personat me aftësi të kufizuara si problem, njerëzit janë me aftësi të kufizuara, pasi shoqëria mohon të drejtat dhe mundësitë e tyre e sheh aftësinë e kufizuar si një rrjedhojë sociale e dëmtimit. Të drejtat e nevojat e fëmijëve/personave me aftësi të kufizuara janë të njëjta me ato të personave pa aftësi të kufizuara - p.sh. arsimit, strehimit, punësimit aktivitetet, fokusohen në identifikimin dhe eliminimin e barrierave mjedisore, institucionale dhe në qëndrime, të cilat bllokojnë përfshirjen<sup>1</sup>.

**Pengesat** për pjesëmarrje të fëmijëve/personave me aftësi të kufizuara në kushte të barabarta me fëmijët/ personat pa aftësi të kufizuara janë jo të pakta:

Së pari ato që burojnë nga mjediset, institucionale, të cilët nuk njohin çdo fëmijë me apo pa aftësi të kufizuara, duhet të mësojë së bashku me fëmijët e tjerë sepse raporti njerëzor është i pazëvendësueshëm, prandaj çdo punonjës arsimi duhet të punojë që edhe këta fëmijë të bëhen pjesë e shkollës. Fëmijët, të cilët paraqesin vështirësi për shkaqe organike/biologjike; të cilët paraqesin vështirësi në të mësuar dhe në sjellje; të cilët kanë vështirësi për shkak të disavantazheve që kanë pasur në fëmijërinë e tyre, për shkaqe të ndryshme që me gjithë pasurinë e personalitetit, shumëllojshmërinë e ndjenjave, veçantinë e fantazisë, kanë edhe një ndryshim më shumë nga fëmijët e tjerë, apo një vështirësi më tepër që i pengon të vendosin marrëdhënie me të tjerët e të hyjnë në komunikim me ta. Por pavarësisht këtyre ndryshimeve, fëmijët me aftësi të kufizuara gëzojnë të gjitha të drejtat sikurse dhe fëmijët e tjerë.

Çdo fëmijë është i veçantë. Fëmijët ndryshojnë prej njëri – tjetrit nga kapacitetet, aftësitë, interesat, dëshirat, stilet e të nxëniet, nga zhvillimi intelektual, emocional dhe ai fizik. Në mjedisin arsimor fëmijët marrin njohuri, fitojnë eksperiencë të reja dhe zhvillojnë aftësitë e tyre në fusha të ndryshme. Ky proces nuk ndodh tek të gjithë fëmijët njësoj apo me të njëjtin ritëm. Disa fëmijë shfaqin vështirësi në nxënie. Termi "vështirësi në nxënie" përdoret për të përshkruar vështirësitë në aftësitë specifike të të mësuarit dhe konceptet e fituara nga fëmijë, të cilët në fusha të tjera mësojnë dhe veprojnë pa vështirësi. "Vështirësi në nxënie" është një term "ombrellë" për një shumëllojshmëri të madhe të problematikave që lidhen me procesin e mësimnxënies. Këto vështirësi i sjellin fëmijës një sërë problemesh në arritjet e tij shkollorë, në lëndë apo fusha të veçanta.

### **Abuzimi i fëmijëve me AK**

Fëmijët me aftësi të kufizuara nuk janë të rrezikuar vetëm në mjediset shkollorë për të qënë viktimat të bullizmit, por shumë prej tyre ballafaqohen edhe me viktimizimin në familje. Fëmijët dhe të rinjtë, të cilët kanë qënë viktimat të bullizmit, janë më të rrezikuar se fëmijët e tjerë për të shfaqur depresion, vetmi, shqetësim, vetbesim të ulët, simptoma psiko – somatike (dhimbje koke, dhimbje stomaku, shenja lodhje, mungesë oreksi), bëjnë mungesa në shkollë, nuk e pëlqejnë shkollën, mendojnë për vetvrasje etj.

Nxënësit me aftësi të kufizuara janë më të rrezikuar krahasuar me shokët e tyre pa aftësi të kufizuara për të qënë viktimat të bullizmit edhe për shkak të qëndrimeve negative ndaj aftësisë së kufizuar dhe perceptimeve të ndryshme për format dhe llojet e shfaqjes së saj. Nxënësit që përfshihen në sjellje bullizmi kanë probleme të personalitetit dhe vijnë nga familje problematike, me prindër, të cilët nuk kanë lidhje të forta me fëmijët e tyre dhe që përdorin forma të abuzimit fizik, si mjete ndëshkimi apo disiplinimi<sup>2</sup>.

Materiali mësimor që përgatitet dhe përzgjidhet nga mësuesi, jo vetëm që duhet t'i shërbejë realizimit të objektivave të programit dhe synimeve të prgjithshme të lëndës së edukimit qytetar e formave të tjera të edukimit që lidhen me të, por mund të bashkëpunohet edhe me mësuesit e lëndëve të tjera, duke programuar dhe zhvilluar veprimtari të përbashkëta që mundësojnë edhe realizimin e lidhjeve ndërlëndore. Lënda e Edukatës shoqërore dhe lëndët e tjera duhet të ndihmojnë në

<sup>1</sup> Ndro, M. Vlerësimi faktorëve që kontribuojnë në zbatimin praktik të arsimit gjithëpërfshirës, *ËorlD Vision Tiranë* 2012, F.18

<sup>2</sup> Ndro, M. Vlerësimi faktorëve që kontribuojnë në zbatimin praktik të arsimit gjithëpërfshirës, *ËorlD Vision Tiranë* 2012, f. 16

mënyrë të ndërsjellë njëra-tjetrën. Vetëm në këtë mënyrë do të mund të realizohen si duhet edhe objektivat kryesorë të shkollës dhe të shoqërisë në fushën e arsimit sepse lëndët e tjera duhet të shfrytëzohen përmasën dhe këndvështrimin e edukimit qytetar për të aktualizuar dhe për të kuptuar më mirë çështjet e tyre në diskutim, si dhe për të nxitur përgjegjësinë dhe motivimin qytetar të nxënësve në shkollë dhe në bashkësinë ku jetojnë.

Edukata shoqërore u jep aktualitet më të madh çështjeve me të cilat merret historia. Në këtë mënyrë, ai i ndihmon nxënësit të kuptojnë rëndësinë e historisë për jetën e tyre të përditshme.

Karakteristikat e koncepteve (si drejtësia, barazia, liria etj) duhet të shpjegohen në kohë dhe në hapësirë, pra në kontekste konkrete historike, në të kaluarën dhe në të sotmen. Në disa mësim mund të theksohet përmasa e qytetarisë, si për shembull, në çështjet e të drejtave të njeriut.

Marrëdhëniet e bashkëmoshatarëve shpesh janë shumë të vështira dhe komplekse për fëmijët hiperaktivë. Ata kanë nevojë për mbështetje dhe mbikqyrje, në mënyrë që të mund të aplikojnë praktika të suksesshme të ndërveprimit shoqëror me të tjerët. Fëmijët që kanë probleme shëndetësore, të cilat janë të dukshme dhe në pamjen e tyre si psh (paraliza cerebrale, distrofia muskulare, spina bifida) kanë më shumë gjasa të jenë të viktimit të bullizmit nga shokët e tyre. Shpesh, këta fëmijë etiketohen nga diagnoza që kanë. Fëmijët që belbëzojnë (që ju mbahet goja), janë gjithashtu më shumë të rrezikuar krahasuar me shokët e tyre për të qënë viktima të bullizmit. Fëmijët me ak gëzojnë të drejta të barabarta si gjithë të tjerët. dhe kapacitete, por gjithashtu kanë një gamë të gjerë nevojash të ndryshme. Këtu përfshihen fëmijët me nevoja shëndetësore komplekse, fëmijët me vështirësi në të nxënë, fëmijët me dëmtime sensoriale, fëmijët që kanë nevoja sociale dhe çrregullime në sjellje..

Brenda institucioneve arsimore duhet të zhvillohen politika kundër bullizmit, të cilat do të ndihmojnë në reduktimin e bullizmit. Stop bullizmit ndaj fëmijëve me ak, paaftësisë së kufizuar të fëmijëve në Shqipëri është një proces gjithëpërfshirës, që kërkon angazhimin e shumë institucioneve shtetërore, si ato të shëndetësisë, të punës dhe çështjeve sociale, të shërbimeve shtetërore sociale, të drejtësisë, të arsimit etj.

Ky është një proces që tashmë ka filluar dhe synon të projektojë krijimin e një modeli vlerësimi funksional në ndihmë të drejtpërdrejtë të fëmijës me aftësi të kufizuara, nga njëra anë, dhe personelit mjekësor, arsimor, psikosocial dhe rehabilitues, nga ana tjetër, që do të ofrojë njëkohësisht shërbimet e përshtatshme për fëmijën me aftësi të kufizuara. Për të siguruar një vlerësim sa më të plotë të gjendjes shëndetësore dhe funksionale të fëmijës me aftësi të kufizuara, sistemi institucional i vlerësimit që po ngrihet, projekton të bazohet në: Standardet e vlerësimit të ICF - Klasifikimi Ndërkombëtar për Aftësinë e Kufizuar<sup>1</sup> të hartuar nga Organizata Botërore e Shëndetësisë (OBSh).

### **Strategjit që ndihmojnë mësuesit për implementimin e gjithëpërfshirjes**

Është shumë e rëndësishme që ta kuptojmë gjithëpërfshirjen si një gjuhë e kulturë të gjithë sistemit arsimor e komunitetit, si një e tërë lineare pa moshë, limite kohe e hapësire. Çdo shkollë duhet të përqafojë, të përshtasë e të adoptojë fjalorin përfshirës, si dhe strategji e praktika gjithëpërfshirëse, që mirëpresin, përfshijnë dhe nuk përjashtojnë.

Përshtatja e mjedisit, ulja e nxënësit në bankën e pare, krijimi dhe ruajtja e marrëdhënieve të mira shoqërore me nxënësit e tjerë të klasës. Menaxhimi i sjelljes mund të ndihmohet me anë të qenit fleksibël, pasi jo të gjithë nxënësit detyrimisht duhet të zbatojnë rregullat që lidhen me pozicionin, lëvizjen. Përdorimi i një lloji sinjali për ta ridrejtuar fëmijën tek detyra (p.sh. përplasja e duarve, trokitja e tavolinë sipas një ritmi të caktuar, etj) Komente të shpeshta pozitive për punën; kreativ dhe të hapur për ide të reja; të duruar dhe të përkushtuar në punën me fëmijët hiperaktiv, autikë etj, po gjithmonë duke komunikuar rregullisht me prindërit e fëmijës dhe psikologun e shkollës<sup>1</sup>.

Shpërblimi rregullisht dhe sipas rëndësisë së sjelljes, për sjelljet positive dhe nga ana tjetër kritikë e rregullta, qëndrimi i prerë ndaj sjelljeve negative, por jo ndaj nxënësit. Vendosja e një sistemi të suksesshëm shpërblimi dhe ndëshkimi, ku përforcohen sjelljet pozitive dhe frenohen sjelljet negative p.sh kur shokët flasin, nuk duhen ndërprerë, përmirëson vetëvlerësimin e fëmijës duke rritur pohimet e tij pozitive për veten dhe pjesëmarrjen në aktivitete ekstrakurrikulare. Ndarja e detyrë në hapa të vegjël, organizimi i aktiviteteve jashtëkurrikulare që përmirësojnë aftësitë sociale të fëmijës dhe forcimi i lidhjeve të tij me bashkëmoshatarët, thirrja shpesh në emër, strategjitë e vetëkontrollit shikimi, dëgjimi, mendimi përpara

<sup>1</sup> Ndroi, M. Vlerësimi faktorëve që kontribuojnë në zbatimin praktik të arsimit gjithëpërfshirës, World Vision Tiranë 2012. f.23



se të veprojnë. Pyetje, përgjigjet e të cilave mund të jenë me alternativa psh, (po),(jo) dhe fëmija mund të rrethojë njërin nga ato.

Regullat e shkollës mund të jenë të paqarta dhe të përgjithshme për nxënësit me autizëm, prandaj ato duhet të përshkruhen në mënyrë të qartë. Mësuesi nuk ka kapacitetin dhe mundësinë për të ndryshuar gjendjet e brendshme të nxënësve, prandaj është e rëndësishme përshtatja e sjelljes sonë si dhe e mjedisit të klasës e të shkollës. Fëmijët me autizëm mund të përfitojnë ndjeshëm falë një mjedisi pa shumë ngacmues që i shqetësojnë dhe u tërheqin vëmendjen. Mësuesi mund të rregullojë një zonë më të qetë e pa stimuj që i tërheqin vëmendjen fëmijës, ose të krijojë zona më të qeta për ta në mjediset e shkollës. Vështirësitë e tyre janë pasojë e ndryshimeve biologjike në ato pjesë të trurit, që rregullojnë sjelljen sociale dhe kuptimin e situatave. Disa nxënësve me autizëm u pëlqejnë aktivitetet të tilla, si drama, aktrimi apo loja me role, të cilat mund të përdoren për t'u mësuar atyre aftësi të tilla sociale, si përshëndetja, të folurit me radhë, mbajtja e radhës etj.<sup>1</sup>

Çdo fëmijë është i veçantë. Fëmijët ndryshojnë prej njëri – tjetrit nga kapacitetet, aftësitë, interesat, dëshirat, stilet e të nxënësve, nga zhvillimi intelektual, emocional dhe ai fizik. Në mjedisin arsimor fëmijët marrin njohuri, fitojnë eksperiencë të reja dhe zhvillojnë aftësitë e tyre në fusha të ndryshme. Ky proces nuk ndodh tek të gjithë fëmijët njësoj apo me të njëjtin ritëm. Disa fëmijë shfaqin vështirësi në nxënie. Termi "vështirësi në nxënie" përdoret për të përshkruar vështirësitë në aftësitë specifike të të mësuarit dhe konceptet e fituara nga fëmijë, të cilët në fusha të tjera mësojnë dhe veprojnë pa vështirësi.

Për ritjen e efektshmërisë së kurrikulës së shkollës mund të bashkëpunohet edhe me mësuesit e lëndëve të tjera, duke programuar dhe zhvilluar veprimtari të përbashkëta që mundësojnë edhe realizimin e lidhjeve ndër-lëndore. Shpërndarja dhe larmia e veprimtarive, duhet të bëhet duke analizuar me kujdes si programin ashtu edhe kërkesat që parashtrajnë veçoritë vendore. Edukata shoqërore duhet të zhvillohet në lidhje të ngushtë me lëndët e tjera.

Lënda e Edukatës qytetare dhe lëndët e tjera duhet të ndihmojnë në mënyrë të ndërsjellë njëra-tjetrën. Vetëm në këtë mënyrë do të mund të realizohen si duhet edhe objektivat kryesorë të shkollës dhe të shoqërisë në fushën e arsimit. Çfarë do të thotë kjo?

*Së pari*, Edukata shoqërore mund të shfrytëzojë informacionin dhe çështjet që trajtohen në lëndët e tjera për të sqaruar, për të konkretizuar dhe për të argumentuar më mirë idetë e veta.

*Së dyti*, lëndët e tjera duhet të shfrytëzojnë përmasën dhe këndvështrimin e edukimit qytetar për të aktualizuar dhe për të kuptuar më mirë çështjet e tyre në diskutim, si dhe për të nxitur përgjegjësinë dhe motivimin qytetar të nxënësve në shkollë dhe në bashkësinë ku jetojnë.

## Metodologjia

Metodologjia e këtij studimi është proces kompleks i mbështetur në metodologjinë e përzier. Ky proces është realizuar nga përzgjedhja e metodave bashkëkohore, instrumenteve dhe kampionit ku implementojnë këto instrumente.

## PËRFUNDIME

**( Bazar mbi pyetsorin drejtuar nxënësve, komunitetit, mësuesve dhe drejtorave të 10 shkollave 9- vjeçare të Elbasanit )**

Në përfundim, mund të thuhet se ligji, si kurrë më parë, ka sanksionuar arsimin gjithëpërfshirës të fëmijëve me aftësi të kufizuara. Ligji 69/2012 "Për arsimin parauniversitar në Republikën e Shqipërisë" sanksionon madje arsimimin në shtëpi në rastet kur fëmija ka dëmtime afatgjata, që e pengojnë të ndjekë shkollën e zakonshme ose të specializuar. Plotësimi i këtij ligji dhe me hartimin e akteve nënligjore që do të orientojnë dhe udhëzojnë zbatimin konkret të tij, do t'i hapë rrugën instalimit të sistemit gjithëpërfshirës të arsimit të fëmijëve me aftësi të kufizuara".

Mësuesit e gjejnë veten të papërgatitur për rolin si edukatorë e agjentë ndryshimesh gjithëpërfshirëse. Legjislati për fëmijët me aftësi të kufizuara, sot është përcaktues, duke theksuar përgjegjësitë e çdo institucioni arsimor. Arsyeja është

<sup>1</sup> Ndrilo, M. Vlerësimi faktorëve që kontribuojnë në zbatimin praktik të arsimit gjithëpërfshirës, World Vision Tiranë 2012, f.45

numri i nxënësve me aftësi të kufizuara dhe shkolla janë përgjegjësit kryesorë për të respektuar të drejtën e tyre për arsim cilësor, sepse dikur nxënësit ishin të izoluar sot kemi arritur tek "Jam mes jush, i ndryshem, i ngjashëm, i barabartë."

Sipas "Strategjisë kombëtare të arsimit", qeveria shqiptare mbështet "Arsimin për të gjithë", që më 2004. "Gjithëpërfshirja është një e drejtë, që shoqëria shqiptare dhe, akoma më ngushtë, shkolla po synon të mirëpresë fëmijët që kanë nevoja të veçanta duke hapur mikpritshëm dyert e klasave. Gjithëpërfshirja është parakusht për zhvillimin e mundësive të barabarta, për edukim demokratik dhe për përfshirje sociale."<sup>1</sup>

Gjithëpërfshirja bazohet në parimet e edukimit pa paragjykitime e përjashtime sociale, detyrë kjo që mund t'i atashohet mësuesve të edukatës shoqërore. E vetmja gjë që ajo përjashton, janë paragjykimet. Shkencërisht ato njihen nga psikologjia sociale si forma regresive e mekanizma mbrojtëse që plotësojnë apo zëvendësojnë mosnjohjen e paditurinë me mite e koncepte të gabuara, që nuk reflektojnë të vërtetën, faktet e studimet shkencore. Konceptet apo pedagogjitë e "përjashtimit, të distancave, ndarjeve, veçimit, kategorizimit e kufijve shoqërorë" kundërshtojnë dhe dëmtojnë proceset gjithëpërfshirëse në arsim veç e veç apo, akoma me keq, të gjitha bashkë, sepse nxisin diskriminim e cënojnë të drejtën themelore për mundësi të barabarta për të gjithë nxënësit. Teorikisht gjithëpërfshirja bazohet në teorinë e zhvillimit të ndikimeve sociale, hartuar nga psikologu rus Vigotski.

Siç e përmendëm dhe në hyrje, terminologjia e parapëlqyer prej nesh është "fëmijë me vështirësi apo nevoja të veçanta" për të theksuar kështu vendosjen e fëmijës, nxënësit, në fillim dhe "paaftësinë apo vështirësinë" mbas. Gjithashtu, në Strategjinë Kombëtare për Personat me Aftësi të Kufizuara thuhet se "aftësia e kufizuar nuk qëndron tek individi; ajo që ka individi, është dëmtimi."

Duke besuar që gjuha, si pjesa më e rëndësishme e bashkëveprimeve shoqërore, pasqyron proceset e ndryshimit dhe, akoma më ngushtë, lidhjet me normat shoqërore, patjetër që do të reflektojë gjuhësisht elementet e reja të proceseve gjithëpërfshirëse. Pra, gjuha me ligjet e saj do të ndjekë dhe mbështesë procesin në të gjithë elementet e tij si në formë, ashtu dhe në përmbajtje e cila mundet me sukses të formësohet tek kurrikula e lëndës së edukatës shoqërore.

Gjuha, fjalori e qëndrimet gjithëpërfshirëse do të zëvendësojnë gradualisht etiketimet e kategorizimeve përjashtuese. Praktikata në fushën e edukimit kanë treguar që emërtimet e reja gjithëpërfshirëse janë njëkohësisht dhe konceptet e reja që lidhen me sjelljet dhe qëndrimet e hapura, pranuese dhe dashamirëse të komunitetit të shkollës dhe me gjerë, prandaj lënda e edukatës shoqërore është pikënisja e formësimit të mentalitetit gjithëpërfshirës.

Studimet mbi "ndikimet gjuhësore në zhvillimet e shoqërisë" kanë treguar që gjuha në vetvete është e njohur si mjet zhvillimi, që mbart në vetvete potenciale të fuqishme, të cilat përcjellin mesazhe mikpritëse, dashamirëse dhe gjithëpërfshirëse ose, e kundërta, veçuese e përjashtuese, që mësuesi i edukatës duhet t'i përçojë.

Zhbërja e këtyre koncepteve përjashtuese e paragjyquese bëhet akoma më sfiduese për shkollën, klasën apo mësuesin gjithëpërfshirës sidomos në rastin kur këto imazhe, stigma e paragjykitime fatkeqësisht kanë zënë rrënjë në etikën e shoqërisë shqiptare.

Çdo fëmijë me aftësi të kufizuara, së pari duhet të përfshihet në grup, së bashku me fëmijë të tjerë, që të mund të pranojë dhe të pranohet, të japë dhe të marrë dashuri. Mësuesit e fëmijëve me aftësi të kufizuara, duhet të kenë parasysht se: "të pretendojmë që këta fëmijë të bëjnë gjithçka mirë", më parë duhet të pretendojmë që çdo kush prej tyre, të bëjë atë që bëjnë njerëzit kampion, apo ata më të talentuar". Çdokush, sipas mundësive të tij, duhet të shfrytëzojë kapacitetet individuale në fusha të caktuara. Shkolla dhe fëmijët me aftësi të kufizuara. Shkolla përfaqëson një institucion të organizuar dhe të specializuar për arsimimin e çdo individi pa asnjë dallim. Ajo vepron si qendër mësimi në bashkëpunim të ngushtë me organizma të tjerë shoqërorë dhe ka ndikim social të madh në shoqërinë e çdo vendi. Edukimi që realizohet në shkollë ka për qëllim të zhvillojë të gjitha aspektet e personalitetit të nxënësve: aspektin intelektual, fizik, social, moral dhe afektiv.

Prandaj, përgjegjësia e shkollës si një institucion për të arsimuar çdo fëmijë është shumë e rëndësishme për shoqëritë modernë Përfshirja e fëmijëve me aftësi të kufizuara në procesin mësimor, përkrah bashkëmoshatarëve të tyre kërkon angazhim institucional dhe shumë përkushtim dhe profesionalizëm nga çdo punonjës arsimi. Gjëja më e rëndësishme që një punonjës arsimi mund të bëjë për fëmijën me aftësi të kufizuara, që ka në klasën apo shkollën e tij, është të besojë në aftësitë e tij, të cilat janë të shumta.

<sup>1</sup> (Radoman, V., Nano, V., Closs, A., 2006)

## Rekomandime

Për mbrojtjen e fëmijëve me AK duhet të mbështetemi në *fushën e legjislacionit* rekomandohet mbulimi nga ligji i shëndetit mendor

*Në fushën institucionale* rekomandohet të ngrihet një sistem trajnues për të gjitha shkollat

*Në fushën e ndërgjegjësimit* rekomandohet fushata në shkallë të gjerë dhe sistematike të forcave arsimore në veçanti ndaj mësuesve. Të bëhen trajnime për diagnostikimin e hershëm dhe raportimin e rasteve. Duhet të formulohet një strategji, politikë apo plan veprimi kombëtar, me objektiva që janë realiste dhe kanë afate të përcaktuara kohore, e koordinuar nga një agjenci, e cila ka kapacitetin të përfshijë sektorë të shumëfishhtë në një strategji implementimi me spektër të gjerë pjesëmarrjeje dhe mbështetjeje..

Të nisen fushata të informimit publik për të sensibilizuar mësuesit, nxënësit dhe familjet lidhur me AK Të garantohet që drejtorët e shkollave dhe mësuesit përdorin adoptojnë metoda të menaxhimit të klasës Të targetohen psikologët e shkollave, stafi pedagogjik dhe administrativ i shkollës dhe rojat. Të reformohet sistemi shëndetësor, sistemi i drejtësisë dhe ai i shërbimit social për të përmbushur nevojat e veçanta të fëmijëve. Të forcohet dhe të zgjerohet roli i shërbimeve psikosociale dhe këshillimore i shkollës për të adresuar çështjet e .....në mënyrë që ata të jenë në gjendje të kërkojnë masat e përshtatshme.

Mësuesit duhet të përqipen të ofroj më të mirën e mundshme profesionale për nxënësit e tij dhe duhet të pranoj kontributin e tyre në procesin e krijimit dhe përvetësimit të njohurive. Shkollat në bashkëpunim me ekipet lëndore të hartojnë plane edukative individuale (PEI), sipas nevojave të fëmijëve. Shkollat të bëjnë një shpërndarje të drejtë të fëmijëve me nevoja të veçanta nëpër klasa, sipas kriterëve të përcaktuara. Psikologët të hartojnë plane vjetore e mujore mbi bazën e nevojave dhe problemeve të shkollës. Psikologët e shkollave të mirëmbajnë kartelat individuale të nxënësve, ku të paraqesin në vazhdimësi ndryshimet zhvillimore të nxënësve. Shkollat të marrin masa për të ngritur grupin e punës në mbështetje të psikologut. Mësuesit të përdorin teknika bashkëkohore gjithëpërfshirëse dhe punë të diferencuar me të gjitha nivelet e nxënësve.

Vlerësimi i nxënësve të jetë më stimulues dhe i pandërprerë gjatë gjithë procesit mësimor duke përdorur forma e mënyra të ndryshme vlerësimi, me qëllim që të shërbejë për të tërhequr dhe aktivizuar nxënësit në këtë proces.

Mësuesit duhet t'i përkushtohen të gjithë nxënësve njësoj dhe duhet të ushqejnë potencialin e tyre qytetar, shoqëror, intelektual, emocional dhe fizik.

Mësuesi duhet të besojë në suksesin e çdo nxënësi dhe të sigurojë kushtet e të nxënët për të gjithë. Mësuesi duhet të jetë një model i sjelljes dhe i zgjedhjeve paqësore në marrëdhënie me nxënësit. Mësuesi duhet të jetë i vetëdijshëm për kufijtë e tij profesionale në marrëdhënie me nxënësit dhe i respekton ato në mjedisin arsimor. Të dhënat e nxjerrë nga përdorimi i instrumentave në këtë studim, do t'u shërbejnë mësuesve, nxënësve, gjithashtu drejtorisë së shkollës. Do të shërbejë edhe për studime të mëtejshme në këtë fushë, do t'u shërbejë prindërve të cilët duhet të jenë në dijeni për këtë lloj komunikimi të mësuesve kundrejt fëmijëve të tyre, shoqërisë ku jetojmë, që tashmë duhen të mësohemi me taktikat më të reja që duhet të përdorin mësuesit në komunikimin me nxënësit gjatë orës së mësimi.

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## ICT in Foreign Language Teaching and Learning: Benefits and Challenges

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### Abstract

*The use of ICT in the Foreign Language Teaching and Learning is very important for providing opportunities for teachers and students to learn and operate in an information age. Education, particularly foreign language teaching has to adapt and renew itself to be compatible with the globalized society. This study aims to analyze the use of ICT in foreign language teaching and learning, which are the benefits, the main advantages of ICT and the challenges of ICT in foreign language. The recognition and implementation of ICT in teaching constitutes an integration challenges for our society. One of priorities of the Education in Albania is the integration of ICT in education, so the use of ICT in language teaching and learning seems to have become a prerequisite to the modernization of the education system and learning methods. Using authentic material provided by the internet helps students to be better in communication and to be in contact with the culture of the country and people whose language they study.*

**Keywords:** ICT, foreign, language, teaching, learning.

### Introduction

ICT (Information and Communication Technology) has penetrated into every sector of life, and the teaching of foreign languages is included in this new renovation by taking benefits but also by being faced with new challenges ahead to the learning process from the introduction of ICT. In this context, we emphasize the teaching and learning of foreign languages currently is seeking a pedagogical update context of teaching, a new environment created by the use of ICT and revision of the roles of the main actors of this process, teachers and students. Graddol (1997, 16) states that "technology lies at the heart of the globalization process; affecting work and culture...". Specifically in Albanian education reality, the enforcement and implementation of ICT in the teaching of foreign languages is a challenge integration of ICT, especially in semirural and underdeveloped rural areas. But on the other hand the international experience of developed countries show successful results, which relate to an effective use of ICT in classrooms where is being learnt a foreign language. Albanian teachers have training deficiencies and possess little technological competence, and therefore this study takes a special importance due to the specific data that will be analyzed in this case study. Today's society, defined as the knowledge society, has taken an irreversible way, that the human communication revolution which has its origin precisely to the massive use of the Internet and new technological devices. Teaching foreign languages continues to be part of the dynamic changes and new application of modern strategies in view of the renewal of education, knowledge and change in the culture of learning.

### Literature review

The use of ICT in teaching and learning of foreign languages has brought a revolutionary by making knowledge more accessible to all students as those who live in the city and those who live in the village. Application of ICT in MGJH (TFL) provides benefits for students as ICT increases their conceptual and perceptive skills by facilitating learning. ICT brings dynamism and on the other hand puts the student in control allowing independent development progress (Mexhuvani, 2014, 7). Use of ICT in the teaching of foreign languages in the classroom promotes cooperation and here we consider an important element of foreign language cultural element. A student can visit an important cultural link or he/she can communicate with a native speaker through chat, forums, e-mail, Skype messenger, etc, by practicing the important skills of speaking and writing without barriers. When a student reaches to connect spiritually with the information, he/she feels better, reinforces the existing knowledge, the memory and feels like it was in the situation with a real interlocutor. It can be

said that the Internet itself and the use of ICT in teaching and learning a foreign language can really facilitate overcoming obstacles which a student may encounter while learning it.

The foreign language teacher is becoming more and more a kind of multimedia. He/she uses different technologies related to specific media as book (images, words / writing) images (iconic-flashcards), videocassette (video), DVD (images and sound, subtitles), Cassettes (voice), teaching files, games, simulations and interaction, and didactic games. ICT enabled the great opportunities for teaching and learning foreign languages and techniques experimenting with new engagement strategy by teachers and students for a more independent and interactive orientation towards learning. In teaching and learning of foreign languages educational software and the Internet are used more and more. Different typologies of software can facilitate the practice of linguistic skill through exercises, games and simulations. Multimedia software, except the fact that enables the delivery of foreign language in its authenticity opportunity also offers the best exercise of pronunciation and intonation.

Internet remains a very important source to find the audio-visual materials by facilitating a transversal use of language in different contexts. In foreign language teaching, ICT is of an added value because we have a fast access without time limit to different types of texts (text, audio, video), which can be used directly or indirectly through the learning process. We can manipulate digital data in whichever text (text, image, video) and so we can create new recourses; Another option could be "placed" virtually in another country, far away, in a small locality or leading major city; we create possible interaction with people on synchronously or asynchronously (chat, email, forum) way as well as immediate feedback type "soft".

### **New cultural context of teaching and the theoretical framework**

New context of foreign language teaching of enabled by the implementation and application of ICT in order to promote co-operation and communication, requires the adaptation of teachers and students with new educational reality. Essentially foreign language teaching through the use of ICT aims at promoting linguistic skill of reading, writing, speaking and listening but also the improvement of intercultural competence. Recent studies have shown that the application of ICT and particularly the use of the Internet for educational purposes, has improved rapidly the acquisition of foreign languages, such as facilitated the teaching and learning process namely through the implementation of a new dimension of tools, such as Internet world (Erben, Ban, Castaneda, 2009, 81). Steve Thorne supports the idea that although Internet technologies have the same function in different countries, there are changes in the "culture of use" of them. References in this case have to do with the way technology is perceived in different social contexts. In the case of foreign language, teaching international experiences offer a wide variety of electronic communication are sometimes put in difficulties concerning the intercultural communication mediated by the Internet. We should point out the fact that teachers and students should have technical and non-technical skills to use technological tools, culture use. It may happen that the students are more capable than the teacher in the use of internet and computers and in this case the teacher should consider the students a benefit to the learning process.

Referring to Mark Prensky (2001) "*Our students have changed radically. Today's students are no longer the people our educational system was designed to teach*" it can say that the teachers have to change their methods, and the best thing to do is to combine the traditional methods with the alternative ones.

### **Materials and methods**

The research is being developed on the assumption of use, the implementation of ICT and finding the benefits and challenges faced by teachers and students during the teaching and learning of a foreign language. In this case study the instruments used are questionnaires, surveys during school hours and occasional interviews with teachers. It was made possible the realization of a questionnaire addressed to students about the use of ICT in teaching and learning of foreign languages. Also observations were conducted during school classes as well as interviews with teachers to collect data and then to interpret them. They consulted materials addressing the problem of application of ICT in foreign language teaching

Sample: Samples taken in this study were 60 students 30 (or 50%) girls and 30 boys (or 50%) age 12-15 years randomly selected from two elementary schools of Elbasan, and one in the rural area, Pajovë. Selection of adolescents was made because they are more exposed to technology and spend hours surfing the web. A questionnaire with 10 questions was completed by students and data on the use of ICT in teaching and learning of foreign languages in the analysis were

obtained and expressed in percentages. There were made also observations in foreign languages classes. We asked permission from DAR (Regional Education Directorate) Elbasan and school principals to realize the questionnaire in the first hour of the day on Wednesday, May 21, 2015. Participants were informed that students will fill out a questionnaire regarding learning a foreign language, participation it was not mandatory. For some of them it was the first time they were filling a questionnaire and were curious. They were informed that their anonymity and confidentiality will be protected.

### Findings and results

Students interviewed answered all the questions. The age of respondents was 12-15 years old. In this case study participated 30 boys (or 50%) and 30 girls (or 50%).

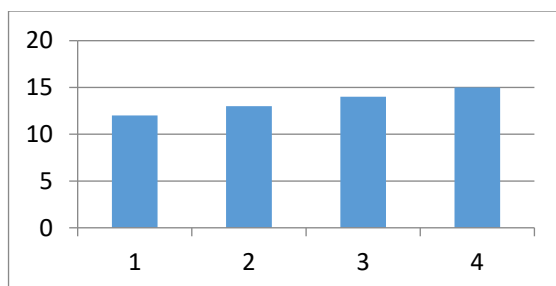
Questions	Yes	No
1 Does the ICT offer a support in teaching process?	Yes	No
2 Do you have a computer at school? Home?	Yes	No
3 Have you used audio-visual tools in class TV, DVD, projector?	Yes	No
4 Do you have a positive perception of integrating ICT in learning at foreign language?	Yes	No
5 Do you use the social webs to communicate with native speakers?	Yes	No
6 Do you prefer using ICT at class, do you feel more interested, motivated?	Yes	No
7 Do you use ICT on teachers' advice to do research or home work?	Yes	No
8 Do you use the ICT to learn new linguistic expressions?	Yes	No
9 Do you use the internet often?	Yes	No
10 Do you face challenges like integrating the ICT in teaching and learning process?	Yes	No

The sample's characteristics

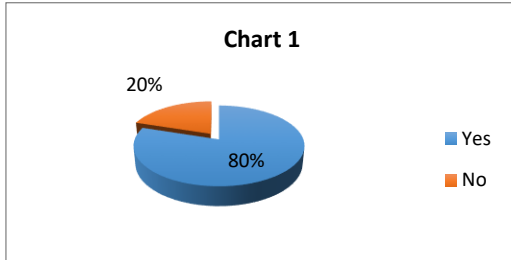
Tabela 1. Age of respondents

Age (years old)	Number	Percentage
12	15	25%
13	15	25%
14	15	25%
15	15	25%
	Total 60	100 %

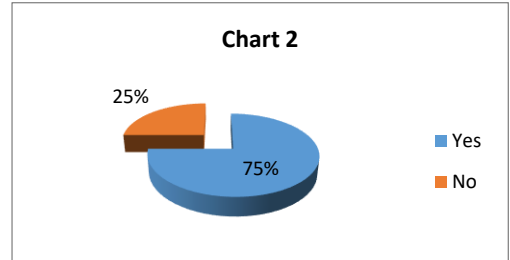
Figure 1. Age of respondents



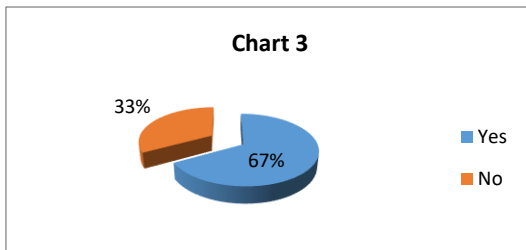
## Questions and Answers



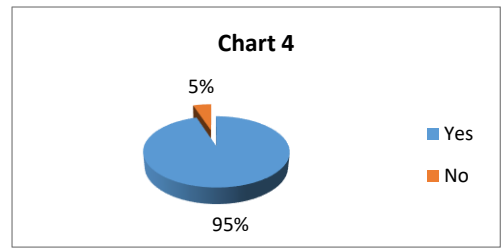
To the first question of the questionnaire if ICT offers a support in teaching process, 80% of them answered yes and only 20% of them, the ones living in the rural area, answered no.



To the second question if they had computers at school and home, students respond 75% yes and 25% answered not.

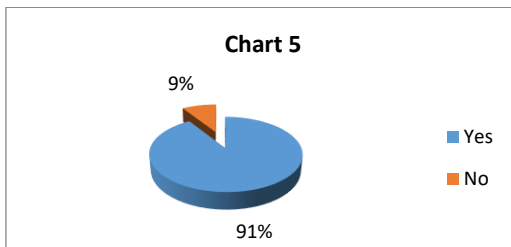


To the third question using audio-visual tools at learning a foreign language as TV, DVD, and projector, 67% of the city students answered yes and about 33% of students in the village answered no.



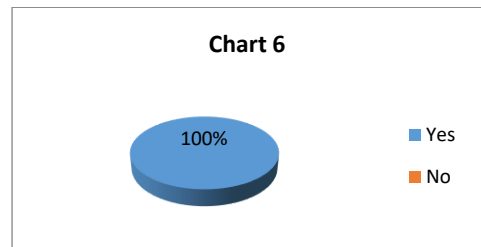
Is there a positive perception for the integration of ICT in the teaching of foreign languages?

95% answered positively, and 5% negatively.



Do you use social networks to communicate with native speakers?

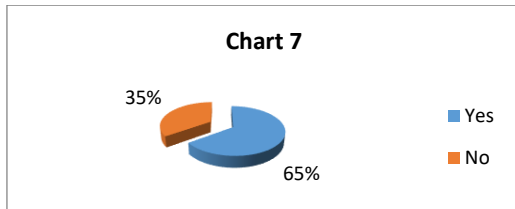
About 91% of students had a Facebook account, 9% Twitter account and were regular users of social networks.



Do you prefer learning with ICT; do you feel more motivated and interested?

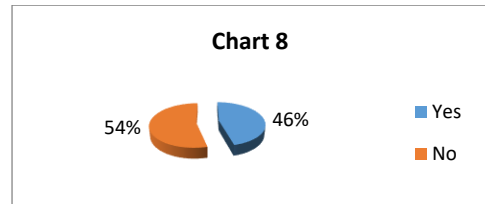
100% of them prefer to use ICT during the learning and were more motivated and interested in the foreign language class.





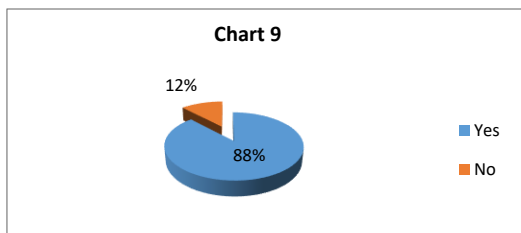
Do you use ICT according to the teachers' instructions to do research and homework on the internet?

Students answered about 65% positively and 35% negatively.

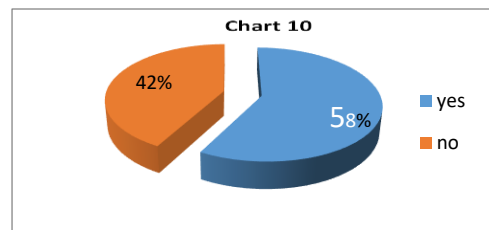


Do you use ICT to develop language expressions?

46% of them expressed yes 54% no.



Ninth question: do you use the Internet frequently? 88% said yes and 12% not very often.



Tenth question: do you daily face challenges in integrating ICT in teaching / learning a foreign language 58% yes and 42% not.

## Discussion

The results of the questionnaire filled in by the students of the two schools of Elbasan one in the city and the other in the village show preference for technology and particularly Internet use and computer. In foreign language classes, teaching technology motivates students and increases their interest in what they learn. Digital technology also has brought a real revolution, where the introduction of new technologies has proved a new approach to teaching foreign languages. Referring Salaberry (1996, 5-34) "new technologies promote a new approach in which the student takes an important role; he turns in an active participant in the construction of knowledge". Technology offers the advantages and benefits in the theoretical framework of the teaching and learning of foreign languages. Researchers Byron Reeves and Clifford Nass (1996, 5) have supported the idea that "*the interactivity of people with computers, television, the Internet and other media are the foundations of natural and social interactions of everyday life*". The Internet is an important tool in the process of teaching and learning a foreign language and in the context of foreign language a very important embodied element is the culture. (Kern & Warschauer, 2000, 1-19) "At the core of socio-cultural approaches and socio-cognitive ones, the research done on the learning of a foreign language through the computer, lays the potential of ICT as a functional facilitator tool of the interaction and communication between people".

## Conclusions

Throughout the Internet, students can communicate through different social networks, share or write messages on Facebook, Twitter, e-mails, read daily newspaper, and consult new words in online electronic dictionaries, read books, e-book, or writing and reading programs. Students can improve their language skills of reading, writing, listening and speaking. Benefits of using ICT in foreign language learning are numerous and there are many reasons to support their use in teaching and learning of a foreign language. Technology increases the dimensions of foreign language learning, involve students in interactive activities, the use of ICT helps teachers reach all students comprehensions in different ways.

Students have to work in cooperation with one another and use their receptive and productive skills as a publishing newsletter, writing journals etc. Besides the benefits in using ICT in foreign language, teaching is full of challenging aspects. ICT being part of all the country's schools is a reform that stands as a crucial teaching helper and student support.

The ICT Challenges: The teacher may sometimes feel uncomfortable, when the Internet is slow, when he is not qualified and trained, when there is no institution or a network maintenance person when the lines are heavily loaded and there is no immediate access to the material. When computers are very old and do not offer many programs, lack of electricity or when a student has more technological competence than the teacher.

### Recommendations

As the teacher and student too, should know the technology and use it for educational purposes, they should not abuse with the technology, without forgetting to combine the materials of the book with materials obtained from the Internet, or listen to the files from the CD room but also listen to file from the Internet, to exchange messages with native speaker, write essays and real-time communication. I will suggest for Albanian students teleconferencing and chat-line services, to improve reading habits by simply reading authentic materials on the web. Foreign language teachers should encourage students to use personal devices laptop, Ipod, MP3, and Smartphone as support in learning foreign language learning. Foreign language teachers need to renew teaching methods and to watch the students as active participants in the teaching process. According to prof. Kraja (2008, 312) "Teachers should be open to the inclusion of their students at all levels of the educational process, the student must be evolved actively in the learning process."

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## The Influence of Demographic Factor on Customer Service Quality Perception

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### Abstract

*Banks are continually striving for increased service quality in order to achieve a competitive edge. In order to improve service quality is necessary understanding the factor that can influence the customer perception of the service quality. Marketing literature posits demographics as an important factor affecting customer service quality. Development of marketing strategies requires appropriate understanding of factor that can influence customer perception about service quality. Bank customers' needs according to their demography are still an unserved area. So, the purpose of this paper is to analysis the relationship between customer demographic characteristic such as gender, income, age and occupation and the bank service quality factors in Albania. For this purpose the data was collected through the survey of bank customers (N=352) in two major cities in Albania. For measuring bank service quality perceptions a modified BSQ instrument was used. Statistical techniques used to determine the influence of demographic factor on customer perception of service quality were one way ANOVA and post hoc test. A significant difference was found in service quality perception by age groups whereas no significant difference was found on bases of gender, income and occupation. The results of the study enhance the understanding of service quality perception in Albanian banking industry and provide useful insight for the management and delivery of service quality. Also, the study finding can help bankers to design strategies that can fulfill customer requirements according to their gender, ages, and income and occupation characteristics.*

**Keywords:** demographic factor, service quality, perception, banking, Albania

### 1. Introduction

The banking industry in Albania has undergone revolutionary changes due to liberalization and globalization measure since 1990. This measure has transformed the banking sector in Albania with strong contributions from government, private and foreign banks. Challenges coming from several fronts (e.g. structural, regulatory and customer related) make the banking landscape in Albania more competitive than ever before (Lleshanaku, 2008). The competitive situation makes it necessary for the banks to choose superior strategies and tactics in order to succeed. Because financial services compete in the market place with generally undifferentiated products, service quality becomes a primary competitive weapon (Stafford, 1996).

Development of marketing strategies requires appropriate understanding of factor that can influence customer perception about service quality. According to Meng (2009) demographic information shows that customers with different demographic characteristics have different perceptions of service quality. Gagliano (1994) and Webster (1989) found that age, gender and income were significantly related to service quality expectations for professional services. Demographics continue to be one of the most popular and well accepted bases for segmenting markets and customers (Belch, 2003). Given that demographic information is a fundamental and generally necessary consideration for segmentation and targeting (McCarty, 1993) understanding the effect of key demographic such as age, income and gender on customer perceptions of quality is important.

It is important for bank managers to understand potential demographic effects in the evaluation of service quality for the development of effective marketing strategies, because without sound evidence and guidelines, managers may run the risk of making wrong decisions.

Therefore, the objective of this study is to investigate whether the demographical characteristics of customers such as gender, income, age and occupation influence the perception of service quality in Albanian banking industry.

This article is organized as follows: first we review prior theory and research relevant to service quality and demographic effects on service quality perceptions. Then we describe the method and present the results from our field of study. We conclude by discussing the finding and implications of the research.

## 2. Literature review

Service quality may be measured using multiple dimensions and attributes. Studies were conducted to explore and identify major attributes which determine success in offering a service (Parasuraman, 1985). The SERVQUAL model developed by Parasuram (1985, 1988) is the most cited and applied model for measuring service quality. The SERVQUAL model is composed by ten dimensions or determinants of service quality: *reliability, access, understanding of the customer, responsiveness, competence, courtesy, communication, credibility, security, and tangible*.

From reviewing the literature on the area of bank service quality measurements can be concluded that SERVQUAL was design as a universal scale applicable within and across a wide range of service settings has been used, replicated and modified within specific banking sector.

To provide a lasting solution to the problem of the unsuccessful measurability of SERVQUAL, researchers agreed on a possible modification of the SERVQUAL model to suit the specific service settings (Bahia and Nantel, 2000; Jabnoun and Khalifa, 2005; Amin and Isa, 2008; Othman and Owen, 2001; Guo, Angus and Hair, 2008; Jabnoun and Al - Tamimi, 2003; Obaid, 2006; Karatepe, Yavas and Babakus, 2005).

To build their BSQ retail banking – specific metric Bahia and Nantel (2000), modify the SERVQUAL model. Bahia and Nantel (2000) used a number of the SERVQUAL dimensions and incorporated additional dimensions in order to cover all the facets of the marketing mix. After modification, the dimensional structure of the BSQ scale was based on six dimensions *effectiveness and assurance* (which was composed from six SERVQUAL dimension *competence; responsiveness; credibility; security; empathy; and communication*), *access, price, tangibles, service portfolio, reliability*. While the dimensions use to define bank service quality may be similar in different countries, the relative importance and interpretation of the dimension differ from country to country.

The paper of Spathis (2004) investigated the effect of gender differences on customers' perceptions of service quality dimensions using the BSQ model developed by Bahia (2000). Surveys results indicated that customers' gender affects service quality perceptions and the relative importance attached to the various service quality dimensions.

Existing research models and measures may be inapplicable to other cultures unless the dimensionality of scales and reliability are demonstrated to exist (Douglas, 1983; Hui, 1985). For this study purposes was decided to use a modified BSQ instrument tested before for its reliability and validity in Albanian banking industry. This instrument differs from the original six dimensional BSQ instrument and is composed 28 items and four dimensions (1) *Responsiveness and Informing*, (2) *Reliability and Security*, (3) *Commodities* and (4) *Effective Access* (see table 11).

### 2.1 Effect of demographics on the perception of service quality

Although interest in life – style or psychographic information has increased among marketing practitioners, demographic information is still a fundamental and generally necessary consideration for segmentation and targeting (McCarty, 1993). Stafford (1996) stated that service quality continues to be a significant issue in the banking industry and identified distinct elements of bank service quality and ascertains which of those elements are most important to different demographic groups.

Gupta (2011) found that gender, age, occupation, education level and income rated differently the dimensions of service quality of banks. Bhat (2005) found that there were differences across demographic characteristics in variable such as income and age.

Similarly, Javalgi (1990) found that older customers perceived personal service and financial advices important attributes of bank services. The pronounced emphasis on service interactions among the elderly was also highlighted in a study by Mattila (2003) where the lack of personal service in e-banking was found to be major barrier of internet banking adoption among mature customers.

Customers with different income levels have been found to have different perceptions of service quality (Scott, 1993). It is generally accepted that individuals with higher income levels also have higher education levels (Farley, 1964). Kotler (2010) suggest an increase in educated people leads to an increase in the demand for quality products. So, customers with higher income levels may perceive service quality differently from their lower income counterparts.

Previous research on gender effects on customer perceptions of service quality has produced somewhat conflicting results. For example, Stafford (1996) suggests service quality may be more important to women than to men when transacting business with bank. It was also noted within the research, that there are differences between men and women in terms of the degree of importance attached to service quality (Stafford, 1996). Spathis (2004) found that male clients of Greek banks have a more positive perception of the quality of the service they receive than do women clients. Also, there are several other examples in marketing literature that indicate that female customers tend to rate service quality lower when comparison is made for both genders (Lin, 2001; Tan, 2004; Juwaheer, 2011).

### 3. Methodology

The research has been conducted in two major cities in Albania. A total of 380 customers from 13 different banks have been approached from whom 352 correctly completed questionnaires have been obtained. The customers interviewed for the present study are selected through non probability sampling technique for four month. The service quality is assessed based on a modified BSQ model which was designed priory by the author for measuring bank service quality in Albania. The 28 items of this instrument were measured through a seven point Likert scale ranging from 1 – strongly disagree to 7- strongly agree. The score on each dimension is the mean of the sum of the corresponding items scores. Perceptions – only score rather than gap score (P - E) was used since the perceptions only scale was the most appropriate for Albanian context. One way ANOVA test (testing the difference between the mean of two independent variables) were employed to examine if the service quality dimensions means varied among respondents with different demographic characteristics such as gender, age, occupation and income. For detailed analysis, post hoc analysis had been applied.

### 4. Results

The results revealed that there was a significant relationship between age and customer service quality perceptions, while there was not a relationship between gender, occupation, income and service quality perceptions.

The relationship between gender, income and occupation and bank service quality perceptions

Analysis of variance (table 2) exhibited that none of dimensions differed significantly on *gender* basis i.e. male and female respondents perceived the bank service quality dimensions as same. It means that no statistically significant difference was found between male and female means scores of service quality dimensions in Albanian banking industry.

Analysis of variance (table 2) depicted that none of the service quality dimensions differed significantly on the basis of *income* i.e. respondent from different group income grasped the bank service quality dimensions as same. Due to technology and communication advancement, respondent of different income level have no differences in perceptions regarding service features offered by banks.

Analysis of variance depicted that none of the service quality dimensions in Albanian banking industry differed significantly on the basis of *occupation*.

#### 4.1 *The relationship between service quality perception and age*

Analysis of variance presented in table 2 revealed that age had a influence on commodities and effective access perceptions and had no influence on Responsiveness/Informing and Reliability/Security perceptions of bank customers in Albania.

#### 4.2 *The relationship between effective access perception and age*

Post hoc analysis (table 4) revealed that respondent of the age group 18 – 24 years differ significantly from the respondent of age groups 35 – 44 years, 45 – 54 and 55 – 65 years with respect to effective access perceptions of service quality for bank in Albania. Negative mean difference between the respondent of age groups 18 – 24 years with the respondent of age groups 35 – 44 years, 45 – 54 and 55 – 65 years shows that respondent of age group 35 – 44 years, 45 – 54 and 55 – 65 years have higher mean scores than the respondent of age group 18 – 24 years for effective access. Respondent of the age group 35 – 44 years, 45 – 54 and 55 – 65 years had a more positive perception about the banks sufficient number of ATMs; convenient location of branches and ATMs; sufficient number of open tellers and interruption of the service than the respondent of age group 18 – 24 years.

Post hoc analysis (table 4) revealed that respondent of the age group 25 – 34 years differ significantly from the respondent of age groups 35 – 44 years, 45 – 54 years and 55 – 65 years with respect to effective access perceptions of service quality for bank in Albania. Negative mean difference between the respondent of age groups 25 – 34 years with the respondent of age groups 35 – 44 years, 45 – 54 years and 55 – 65 years shows that respondent of age group 35 – 44 years, 45 – 54 years and 55 – 65 years have higher mean scores than the respondent of age group 25 – 34 years for effective access. Respondent of the age group 35 – 44 years, 45 – 54 years and 55 – 65 years had a more positive perception about the banks sufficient number of ATMs; convenient location of branches and ATMs; sufficient number of open tellers and interruption of the service than the respondent of age group 25 – 34 years.

#### 4.3 *The relationship between Commodities perception and age*

Post hoc analysis (table 6) revealed that respondent of the age group 25 – 34 years differ significantly from the respondent of age groups 45 – 54 years and 55 – 65 years with respect to commodities perceptions of service quality for bank in Albania. Negative mean difference between the respondent of age groups 25 – 34 years with the respondent of age groups 45 – 54 years and 55 – 65 years shows that respondent of age group 25 – 34 years have lower mean scores than the respondent of age group 45 – 54 years and 55 – 65 years for commodities.

Post hoc analysis (table 6) revealed that respondent of the age group over 65 years differ significantly from the respondent of age groups 45 – 54 years and 55 – 65 years with respect to commodities perceptions of service quality for bank in Albania. Negative mean difference between the respondent of age groups over 65 years with the respondent of age groups 45 – 54 years and 55 – 65 years shows that respondent of age group over 65 years have lower mean scores than the respondent of age group 45 – 54 years and 55 – 65 years for commodities.

The mean score of Commodities and Effective Access for each age group are presented on table 6 and 8.

So, the younger age groups have had lower mean scores for Effective Access items than the older ones because they like to spend their time in leisure activities.

#### 4.4 *The relationship between Effective Access perception and Period dealing with the bank*

Post hoc analysis (table 8) revealed that respondent that have 6 month dealing with a bank differ significantly from the respondent that have 1 year and 2 year dealing with a bank with respect to effective access perceptions of service quality for bank in Albania. Positive mean difference between the respondent that have 6 month dealing with a bank have higher mean scores than the respondent that have 1 year and 2 year dealing with a bank for effective access.

Post hoc analysis (table 8) revealed that respondent that have 5 years dealing with a bank differ significantly from the respondent that have 1 year dealing with a bank with respect to effective access perceptions of service quality for bank in Albania. Positive mean difference between the respondent that have 5 year dealing with a bank have higher mean scores than the respondent that have 1 year dealing with a bank for effective access. So, the customer recently approached a bank and they who have a long period dealing with the bank perceive had a more positive perception about the banks sufficient number of ATMs; convenient location of branches and ATMs; sufficient number of open tellers and interruption of the service.

#### 4.5 *The relationship between Commodities perception and Period dealing with the bank*

Post hoc analysis (table 9) revealed that respondent that have 2 years dealing with a bank differ significantly from the respondent that have 6 month, 1 year, 3-5 years, over 5 years dealing with a bank with respect to commodities perceptions

of service quality for bank in Albania. Negative mean difference between the respondent that have 2 years dealing with a bank have lower mean scores than the respondent that have 6 month, 1 year, 3-5 years, over 5 years dealing with a bank for commodities. So, the managers have to deal with these group of customers in order to improve their perceptions levels related to bank visually appealing physical facilities; work environment; orderliness and cleanness of employees and premises; service information visually attractive and facile to understand and complete gamut of services.

## 5. Conclusions

Our objective was to determine whether demographic affect perceptions of the four dimensions of service quality in Albanian banking industry. The study found strong evidence of the effect of age on service quality perceptions. That is, effective access dimension of bank service quality were significantly higher for mature individuals compares to their younger counterparts. Overall, the findings suggest that service quality should be more closely tailored to age and not to other demographic characteristics.

The mean differences on the basis of age were significant for commodities and effective access perceptions. The finding that mature people had higher perceptions on effective access of bank service has several important implications. The high mean scores of the older age group for effective access indicated that they had a more positive perception about the bank visually appealing physical facilities; work environment; orderliness and cleanness of employees and premises; service information visually attractive and facile to understand and complete gamut of services.

The finding reinforces the need for banks managers to place an emphasis on the underlying dimensions of service quality and take into account the moderating effect of demographics.

Contrary to our expectations, no evidence for perceptions of bank service quality differed by gender, income and occupation was found. The failure to establish gender difference in perceptions of service quality has implications for treatment of customers in these service contexts. That is, results imply that stereotyping along gender lines may be inappropriate.

### 5.1 Limitations and future research

As is the case with any research, this study has several limitations. Neither psychographics nor the full range of demographic characteristics (e.g. education, marital status, and ethnicity) was included in this study. Thus, the inclusion of the full range of demographic and psychographics variables could also yield insights into segmentation possibilities. Further, the interaction effects within the demographic variables were not investigated. Yet this could be a worthy area of future research. Replication of this study with a larger random sample would increase the generalizability of the results.

Contrary to our expectations, we found no evidence that perceptions of bank service quality differed by gender, income, and occupation.

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## Tables

**Table 1: Respondents' Profile**

Demographic	Category	Percent
Gender	Male	56.0
	Female	44.0
Age	18 – 24 year	9.7
	25 – 34 year	37.2
	35 – 44 year	29.8
	45 – 54 year	10.8
	55 – 65 year	10.8
	Over 65 year	1.7
Monthly Income	No income	2.8
	19.000 – 25.000 ALL	5.4
	25.000 - 40.000 ALL	25.9
	40.000 - 60.000 ALL	31.8
	60.000 - 80.000 ALL	20.2
	Over 80.000 ALL	13.9
Occupation	Employee	31.0
	Self - Employee	4.8
	Retired	4.3
	Student	4.0
	Housewife	2.0
	Sole trader	.3
	SME owner	4.5



	Civil Servant	24.1
	Other	25.0
Period of dealing with the bank	3 month	1.4
	6 month	6.3
	1 year	12.8
	2 years	15.6
	3 - 5 years	26.7
	More than 5 years	37.2

**Table 2. ANOVA between Service Quality Dimensions and Gender, Age, Income, Occupation, Period Dealing With the Bank**

ANOVA		Sum of Squares	df	Mean Square	F	Sig.
<b>Gender</b>						
Responsiveness_ Informing	Between Groups	3.215	1	3.215	1.440	.231
	Within Groups	781.269	350	2.232		
Reliability_ Security	Between Groups	1.806	1	1.806	1.124	.290
	Within Groups	562.512	350	1.607		
Commodities	Between Groups	2.638	1	2.638	1.851	.174
	Within Groups	498.641	350	1.425		
Effective_ Access	Between Groups	.648	1	.648	.289	.591
	Within Groups	785.801	350	2.245		
<b>Age</b>						
Responsiveness_ Informing	Within Groups	15.463	5	3.093	1.391	.227
	Between Groups	769.021	346	2.223		
Reliability_ Security	Within Groups	15.180	5	3.036	1.913	.092
	Between Groups	549.138	346	1.587		
Commodities	Within Groups	19.191	5	3.838	2.755	.019
	Between Groups	482.088	346	1.393		
Effective_ Access	Within Groups	38.711	5	7.742	3.583	.004
	Between Groups	747.738	346	2.161		
<b>Income</b>						
Responsiveness_ Informing	Between Groups	16.486	5	3.297	1.485	.194
	Within Groups	767.998	346	2.220		
Reliability_ Security	Between Groups	9.289	5	1.858	1.158	.330
	Within Groups	555.029	346	1.604		
Commodities	Between Groups	9.357	5	1.871	1.316	.256
	Within Groups	491.922	346	1.422		
Effective_ Access	Between Groups	23.582	5	4.716	2.139	.060
	Within Groups	762.867	346	2.205		
<b>Occupation</b>						
Responsiveness_ Informing	Between Groups	19.949	8	2.494	1.119	.350
	Within Groups	764.535	343	2.229		
Reliability_ Security	Between Groups	10.632	8	1.329	.823	.582
	Within Groups	553.686	343	1.614		
Commodities	Between Groups	13.178	8	1.647	1.158	.324
	Within Groups	488.101	343	1.423		
Effective_ Access	Between Groups	24.353	8	3.044	1.370	.208
	Within Groups					

	Within Groups	762.095	343	2.222		
<b>Period dealing with the bank</b>						
<b>Responsiveness_ Informing</b>	Between Groups	13.362	5	2.672	1.199	.309
	Within Groups	771.122	346	2.229		
<b>Reliability_ Security</b>	Between Groups	14.652	5	2.930	1.845	.104
	Within Groups	549.666	346	1.589		
<b>Commodities</b>	Between Groups	17.361	5	3.472	2.483	.032
	Within Groups	483.918	346	1.399		
<b>Effective_ Access</b>	Between Groups	26.072	5	5.214	2.373	.039
	Within Groups	760.377	346	2.198		

Table 3: Mean of Responsiveness\_ Informing, Reliability\_ Security, Commodities and Effective\_ Access

Gender	Responsiveness_ Informing	Reliability_ Security	Commodities	Effective Access
Female Mean	4.7317	5.4497	5.6660	4.8249
Male Mean	4.5392	5.3054	5.4916	4.9113

Table 4: Post Hoc analysis of Age on Commodities - LSD Method

Dependent Variable	(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
<b>Commodities</b>	18 - 24 year	25 - 34 year	.16929	.22719	.457	-.2776	.6161
		35 - 44 year	-.07529	.23292	.747	-.5334	.3828
		45 - 54 year	-.31950	.27865	.252	-.8676	.2286
		55 - 65 year	-.41950	.27865	.133	-.9676	.1286
		Over 65 year	.86471	.52268	.099	-.1633	1.8927
	25 - 34 year	18 - 24 year	-.16929	.22719	.457	-.6161	.2776
		35 - 44 year	-.24458	.15461	.115	-.5487	.0595
		<b>45 - 54 year</b>	<b>-.48879*</b>	.21749	.025	-.9166	-.0610
		<b>55 - 65 year</b>	<b>-.58879*</b>	.21749	.007	-1.0166	-.1610
		Over 65 year	.69542	.49280	.159	-.2738	1.6647
	35 - 44 year	18 - 24 year	.07529	.23292	.747	-.3828	.5334
		25 - 34 year	.24458	.15461	.115	-.0595	.5487
		45 - 54 year	-.24421	.22346	.275	-.6837	.1953
		55 - 65 year	-.34421	.22346	.124	-.7837	.0953
		Over 65 year	.94000	.49547	.059	-.0345	1.9145
	45 - 54 year	18 - 24 year	.31950	.27865	.252	-.2286	.8676
		<b>25 - 34 year</b>	<b>.48879*</b>	.21749	.025	.0610	.9166
		35 - 44 year	.24421	.22346	.275	-.1953	.6837
		55 - 65 year	-.10000	.27080	.712	-.6326	.4326
		<b>Over 65 year</b>	<b>1.18421*</b>	.51854	.023	.1643	2.2041
55 - 65 year	18 - 24 year	.41950	.27865	.133	-.1286	.9676	
	<b>25 - 34 year</b>	<b>.58879*</b>	.21749	.007	.1610	1.0166	

		35 - 44 year	.34421	.22346	.124	-.0953	.7837
		45 - 54 year	.10000	.27080	.712	-.4326	.6326
		<b>Over 65 year</b>	<b>1.28421*</b>	.51854	.014	.2643	2.3041
	<b>Over 65 year</b>	18 - 24 year	-.86471	.52268	.099	-1.8927	.1633
		25 - 34 year	-.69542	.49280	.159	-1.6647	.2738
		35 - 44 year	-.94000	.49547	.059	-1.9145	.0345
		<b>45 - 54 year</b>	<b>-1.18421*</b>	.51854	.023	-2.2041	-.1643
		<b>55 - 65 year</b>	<b>-1.28421*</b>	.51854	.014	-2.3041	-.2643
* The mean difference is significant at the 0.05 level.							

**Table 5: Mean of Commodities**

	<b>18 - 24 year</b>	<b>25 - 34 year</b>	<b>35 - 44 year</b>	<b>45 - 54 year</b>	<b>55 - 65 year</b>	<b>Over 65 year</b>
<b>Mean</b>	5.5647	5.3954	5.6400	5.8842	5.9842	4.7000

**Table 6: Post Hoc analysis of age on Effective\_Access - LSD Method**

Dependent Variable	(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Effective_Access	<b>18 - 24 year</b>	25 - 34 year	-.28362	.28295	.317	-.8401	.2729
		<b>35 - 44 year</b>	<b>-.66912*</b>	.29007	.022	-1.2396	-.0986
		<b>45 - 54 year</b>	<b>-.85333*</b>	.34703	.014	-1.5359	-.1708
		<b>55 - 65 year</b>	<b>-1.16254*</b>	.34703	.001	-1.8451	-.4800
		Over 65 year	-.54412	.65096	.404	-1.8244	.7362
	<b>25 - 34 year</b>	18 - 24 year	.28362	.28295	.317	-.2729	.8401
		<b>35 - 44 year</b>	<b>-.38550*</b>	.19256	.046	-.7642	-.0068
		<b>45 - 54 year</b>	<b>-.56971*</b>	.27086	.036	-1.1025	-.0370
		<b>55 - 65 year</b>	<b>-.87892*</b>	.27086	.001	-1.4117	-.3462
		Over 65 year	-.26050	.61374	.672	-1.4676	.9466
	<b>35 - 44 year</b>	18 - 24 year	<b>.66912*</b>	.29007	.022	.0986	1.2396
		<b>25 - 34 year</b>	<b>.38550*</b>	.19256	.046	.0068	.7642
		45 - 54 year	-.18421	.27830	.508	-.7316	.3632
		55 - 65 year	-.49342	.27830	.077	-1.0408	.0540
		Over 65 year	.12500	.61706	.840	-1.0887	1.3387
	<b>45 - 54 year</b>	18 - 24 year	<b>.85333*</b>	.34703	.014	.1708	1.5359
		<b>25 - 34 year</b>	<b>.56971*</b>	.27086	.036	.0370	1.1025
		35 - 44 year	.18421	.27830	.508	-.3632	.7316
		55 - 65 year	-.30921	.33726	.360	-.9725	.3541
		Over 65 year	.30921	.64580	.632	-.9610	1.5794
<b>55 - 65 year</b>	18 - 24 year	<b>1.16254*</b>	.34703	.001	.4800	1.8451	
	<b>25 - 34 year</b>	<b>.87892*</b>	.27086	.001	.3462	1.4117	
	35 - 44 year	.49342	.27830	.077	-.0540	1.0408	
	45 - 54 year	.30921	.33726	.360	-.3541	.9725	
	Over 65 year	.61842	.64580	.339	-.6518	1.8886	
Over 65 year	18 - 24 year	.54412	.65096	.404	-.7362	1.8244	

	25 - 34 year	.26050	.61374	.672	-.9466	1.4676
	35 - 44 year	-.12500	.61706	.840	-1.3387	1.0887
	45 - 54 year	-.30921	.64580	.632	-1.5794	.9610
	55 - 65 year	-.61842	.64580	.339	-1.8886	.6518

\*. The mean difference is significant at the 0.05 level.

**Table 7: Mean Effective\_Access**

	18 - 24 year	25 - 34 year	35 - 44 year	45 - 54 year	55 - 65 year	Over 65 year
Mean	4.3309	4.6145	5.0000	5.1842	5.4934	4.8750

**Table 8: Post Hoc analysis of Period of Dealing With A Bank on Effective\_Access - LSD Method**

Dependent Variable	(I) Period of dealing with a bank	(J) Period of dealing with a bank	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Effective_Access	3 month	6 month	-.126364	.73445	.086	-2.7082	.1809
		1 year	-.28889	.69883	.680	-1.6634	1.0856
		2 years	-.52273	.69245	.451	-1.8847	.8392
		3 - 5 years	-.80426	.68037	.238	-2.1424	.5339
		More than 5 years	-.94198	.67550	.164	-2.2706	.3866
	6 months	3 months	1.26364	.73445	.086	-.1809	2.7082
		1 year	<b>.97475*</b>	.38565	.012	.2162	1.7333
		2 years	<b>.74091*</b>	.37396	.048	.0054	1.4764
		3 - 5 years	.45938	.35110	.192	-.2312	1.1499
		More than 5 years	.32165	.34157	.347	-.3502	.9935
	1 year	3 months	.28889	.69883	.680	-1.0856	1.6634
		6 months	<b>-.97475*</b>	.38565	.012	-1.7333	-.2162
		2 years	-.23384	.29798	.433	-.8199	.3522
		3 - 5 year	-.51537	.26873	.056	-1.0439	.0132
		More than 5 years	<b>-.65310*</b>	.25615	.011	-1.1569	-.1493
	2 years	3 months	.52273	.69245	.451	-.8392	1.8847
		6 months	<b>-.74091*</b>	.37396	.048	-1.4764	-.0054
		1 year	.23384	.29798	.433	-.3522	.8199
		3 - 5 years	-.28153	.25167	.264	-.7765	.2135
		More than 5 years	-.41926	.23819	.079	-.8877	.0492
3 - 5 years	3 months	.80426	.68037	.238	-.5339	2.1424	
	6 months	-.45938	.35110	.192	-1.1499	.2312	
	1 year	.51537	.26873	.056	-.0132	1.0439	
	2 years	.28153	.25167	.264	-.2135	.7765	

		More than 5 years	.13773	.20039	.492	-.5319	.2564
	More than 5 years	3 months	.94198	.67550	.164	-.3866	2.2706
		6 months	-.32165	.34157	.347	-.9935	.3502
		1 year	<b>.65310*</b>	.25615	.011	.1493	1.1569
		2 years	.41926	.23819	.079	-.0492	.8877
		3 - 5 years	.13773	.20039	.492	-.2564	.5319

\*. The mean difference is significant at the 0.05 level.

Table 9: Post Hoc analysis of *Period of dealing with a bank on Commodities - LSD Method*

Dependent Variable	(I) Period dealing with the bank	(J) Period dealing with the bank	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Commodities	3 months	6 months	-.20727	.58591	.724	-1.3597	.9451
		1 year	.07111	.55750	.899	-1.0254	1.1676
		2 years	.60364	.55240	.275	-.4829	1.6901
		3 - 5 years	.15191	.54277	.780	-.9156	1.2195
		More than 5 years	-.00061	.53889	.999	-1.0605	1.0593
	6 months	3 months	.20727	.58591	.724	-.9451	1.3597
		1 year	.27838	.30766	.366	-.3267	.8835
		2 years	<b>.81091*</b>	.29833	.007	.2241	1.3977
		3 - 5 years	.35919	.28009	.201	-.1917	.9101
	1 year	More than 5 years	.20666	.27249	.449	-.3293	.7426
		3 months	-.07111	.55750	.899	-1.1676	1.0254
		6 months	-.27838	.30766	.366	-.8835	.3267
		2 years	<b>.53253*</b>	.23772	.026	.0650	1.0001
		3 - 5 years	.08080	.21438	.706	-.3408	.5025
	2 years	More than 5 years	-.07172	.20434	.726	-.4736	.3302
		3 months	-.60364	.55240	.275	-1.6901	.4829
		6 months	<b>-.81091*</b>	.29833	.007	-1.3977	-.2241
		1 year	<b>-.53253*</b>	.23772	.026	-1.0001	-.0650
		3 - 5 years	<b>-.45172*</b>	.20077	.025	-.8466	-.0568
	3 - 5 years	More than 5 years	<b>-.60425*</b>	.19001	.002	-.9780	-.2305
		3 months	.15191	.54277	.780	-1.2195	.9156
		6 months	.35919	.28009	.201	-.9101	.1917
		1 year	-.08080	.21438	.706	-.5025	.3408
		2 years	<b>.45172*</b>	.20077	.025	.0568	.8466
More than 5 years	More than 5 years	-.15253	.15986	.341	-.4669	.1619	
	3 months	.00061	.53889	.999	-1.0593	1.0605	
	6 months	-.20666	.27249	.449	-.7426	.3293	
	1 year	.07172	.20434	.726	-.3302	.4736	
	2 years	<b>.60425*</b>	.19001	.002	.2305	.9780	
		3 - 5 years	.15253	.15986	.341	-.1619	.4669

\*. The mean difference is significant at the 0.05 level.

**Table10: The modified BSQ instrument**

		Responsiveness and Informing	Reliability and Security	Commodities	Effective Access	
% of variance explained		20.62 %	20.47 %	13.53 %	11.47 %	
Cronbach's Alpha		0.910	0.940	0.873	0.838	
Eigen value						
	Corrected Item-Total Correlation	Factor Loading	F1	F2	F3	F4
BSQ 39 bank employees provide financial advice	.767		.785			
BSQ 37 bank employees know what your need are	.771		.732			
BSQ 19 bank inform you every time that a better solution appears for a problem	.720		.722			
BSQ 20 bank contacts you every time it is useful and in your interest	.716		.675			
BSQ 34 bank employees give prompt services and waiting is not too long	.731		.660			
BSQ 38 bank employees explain all direct and indirect service fees	.735		.649			
BSQ 10 no delays due to bureaucratic factors and procedures	.666		.604			
BSQ 2 bank respects and values his customers	.745			.750		
BSQ 21 bank has precision of account statements	.740			.670		
BSQ 1 bank keep your transactions and personal detail as confidential	.704			.664		
BSQ 3 bank has a good reputation	.676			.664		
BSQ 5 bank gives you a complete information about the services to be performed	.728			.623		
BSQ 22 bank has clarity of service related material	.743			.612		
BSQ 7 bank provide its services at the time it promises to do so	.768			.582		
BSQ 32 bank employees instill confidence by proper behavior	.766			.581		
BSQ 6 information of the services to be performed is facile to be found	.726			.542		
BSQ 9 - feel safe and secure in your transactions	.752			.530		
BSQ 8 deliver services as per specification done in contract, advertising, brochure etc	.724			.521		
BSQ 42 bank employees process your transactions without errors	.657			.501		

BSQ 25 have visually appealing physical facilities	.795			.807	
BSQ 26 have work environment, which improves effectiveness and efficiency of bank employees	.750			.786	
BSQ 24 bank employees and premises appear neat and clean	.713			.730	
BSQ 23 the information regarding banking services is visually attractive and facile to understand	.624			.587	
BSQ 27 complete gamut of services	.663			.504	
BSQ 15 sufficient number of ATMs	.767				.838
BSQ 16 the branches and the ATMs are conveniently situate	.706				.796
BSQ 14 sufficient number of open tellers	.638				.639
BSQ 12 no interruption of the service	.574				.545

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## Writing in the Disciplines and Student Socialization: Reconceiving the Research Process

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### Abstract

Teachers of Advanced Composition are charged with advancing student writers to a higher level of writing as they employ the Writing in the Disciplines approach. While this approach directs students toward the general goal of socialization into the literate practices of their majors, problems arise with teaching methodology when students from multiple university disciplines enroll in these classes. After some research of various disciplinary practices, composition teachers situated outside of these multiple disciplines must construct effective course designs that address the literacy differences among these majors and the modes of thinking that each major employs. A research assignment often functions as the centerpiece in advanced composition courses with the intended result of familiarizing writers with topics and discussions important to each area of major study and at the very least, to give students opportunities to “practice” imitative versions of discipline-specific writing. Drawing on the work of Macrorie (1984), this paper argues for a process and a series of research assignments that include and expand on Macrorie’s I-search process, a process with strong parallels to the scientific method of research that produce authentic writing to learn rather than imitations. This approach encourages students initially to look closely and with greater understanding toward the literate practices of their majors. One research assignment seems inadequate to socialize students to their majors while an expanded version of Macrorie’s process using multiple assignments has successfully given students the familiarity and confidence to use writing to learn and to begin to claim membership within their chosen fields. Writing in the Disciplines [WID] is the research study of specialized literate forms and practices within the academic disciplines. The kinds of texts read and written by members of disciplines, the manner and situation in which such texts are read and written, and the ways in which they carry out disciplinary projects characteristically set disciplinary writing apart from other forms of writing” (Bazerman, 1993).

### Introduction:

Bazerman’s definition of the WID approach to writing offers a framework for course design and assignment selection through its implication that through this means students can be socialized inside their disciplines. Another implication that suggests that students should be socialized within the specific disciplinary context, however, points to problems teachers might face. Some teachers who employ this approach, with some irony, must develop disciplinary writers outside of the context of their chosen majors amid arguments that real socialization cannot be separated from the environment where learning should occur (Vygotsky, 1978, p. 102). In other words, in order for effective growth in disciplinary writing to happen for students, the teaching and learning of it cannot be separated from the context that calls for it.

To complicate the problem, some have pointed to the near impossibility of English composition teachers successfully undertaking such a socializing endeavor until composition instructors have the familiarity with the literate practices, values and modes of thinking that varied disciplines employ (Abbot, 1983; Blue, 1988; Spack, 1988 as cited in Leopold, 2010). Leopold (2010) noted that some instructors may even create a “mismatch” to discipline-specific instructor expectations or feedback provided to students. While this mismatch is a distinct possibility, Bazerman, (1993) suggested this mismatch is also possible within the student’s discipline itself since “no real universal principles of effective writing exist.” As students compose for different purposes and in different courses within their chosen majors, students reinvent the major’s literate practices in much the same ways that Bartholome (1986) discovered among developmental writers new to academic writing in general. Students writing within the major and those just beginning study encounter specific teacher expectations, preferences and biases. It would seem then that there is little guarantee of complete socialization within the discipline itself because every writing situation presents new demands that students may or may not always meet.

At California State University, Fullerton (CSUF), many disciplines have created discipline-specific composition courses while some in other departments have yet to develop courses. Those students are directed to the CSUF English department’s Advanced Composition course for non-English majors. The instructors of these courses employ a Writing in the Disciplines approach in most situations and share common Student Learning Outcomes that, put broadly, expect students from multiple majors will write with clarity and attention to style, to cite others work accurately and ethically, and



to convey an understanding of the literate practices of their respective fields by learning about discipline-related subjects. Mastery of mechanics appears to dominate these outcomes because these criteria are identifiable, quantifiable and measurable. While these outcomes are viable and realistic expectations much more is needed, however, to help students realize their potential for membership within the discipline. In other words, socialization is larger than the sum of learning outcomes. Students need to take an active learning approach that puts the learning of these literate practices and achievement of these outcomes into their hands.

As WID approaches are implemented in courses outside the discipline, planning courses becomes difficult for instructors. Content selection should be useful and authentic, writing assignments should be engaging and textbooks should be appropriate to address the WID approach. Textbooks should offer study of the generic writing used in various disciplines in order to promote the modes of thinking and expression the specific disciplines consider important, but outside the disciplinary context. In spite of Bazerman's assertions about generic study, it is impossible to teach such a wide variety of disciplinary genres all at the same time to multiple majors, still teachers can utilize the genres common to most disciplines and can create an authentic disciplinary context with groups of students who share the same discipline. The genre most common to all disciplines is the research paper and is included in most of the English department Advanced Composition courses offered at CSUF. Even then these assignments vary among sections. Among disciplines, research methods and products lack uniformity as well, something that adds more difficulty for students and teachers. Nevertheless, Macrorie's (1984) I-search process and the projects resulting from using it can permit a shared socio-cognitive approach to both writing to learn and learning to write and can be easily adapted to individual majors, since research and a researcher's mind is considered valuable everywhere in the university. An approach that develops students to think like members of their disciplines and to use the discipline's language through active research is the more suitable approach used in place of the generic research paper. Mechanics-oriented source-based writing that only promotes using sources ethically and accurately does little in the way of promoting membership in a particular discipline. This paper argues not only for active research as an effective focus for a WID course but calls for a stronger emphasis on and an expanded research process in order to provide opportunities for writing to learn and to provide increased opportunities for student socialization in discipline-oriented context. The means to achieve this socialization draws upon the work of Macrorie (1984) and his I-search process, an approach used successfully through five semesters in one Advanced Composition course at California State University, Fullerton. Understanding and using an expanded I-search process enables students to study their discipline's thinking and values through continuous exposure to their disciplines genres and texts.

### **The Students:**

The students who enroll in these non-disciplinary composition courses study natural, physical and social sciences, specifically biology, biochemistry, and chemistry, as well as kinesiology, health science and criminal justice. Typically, the students are seniors and juniors who have some experience writing in their majors but who report often in first assignment literacy narratives that introductory writing courses did not prepare them adequately for the kinds of writing that are required later in the discipline. Other students are transfer students from two year colleges just beginning work in a concentration often with no writing experience in their majors. All students who have done research papers earlier in one form or another understand the usual pattern of assignment first, solitary research next, and creation of a text that may have just enough research to pacify the teacher. Many see any upcoming research assignment as an expected drudgery needed to pass the course rather than as an opportunity to make important personal discoveries. Sometimes extended research isn't required in a student's discipline at all. Other disciplinary genres are usually acquired through exposure to them within a discipline-specific context, usually through observation, trial and rarely through direct instruction. Highly observant students seem to acquire these skills more quickly, but some biology majors, for example, often report, that improvement using the lab report or experiment notebook often begins with failure and considerable correction that eventually sets students on the right track.

Often in courses that include a research project, the traditional pattern of teaching students research is to assign a short project midway or later in the semester where writers might choose a topic or are assigned a topic under discussion in their majors. Teachers present the assignment with preliminary instruction on using scholarly sources, properly quoting or paraphrasing authors, and instruction on citing ethically and accurately. For the remaining time as students complete the assignment, the project, unfortunately, becomes invisible until the teacher awaits the end result. The teacher collects projects in the remaining days of the semester and papers are then made available to students during finals week with a grade but rarely with written feedback. While some learning of stylistics may occur from this kind of assignment, the

scheduling and response level makes any real socialization questionable. It would make sense then to relocate any research assignments to an earlier point in the semester simply because students could receive feedback and guidance well before the end of the term

Out of necessity then, the project must be relocated to an earlier point in the semester, usually early and closer to the beginning of the course for anything useful to happen for the student. Assigning research early in the semester helps students to see themselves as real researchers which is important not only for success in their majors, but equally important for all learning, especially since some could argue that a student's very enrollment in any course begins a research undertaking. Additionally, since all good writing takes time, beginning involved research projects early also helps to ensure that students have the proper amount of time to choose a subject of interest to them that is under discussion in their discipline and a time frame that ensures the critical study of sources necessary for learning and socialization to occur.

### **The Assignments: A Model**

Macrorie (1984) developed a subjective approach to student academic research in *The I-Search Paper* out of a need "not for a new textbook, but a need for a new "contextbook" (para 1) for disengaged students and teachers and to counter the disconnected fact-finding approaches used so often by students. His primary aim was to develop a reawakened curiosity that finds answers to questions from a genuine need to know something important to the writers. As the pronoun "I" suggests, Macrorie's process attempts to return ownership of research writing to the writer. The I-search process is a useful and viable means to introduce students to a research process, but the final product remains in the realm of personal rather than academic writing because of the assignment's heavy reliance on narrative. The paper in a general way records the writer's journey of inquiry as he or she finds useful answers to questions that many times call for strategies to settle personal matters. A review of student samples that exhibit authority and ownership will confirm high levels of enthusiasm and engagement that also reflects new understandings of the real purposes of research. Unfortunately, the valuable features such as voice, format and style are unacceptable and will not count in most disciplines. Nonetheless, this doesn't mean the process isn't useful to produce authentic academic research.

Before undertaking this process, the students begin the course writing a literacy narrative that describes an encounter with the reading, writing or speaking practices of their respective majors. Students who are new to their programs occasionally misunderstand the assignment to mean that they should provide a rationale for their choice of major but quickly understand that they have more experience than they thought originally. One purpose driving this narrative is to glimpse and analyze the students' current understanding of the discipline's unique literate practices and values and the student's place within them. Students often describe difficult adjustment events as well as new strategies to work within these discourse communities. The general understanding is to evaluate how they are moving from "outside in" as Mellix (1990) termed her experience trying to fit in with academic writing and language. After the literacy narrative is completed and replied to by the instructor, students begin studying the research process.

Macrorie (1984) structured the early I-search process into phases that included a rationale for the topic choice, an exploratory phase for students to review their current knowledge of the subject, and a reflective searching phase (p.105-107). From there the students reported their findings and finished with a conclusion that synthesized their findings. The Macrorie phases have been retained in the expanded approach but increased to five phases: *Rationale for topic choice, Introduction, Searching, Findings, and Conclusion*. These phases bear a resemblance to the scientific approach which many of the students in this Advanced Composition course are familiar with. The Rationale corresponds to the statement of the problem in the scientific method, the *Introduction* loosely equates to phenomenon observed, the *Searching* to *Materials and Methods*. Next come *Findings* that lead to *Conclusion* or *Discussion*. With the literacy narrative assignment as a beginning focus, the students then begin to develop a literature review of their chosen topic with an understanding of Macrorie's original I-search process.

To apply Macrorie's model to a WID classroom, the writer should begin the assignment from a subjective stance. Using informal, low-stakes writing, students must first look for and think about an array of ethical issues that their disciplines face and continue to discuss. From the exploration of a discipline's literate practices in the literacy narrative and then a call for a personal connection to a controversial issue, the assignment continues the study of the discipline itself. This is the only guidance provided for topic choice. The rationale for choosing an ethical issue is that students often are intrigued by their discipline's controversies and find it easy to choose one that interests them and may one day affect them when they become

working members in their fields. After students choose a topic, they bring a list of their choices to class to discuss with other members of their majors who have a topic list as well. They begin composing a detailed Introduction. "Introduction" is understood in this sense as "beginning," as a place where the student explores the importance of the topic to him or herself, what he or she already knows about the topic, and gives some thought to why it should matter to readers. Students after careful examination of what they already know, study their informal writing to look for the gaps in their knowledge in order to form a serious and directed research question. The research question rather than a tentative thesis more effectively directs their search for appropriate sources that will in part answer their question/s. In this freewriting they also include a hypothesis of what they expect to find through their research. Students meet with their group members where all share their informal writing about what the writers want to know and to consider what others in their major might want to know about individual topics to help clarify their starting point. Additionally, these short writings are shared with other classmates in the same major collaboratively. Elbow (2005) argued for the value of short low stakes writing for exploration because it more comfortably helps students figure out new ideas in their own language. To explain this kind of sharing, Bruffee (1995) discussed the concept as "associated life" involving "modifying or renegotiating our participation in the language, values, knowledge, and mores of communities we come from, as well as becoming fluent in those same elements of the communities we are trying to join (para 12). Shortly after these class sessions, students attend a library session where a librarian introduces them to methods of locating sources through appropriate databases used in their fields.

The assignment requires students to use a variety of scholarly sources, including an interview with a knowledgeable faculty member of their department. Although the librarian has directed students to appropriate databases for print materials, the faculty interview can serve three purposes: as a primary source for a perspective on the student's chosen ethical issue and as an additional resource for scholarly sources written by prominent members in the field. It can also serve to get feedback and an evaluation of the proposed project for the writer as well from an insider to the field.

After the students have gathered a minimum of fifteen sources, they are required to bring one scholarly source each to class to analyze the discourse features with other members of their major in order to note what is considered important as content and to study the stance toward the information. They also study the documentation method used among all of their sources. Since most students are science or social science majors, American Psychological Association (APA) style is preferred in these disciplines. Students must study and evaluate critically each source that they select for the usefulness of the information it provides to answer the earlier research question or to evaluate it for unexpected positions or information about the ethical issue. This ensures that the students understand and evaluate critically the author's purpose and argument also. The evaluation of sources for discourse features is done during class time with the students' fellow majors also. These group examinations of scholarly, peer-reviewed journal articles in addition to the actual content help students to see the look of the professional article, to hear the sound of the writer, and to consider how his or her writing can fit into what the group knows about the community discourse. At this time, the class can begin noting and learning about the documentation features of the papers they are analyzing. The teacher can begin direct instruction about paraphrasing, quoting and documentation as well. Also, providing excellent samples of earlier student attempts should be reviewed as well.

As the students begin creating complete literature reviews from the planning, research, and group activities with other members of their majors, the project shouldn't be allowed to disappear from the classroom. In other words, the students can and should bring the work in progress to class often for review by the teacher and especially for a peer review by other members of the student's group. Peer review is particularly effective in shaping and fitting an individual student's research project into the values of a specific discipline since the members of the peer review team are likely to be knowledgeable to some degree about each other's topics and the discipline's values in order to help each other. In one sense then the shared life of the students through their responses helps the student to participate more fully in the discipline not just the creation of a document. At the same time, rather than occasionally taking a look at the student's progress, the teacher can schedule a few short individual conferences to review and guide the progress of the literature review. Upon the completion of the literature view, because the student now has critically considered the peer reviewed discourse of the community and thought carefully about his chosen ethical issue, he or she can draw some conclusions for an appropriate view of the issue. The conclusion serves then as a basis to form his or her stance about the ethical issue. Once revision and editing are discussed, its time then for modifying language and format to make each literature review more appropriate to an academic context and to the student's major as well.

The remaining assignment then is a researched argument about the ethical issue. The students are taught the features of argumentative writing in a way that permits them to enter the "conversation" about their chosen ethical issue (Graff &

Birkenstein, 2006). Many of the same activities are used once again to help shape the argument: free writing, teacher student conferences and especially group activities. Group activities to discuss the stance the student takes in the paper help to strengthen the students position as members of the group enter into a debate with agreement or challenges to underlying assumptions or to the argument itself. Here as elsewhere in the project writing is used to learn about content but also to learn about the discipline's written methods to present that content. Because of the previous lengthy research process and careful thought about the student's own position, the paper can be presented with authority and again like the literature review with a strong sense of ownership.

### Assessment

The most effective assessment for all of the projects is the reader responses that are interwoven through the I-search projects. Feedback and questions from teachers and from the group about the student writer's thinking on paper through low stakes journals and reflections and also through conferences as the students take more control of their projects help the projects develop through a social means. But since students and the university find important messages in a single letter grade, those are given to the projects as well. For all three projects described above, a detailed rubric is used that calls for a primary trait analysis of each paper resulting in substantial accumulation (or loss) of points. The resulting letter grade then is based once again on mechanics, correctness, efficiency, orderliness, but only gives an idea of those levels of learning. The dialogue among all of the members of the learning community holds more value in the end.

### Conclusion

On the understanding that enculturation happens through language use, both spoken and written, it would seem then that one of the best means to achieve socialization into a culture is through a culture's language and involvement with a culture's texts. The traditional research paper as means of socializing students into the culture of a discipline fails to achieve this because of its design. Its call for uninvolvement appears to banish any real desire for serious answers to important questions. The method removes curiosity from the writer in order to distract him or toward making a product for quick judgment. On the other hand, using a process that invites or demands interest and inquiry into the texts of a culture must be the better means of retaining a curiosity that is so innate and useful to anyone who wishes to move from the outside to the inside of a culture

Macrorie's I-search process is a valuable tool to develop this process in student writers because if it is used effectively by both teacher and student, it can regenerate curiosity. But it can also develop a means to know a disciplinary culture better through the ways it uses language to speak, to write and to study.

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## Concentration and Competition in the Albanian Banking Sector

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### Abstract

*Albania has a relatively new financial system, where banking system is the most developed financial service in our country, with a share of 94, 4% of the total financial services. This is a phenomenon of countries with emerging economies, which proves that there is greater reliance on the state economic development of the banking sector, by effecting from the households to the biggest investors and the government. As in any market, competition is important for the banking sector because, it affects the efficiency and the quality of services offered. Furthermore, competition in banking has also implications for other sectors of the economy. So, higher competition in the banking sector is found to be associated with a faster growth of other sectors of the economy that rely on external financing. The main goal of this paper is to understand the characteristics of competition in our banking system and study the relationship between the level of concentration and competition. We are going to measure the concentration by the "H" indices. The "H" (Herfindalffit) indices is a measure of the level of the concentration of the banking system of a country. A high level of the indices shows a high level of concentration and as a consequence a low level of competition. A low level of the indices shows a low level of concentration which is sign of a banking market with a high competition.*

**Keywords:** Banking System, Market Structure, Bank Concentration, H index.

### Introduction

The Albanian banking sector has undergone a deep transformation since 1992 and witnessed an impressive growth over recent years. The environment has become very dynamic, especially after the privatization of the Savings Bank. This has been shown in the increase of the range of the products provided by banks, in their geographic expansion, and in the boost of the lending activities. These developments have been associated by a steady decrease in the market concentration, which, however remains the highest compared to other countries in the region. The banking industry remains the largest and the most developed segment of the Albanian financial market. In the Albanian banking sector today are operating 16 banks, with fully private capital and foreign capital dominates. This can be considered as a relatively large number of banks compare with the number of population in Albania, which increases the competition and makes it difficult the cooperation between banks to increase the interest rates. However by comparison with the region we found that in Albania operates a smaller number of banks and higher fees are applied. Also interest rates are higher than in the region, although the differences are not very large. In order to analyze the market structure on banking industry, sometimes we focused on banking concentration. Market concentration is one of the most important determinants of competitiveness (Nathan and Neavel, 1989). Competition is important for the banking sector, because as in every other market, it affects the efficiency and the quality of the services offered. Furthermore, competition in banking has also implications for other sectors of the economy. So higher competition in the banking sector is found to be associated with a faster growth of other sectors of the economy that rely on external financing (Claessens and Laeven, 2005). In addition, Deida and Fattouh (2002) found that high concentration in banking is negatively related to industrial growth in low-income countries but not in high-income ones, suggesting that emerging economies need a relatively more competitive banking sector in order to promote growth. For a developing economy like Albania, while a highly competitive banking sector would be desirable to enhance the economic growth, at the same time it may also become a source of instability for the financial system. From the comparisons with EU and other countries in the region, the competition level in our banking system seems to be at satisfactory levels for a developing country as Albania.

## 1. Concentration in the Banking Industry

Market concentration is one of the most important determinants of competitiveness. High concentration within a market is typically not a desirable quality. It tends to lead to higher prices, lower outputs and a smaller consumer surplus even in the absence of collusion. Firms in highly concentrated markets often sustain high profits for long periods of time. In many industrialized countries banking is a highly concentrated industry. Because of the potential losses from a breakdown of the banking system, concentration in the industry can be good in a few critical ways. A study done by the National Bureau of Economic Research found that high concentration leads to high stability in the banking industry. They found that a concentration level of 72% or above was directly correlated to fewer occurrences of banking failure within that nation. There are three principle benefits of high concentration:

1. Banks of large size are easily diversified. This allows them to adjust in other sectors of the market when one sector takes a turn for the worse. A smaller bank that focuses on one or two sectors of the industry is highly vulnerable to fluctuations within those sectors.
2. High concentration levels will increase profits for the dominant banks within the industry. While this may lead to higher interest rates and fees it will also insulate banks from economic shocks. Also, with higher franchise values banks will have less incentive to take financial risks in pursuit of profits (Helen, Murdoch, Stiglitz).
3. Larger banks are more easily monitored than many small banks. It is easier for a regulatory commission to look after a few large banks than many small ones. System within each of the large banks will be similar rather than having to learn the systems of many small banks.

The NBER (National Bureau of Economic Research) paper number 9921 written in 2003 found that there was a significant negative correlation between bank size and banking failures. As the size of banks went up, the amount of banking failures decreased. A one Standard Deviation increase in bank size led to a 1% decrease in the chance of bank failure. The chance of a bank failure across the entire study was only 4%, so these findings are significant.

Except of the benefits of high concentration there are also some negative effects:

1. As in almost any industry, high concentration will lead to low levels of competition and higher prices, this is no exception. Higher interest rates are often the byproduct of high levels of bank concentration. This is particularly bad for investors as it make investment far more risky.
2. Some niches within the industry are likely not to be filled. The large banks will focus on the most profitable niches and may neglect those that are less profitable. Even taking into account the negative attributes of a highly concentrated banking system, the NBER still found that it led to increased stability. If you think about it, this makes perfect sense. The more market power that a firm has the more likely it is to obtain higher than normal profits. This will undoubtedly lead to greater stability for that firm, this is nothing new.

## 2. Measures of Banking Concentration

The importance of concentration ratios arises from their ability to capture structural features of a market. Concentration ratios are also able to reflect changes in concentration as a result of the bank's entry into the market or its exit from it, or caused by a merge. Despite the several various approaches related to its measurement, the principal elements of concentration measures are number of banks and the distribution of bank size in a given market. Concentration in the banking system is measured through two indicators, the Herfindahl Index (HHI) and CR3 or CR5. Below we are going to explain the performance of these two indicators.

### 1. Herfindahl Index (HHI)

Herfindahl-Hirschman Index (HHI) is a measure of the size of firms in relation to the industry and an indicator of the amount of competition among them. The name is taken from the economists Orris C. Herfindahl and Albert O. Hirschman. It is an economic concept widely applied in competition law, antitrust and also technology management. This index is defined as the sum of the squares of the market shares of the 50 largest firms (or summed over all the firms if there are fewer than

50) within the industry, where the market shares are expressed as fractions. This index faces two major problems: 1. Not take into account the extent of replacement of products and services, 2. Face difficulties in defining the geographical market. Herfindahl index is between  $1/n$  and 1 reaching low limits when all subjects are the same size and the upper limits in the case of monopoly. Market used to classify these estimates:

HHI index below 0,01 (or 100) shows a very competitive market

HHI index less than 0,15 (or 1500) indicates a non-concentrated market

HHI index between 0,15 to 0,25 (or 1500 and 2500) shows a moderate concentration.

HHI index over 0,25 (2500) shows that we have a high concentration.

## 2. Concentration ratios CR3 and CR5

The concentration ratios are usually used to show the extent of market control of the largest firms in the industry and to illustrate the degree to which an industry is oligopolistic. CR3 and CR5 indices are calculated as the sum of the weight of assets, deposits and loans to total loans, respectively the 3 and 5 largest banks in the banking industry. Concentration ratios range from 0 to 100 percent. The levels reach from no, low, or medium to high "total" concentration.

No concentration – 0% means perfect competition or at the very least monopolistic competition.

Low concentration – 0% to 50% , this category ranges from perfect competition to oligopoly.

Medium concentration – 50% to 80% , an industry in this range is likely an oligopoly.

High concentration – 80% to 100%, this category ranges from oligopoly to monopoly.

Total concentration – 100%, means an extremely concentrated oligopoly.

The definition of the concentration ratio does not use the market shares of all the firms in the industry and does not provide the distribution of firm size. It also does not provide a lot of details about competitiveness of the industry. The concentration ratios just provide a sign of the oligopolistic nature of an industry and indicate the degree of competition. The Herfindahl index provides a more complete picture of industry concentration than does the concentration ratio.

## 3. Market Concentration in Albanian Banking Sector

In this paper we are going to analyze the empirical results of banking concentration in the Albanian banking market, referring to the concentration ratios, CR3 and CR5 and the Herfindahl- Hirschman Index during the period 2000–2012. Concentration indices are calculated for four components of banking activity: assets, deposits, credits, treasure bills.

### 3.1 Market Concentration on Banking Assets

An important indicator for measuring the concentration level is the CR3 and CR5–Concentration ratio by calculating the weight of 3 or 5 largest banks in the system to total assets of the system. Concentration rates derived from CR3 and CR5 show a high concentration level although their trend has been downward. The Herfindahl-Hirschman Index to total assets showed stable levels in recent years and a great progress towards optimal concentration level, although still far from it. Table 1 presents the empirical results for banking assets during 2000-2012.

**Table 1.** Concentration ratios (%) and HHI for assets

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CR3	80	75	72	70	69	64	62	56	55	56	56	58	58
CR5	89	87	86	85	83	78	76	72	74	73	71	73	73
HHI	0.44	0.38	0.32	0.30	0.27	0.21	0.17	0.16	0.15	0.14	0.14	0.15	0.15

Source: Bank of Albania, 2000-2012, own calculations

### 3.2 Market concentration on banking deposits

Concentration rates derived from CR3 and CR5 show a high concentration level although their trend has been declining these years but not stationary. The Albanian banking system shows a high degree of deposit concentration, where the 5 largest banks in the system comprised 74% of total deposits, at 2012. The estimates of concentration of bank deposits by HHI points to a high level of concentration until 2006 and for the following period shows a moderate concentration level.

Deposit market remains concentrated compared with the assets market. Although the level of concentration of deposits among the years has fallen the figures are greater than optimal value, which shows a high concentration of market deposits in the banking sector. This may come as a result of a combination of several factors: use of high levels of capital and disengagement of deposits as a source of funds by some banks, preferences of customers, facility in access of customers if we take into account the geographical distribution of bank branches and agencies.

**Table 2.** Concentration ratios (%) and HHI for deposits

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CR3	84	80	77	75	73	68	64	60	62	60	58	60	59
CR5	92	90	88	87	85	81	77	75	78	75	74	75	74
HHI	0.50	0.43	0.37	0.35	0.31	0.24	0.20	0.17	0.17	0.16	0.15	0.16	0.15

Source: Bank of Albania, 2000-2012, own calculations

### 3.3 Market Concentration on Banking Loans

The lending activity is less concentrated in Albanian banking market. Credit market is characterized by a moderate level of concentration during the years 2002-2012, with HHI within border 0.1- 0.18, which corresponds to a moderate level of concentration. The Albanian banking market is considered to be highly concentrated in terms of assets and deposits, and moderately concentrated, close to perfect competition in terms of lending.

**Table 3.** Concentration ratios (%) and HHI for loans

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CR3	78	69	62	54	46	43	43	41	41	42	43	47	50
CR5	91	86	83	79	69	63	66	66	67	65	64	68	68
HHI	0.27	0.20	0.14	0.15	0.11	0.10	0.11	0.11	0.12	0.11	0.11	0.12	0.12

Source: Bank of Albania, 2000-2012, own calculations

### 3.4 Market Concentration on T- Bills

In Albania Tirana Stock Exchange doesn't exist and is still one of the main challenges of the financial system. There are no shares listed in the stock market and an official stock market doesn't exist. The only securities that are trading are T-bills and in absence of stock exchange T-bills are traded from Bank of Albania. Thus T-bills activity evaluates as indicator of competition. Market structure of T-bills in Albanian banking sector was monopoly and was accompanied by very high concentrations ratios. The estimates of concentration of bank T-bills by HHI points to a high level of concentration until 2008 and for the following period shows a moderate concentration level. These results are due to the dominant position held by Raiffeisen Bank in Treasury bond market.

**Table 3.** Concentration ratios (%) and HHI for T-bills

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CR3	Na	82	91	89	86	80	71	62	68	64	59	58	57
CR5	Na	91	96	95	95	88	80	76	84	81	76	76	78
HHI	0.72	0.67	0.62	0.59	0.53	0.42	0.33	0.24	0.22	0.17	0.16	0.17	0.15

Source: Own calculations

## 4. Conclusions



Herfindahl Index calculated on the Albanian market for total assets, deposits, loans and T-bills has been steadily decreasing. According to this indicator T-bills are more concentrated.

The indicators CR3 and CR5 for loans have an increasing tendency, while these indicators have shown a slight tendency for assets, deposits and T-bills to increase.

Three largest banks that have the greatest share in the deposit and loans are: Raiffeisen Bank, National Commercial Bank and Intesa Sanpaolo, with a predominance of Raiffeisen Bank.

This study finds a strong evidence of change to the market structure in Albanian banking sector, which has been recently characterized by important structural developments. The most important of them are:

- The enlarged number of banks
- Restructuring and privatization of state- owned banks
- Establishment of domestic capital banks
- Entrance of powerful foreign banks through acquisitions of the existing ones which have changed the Albanian banking sector into a dynamic environment.

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## Competition Policy in Albania

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### Abstract.

*Competition is an essential mechanism of market economy. In a market economy system decisions on prices and quantities produced are set by the market itself. This market function can be performed only if competition rules exist and if these rules can be applied successfully on the market. Competition on the market in Albanian legislation is regulated by law no. 9121, dated 28.07.2003. The institution responsible for ensuring the implementation of the above mentioned law is the Competition Authority which has been established by the same law and acts according to the provisions of the law. Competition policy includes all measures and legal framework within which enterprises can operate freely, on the basis of free, effective and fair competition. Compilation and execution of competition policy is based on national antitrust law provisions and is a Competition Authority duty. The basic mission of competition policy is correction of market distortions. Key components of the Albanian policy of competition are: fight against prohibited agreements, fight against abuses of dominant positions and control of concentrations. The paper aims to analyze the development of competition policy in Albania and will focus on the most important aspects of it. This is a theoretical research, based on the direct analysis of different documents on competition law and policy in Albania.*

**Keywords:** competition, competition policy, competition Authority, market, Albania.

### 1. Introduction.

There is no legal definition for competition. Neither the Treaty on the Functioning of the European Union nor the Albanian law "On competition protection" give any definition for competition. Competition is an economic phenomenon. It can be defined as a competition between two or more different undertakings that operate in the same market producing or offering the same, or similar products. Each undertaking tries to produce or/and sell the higher amount of the products in order to maximize its profits. Competition is an essential mechanism of market economy. It puts businesses under constant pressure to offer the best possible range of goods at the best possible prices, because if they don't, consumers will have the choice to buy elsewhere.

In Albania competition in the market is regulated by law no. 9121, dated 28.07.2003 "On Competition protection" and the institution responsible for ensuring the implementation of the law is the Competition Authority which represents an independent structure that aims to protect competition itself, as a public good. In this way the protection of effective competition serves to the public interest. To preserve well-functioning product markets, Competition Authority must prevent or correct anti-competitive behaviour.

This law is applicable to all sectors of the economy and for all enterprises, private and public ones, that have their activity in the Republic of Albania, as well as for enterprises that carry out the activity of this territory, but its consequences are felt in the domestic market.

The three main pillars that define the protection of competition are prohibited agreements, abuse of dominant position and concentrations. These are the three main pillars of the European norms too, normative referred by the Albanian legislator in drafting the relevant provisions of Albanian law.

## 2. Meaning of competition law in Albanian discipline.

Competition law is that field of Albanian law which aims to protect free and effective competition in the market place (Albanian law, article 1). The law achieves its goal by using two different instruments: by defining the rules of conduct by undertakings (first instrument) and by defining the institutions responsible for protection of competition and their competencies (second instrument). A question arises: What does it mean free and effective competition in the market place?

Free competition (free competition) means that everyone should be free to enter into a market. Effective competition refers to the moment the undertakings have entered into the market and states that operators in the market must have also the same opportunities to compete on equal basis with other operators in the market. The freedom to enter into a market and the guaranty of effective competition have been recognised by the Albanian Constitution in article 11 which states that "*The economic system of the Republic of Albania is based on private and public property, as well as on a market economy and on freedom of economic activity*"....

"*Limitations on the freedom of economic activity may be established only by law and for important public reasons*". The authors want to highlight that the concept of freedom of exercise of economic activity means both the freedom to enter into the market and the freedom to operate in the marketplace. In this way the concepts of free competition and effective competition are included into the concept of freedom of economic activity.

## 3. Introduction to competition Policy in Albania.

Competition policy includes all measures and legal framework within which enterprises can operate freely, on the basis of free, effective and fair competition (Competition Authority, Competition Policy, 2006). Compilation and execution of Albanian competition policy is based on national antitrust law provisions and is a Competition Authority duty. Authority became operational in February 2004 and consists of the Commission and the Secretariat. Investigations are carried out by the Secretariat, while decisions are taken by the Commission. The basic mission of competition policy is correction of market distortions. To better understand this mission it is necessary to highlight that a competitive market generates development and enhances overall well-being of the Albanian society. Albanian policy of competition has three key components which are: 1) fight against prohibited agreements; 2) fight against abuses of dominant positions and 3) control of concentrations.

Albanian competition policy has two main objectives (Katro, 2015). The first objective is the protection of competition. It means protection of market and allocation of production resources efficiency. This objective has to be understood in order to increase consumers welfare. In this way the first objective protects not only the market itself, but also the consumers. The second objective is a secondary one. It consists in protection of competitors on the market. In particular it aims to protect small and medium undertakings from the risk of extreme concentration of economic power in the hands of a few big enterprises. Existence in the market of many small undertakings is clear a sign that in that market exists a good level of competition. Beneficiaries of competition are consumers, undertakings and the Albanian economy in general.

## 4. Short view of Albanian competition policy key elements.

The three main pillars that define protection of competition are prohibited agreements, abuse of dominant position and concentrations. These are three main pillars of the European norms too, normative referred by the Albanian legislator in drafting the relevant provisions of Albanian law. The provisions of law no. 9121 have been revised by Law no. 10317 dated 16.09.2010 "On some additions and amendments to Law no. 9121 dated 28. 07. 2003 "On Protection of Competition".

The first column or the first anti-competitive practices are prohibited agreements that are provided in articles 4, 5, 6, 7. "Agreements" are defined as agreements and/or concerted practices of two or more undertakings, and the decisions or the recommendations of associations of undertakings, regardless their form, written or not, or binding force (Albanian law, article 3). Article 4 states that "*Agreements which have as their object or effect the prevention, restriction or distortion of competition shall be prohibited, and in particular those which: a) directly or indirectly fix purchase or selling prices, or any other trading conditions; b) limit or control production, markets, technical development, or investment; c) share markets or sources of supply; c) Apply dissimilar conditions to equivalent transactions to other trading parties, thereby placing them at*

*a competitive disadvantage; d) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations, which, by their nature or according to commercial usage, have no connection with the subject of such contracts; shall be prohibited. 2. Prohibited agreements under point 1 of this article, which are not exempted under articles 5, 6 and 7 of this Law, are invalid". Article 5 states that "The prohibition of Article 4 (1) may not apply to agreements contributing to improving the production or distribution of goods and/or services or to promoting technical or technological or economic progress, while allowing customers or consumers a fair share of the resulting benefit, and which do not: 1) impose on the participating undertakings restrictions which are not indispensable to the attainment of these objectives; and 2) significantly restrict competition in respect of the products or services which are subject of those agreements."*

These two provisions taken together constitute the corresponding norms with Article 101 of the Treaty on the Functioning of the EU. The Albanian law, in line with the EU system, determines two possible exception for agreements: the first refers to individual exemption of the agreement (above mentioned article 5) and the second refers to the group exemption agreements. The possibility of individual exemption is prescribed by law at the time of its drafting, whereas for the exemption for categories of agreements, the legislator has recognized the Competition Authority the right to approve the exemption regulations (article 6). In this regard the legislator is unified to the orientation of the Union Institutions. Another novelty in the legislation is the exclusion from the application of the normative for those agreements that are considered of little importance, and more specifically to those agreements which the parties hold market share couplings such that fails to influence the development of competition in the market (art. 7). Further example of the Albanian norms which is consolidated is the evolving towards what the EU is and approval by the authority of a regulation "on agreements of minor importance"<sup>1</sup> which is in line with the orientations of the European institutions in the specific field. Legislator dedicates Articles 8 and 9 to dominant position and abuse. This kind of discipline represents not only a final break from the previous legislative discipline, law no. 8044 of 1995, but an approximation with the EU discipline. "Dominant position" is defined by the same law as "a position of economic strength enjoyed by one or more undertakings which enables them to prevent effective competition on the market by giving them the power to behave, with regard to demand or supply, independently of other market participants such as competitors, customers or consumers" (article 3). Article 8 defines necessary criteria to determine dominant position on the market. This criteria are in line with EU jurisprudential criteria. Those are 1) the relevant market shares of the investigated undertaking/s and those of the other competitors; b) the barriers to entry to the relevant market; 2) the potential competition; 3) the economic and financial power of the undertakings; 4) the economic dependence of the suppliers and purchasers; 5) the countervailing power of buyers/customers; 6) the development of the undertaking's distribution network, and access to the sources of supply of products; 7) the undertaking's links with other undertakings; 8) other characteristics of the relevant market such as the homogeneity of the products, the transparency of the market, the undertaking cost and size symmetries, the stability of the demand or the free production capacities.

Article 9 is the heart of the normative on abuse of dominant position discipline. It states that "Any abuse by one or more undertakings of a dominant position in the market shall be prohibited. 2. Such abuse may, in particular, consist in: a) directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions; b) limiting production, markets or technical development; c) applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage; c) making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts".

The third pillar on which the protection of competition is focused is control of concentrations. Concentrations are regulated in Articles 10 - 17 and their regulation is in line with Council Regulation (EC) no. 139/2004.

Article 10 states that "a concentration of undertakings shall be deemed to arise where a change of control on a lasting basis results from: a) the merger of two or more independent undertakings or parts of undertakings; b) the acquisition, by one or more natural persons already controlling at least one undertaking, or by one or more undertakings, whether by purchase of securities or assets, by contract or any other legal means, of direct or indirect control of the whole or parts of one or more other undertakings; c) direct or indirect control of one or more undertakings or parts therein. 2. Control referred to Paragraph

<sup>1</sup> Is considered as an agreement that does not appreciably restrict competition within the meaning of Article 4 of the Law: a. Agreement between undertakings which are actual or potential competitors, when the total market share of the parties to the agreement does not exceed 10 % in each of the relevant markets affected by the agreement (agreements between competitors). b. Agreement between undertakings which are not actual or potential competitors when the market share of each party to the agreement does not exceed 15 % of each of the relevant markets affected by the agreement (agreement between non -competitors).

1 (b) of this Article shall be constituted by rights, contracts or any other means which, either separately or in combination and having regard to the considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by: a) ownership or the right to use all or part of the assets of an undertaking; b) rights or contracts which confer decisive influence on the composition, voting or decisions of the management organs of an undertaking. 3. The creation of a joint venture shall not constitute a concentration within the meaning of this Article if its objects include, or it results in, the coordination of competitive activities between two or more independent undertakings. In this case, creation of joint ventures shall be assessed in accordance with Article 4 of this Law.” Regarding the Appraisal of Concentrations article 13 states that “1. The Commission shall prohibit concentrations that significantly restrain effective competition on the market or in a part thereof, in particular as a result of creation or strengthening of a dominant position. 2. In making the appraisal, the Commission may also take into account the economic efficiencies resulting from the concentration, provided they meet all the following conditions: - the efficiencies should contribute to the improvement of consumers’ wellbeing, or, at least, neutralize the potential negative effects that the concentration would have; 8 - the efficiencies have, or should have, resulted from the concentration under review, and no other less anticompetitive alternative ways to generate them exist bar the concentration under review; - the efficiencies must be verifiable. 3. In particular cases, the Commission may not prohibit a concentration where one of the involved undertakings is in serious risk of bankruptcy and does not have any less anticompetitive options at its disposal, if: a) the undertaking is bound to exit the market in the foreseeable future unless the concentration takes place; b) there are no serious prospects of re-organizing the activity of this undertaking”.

## 5. Competition Authority.

The third part of the law entitled "Authority of competition and administrative procedures" established the first administrative structure. The Authority is independent and guarantees the Albanian competition normative implementation. In setting the rules on the creation, organization and functioning of this structure the Albanian legislator uniformed with the laws "On Protection of Competition" of some European Union member states like Belgian, French, Italian, German, Croatian etc. Regarding to the administrative procedures, law establishes the general rule according to which "...will be applied the provisions of the Code of administrative proceedings only in cases where the law no. 9121 does not stipulate otherwise" and sets in subsequent sections, in line with Regulation 1/2003 EC antitrust protection system.

Competition Authority consists of: The Competition Commission, as the decision making body and the Secretariat composed of experts who carry out monitoring and investigation on the market. This structure respects the separation of the functions of investigation to that of decision - making, which is also a condition for a independent process and impartial. Before making a decision the Commission, in order to be more objective and professional in this process, it invites undertakings to express under investigation.

Principles upon which the law, national policies and activities of the Albanian Competition Authority are implemented are equality, inclusiveness, transparency, accountability, credibility, integrity, cooperation. In applying the law the competition authority has the right to receive any information from companies and if it is necessary the authority may conduct inspections at the premises of various companies, without notice and at any time. In order to better performance its duties, among other things, Competition Authority aims: to be a fair arbiter, which provides a free and effective competition between market players; to contribute in the creation of an Albanian competitive economy in the regional and European market and to further complete the legal framework, according to Stabilization and Association Agreement (SAA). SAA is the principal instrument by which Albania and the European Union pursue the integration objective. On 12 June in Luxembourg was signed the full text of the agreement. It has entered into force on April 1, 2009.

## 6. Obligations contained in the Stabilization and Association Agreement.

It is through SAA that Albania is engaged to progressively approximate its antitrust legislation to that of the EU by undertaking all the necessary reforms to achieve the European standards.

The Albanian competition law was drafted in the framework of the obligations that a country should fulfil in order to join the European Union. Even though the law was approved (Year 2003) before the signing date of the Stabilization - Association Agreement, in fact the work and negotiations on the drafting of the agreement had already begun at that time. Therefore,

the Albanian legislator in drafting law no. 9121/2003, was based on the EU model and on several models of the competition discipline of EU member states.

The Stabilization and Association Agreement contains in its article 71 the obligation to observe the competition rules according to the community model of market discipline. In fact, this obligation refers to those external anti-competitive practices, which refer to trade relations between Albania and the Community. The agreement stipulates that such practices should be interpreted according to the criteria of the application of the community competition rules and the interpretative instruments issued by the Community institutions. The agreement also defines the commitment of the parties to give the necessary powers to a public and independent organ to ensure the implementation of the normative with regard to enterprises that enjoy special rights.

In front of the multipurpose nature of the community antitrust law, which includes extra-competitive objectives of the market integration or the economic policies, the obligation of determining an interpretation in conformity with the community principles should be considered together with the general obligation stipulated in article 70 of the SAA for legislative approximation. This kind of interpretation allows the Competition Authority to refer to a corpus of principles already consolidated in the European experience that will be able to form the main source of inspiration in solving the problems of competition policy that have already found solution in the community area. The Authority may refer above all, to the development of the jurisprudence of the Court of Justice and the European Commission's practice, the regulations stemming from the legislative action of the Council and the European Commission whose function is to implement the principles established by the EC Treaty, the notifications that reveal us the attitude of the EC towards some kinds of actions that restrict competition.

The approximation of the Albanian legal framework in the area of competition with the EU framework has always been a priority of the Authority, not only in compliance with the obligations undertaken by Albania in the framework of the implementation of the SAA, but also within the need to adapt the provisions of the law with the needs of a modern market, dynamic and in constant development. An important approach is implemented through law no. 10317 dated 16.09.2010 "On some additions and amendments to Law no. 9121 dated 28. 07. 2003 "On Protection of Competition". The Report on this law (Council of Ministers, 2010) confirmed that the Authority, during the first six years of law enforcement in its version of the originary, "faced with a range of problems such as: violation of provisions, poor cooperation between institutions and entities that should apply the law; the need to improve and supplement the provisions on procedures and applicable sanctions; the problems arising as a result of the difficulty in understanding the provisions of the law not only by the subjects, but also by the different institutions ... In these conditions was necessary to simplify the law in order to make it more understandable and to conform it to the specifications of domestic law".

This approach made possible the subsequent drafting of a normative framework of acts pursuant to the law. Authority pursuant to article 6 of the law has adopted the regulation "for the exclusion exemption of categories of vertical agreements and concerted practices in the motor vehicle sector" (in line with Commission Regulation No 461/2010 dated 27 May 2010 "On application of Article 101/3 of TFEU for categories of vertical agreements and concerted practices in the sector of motor funds"), regulation "to categories of specialization agreements", and "to the exclusion of categories of Research and Development agreements (in line with Commission Regulation (EU) No. 1217/2010 dated 14 December 2010 "On application of Article 101/3 of TFEU for certain categories of Research and Development agreements"). Whereas under Article 7 of the law the Authority adopted Regulation "for agreements of minor importance".

## 7. Conclusions.

Competition policy includes all measures and legal framework within which enterprises can operate freely, on the basis of free, effective and fair competition. The basic mission of competition policy is correction of market distortions which is realised through Authorities' decisions. The Competition Authority has an important role in the normative consolidation and implementation process. The Authority, in over eleven years of existence, has developed a significant work which is expressed not only in the acts adopted, but also in the promotion of competition policy and the significant number of decisions which have as their object the fight against anti-competitive practices in the form of prohibited agreements or coordinated behavior, abuse of dominant position or ex ante control of concentration's actions. Also, they are a number of decisions on recommendations to increase competition in various sectors like banking, telecommunications, energy, hydrocarbons etc. A large part of these recommendations are taken into account by the Albanian government.

In an analysis of the Competition Authority decisions taken year after year, the authors discern a qualitative improvement in their content, relating on the way of analysing the existence of anti-competitive practices. But, despite the hard work, the Authority remains a young institution with limited experience. The Authority has a clear model of inspiration that are principles, the primary and the secondary legislation of the European Union and the decisions of the Court of Justice. This fact will make possible an increasingly effective implementation of competition policy.

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## Sub-Clinic Mastitis Presence in Korca Region Farms, Albania

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### Abstract

*The order of this search is using of disinfectants as a main way to prevent intramammary infections in milk cows to save quality of milk and the quality of people health . Intramammary infections are a big problem all over the world not only for animals health but even for health of people . This infections are even a big economic problem for farms. Mastitis (infections ) cause decrease for the quantity , chemical changes and physical changes of milk. The examination was done by counting the n.o of somatic cell in by mass milk taken counting in the microscope by farmers of Korca . Lab analyse was done in regional vet lab of korca while respecting all the rules of transporting and storage techniques . The average of somatic cell in the month of May 2015 was that 506.428 cell/ml ,l ( in 1 ml milk ) where the normal number is under 400.000/ml. In samples of milk where the milk machine was used the average n.o of somatic cell was 417.115ml . Total aerobic were 695.710/ml of milk and 628.875/ml milk. **Conclusions** : Disuse of correct hygiene and postmilking disinfectants is one of main reasons of intramammary infections that are being increased and it was accompanied with somatic cell and clinic mastitis*

**Keywords** : postmilking disinfection , somatic cells

### 1.Introduction

Teats hygiene affect the health state of it. Mammary glands produce milk from the nutrients that come from the circulating blood in it. Despite the obstacle of the teats sphincter bacteria can enter during the milking process and after it as well. Bacteria can arrive to the mammary glands from the blood circulation as well. The organism reacts to the bacteria presence through out the reticulum endothelial system, R.S.E and destroys them. This reaction may be efficient or not to the not so much pathogenic bacteria and to a great number of them. Into the milk there are always a number of cells, partly epithelial (destroying norm) and partly product of the R.S.E activity of the teats.

Somatic cells are recognized by the international world of science as a quality standard health and breast milk.

When R.S.E is at rest, the number of the cells in the milk is not greater than 100-300 thousand units/ml. When R.S.E is on alarm (as the result of the bacteria presence) the number of cells into the milk reaches 300-400 thousand units/ml.

When bacteria start to prevail or prevail R.S.E (teats protecting) the number of the cells into the milk arrives 500 000-1 000 000 units/ml and this shows that the teat suffers from mastitis.

Teats Infections (Mastitis). Bovine mastitis is an inflammatory reaction of the mammary gland and is mainly caused by different pathogenies in way to enter the teat canal and mammary gland (Bramley, 1996 and Philipot and Nickerson, 1999). If the mastitis is evident, the disease is clinic (clinic mastitis), otherwise illness is subclinic (subclinic mastitis).

It can be stated that for every clinic case in cowshed there are 10-20 subclinic mastitis. Such proportion should encourage breeders to handle subclinic mastitis, in addition to the clinic ones.

Undoubtedly an important problem with regard to health aspect is even the infection of the mammary gland-mastitis. Mastitis in cows represents a complicated illness as cause of which many factors play role.

Mastitis induces up to: change of the physical and chemical properties of the milk, the increase of the somatic cells number into the milk. Economic loss as a result of mastitis consist in: less milk quantity, hurl of changed milk, throwing of it as a result of the antibiotics residuals on the milk, violent butchery of animals with incurable mastitis, changes in the milk quality, the reduce of the milk process skills.



The factors that condition the outbreak and spread of the disease are:

- Disregard of rules while milking
- The malfunctions of the mechanic milking machine (when it's used)
- The neglect of teats disinfection after milking.
- The usage of not efficient disinfectants.
- Not proper environmental hygiene (cowshed, animal, milker, mechanic milking machine).
- The environmental contamination with high teats pathogenicity bacteria.

Commonest microbial mastitis causes are:

-Stafilococ (Staphylococcus) Stafilococ mastitis generally outbreaks when conditioned by an environmental factor ( even though the cause is present). It is dealed in 1/2 of the subclinic mastitis and around 1/3 subclinic mastitis.

-Streptococcus ( Streptococcus agalactiae) is one of the most spread germs and with pathogens too. Its spread and pathogenicity are favorized too much by the factors themselves that condition the disease outbreak and spread. It is dealed in the 172 of clinic mastitis and 1/3 of the sublinic ones.

- E. Coli ( Escherichia coli) The mastitis caused by E. Coli generally, it's an acute mastitis ( with a short duration), painful and often lethal ( when the treatment it's not immediate).

-Corynebacterium and pseudomonas ( Corynebacterium and pseudomonas) come across as the mastitis cause of the pasture cows. Rarely.

- Mycoplasmas (Mycoplasma) cause a rare mastitis, but the one caused by them destroys the entire cowshed (it's spread all over it). Mastitis is accompanied with sterility and polyarthritis.

Practically all the bacteria are cause of mastitis, when favorised by environmental factors that condition its outbreak and spread.

To prevent mastitis and save teats health and milk quality it's important the usage of effective disinfectants. The disinfection of the teats with disinfection solutions and effective ones. This consists even in the aim of this study.

The aim: Determination of somatic cells in the milk samples taken from farms that do not use any kind of disinfectants. Survey of farmers on milking hygiene and disinfectants knowledge.

Objectives: 1. Identification of the real hygiene situation in some farms. 2. Testing of our farmers knowledge on milking hygiene and disinfectants used after milking process. 3. Calculation of the somatic cells on the milk samples as an subclinic mastitit presence indicator.

## **Methods and results:**

### **Analyzed sample type**

Practically are analyzed three samples types due to diagnostic purposes:

#### **Mass milk**

Individual milk

#### **Milk of every quarter**

In this study was analyzed the mass milk for determining the somatic cells and total aerobics to evidence the mastitis presence or not.

For every cattle there were analyzed 3x2 samples ( 3 samples with 2 repetitions, calculating the average). This is the type of the sample that is usually taken for determining the milk quality and herd health state (Jayarao et al, 2004; Zecconi A, 2010)

## **Analyzed Indicators**

### **Somatic cells in milk**

### **Total aerobics in milk**

## **Cytological analysis**

### **Somatic cells**

The study is done for two cattle breeding farms in Korca region.

Somatic cells are recognized by the international science world as a milk, teats health quality standard and as a health management indicator of the farm. Hassan et al, 2001; Zecconi et al 2004; Zecconi A, 2010). With regard to the mass milk the limits are 200.000-400.000 cells/ml. They are not critical limits like in the case of each animal (cow). When the counting of the cells in the cattle's milk of the farm show 200.000 cells/ml milk there are statistically only 5% of the quarters infected. So it does not consist in a problem.

According to the regulation (EC) n.853/2004, that defines specific hygienic laws and regulations for animal origin foods, the somatic cells in the mass milk, for the Europe are 400.000/ml milk. (UE 852 /2004. Regolamentoo (CE) N. 852 /2004 sull'igiene dei prodotti alimentari. GU. EU. 30 /04 /2004;

UE 853 /2004. Regolamentoo (CE) N. 853 /2004 che stabilisce norme specifiche in materia di igiene per gli alimenti di origine animale. GU. EU. 30 /04 /2004)

There was done the somatic cells counting, for every mass milk sample taken from the cows in april 2015. There were taken about 50 milk samples in the first farm where the milking was done by hand and 50 samples in the second farm when milking was done by milking-machine.

Samples were chosen in random farms. The selection was done in the lactation period and approximately same age cows. Whereas cows were between 70-130 day of their lactation

The milk somatic cells content definition in microscope

The bottles with the milk to be analyzed were filled in  $\frac{3}{4}$  of their volume. Samples were well homogenized and extended in a surface of 1 cm<sup>2</sup>. After the material drying for more than 5 min was done the painting with the method Newman and Charlett. Then was done the drying, distilled water rinsing and was done on microscope the counting of the cells number for 1 ml milk according to the formula  $N=FM \times n \times 100$ . Where "FM" is the number of the microscopic fields in 1 cm<sup>2</sup>, and "n" the average number of the cells observed for each microscopic field.

## **Bacteriological Analyses**

### **Total Aerobics in milk**

Total aerobic in milk or the total bacterial charge defines the milk quality standard and indirectly the health management level of the farm (Binda et.al,2002;Frigerio et. al, 2004). The total aerobic definition is realised in the region veterinary lab with the method: **ISO 4833:2005**. "General method for the counting of microorganisms in foods, colonies counting in 30°C". The method gives detailed details for the microorganisms counting in food products that are consumed by people and animals, by counting the colonies grown up in agar based solid ground, in aerobic conditions in 30°C.

After the somatic cells counting the results were evidenced as in the below tables

The high somatic cells presence in milk ( with or without microorganism charge) shows the presence of sub-clinic mastitis.

**Table.No.1** In 50 milk samples taken in the milking by hand farms, in 14 of them the results were ( > 400.000 cells/ ml and >400.000 (total aerobics) /ml) .

The number of samples taken	Microbiological load	The total number of somatic cells
1	647.000/ml	538.000/ml
1	841.000/ml	648.000/ml
1	737.000/ml	578.000/ml
1	804.000/ml	493.000/ml
1	764.000/ml	561.000/ml
1	701.000/ml	412.000/ml
1	669.000/ml	514.000/ml
1	721.000/ml	450.000/ml
1	444.000/ml	435.000/ml
1	568.000/ml	489.000/ml
1	619.000/ml	487.000/ml
1	719.000/ml	546.000/ml
1	618.000/ml	479.000/ml
1	789.000/ml	469.000/ml

**Table. No.2.** In 50 milk samples taken in machine milking farms, in 8 of them the results were ( > 400.000 cells/ ml dhe >400.000 (total aerobic) /ml) .

The number of samples taken	Microbiological load	The total number of somatic cells
1	567.000/ml	438.000/ml
1	478.000/ml	418.000/ml
1	737.000/ml	578.000/ml
1	589.000/ml	493.000/ml
1	764.000/ml	571.000/ml
1	501.000/ml	412.000/ml
1	634.000/ml	414.000/ml
1	761.000/ml	450.000/ml

**Conclusions:** Hygeine problems and the lack of disinfectant usage are the causes of this situation.

During the mechanic milking where disinfectants are used for the machines results shows that the microbial load is lower as well as the number of somatic cells. Cow hygiene is related positively with the microbial load and the number of somatic cells.

In both farms counting of somatic cells and total aerobic indicates the presence of mastitis

**Recommendations :** Implementation of all the hygiene rules and the usage of disinfectants is very important. Education of the farmer to improve the hygiene and use properly the disinfectants.

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## Between the Real Threat and Psychological Warfare, ISIS and Balkans Security

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### Abstract

*Promotion of religious fundamentalism and the tendency of its spread in the form of expressing the belief and devotion to the almighty shall not be related with terrorism or seen as its generator. Specific economic and political circles through media stereotypes and continuous indoctrination established a receptive and acceptive confusion. Contemporary socio-political reality of our region, entitle us to reaffirm the opinion that the fundamentalism as a religious, national, political and cultural concept is stereotyped to the extent of equivalence between the fundamentalism and terrorism. The reality is completely different from a scientific, theoretical point of view, the religious, Islamic fundamentalism, as an imposing tendency of those who are from a different religion can relate the Islam with terrorism, in this context as an ideological instrumentalization for economic political interests of specific circles of regional and state dimensions. The security in Balkans is very stable, and the threat made by ISIS-originating from this region, is more a psychological warfare than the real threat for security. When we mention this, we consider the fact that most citizens are oriented towards civilization values, reasonable actions and behaviours, willingness and determination of the states and international organizations for the preservation and protection of the major values such as the human life, freedom and the valuable system of this civilization.*

**Keuwords** Fundamentalism, Terrorism, Security, Balkans, Politics.

### INTRODUCTION

Security, which is an important segment for the state and the society, its stability is always being undermined and relativized, as in the national level as well as the international. The international trends and the general developments, also the globalization process, imposed a different dynamic, rhythm and approach of those hitherto, as in the aspect of acceptance as well as the perception of the phenomena, processes, inheritance and the future perspectives. Terrorism as a specific international threat is being imposed more as a multidimensional concern for the states, international community and the international law. The manifested modalities of international terrorism today hinder much more its prevention and combating, respectively with its specific characteristics which are the suddennesses and the high degree of the ideological indoctrination. The threats of Alqaida and other terrorist groups were very challenging from 11 September 2001 until 2012, whereas now is presented the new model, the modified terrorist threat, Islamic state and international megalomaniac allegations as a determining factor of the economic and political affiliations, a factor with the aim to reconfigure the global, geopolitical and international law systems, without saving the innocent human lives by neglecting the international norms, ignoring and devastating the historical, cultural inherited values of this civilization, and as a consequence the Islamic state is going to an increasing extent of the sources of fear and insecurity, in which situation the psychological warfare is being exercised more than the real threat, especially in the part of Balkans, with the allegation of the serious threat for the international security and the general challenge of the international community, preventing and combating of which would require more than the cooperation of the states and mobilization of the international community.

#### 1. Contemporary terrorism, manifesting modalities and security

Terrorism as a threat of society especially of security, and in general as a destructive activity, besides that aims the destabilisation and causes fear and insecurity, this phenomenon attacks also the democracy and the rule of law of a community, "Terrorism is a denial of democracy and of human rights"<sup>1</sup> (Preventing Terrorism and Countering Violent Extremism and Radicalization that Lead to Terrorism, OSCE, Handbook, 2014 Prishtina). Contemporary terrorism differs with various elements from the traditional one or determined differently in terms of time, the terrorism of the 21<sup>st</sup> century is different from the 20<sup>th</sup> century, as in the organizational aspect, small number of members, then from the intensity of the actions as well as the weapons and tools used during these terrorist acts, whereas the common is the violence and spreading the fear with the aim to accomplish their goals which continuously are differing, modifying, influencing, and

determined by trends, events, reconfigurations of geostrategic policy interests and “maps”. “ The fact that the international terrorism with a symbolic number of members and the army tools used, but with well planned and coordinated terrorist actions can cause a war of international dimensions. These facts prove the serious risk that this phenomenon might bring to the peace and world security.”<sup>2</sup> (Kolë Krasniqi, International Terrorism, Prishtina, 2010, faqe 53)

Among the manifesting modalities of contemporary terrorism is also the Islamic terrorism, Islamic Jihad, as a generator, imposing modality and a real threat for the international security inspired by inconsistent interpretations of the holy book, Kur'an and the messages and order of the Prophet Sallallahu Alaihi wa Sallam.

“According to radical interpretations of the last order of the Prophet Muhammad, the Islamic Jihad is about the war to spread the true belief and subjugating the non-believers, from such aspect is stylized also the spiritual aspect of the Jihad as a voluntary obedience and spiritual obligation for self-sacrifice for the service of God.”<sup>3</sup>. (Kolë Krasniqi, International Terrorism, Prishtina, 2010, page 180). The Jihadist ideology and the tendency of establishing and dominating the Islamic state, is a real threat for the international security, and to all of this we mention also the fact of the unemployment which is increasing more and more and the poor socio-economic conditions, as well as migration as an accompaniment phenomenon of these trends, then the concern for the increasing insecurity results to be more real, but seen through the prism of near perspective, this situation can be managed and cannot result as an unsurpassed obstacle.

## **2. Security, risks and threats in Europe and Balkans**

Nowadays, not only Europe, but the entire international community is at a crossroad regarding the protection strategy and ensuring an international stable security by preserving and protecting the highest values of this civilization, the human rights and freedoms. The crossroad and insecurity were influenced and conditioned several factors, such as the war in Ukraine and the tendency of spreading the Russia's influence in this part of Europe, as well as the Islamic state with the tendency of its spreading through ideological influence and other instrumentalization forms to a part of Balkans youth and beyond, thus manifesting a new modality of the international terrorism which as an extreme radicalisation, declared war not only to specific states, organization, but also to the inherited values of ancient civilization, by violently devastating them. Security in Europe has no alternative, the strategy for preventing the dominance of the Russia in Central Europe and the Baltic region, is a serious challenge not only for the Europe, but also for the USA, also the other relevant international factors for international security and the rule of law until now. Whereas, the influence, the spread of insecurity and fear through direct threats in media by the members of the Islamic State originating from Balkan countries to the states and their citizens, it seems more like a psychological warfare than any potential serious risk of the Balkans states security. This is confirmed by the officer for public relations of the Kosovo Police, Major Baki Kelani, according to which “The Kosovo Police considers that for the moment there is no serious risk from Terrorism in the Republic of Kosovo, nevertheless, Kosovo cannot be immune, same as the most developed states in Europe and beyond are not.”<sup>4</sup> (Daily Newspaper “Koha Ditore” - 02.07.2015)

## **3. Radicalization of the religious fundamentalism and the offensive of the Islamic state**

Radicalism as a concept and radicalisation as a process in the most cases are destructive and during the history are presented as barrier and prevention forces of the processes and events in society. Seemingly, there were also phases and moments when radicalisation of a process in a specific phase resulted as an adequate action in certain circumstances and at the relevant time, however these cases and phases were significantly at a lower level. The national, ideological, political and especially religious radicalisation were fundamentals modalities derived from the same profile, which in specific circumstances and periods of time generated different conflictual tensions to the escalation of violence and spreading the hatred, consequence of which always was the instability, fear, insecurity of certain community. The Islamic fundamentalism and radicalization are not related to terrorism, but the radicalization of this religious concept and confession with the tendency of violently protecting the Islamic values according to their opinion, many times by distorting the principles and messages of Kuran, which is set in connection with the terrorism as a mechanism tool to achieve the ideologican and political goals, thus being presented as a contemporary challenge of the international security.”Radicalization is not a threat to society if it not connected to violence or other unlawful acts, such as incitement to hatred.... Terrorist radicalization is a process whereby an individual comes to accept terrorist violence as a possible, perhaps even legitimate, course of action.<sup>5</sup> (Preventing Terrorism and Countering Violent Extremism and Radicalization that Lead to Terrorism , OSCE , handbook,

2014 Prishtina). Regarding the recruitment tendency by the terrorism of the Islamic state model, must be said that is related with a ideological political violent project, with the sole purpose, which is already a well known fact, the establishment of Caliphate, for which purpose is re-actualized the Machiavellian doctrine, according to which the end justifies the means.

### 1. The real threat from terrorism or psychological warfare from ISISi, in Balkans and Kosovo

Terrorism and the terrorists in general are the worst things, and today, the threat from terrorism is real. The terrorist organizations, generally the terrorist of ISIS, threat all of them who come before them and the others who oppose and criticise them for their way of achieving the goals which are already known, establishment and expansion of the Islamic state. "Terrorism and the terrorists in general are the worst things. Escaping to reductionism stereotypism is an escape from reality, from the real and the creation of the space for the fifth knight of apocalypse "6 (Abazovic Mirsad, Ogleđi o Sigurnosti, Sarajevo, 2010). Neither the escape to reductionism nor their hyperbolism and institutionalization of fear through media, shall not be happening, a thing which intentionally or unintentionally is happening, the frequent presence of the images and messages of terrorist threatening apparently will spread fear and insecurity, and such presentations are more as psychological warfare than a real threat for the Security in Balkans and Kosovo. "Bad days will come for you. We do not forget the things that you have done to Muslims, you will be afraid to walk on the roads, you will be afraid to work at your offices; you will be terrified at your houses. We will do the same thing to you as we did in Iraqe with their army. We will come to you with people who love the death more than life. We will fight until the word of Allah is accomplished and this will happen very soon. – This was a threat done through a published video online for all Balkans countries with a majority of Muslims, by Ridvan Haqifi<sup>17</sup> (Daily Newspaper "Koha ditore", 06.06.2015, Prishtina). This was one of the presentations of the Kosovars who are in Syria, members of ISIS, for the establishment of Islamic state, who from there threatens the majority of muslims, respectively the Balkans countries with a majority of muslims, threats which are more part of a psychological propaganda than a real threat of such dimensions that would affect the security of Western Balkan states. Several suspicious actions and movements of the Kosovo citizens raised the vigilance of the Police and Prosecutir to prevent the potential terrorist acts and action, we are referring to a source of the daily newspaper Koha Ditore, regarding the work of Presecutor; " thus, during the telephone interceptions, the young boy from Gjilan, requested help from an Albanian from Macedonia (which is in Syria), to go to Syria and fight for Jihad, the interlocutor from Syria said that Jihad can be done also in the place where are you located, this telephony conversation was interpreted as a potential terrorist attack in Kosovo, (according to the newspaper source, from the State Prosecutor), and there is no real threat for such thing"<sup>8</sup> ( Daily newspaper :Koha Ditore , 02.06.2015, Prishtinë ). However, the increased level of the responsibility of the law enforcement agencies and other institutions from the field of Security shows the seriousness of the situation and responsibility of the Republic of Kosovo, which is already listed on the block of the allied stated to fight and prevent the terrorism, without compromise.

We can conclude that the Islamic state and the Caliphate cannot be established and consolidated, because the legal, economic and political consequences of security are much larger from the achievement of such project, therefore the international mobilization and resistance to such creature will be more powerful than the huge desire for death than the life of Islamic jihadists of the Islamic state. Regarding the Balkans region in particularly Western part, the tendency of spreading of ISIS and recruiting persons from this region will always be smaller, the total number of the Kosovar Albanians, since from the commencement of the war in Syria is about three hundred persons, number of the people murdered within ISIS, originating from Kosovo is forty persons since from the commencement of the conflict, whereas the number of the people murdered of traffic accidents within the period 1 January 2015 - 30 June 2015, is 46 persons. (Information made public and presented in electronic media, national television, - 25.07. at 22:00, news)

### Conclusions

In conclusion, we can add that the fight against terrorism and establishment of an international and national stable security are serious challenges for the state and the international community in general. Risks and threats by the Islamic Jihadists are real but the situation is not as much as is being alleged and presented by the propaganda of the members of ISIS and Jihadist ideology. Particularly, the Balkans and Kosovo cannot be an exception, the commitment, mobilization of the state and the citizens shall be in the highest level in order to resist the initiatives of individuals and groups who attempt to recruit as many potential members as possible. The highest effectiveness and commitment of the institutions which have primary

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mandate the security, is the activity and obligation which shall continuously be in satisfactory level and in compliance with the strategic plans and objectives of Western states which in the global plan bear the responsibility to fight against terrorism of all types and levels. Controlling and monitoring the work of NGOs with suspicious activity and preventing the indoctrination propaganda activity of some recruiting groups and circles, as well as controlling and monitoring the suspicious financial transactions as a preventive activity for the financing of terrorism. As a conclusion also the social care, respectively increased care from the state for the families in extreme poverty, which belong to the social category with approximately 15% cases, which deserve an increased care by the state, because according to the statistical data, the most of the people that are going in Syria from the Republic of Kosovo, belong to the poor class and the extremely poor class, which are a social structure that are easy to indoctrinated and recruited into warriors of ISIS..

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## The Indices of Creative Cities: the Global and Local Aspects

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### Abstract

*The paper deals with the indices of creative cities. Author analyses the different creativity indices suggested by both the followers and the critics of R. Florida. The author criticizes the Florida's indices such as Bohemian, Melting pot, Gay, High tech, Innovation, Talent indices, as well as Minor integrative (diversity) and Major integrative indices. The indices of other authors presuppose the questions about the role of the region in defining certain creativity indices. The author makes conclusion that the uniform formula of creativity indices is impossible for two reasons. First, the creativity indices depend on the region of a city. Second, the very strategy to have the uniform creativity indices makes the cities similar to each other and no more unique, consequently, no more creative; as result, this strategy is anti-creative.*

**Keywords:** creative city, creativity indices, global city, local region.

### Introduction

“Creativity” is one of the most vague concepts (Barevičiūtė 2014; Černevičiūtė, Strazdas 2014). Despite this, the scholars try to define and explain this concept using different creativity indices. The different sciences use different approaches towards creativity. As result, we face very different research indicators of creativity. For example, psychology appeals to the psychological indices (Cherry, Latulipe 2014; Furst et al. 2012; Runco 2004; Runco et al. 2005) including index of imagination (Liang et al. 2013); sociology pays attention to the creative environment and its indicators (Hunter et al. 2007; Baltrėnas et al. 2015; Kačerauskas, Kaklauskas 2014; Pruskus 2015) including mathematical models (Soler 2007; Carroll 2009; Cherry, Latulipe 2014; Weinstein 2014); pedagogy uses the predictors of creativity (Batey 2010; Juzefovič 2015); economics appeals to the relationship between socialization, externalization, combination and internalization (Chang et al. 2014), as well as to the cultural production (Power, Scott 2004; Scott 2000). The urban studies integrate all these approaches by using Tolerance Index (Florida, Tinagli 2004) and the regional city creativity indices (Gong 2013; Hong Kong 2004; Shanghai 2006). The researchers speak also about the factor data of creative city (Florida 2002; Florida 2012; Çetindamar, Günsel 2012) that is inseparable from the concept of global city (Çetindamar, Günsel 2012). The concept of creative city is inseparable also from the discussions about the cultural clusters and creative production in the cities (Scott 2000; Krätke 2003; Cooke, Lazzaretti 2008), as well as from the artistic activities in a city (Lavrinec 2014).

The concept of creative city has been based on the idea that a city with the creative activities is more attractive to the investors. As result, it has priority in the global competition of the regions. The scholars speak about the concentration of scientifically and technologically creative occupational groups (Krätke 2010), as well as about the role of creative industries in the development of regional economy (Weinstein 2000).

The concept of creative city presupposes the idea that creativity of a region (a city) plays an important role in developing of both national economy and welfare state. On the one hand, creativity is an aspect of culture. On the other hand, cultural environment is the base of the creative impulses. Additionally, one of creativity indices could be cultural environment. The paper deals with the possible indices of creativity, as well with relationship between cultural environment and creativity.

**The indices of the creative city**

Table 1 shows R. Florida’s (2002, 2012) creativity indices including two integrative. Bohemian Index refers to number or percent of the artists (writers, painters, sculptors, composers, actors and so on) in a region. Melting Pot Index shows the number or percent of people born in other region. Gay Index refers to the number or percent of mail couples in a region. High Tech Index shows the part of high technologies in regional economy. Innovation Index shows the number of the patents comparing with number of population. Talent Index refers to the number or percent of the graduates from universities and colleges in a region. All these indices have influenced both the very concept of creative city and the indices of creative city.

However, the mentioned indices should be evaluated in a critical way. Although Bohemian Index appeals to importance of the artists in social development, it is not clear what kind of the artists should be accounted – all of them or the most prominent, formal or informal (for example, the graffiti artists), the graduates of art schools or the members of creative unions. Although Melting Pot Index presupposes the idea that the emigrants enrich the regional economy with the new ideas, this index appeals to the creative capital that should be stimulated instead of the social capital. Although Gay Index shows the level of tolerance in a region, the gay-ness is first of all a cultural category; additionally, the limits of gay-ness in the case of bisexuality are also unclear. Although High Tech Index shows the openness of a society for the novelties, it is impossible to separate the “high” technologies from the “low” ones. Although the Innovation Index shows the level of technical thought, it ignores the fact that the patent industry is profit-making. Although Talent Index shows a weight of educated society, it expresses also the devaluation of the university studies. The Integrative Indices have not less problems: after summing the unreliable indices they become even more unreliable. Additionally, we can analyse other indices ignored by R. Florida although they are important for the idea of creative city, such as the number of the green parks, the speed of the internet, the level of computer literacy, the low level of suicides, the level of urbanisation, the economic growth, the socialization etc.

**Table 1. R. Florida’s (2002, 2012) indices of creativity**

No.	Index	Integrative Indices	
1.	Bohemian	Minor Integrative Index (Diversity)	Major Integrative Index
2.	Melting Pot		
3.	Gay		
4.	High Tech	–	
5.	Innovation	–	
6.	Talent	–	

Figure 1 shows the content of Euro Creativity Index developed by R. Florida and I. Tinagli (2004). Figure 1 covers three first-level indices in European region including Talent, Tolerance and Technology Indices. Euro Tolerance Index has been divided into two second-level indices. This schema has influenced the creativity indices of certain European cities including Berlin, Copenhagen, and Stockholm. We face here the similar questions: why namely these indices have been taken into account; what particularity of the creative indices do we have concerning certain European regions (Western, Central, and Eastern)?

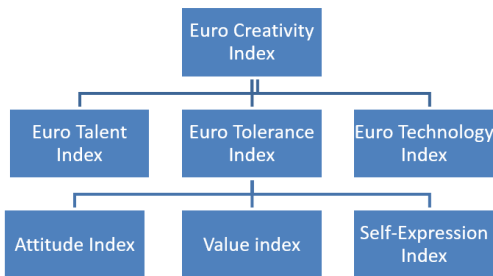


Figure 1. Euro Creativity Index according to R. Florida and I. Tinagli (2004)

Figure 2, Figure 3 and Table 3 show the different indices of China creative city including Hong Kong (Figure 2), Shanghai (Figure 3), as well as the integrative index of Chinese cities (Table 2).

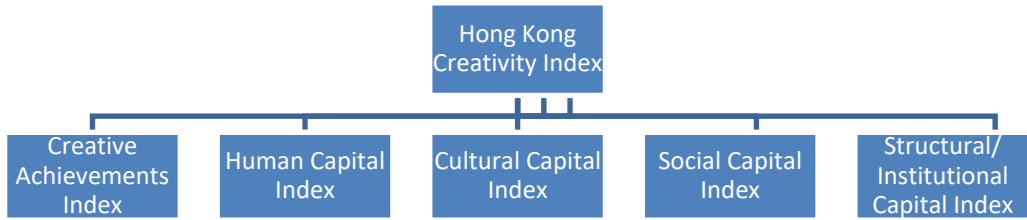


Figure 2. Hong Kong Creativity Index (2005)



Figure 3. Shanghai Creativity Index

Although Table 2 shows only the first-level and the second-level indices, X. Gong (2013) develops also the third-level indices. By developing the indices of creative city, all Chinese scholars stress the particularity of Chinese cities and appeal to the necessity to research the local creative indices although based on the ideas of R. Florida and his followers.

Table 2. China city creativity indices (Gong 2013)

First-level Indices	Second-level Indices
Industrial Scale (A)	Creative Industries Scale (A1)
	Creative Industries Accounted for GDP (A2)
Creative Ability (B)	Talented Person (B1)
	R&D Ability (B2)
Creative Environment (C)	Cultural Environment (C1)
	Social Environment (C2)
Potential Development Ability (D)	Development Trend (D1)
	Potential Development Ability of Talented Person (D2)
	Openness and Tolerance (D3)

By analysing the indices of creative city, we face the problems as follows: 1) What indices are important in a region? 2) What weight has every index in the integrative index? 3) How to account the integrative index? 4) What could be creativity integrative index in certain regions including Central Europe? 5) Whether and how the indices of creative city are the factors of urban (regional) sustainable development? 6) Whether and how the indices of creative city are the factors of economic development?

### The global and local aspects of creative city

R. Florida and his followers appeal to the global creative city. According to him, the mentioned indices have universal significance despite the region or continent. The paradox is as follows: while developing the social areas indicated by mentioned indices we uniform the cities and lose their creativity. The phenomenon of creativity deals with uniqueness. If a city tries to repeat the success of the certain creative cities instead of searching for its unique way it loses its creativity, too. As result, such city has been doomed to failure. Similarly, we face dialectics of global and local aspects in every city. If a city is global enough, it is like other cities around the world. As result, such city is no more attractive both for the tourists, for the investors<sup>1</sup> and finally for the inhabitants. Not by accident, the scholars (Currid 2006; Çetindamar, Günsel 2012) speak about global city and creative city together, i. e. about global creative city and its indices.

Cetindamar and Günsel 2012 pay attention to certain limitations of Florida's indices: 1) creativity has been treated as an occupation, as result, it is a static view; 2) the Florida's creative indices "overemphasizes the role of technology"; 3) the creative indices are "intended to measure diversity of cities in one country, the USA." (Çetindamar, Günsel 2012: 1304) According to the authors, many of the indicators of innovativeness (R&D investments, patent data) do not exist at the city level in Turkey. Referring to consultancy company PricewaterhouseCoopers, Çetindamar and Günsel (2012) speak about the indices of creative city as follows: 1) top 500 universities, 2) public expenditures for higher education per city and 3) Nobel Prize winners. The authors appeal to the factors of different origins, namely to the "hard" (R&D manpower, R&D investment) and "soft" factors (management practices, governance structures). Finally, they suggest the additional two "soft" indices (human development, knowledge flow through networking) beside three Florida's indices (see Table 3).

**Table 3. The indices of global creative city (Çetindamar, Günsel 2012)**

No.	Index	Origin
1.	Creative occupation	Florida 2002
2.	Innovativeness	
3.	Diversity	
4.	Human development	Cetindamar and Günsel 2012
5.	Knowledge flow through networking	

However, the problems arise as follows: 1) Why only three Florida's indices have been chosen? 2) What about the mentioned paradox of global creative city? 3) What about the vague content of certain concepts (innovativeness, diversity), as mentioned above? 4) Does the choice of the indices depend on the region of a city?

All these and mentioned above problems have not been solved neither by Çetindamar and Günsel nor by other scholars until now. It seems that Çetindamar and Günsel try to correct the list of the creative indices in order to improve the results of Turkish cities, first of all of Istanbul. However, the questions are more basic: 5) Is it possible to have a uniform set of creativity indices for all cities around the world? 6) Is the strategy to have the creativity indices not anti-creative?

### Conclusions

Sociology presupposes the empirical methods including the indices to be measured. Discourse of creative city requires a uniform set of creativity indices that could be used by comparing the cities and by developing certain urban policy. However, the uniform formula is impossible for two reasons. First, the creativity indices depend on the region of a city. Second, the very strategy to have the uniform creativity indices makes the cities similar to each other and no more unique, as well as creative; as result, this strategy is anti-creative.

<sup>1</sup> The investment is also a kind of tourism.

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## High Order Thinking Skills of Level Two Orang Asli Students in Rompin District, Pahang

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### Abstract

*Higher order thinking skills is an important aspect in teaching and learning. Students with higher order thinking skills are able to learn, improve their performance and reduce their weaknesses. In recent years the most serious issue in Orang Asli schools is the achievement of Aboriginal students in their academic subjects as compared to the mainstream students. The purpose of this research was to identify the level of Higher Order Thinking Skills among Orang Asli students in Rompin District, Pahang, Malaysia. The research sample consists of (150) Orang Asli students of grades 4-6 were randomly selected. A valid and reliable scale was used as a data collection tool. The findings indicated that Orang Asli students have below average level of HOTS on all four areas. Results show that students have average HOTS level on analysis, below average level on applying, while more than half of average level on evaluating, and the lowest level was on creating. Besides that, the findings also showed that there is statistically significant difference in gender on the level of Higher Order Thinking Skills in general and in the analysis skills; female students have higher level more than males do.*

**Keywords:** *Higher order thinking skills, Science education, Science Achievement.*

### Introduction

In recent years, the Malaysian education system has come under increased public scrutiny and debate, as parents' expectations rise and employers voice their concern regarding the system's ability to adequately prepare young Malaysians for the challenges of the 21st century. Reform effort for the further improve in education system are ongoing efforts in Malaysia. In 1987, concerted efforts were undertaken to define the National Philosophy of Education (NPE).

Such an effort is design to produce Malaysian citizens who are knowledgeable and competent, who possess high moral standards, and who are responsible and capable of achieving a high level of personal well-being as well as being able to contribute to the betterment of the society and the nation at large (Educational Planning and Research Division, 1994, p.vii). However, in the 1990s, in order to demand the goal of the Vision 2020 reform efforts were focus to teaching thinking skills in schools (Nagappan, 2001).

Looking ahead, The Malaysia Preliminary Blueprint state the educators, parents, students, and other members of the public were united in a vision of education as a vehicle for the holistic development of children intellectually, spiritually, emotionally, and physically. The Ministry of Education have a specific aim of teaching thinking skills in schools. One of the six key attributes needed by every student to be globally competitive are thinking skills. Every child will master a range of important cognitive skills, including problem-solving, reasoning, creative thinking, and .innovation (Malaysia, Ministry of Education, 2013)

Malaysia will need 493,830 scientists and engineers by 2020, this estimates state by The National Council for Scientific Research and Development. To support this, one of the main objectives of the Malaysian science curriculum is to enhance the reasoning abilities of students which is hoped to be achieved by emphasising science process skills, manipulative skills, critical and creative thinking skills that have been consciously introduced into the new Malaysian Science Curriculum (Malaysia, Curriculum Development Centre, 2001).

These outcomes are in line with the aspirations articulated by participants during the National Dialogue, and are comparable to outcomes set by other high-performing education systems. Only Science and Mathematics were two important subject that will be evaluate in TIMSS.

It will assessing students in Grades 4 (the Malaysian equivalent is Year 4) and 8 (the Malaysian equivalent is Form 2) along two aspects: content such as algebra and geometry, and cognitive skills, namely the thinking processes of knowing, applying, and reasoning (Malaysia, Curriculum Development Centre, 2001).

Increasing the higher order thinking skills to all student need all efforts and not easy task to complete. The teacher have to know and understand the Bloom's taxonomy (1956) before teach their students. Based on Bloom's taxonomy, memorization and recall of information are classified as lower order thinking whereas analyzing, synthesizing, and evaluating are classified as higher order. The higher order thinking skills can be the best idea to help students solve the real problem and making decision in their life.

However, nowadays, a drop in interest in Science subject may stunt efforts to improve technological innovations to make Malaysia a high-income nation. Based on U. Narmada research in 2013, to avoid that to become worst teachers should try to make learning of science an enjoyable experience, the one that the children will remember for a lifetime as Science is an on-going process and it will continue even when these children have stepped out of primary school (U. Narmadha, 2013).

Instead, students need to be able to reason, to extrapolate, and to creatively apply their knowledge in novel, unfamiliar settings. They also need attributes such as leadership to be globally competitive. As the TIMSS and PISA international assessments have demonstrated, our students struggle with higher-order thinking skills (Malaysia, Ministry of Education, 2013).

In recent years, the most serious issue in Orang Asli schools is the achievement of Aboriginal students in their academic subjects as compared to the mainstream students (Norwaliza A. Wahab, 2016). Without education, Aboriginal people may retain in poverty and may lag behind the other communities. Due to their poor academic achievement, they remain one of the poorest in the country (Nadchatram, 2007).

### **Theoretical Background**

It is important to note that everyone is capable of thinking, but almost everyone has to be encouraged. Taught, and assisted in the higher-order thinking processes (Rajendran N.S, 2008).

Although different theoreticians and researchers use different frameworks to describe higher order skills and how they are acquired, all frameworks are in general agreement concerning the conditions under which they prosper.

In Malaysian science curriculum, student was hoped to be achieved by emphasising science process skills, manipulative skills, critical and creative thinking skills. All these skills have been consciously introduced into the new Malaysian Science Curriculum (Malaysia, Curriculum Development Centre, 2001).

These skills are carefully and systematically planned using the various teaching approaches such as inquiry and problem solving via a Thinking Skill Thinking Strategy (TSTS) framework (Maria Salih, 2010). See Figure 1.

To further emphasize the importance of teaching thinking skills, the curriculum states, "The contents of the curriculum promote the development of thinking abilities to enable students to analyze, synthesize, explain, draw conclusions, and produce ideas that are both constructive and useful" (Salih, 2010).

One of the key indicators of educational performance as a product is students' achievement level in various subject matter areas. Among them, science achievement is given a special emphasis by education policy-makers, since it deals with the concepts and principles that are required for a technologically equipped and developed society.

By 2016, higher-order thinking question will comprise at least 40% of questions in UPSR and 50% in SPM. This changes means student will be trained to think critically and to apply their knowledge in different settings (Ministry of Education Malaysia, 2013).



Nevertheless, the difficulty to interact due to the poor mastery of Malaysia language among the Orang Asli students can causes poor understanding of the less on and it leads to failure in the academic subjects. (Norwaliza A. Wahab, 2015). The HOTS implementation can be a new transformation among Orang Asli student to become very motivated and can achieve the same level of performance as other ethnic group in Malaysia. Nowadays assessment in Malaysia based on revised taxonomy Bloom by Larin Anderson, refer in figure 2.

Increase of higher order thinking skills in students is not an easy task. Teachers should refer to the instructional objectives Bloom Taxonomy (1956) for assistance. Bloom's Taxonomy divides thinking skills to the knowledge of low-level and high-level starting with knowledge, understanding and application. While higher-order thinking skills is analytical, synthesis and evaluation. Lorin Anderson has improved taxonomy Bloom in 2001 that changed the use of the noun to verb and the highest levels of cognitive thinking is created. Higher-order thinking skills is seen as a benefit to solve problems and make decisions (Radzi, 2010)

### Statement of the problem

The Orang Asli of Peninsular Malaysia comprises of 18 ethnic subgroups classified under the three major groups: Negrito, Senoi and Proto Malay. They make up only 0.6% of the total Malaysian population. Senoi is the largest ethnic group constituting about 55% of the total population of Orang Asli, followed by the Proto Malays and the Negritos at 42% and 3%, respectively. Meanwhile, the level of achievement in education of Orang Asli students is among the lowest as compared to the other ethnic groups in Malaysia, (Nicholas.C, 2005).

Thinking skills can improve the capability of learning. By using thinking skills, students will be able to control, guide and measure their learning (Yee Mei Heong, 2010). In addition, students are also able to measure the knowledge acquired in a more productive as well. Then, directly control the knowledge and learned can be improved. Students, who are proficient to perform mental operations such as compare, analyze and make inferences seeks to increase understanding and learning. Hopefully the implementation of higher order thinking skill in learning progress help Orang Asli student to understand and learnt more.

Among the most obvious reason is the recognition of some teachers that they do not know how to enhance their students' thinking. Teachers always used to teach students to face the examination. Student must pass the examination. The other problem are some teacher thought that teach students to master information for the examination and thinking are two different and conflicting goals. (Sivamugam, 2006)

According to Danny Weil , the higher order thinking skills are not so about content. They are about what students learn and think, but rather, they are about how they learn and think. It will requires changing both of our habits and the habits of our students, too (Danny Weil, 2004). Even the world of rapid progress now, require students seeking knowledge, be mastered various skills, and be able to use the knowledge learned to solve problems and make decisions.

In this context also, Sivamugam ( 2006) argues that the teaching in schools is still low member in emphasis and attention to the development of the power of thought. Most all the researcher agree that if student change their thinking, their performance will increasing. The Orang Asli student were selected because their performance in UPSR Data have shown only 61% of Orang Asli student pass the core subjects compare to the national average of 87% in the UPSR national examinations (Malaysia, Ministry of Education, 2013). The challenging was to overcome and in the same time to increase their performance.

It's true Orang Asli student can achieve the same level of the other main races if they can use and adapted higher order thinking skills in their learning process (Norwaliza, 2015). But there are also some reason why the teaching of thinking is not emphasized. This is because there are among the teachers felt that students must first master all the term and concepts of a subject before they are encouraged to think. Gaps in it, there is also a teacher who prefers the memorization of facts and not encouraging students to think about the fact that they have learned while ignoring how to use their own or seek information that is 'know how'.

This causes very dependent students and teachers from impulsive behavior, dogmatic, and lazy opinion. Even some of the teachers who believes teaching thinking skills will take many time and burden teachers. Therefore, it is sufficient if teaching thinking skills focused on gifted students only (Sivamugam, 2006).

The new KSSR offers an increased focus on higher-order thinking and is a clear step in the right direction of curriculum reform. However, if the new curriculum is to be delivered in the way envisioned, it requires complex lesson delivery skills from teachers such as tailoring lesson plans and materials to the needs of students at different levels of performance—even within the same classroom (Malaysia, Ministry of Education, 2013). The new curriculum hopefully can be a new beginning and transformation to Aboriginal school to increase their student performance.

Malaysia participated in the PISA assessment for the first time in its 2009+ exercise. Out of 74 countries, Malaysia performed in the bottom third for Reading, Mathematics and Science, well below both the international and OECD average in all three areas (OECD, 2007) (Ministry of Education Malaysia, 2013). Rather than assessing 'school' knowledge, PISA aims to measure how well students perform beyond the school curriculum (Margaret Forster 2004). While in PISA 2009+ have shown the minimum proficiency as defined by PISA that science students in Malaysia have very limited scientific knowledge that can only be applied to a few familiar situations. They can present scientific explanations that follow explicitly from the given evidence, but will struggle to draw conclusions or make interpretations from simple investigations. It is recommended will affect the quality and actual student achievement in science. Based on the last published cycle of TIMSS results 2011, thirty-five and 38 per cent of Malaysian students failed to meet the minimum proficiency level in Science and Mathematics, which is two to four fold up from seven per cent and 13 per cent, respectively, in 1999 (Malaysia, Ministry of Education, 2013)

Maria Salih stressed the importance of teaching thinking skills to all students, science teaching and learning in the Malaysian school context has progressed significantly over the years (Salih, 2010). The school curriculum at both primary and secondary levels will be revised to embed a balanced set of knowledge and skills such as creative thinking, innovation, problem solving, and leadership (Malaysia, Ministry of Education, 2013)

Zohar & Dori also indicate higher achieving students, having mastered the basic skills, were viewed as prepared to handle more complex learning task. However, international and national examinations show that the perception of students and teachers are quite contrary to their performance. The result also based on different country have different syllabus in their curricula. They strongly suggest that teachers should encourage students of all academic levels to engage in tasks that involve higher order thinking skills (Zohar & Dori, 2003). That's mean Orang Asli student have an equal opportunity to seek the challenge.

## Research questions

This study sought to find out the contributory effect of higher-order thinking skills in achievement in Science of level two Orang Asli students in Rompin, Pahang. For more specification, the study aims at answer the following questions:

1. What is the level of higher order thinking skills among orang asli students in rompin district, pahang, malaysia?
2. Are there any statistical significant difference on the level of Higher Order Thinking Skills among orang asli students according to their gender?

## Method

### Research Design

This research is a descriptive in nature; its key purpose is a description of the state of affairs, as it exists at present. In descriptive studies, data information is usually collected through a questionnaire, survey, interviews, or observation. Surveys are concerned with describing, recording, analyzing and interpreting conditions that either exist or existed (Kothari, 2004). Therefore, qualitative data were obtained through a survey conducted with Level Two Orang Asli Students, the gathered data were analyzed using both descriptive and inferential statistics.

### Participants

The research sample consist of 150 Level Two Orang Asli Students In Rompin District, Pahang (Malaysia) who studying at year 4, 5 and 6 in the academic year of 2014-2015 , they were selected to participate in the survey randomly. The male

students (n = 65) form 43% of the sample while the female students (n = 85) form 150% of the sample. The mean age was 10 years.

## Materials

In order to investigate the level of higher order thinking skills, two research instruments have been used. The first instrument includes 15 items about Self-Developed Academic Satisfaction Questionnaire. It consists of two sections. The first section ask about the sample demographic information that included gender, science marks and grade level. The second section asked participants to answer SDASQ question. Self-Developed Academic Satisfaction Questionnaire was adapted to measure the level of Orang Asli students Academic Satisfaction. The SDASQ is a quantitative measure of HOTS, and this measure included 15 items using a three-point Likert type scale (1=strongly agree to 3= disagree). Finally, Omniscient Authority indicates whether knowledge is transmitted by authorities or obtained through personal experience (Welcha & Roy, 2012). Part 2 was a set of HOTS question. It includes 15 multiple-choice of the higher-order thinking skills (HOTS) scale contained items at the analytical, synthesis, evaluation and creating levels of learning. (M. Craig Edwards, 2000). The achievement tests were appropriate for determining "the degree to which the student has attained criterion performance", Items used in the examination were constructed based on the criteria for the higher-order thinking skills is analytical, synthesis, evaluation and creating revised by Lorin Anderson (Radzi, 2010).

## Data Collection Procedures

Quantitative data for this study was randomly collected. The students were explained by teacher the purpose of the study and requested participation. Students answer the questionnaire and do the HOTS test individually.

## Results

The main aim of this study is to measure what is the level of higher order thinking skills among orang asli students in rompin district, Pahang, Malaysia. Finally, it examines whether their usage and perceptions differentiated in terms of gender.

## Findings of descriptive Analyses

The second section of the survey asked students to answer 15 HOTS items. Students were able to respond to all of the questions that they believed were true answer. Table (1) includes the means and standard deviations about HOTS level in every item.

The results in table 1 show that SUM of HOTS listed in this section of the survey (the percent of the mean for all the items less than 50%). The results also show that only 44.8 % of Orang Asli student can answer correctly in HOTS item level Applying (M = 2.240, SD = 1.464). The top performed tasks (HOTS item level analysis) gained a mean percent of 50.5%. The lowest tasks with a mean percent of 18% are (HOTS item level creating). These results indicate that Orang Asli student have low achievement in HOTS Item questions.

## Findings of inferential Analysis

The results in table (2) show that female student perceptions toward HOTS item (M = 6.329, SD = 2.450) higher than males' perceptions (M = 5.754, SD = 1.409), this difference was significant,  $t(148) = 2.45$ ,  $p = 0.015$ .

Regarding the student perceptions towards the HOTS item level Applying, the results show that female student- perceptions (M = 2.494, SD = 1.908) higher than males' perceptions (M = 2.472, SD = 1.563), only this level the difference was significant,  $t(148) = 2.472$ ,  $p = 0.015$ . Meanwhile according to this table, the student perceptions towards the HOTS item level analysis, evaluating and creating between males and females did not differ significantly.

## Discussion

The purpose of this study was to measure what is the level of higher order thinking skills among orang asli students in rompin district, Pahang, Malaysia. It explored how the formal use of higher order thinking skills could impact student learning process, engagement, and participation. The study also examines whether higher order thinking skills usage and perceptions among students differentiated in terms of gender.

The survey results indicate that Orang Asli student have low achievement in HOTS Item questions. Higher order thinking skills were the good approach that can facilitate systematic change and can promote improved student achievement (Bill Thornton, 2004). However, the use of the higher order thinking skills among Orang Asli students facing a big challenge because of the level of achievement in education of Orang Asli students is among the lowest as compared to the other ethnic groups in Malaysia, (Nicholas.C, 2005)

The results also reveal that, the gender gap is both significant and increasing, with girls consistently outperforming boys at every level.

Based on the results of this study, the researcher offers the following suggestions to support the effective use of higher order thinking skills in among Orang Asli school

1. Increased a course training regarding the capabilities of Higher order thinking skills and the potential use in the classroom for teacher and student
2. Encouraging the student and their to parents the benefit of Higher order thinking skills that could be used for general education.
3. Increasing the effectiveness of teaching and learning in formal education in school.

Future research may want to investigate the attitudes and perceptions of large sample and to examine differences based on region, field of study and age. Additional research could also be done to include all student not only focus to Orang Asli student as a sample and compare their perceptions. In addition, researchers may want to investigate if a difference exists among other ethnic in Malaysia.

Experimental research would also be beneficial to analyze how the use of higher order thinking skills could be used in a classroom or could be used to promote formal and informal learning.

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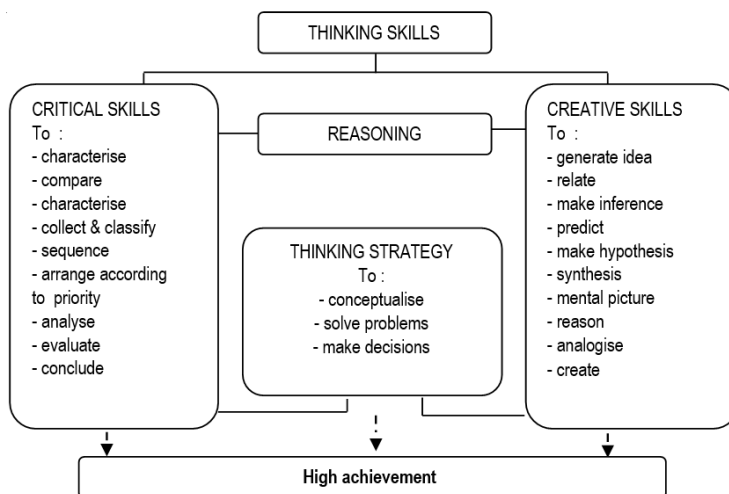


Figure 1. Conceptual framework of Thinking Skill Thinking Strategy (TSTS).

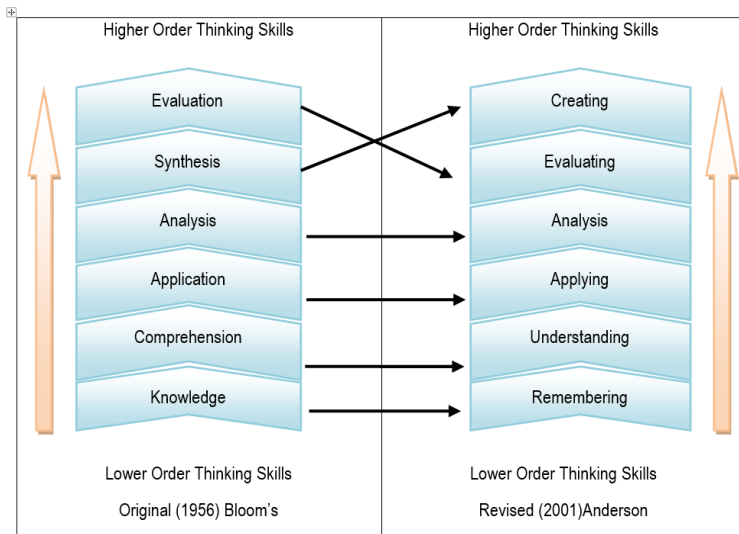


Figure 2

Table 1 the level of higher order thinking skills among orang asli students

	Mean	%	Std.Dev.
SUM Hots	6.080	40.5%	1.449
APPLYING	2.240	44.8%	1.464
ANALYSIS	2.020	50.5%	0.790
EVALUATING	2.360	36.5%	1.392
CREATING	0.360	18.0%	0.495

Table 2 the results of independent sample t-test according to students' gender

	Mean girls	Mean boy	Std.Dev. girls	Std.Dev. boy	t-value	df	p
SUM Hots	6.329	5.754	1.409	1.447	2.450	148	0.015
APPLYING-S	2.494	1.908	1.563	1.259	2.472	148	0.015
ANALYSIS-S	2.012	2.031	0.764	0.829	-0.146	148	0.884
EVALUATING-S	2.435	2.262	1.384	1.406	0.757	148	0.450
CREATING-S	0.376	0.338	0.511	0.477	0.464	148	0.643

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## Albanian EFL Teachers' Perceptions of the Role of Grammar Instruction in EFL Learning

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### Abstract

*The role of grammar knowledge and the contribution it makes to foreign/second language learning has been one of the most hotly debated issues in language research. Studies and findings in the field have revealed that after a relatively long period of exaggerated underestimate, grammar stands now where it should. Various theories of learning have caused theories of language learning to emerge, which on their part have had a strong influence on language teachers regarding the strategies they adopt, develop and implement in their classroom practices. This paper attempts to explore some Albanian EFL teachers' perceptions and beliefs on the role grammar knowledge and grammar instruction play in their students' EFL learning. It also aims to investigate how these teachers' attitudes influence their classroom practices of grammar instruction and grammar related activities. Since hardly any research on the issue has been conducted in Albania, this study may also serve as an incentive for further large-scale research, which might offer suggestions for improvement in EFL teaching strategies and expectations in Albania.*

**Keywords:** EFL learning, grammar, grammar instruction, teachers' perceptions

### 1. Introduction

One of the most hotly debated issues in research in EFL learning and second language acquisition studies is the position grammar knowledge and formal grammar instruction should hold in the teaching process. The three major periods which language learning has experienced with regard to the role of grammar in second/foreign language instruction have been described as: 1) grammar age 2) zero grammar age and 3) grammar for communication age. (Sogutlu, 2014) The importance given to grammar in each of the three periods has been determined by the meaning and purpose of learning a foreign language at the respective time. While in the first age FL learning aimed to enable people to read in the target language, eventually requiring knowledge of grammar rules, the zero age went for communication alone ignoring grammar completely. The third age, which is a combination of the first two, reconsiders the importance of grammar for communication competence.

However, the ones who apply various theories of language learning and who develop their own strategies are the language teachers. Their approaches to grammar instruction in EFL classrooms are shaped by their beliefs and attitudes towards grammar and the role they think it plays in L2 instruction. Consequently, the practices they apply need to be researched and thoroughly explored, so that suggestions and improvement be done. In his review study of research in language teacher cognition Borg points out that most of the studies in the field, 47 out of 64, were conducted after the mid-nineties, (Borg, 2003), which shows a growing interest in researching teachers' attitudes and practices.

Since teachers' perceptions of grammar and its instruction in EFL classrooms is a topic not as widely researched in Albania, this paper addresses the issue with the aim of making its contribution to the field of ELT research in Albania..

The aim of this study is to explore what some Albanian EFL teachers think of the role of grammar in EFL/ESL classrooms.

After a short review of approaches to grammar teaching in EFL/ESL classrooms and an overview of research in teachers' perceptions and beliefs about the topic, the findings of the study will be discussed.

### 2. Approaches to grammar teaching in L2

Concerning the position of grammar instruction in EFL classrooms, the debate is no longer whether to teach grammar or not, but when and how to teach it. With the assumption that grammar instruction contributes to inter-language development



the logical question Ellis (Ellis, Current issues in the teaching of grammar, 2006) raises is what grammar should be taught. The main concern of this part of the study is to briefly mention some of the most common approaches to grammar teaching.

### 2.1 Task-based learning (TBL)

The various definitions suggested by researchers show that tasks focus mainly on meaning. According to Willis and Willis (2007) tasks are activities "where the target language is used by the learner for a communicative purpose in order to achieve an outcome". Ellis (2009) defines TBL as the kind of instruction that creates contexts which encourage the learner to use his natural language learning capacity and does not teach the language bit by bit. In this way it helps the learner to be more successful at making progress. Unlike grammar exercises, tasks require the learner to convey meaning by making use of his/her linguistic knowledge. Thus the main idea of task-based learning is that successful language learning occurs if learners perform activities that enable them to make use of real-life language (Ellis 2003; Nunan, 2004)

Asking students to do tasks in which they have to communicate about grammar is another task-based approach. Fotos and Ellis (1991) argue that it is possible to combine grammar instruction with opportunities for communication involving an exchange of information. This can be applied with learners who are not beginners.

### 2.2 Focus on form instruction (FFI)

FFI is the type of teaching that requires the learners to focus on the language form rather than the meaning. It is believed to benefit learners who are beyond early childhood and whose exposure with the target language happens primarily in classrooms, because it helps them make more efficient use of the exposure to the language (Lightbown&Spada, 2006).

Ellis's approach of three types of FFI instruction entails both form and meaning. In his "Focus on forms" type a single grammatical structure is instructed everyday and the students are required to focus on form (accuracy) (Ellis,2006). Not overlooking meaning his "focus on form" type implies "a focus on meaning with attention to form arising out of the communicative activity. Thu (2009) describes these two types as the "former referring to teaching grammar whenever errors occur during a meaning-focused activity, whereas the latter referring to teaching grammar in isolation".

For other researchers FFI focuses on the distinction between explicit instruction on grammar forms and meaning-focused use of form (Hinkel & Fotos, 2002). A combination of focus on form without disregarding meaning seems to be a way to demonstrate that grammar can contribute to language development and communicative competence.

### 2.3 Teaching explicit or implicit knowledge

Another controversial issue regarding grammar instruction is whether explicit or implicit knowledge better benefits the learner. For Ellis (2006) explicit knowledge "is held consciously, is learnable and verbalizable" and it consists of "facts that speakers of a language have learned"; whereas implicit knowledge is "procedural, is held unconsciously and can be verbalized if it is made implicit".

While explicit grammar instruction means exploring teaching techniques that make students focus on language structures and patterns (Terrell, 1991), implicit learning is unconscious acquisition of knowledge.

The focus of explicit/implicit debate has mostly been on whether explicit grammar rules are possible to teach students. Doughty's study (1991) showed that it was more productive to teach the structures than to expose them to the learners. SLA researchers like Krashen (1982) consider learners' ability to acquire explicit knowledge as limited and possible only when they focus on form. DeKeyser's pilot study with one explicit and one implicit group demonstrated that explicit learning is better than implicit learning for categorical rules (DeKeyser, 1994). In his psychometric study of implicit and explicit knowledge, referring to authors like Green&Hecht and Bialystok Ellis comes to the conclusion that that explicit knowledge can be learned at any age, while implicit knowledge cannot (Ellis, 2005; Green&Hecht, 1992; Bialystok, 1994).

### 3. Overview of research in teachers' perceptions of grammar instruction in L2

Teachers' own views about the role of grammar knowledge in language learning affect the position/place they give to grammar instruction in their classroom practices. Eventually not only the learners' perceptions about their grammar knowledge and its instruction in the language classroom are affected, but also the importance and attention they give to grammar is automatically determined.

Research and studies about teachers' perceptions of grammar knowledge and instruction in the language classroom have revealed various opinions and practises according to which teachers favour or agree with various ways of presenting grammar structures to their students.

In his study about the relationship between teachers' beliefs and practices during literacy instruction for non-native speakers of English Johnson came to the conclusion that "teachers provide instruction which is consistent with their theoretical beliefs". (Johnson, 1992)

In a study conducted in a language school in California, (Thu, 2009) 11 ESL teachers agreed that when language learning is limited to the classroom formal study of grammar is essential to the eventual mastery of a foreign or second language. The same teachers also believed that practising the target language in real life situations is more important than analyzing and practising grammar patterns.

Another research into EAP (English for Academic Purposes) teachers' attitudes towards grammar revealed that over 60% of respondents viewed grammar as a framework or a basic system for the rest of the language, while 85% disagreed with the statement that "grammar acts as something which is added on to language proficiency" (Burgess&Etherington, 2002).

The same study was adopted and conducted with Iranian state and private high school teachers of English (Farshchi, 2009). The majority of participant teachers agreed that knowledge of grammar for students and teachers was necessary. The main concern was the way grammar should be presented and, despite the importance given to natural exposure, there was a great agreement that formal instruction helps students to use grammatical structures correctly.

A case study (Farrell& Lim Poh Choo, 2005) that investigated and compared two experienced Singapore teachers' beliefs of grammar teaching and their classroom practices concluded that both teachers agreed that the teaching of grammar was crucial for the learners' successful use of grammar structures in written work. In order to achieve this they regularly provided grammar drills for their students.

Comparative research conducted to FL learners in Colombia and the US (Schulz, 2001) was meant to compare culture-based attitudes to grammar study in FL learning. Although its results indicated that Colombian teachers had stronger beliefs regarding the efficacy of explicit grammar instruction and error correction than their US counterparts, the majority of teachers in both groups agreed that grammar instruction helps in language learning.

The case study of four English teachers in Hong Kong revealed that their beliefs significantly influenced their grammar teaching practices (Wu, 2006). The reasons given for grammar teaching showed that formal instruction was a multifaceted activity in the teachers' work. Some teachers thought grammar teaching was connected not only with students' language proficiency but also with psychological functions which were as important.

One of the three main conclusions Borg (2003) identifies in his review on studies conducted on the topic is that there is no suggestion in any of them that formal instruction is becoming less prevalent in language classrooms. On the contrary, most teachers reported that attention to grammar was something they promoted in their work.

Teachers' views of grammar knowledge determine not only the attention they give to it but also their classroom practices. Research shows that in general EFL/ESL teachers agree that grammar knowledge is important and it should be instructed in EFL classrooms. However, they support different approaches to grammar teaching, thus implementing various methods and techniques to provide their students with grammar instruction

## 2. The research

### 3.1 Purpose of the study

Since teachers develop different teaching attitudes and practices based on their views, knowing what teachers believe and then adopt is of great significance; it shapes the students learning practices and skills, and therefore their language competence. Hardly any research has been conducted in Albania on the topic, except one I came across, which focuses on the difficulties students face when learning grammar. It follows a previous similar research of mine with more than 300 high school students, aiming to explore students' perceptions of grammar knowledge and grammar instruction in EFL learning. The present study consists of almost the same questions apart from some alterations made to adopt the questionnaire for teachers and it aims to explore the teachers views on the following:

What is/should be the position of grammar knowledge and instruction in language learning?

What are teachers' practices in grammar teaching?

### *3.2 Participants and data collection*

This study uses a quantitative methodology with a questionnaire made up of 28 questions on the topic and demographic data. The questions were written in Albanian and had the 5-point scale Lickert format. 26 secondary and high school teachers, 10 and 16 respectively, 17 females and 9 males, participated in the study. They were asked to fill in the questionnaire during breaks at an exam evaluation centre..

### *3.3 Findings*

SPSS 21.0 version was used to analyze the data. Although the questions were not grouped they were aimed to investigate the teachers' perceptions on three main topics: 1. The position and role of grammar knowledge and instruction in EFL teaching and learning. 2. Teachers' classroom practices. 3. Teachers' views of students' perceptions of grammar and the impact of their classroom practices on students' language competence.

#### *1. The position and role of grammar knowledge and instruction in EFL teaching and learning*

All answers to the 9 questions related to the first group revealed that most teachers have a very positive attitude towards grammar knowledge and its instruction in EFL classrooms. Except question 4, the answers to each of the other 8 had at least 61.5 % in favour of grammar knowledge.

96.2% of the participants agree that studying grammar is essential to learning a foreign language with no one disagreeing and only 3.8% being undecided. 50% of the teachers do not agree that studying grammar only helps students to do well in exams. For 61.5% of the participants a student good at grammar is good at the language in general as well. The most surprising result was that of question 9, with no one disagreeing or even being undecided and 50% agreeing and 50% totally agreeing that studying and practising grammar helps students' progress with the language.

#### *2. Teachers' classroom practices*

Concerning formal instruction of grammar most teachers seem to either explain grammar rules and structures explicitly (42.3% always and 46.2% often applying this method) or ask students to work the rules out after reading examples containing the target structures and patterns with 23.1% always and 57.7% often practising this.

In the first group of questions it was revealed that all teachers thought that practising grammar was helpful to the students' progress. The three popular applications are writing activities, speaking activities and homework. Speaking activities do not appear to be as much favoured (38.5% always, 46.2% often make use of them). In contrast to written activities, which were always (50%) or often (50%) made of by all the participants, one of the teachers (3.8%) only rarely and (11.5%) sometimes use speaking activities for practising grammar structures. Giving homework is what none of the teachers never does. While only one (3.8%) of them sometimes asked students to do homework about grammar 38.5% often and 57.7% always do so.

Correction and feedback of grammar errors was another element inspected in the research. Correction of written work (50% always, 50% often) is more preferred than correction of grammar mistakes done in speaking activities (23.1% always, 38.5% often). 11.5% of the teachers never correct their students' grammar mistakes in speaking.

### *3. Teachers' views of students' perceptions of grammar and the impact of their classroom practices on students' language competence*

Data collected from the research show that over 50% of the teachers think students like studying grammar, while 46.2% thinks students do not like grammar but they study it because they need it. Concerning students' ability to identify and name various grammatical structures used in reading or listening parts and to use them in orally or in writing, over 50% of the teachers think and agree that they can.

Error correction is considered to benefit students. While 92.3% of the participants agree and 7.7% of them disagree that students learn from correction and feedback of their own mistakes, slightly fewer 84 teachers think students learn from correction made to their friends' mistakes.

All the participant teachers agree that the various (spoken or written) classroom practices always or often help the students learn the grammatical structures; only one teacher thought that written exercises done in class only sometimes benefit the students.

## **4. Discussion**

Evidence gathered from the research shows that Albanian EFL teachers share a very positive attitude towards the position of grammar knowledge and grammar instruction in EFL learning and teaching. They consider grammar as an essential component of language learning and think that students who possess good grammar knowledge learn the target language better. For them grammar can not be considered as an element that contributes to success in exams, it is a pillar that contributes a lot to the learners' progress and their language competence.

Teachers' views shape their attitudes and approaches to work and consequently their classroom practices are influenced. Our participant teachers' perceptions about grammar seem to have determined the classroom activities they apply. Almost most of them presented grammar through explicit formal instruction, many others also used deduction activities. Believing that studying and practising grammar is helpful to the students' progress, the majority of teachers answered that they make use of spoken and written activities in class. Homework assignment is an inseparable part of all Albanian teachers. Hardly any of the participant teachers does not assign their students homework connected to grammar patterns and structures.

## **5. Conclusion**

The controversy among researchers and linguists over the position and role of grammar knowledge in EFL teaching and learning has been going on ever since. Language learning theories and approaches have either downplayed grammar altogether or overestimated it. Arguments for or against have usually differed according to the main aim and concern of each approach. After the '90s especially we see the emergence of approaches that no longer suspect the significance of grammar knowledge; on the contrary their main goal is how to change grammar into a language component that has a role to play in learners' language competence.

Apart from classroom and lesson observations, research has been conducted in order to find out what EFL teachers think of grammar knowledge and instruction, and results have shown that teachers share a positive attitude. However, more research in the same topic could have been conducted in Albania.

The present study aimed to explore some Albanian EFL teachers' perceptions of the topic. Collected data revealed that Albanian teachers are very positive towards grammar instruction in EFL learning. This could also be seen in the answers to questions about their classroom practices and students' performance and progress.

Further research on a larger scale is needed to investigate the topic so that course books and methods that appeal to Albanian teachers' and students' views are selected to be used in EFL courses in schools. This study also suggests that

training seminars on current grammar teaching approaches be organised, aiming at familiarising EFL teachers with as many methods of grammar instruction and grammar-based tasks as possible.

This paper has once again made the case for the contribution that grammar knowledge and grammar instruction have to make in EFL learning and language competence

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### Tables

Table 1 Studying grammar is essential to learning a foreign language

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	11	42.3	42.3	42.3
Agree	14	53.8	53.8	96.2
Undecided	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 2 Learning a foreign language means learning its grammar

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	5	19.2	19.2	19.2
Agree	14	53.8	53.8	73.1
Valid Undecided	1	3.8	3.8	76.9
Disagree	6	23.1	23.1	100.0
Total	26	100.0	100.0	

Table 3 Grammar knowledge is important but not necessary in learning a foreign language

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	4	15.4	15.4	15.4
Agree	15	57.7	57.7	73.1
Valid Undecided	2	7.7	7.7	80.8
Disagree	4	15.4	15.4	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 4 In general a student who is good at grammar is good at the language as well

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	4	15.4	15.4	15.4
Agree	12	46.2	46.2	61.5
Valid Undecided	3	11.5	11.5	73.1
Disagree	6	23.1	23.1	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 5 Studying grammar is only a part of learning a foreign language

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	6	23.1	23.1	23.1
Agree	14	53.8	53.8	76.9
Valid Undecided	1	3.8	3.8	80.8
Disagree	4	15.4	15.4	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 6 Grammar knowledge only helps students to do well in exams

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Totally agree	7	26.9	26.9	26.9

Agree	3	11.5	11.5	38.5
Undecided	3	11.5	11.5	50.0
Disagree	10	38.5	38.5	88.5
Totally disagree	3	11.5	11.5	100.0
Total	26	100.0	100.0	

Table 7 Students like grammar lessons

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	1	3.8	3.8	3.8
Agree	13	50.0	50.0	53.8
Valid Undecided	5	19.2	19.2	73.1
Disagree	7	26.9	26.9	100.0
Total	26	100.0	100.0	

Table 8 Students do not like studying grammar but they do it because they need it

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	3	11.5	11.5	11.5
Agree	9	34.6	34.6	46.2
Valid Undecided	4	15.4	15.4	61.5
Disagree	9	34.6	34.6	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 9 Studying and practicing grammar helps students advance with the language

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	13	50.0	50.0	50.0
Valid Agree	13	50.0	50.0	100.0
Total	26	100.0	100.0	

Table 10 Unfamiliarity with a structure may lead students to not understanding or misunderstanding a situation

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	6	23.1	23.1	23.1
Agree	12	46.2	46.2	69.2
Valid Undecided	1	3.8	3.8	73.1
Disagree	5	19.2	19.2	92.3
Totally disagree	2	7.7	7.7	100.0
Total	26	100.0	100.0	

Table 11 I have had students who did not understand or misunderstood a situation because of unfamiliarity with a grammar structure

	Frequency	Percent	Valid Percent	Cumulative Percent
Totally agree	2	7.7	7.7	7.7
Agree	15	57.7	57.7	65.4
Valid Undecided	1	3.8	3.8	69.2
Disagree	7	26.9	26.9	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 12 In general students use grammatical structures correctly in spoken language

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Totally agree	1	3.8	3.8	3.8

Agree	12	46.2	46.2	50.0
Undecided	7	26.9	26.9	76.9
Disagree	6	23.1	23.1	100.0
Total	26	100.0	100.0	

Table 13 In general students use grammatical structures correctly in written work

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Totally agree	2	7.7	7.7	7.7
Agree	12	46.2	46.2	53.8
Undecided	3	11.5	11.5	65.4
Disagree	8	30.8	30.8	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 14 In general students find it easy to identify or name grammatical structures in written work

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Totally agree	2	7.7	7.7	7.7
Agree	14	53.8	53.8	61.5
Undecided	3	11.5	11.5	73.1
Disagree	6	23.1	23.1	96.2
Totally disagree	1	3.8	3.8	100.0
Total	26	100.0	100.0	

Table 15 In general students find it easy to identify or name grammatical structures in a reading part

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Agree	14	53.8	63.6	63.6
Undecided	3	11.5	13.6	77.3
Disagree	5	19.2	22.7	100.0
Total	22	84.6	100.0	
Missing System	4	15.4		
Total	26	100.0		

Table 16 Practicing a foreign language in similar to real life situations is more helpful than analyzing and practicing grammatical structures

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Totally agree	12	46.2	46.2	46.2
Agree	10	38.5	38.5	84.6
Disagree	4	15.4	15.4	100.0
Total	26	100.0	100.0	

Table 17 I correct students grammar mistakes in speaking activities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Always	6	23.1	23.1	23.1
Often	10	38.5	38.5	61.5
Sometimes	2	7.7	7.7	69.2
Rarely	5	19.2	19.2	88.5
Never	3	11.5	11.5	100.0
Total	26	100.0	100.0	

Table 18 I correct students grammar mistakes in written work

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Always	13	50.0	50.0	50.0
	Often	13	50.0	50.0	100.0
	Total	26	100.0	100.0	

Table 19 I think students learn from error correction and feedback of their own work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Totally agree	12	46.2	46.2	46.2
	Agree	12	46.2	46.2	92.3
	Disagree	2	7.7	7.7	100.0
	Total	26	100.0	100.0	

Table 20 I think students learn from error correction and feedback of their peers' work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Totally agree	10	38.5	38.5	38.5
	Agree	12	46.2	46.2	84.6
	Undecided	3	11.5	11.5	96.2
	Disagree	1	3.8	3.8	100.0
	Total	26	100.0	100.0	

Table 21 In a grammar lesson I present the grammatical rule and then ask students to do exercises about it

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	11	42.3	42.3	42.3
	Often	12	46.2	46.2	88.5
	Sometimes	3	11.5	11.5	100.0
	Total	26	100.0	100.0	

Table 22 In a grammar lesson I ask students to read examples containing the grammatical structures and then work out the grammar rule

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	6	23.1	23.1	23.1
	Often	15	57.7	57.7	80.8
	Sometimes	5	19.2	19.2	100.0
	Total	26	100.0	100.0	

Table 23 In class we do written exercises to practice grammatical structures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	13	50.0	50.0	50.0
	Often	13	50.0	50.0	100.0
	Total	26	100.0	100.0	

Table 24 Written exercises done in class help students learn grammatical structures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	18	69.2	69.2	69.2
	Often	7	26.9	26.9	96.2
	Sometimes	1	3.8	3.8	100.0
	Total	26	100.0	100.0	

Table 25 Speaking activities are done to practice grammatical structures in class

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	10	38.5	38.5	38.5
	Often	12	46.2	46.2	84.6
	Sometimes	3	11.5	11.5	96.2

	Rarely	1	3.8	3.8	100.0
	Total	26	100.0	100.0	

Table 26 Speaking activities done in class help students to learn grammatical structures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	11	42.3	42.3	42.3
	Often	15	57.7	57.7	100.0
	Total	26	100.0	100.0	

Table 27 I give students homework about a grammatical structure explained in class

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	15	57.7	57.7	57.7
	Often	10	38.5	38.5	96.2
	Sometimes	1	3.8	3.8	100.0
	Total	26	100.0	100.0	

Table 28 Homework about grammatical structures helps students to learn them

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	15	57.7	57.7	57.7
	Often	11	42.3	42.3	100.0
	Total	26	100.0	100.0	

## Empirical Analysis on the USD/all Exchange Rate Volatility in Albanian Market: Preliminary Results

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### Abstract

*This paper aims to forecast the USD/ALL exchange rate volatility in short term period in Albanian market, being that the American dollar is considered a safe currency independently to the political context in the rest of the world. Furthermore, USD is the second foreign currency after Euro (according to financial and commercial transactions) and it is characterized by a peculiar probabilistic volatility distribution. In particular, USD volatility represents a continuous concern for economic agents exposed to the exchange risk. It follows that the measurement of the USD/ALL exchange rate volatility may help in the assessment and maintenance of capital needed for coverage purposes. The common financial time series dynamic models such as ARMA (1;1), ARCH (1) and GARCH (1;1) can be used to estimate the USD/ALL exchange rate volatility in short term period. Our results suggest that, in the presence of political factors as well as external shocks derived from country's main trade partners, the best way to estimate and forecast the USD/ALL exchange rate volatility in the short term is the use of the MS-GARCH model.*

**Keywords:** financial time series dynamic models, exchange rate volatility forecasting.

**JEL classification:** D51,D53, G17.

### 1. Introduction

The present research aims to identify the functional form of USD/ALL exchange rate volatility in Albanian market in order to provide an econometric tool to economic agents exposed to the exchange risk, not only for short run forecasting, but also for the assessment and maintenance of economic capital for coverage purposes. Namely, looking at Fig.1 and Fig.2 in appendix, we can observe that USD/ALL exchange rate and its variance presents an interesting evolution over time that seems to follow some important economic and political events involving US and Albanian economies.

In particular, the Albanian currency has been significantly depreciated against USD in concomitance to:

- trade liberalization, implementation of flexible exchange rate regime and import volume growth of primary services and goods (1992);
- political/social issues followed consequently by the financial/economic instability (1997);
- the adoption of a common currency in the European Union (EURO) and the significant increase of imports and remittances from the EURO zone (2001-2002);
- Albania's economic slowdown in 2012-2014.

In particular, the period 2012-2014 is also characterized by the increase of Albanian exports toward US, China, Russia and South Korea and by the consequent increase of USD foreign demand (see Fig.3 in appendix). The USD/ALL first differences time series (Fig.4 in appendix) shows that the economic and political factors listed above are reflected in the trend of the USD/ALL exchange rate. In order to isolate the relationship between USD and ALL we need to use financial time series dynamic models.

In particular, the following econometric analysis aims to test three different hypotheses on the dynamic model to be used. Such hypotheses are:

H1: The ARMA (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period;

H2: The ARCH (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period;

H3: The GARCH (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period in the Albanian market.

Beside this introduction, the rest of the paper is organized as follows. Section 2 presents a brief literature review on financial time series modelling, Section 3 describes the empirical strategy adopted for our analyses, Section 4 provides the main results of our estimates, finally Section 5 concludes. Tables and figures are reported in appendix.

## 2. Modelling institutional factors in time series analysis

In general, the literature presents disputed empirical results regarding the impact of various institutional factors on exchange rates volatility. Many studies deal with exchange rate volatility modelling, although most of them are mainly focused on finding volatility sources for an appropriate market risk estimation and management (Marrison 2002). For this reason, empirical studies differ in the way they handle the exchange rate volatility issue. In particular, empirical literature on exchange rate volatility may be classified in two categories.

The first field of research is characterized by the use of different standard deviation errors' modifications in autoregressive or moving average models (AR and MA models), the second one is characterized by the use of models that treat auto-correlated errors attitude with varying variance, that is the so-called Autoregressive Conditional Heteroskedastic volatility models (ARCH).

The first field of research largely involves the use of ARMA (Autoregressive Moving Average) models, following Box et al. (2008) and Brooks (2002) methodologies. This field of literature in general has the purpose to find the best specification (in statistical terms) that explains exchange rate volatility in order to forecast future values on the bases of past average values or past errors distribution, Examples are provided by Brooks (1997) and Hsieh (1989).

According to Engle (2001), Dowd (2002), Žiković (2008), Erdemlioglu et al. (2012) and Duffie and Pan (1997), ARMA models represent the best methodology in measuring exchange rate volatility or respective returns. In addition they provide the option of the largest loss expected calculation under a certain probability level during a given time period (depending on the exposure) for those entities that are exposed to a certain position and, consequently, are directly affected by exchange rate risk (Marcucci 2005).

The second field of research is characterized by the use of ARCH models, firstly introduced by Engle (1982) and Bollerslev (1986) and extended by Giot and Laurent (2001) and Orlowski (2004). Papers like Belke and Setzer (2003) can be classified in this field of literature and they study exchange rate volatility impact in labor market of Visegrad. Other examples are provided by Baum et al. (2004) that analyze the impact of exchange rate volatility on bilateral exports volume or by Sentana (1995) and Bali and Guirguis (2007) that use GARCH-type (Generalized Autoregressive Conditional Heteroskedasticity models) models in order to detect variance structural breaks due to heteroskedasticity problems in the data analyzed.

## 3. Empirical strategy and data

Referring to USD/ALL exchange rate financial time series, from Fig. 4 and Fig. 5 in appendix it is apparent its heteroskedastic distribution. Consequently, we need to use financial time series dynamic models to estimate the USD/ALL exchange rate volatility and for forecasting in the short term. Dynamic models estimate the differential equations containing the stochastic component that is missing due to leptokurtic functional form that the financial time series in question presents.

Another important element observed in the USD/ALL exchange rate financial time series trend is the asymmetry of the distribution that confirms the possible presence of autocorrelation.

In order to deal with the characteristics listed above, in general, two functional forms are used: autoregressive models (AR) and moving average models (MA). In addition, the Box-Jenkins (1970) methodology combines these models in order to obtain the extended ARMA (autoregressive moving average) models. This kind of models are used to describe the non-

stationarity of a financial time series, however, in order to implement them in the time series in question, the trend component must be avoided. We use the logarithmic transformation in order to verify the short memory of USD/ALL exchange rate financial time series.

For our empirical analyses, we use the daily USD/ALL financial time series for the entire year 2013. In order to estimate the volatility of the daily USD/ALL exchange rate in the year 2013 we test the following hypotheses on the econometric model to be used.

H1: The ARMA (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period;

H2: The ARCH (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period;

H3: The GARCH (1;1) model can accurately estimate USD/ALL exchange rate volatility in short term period in Albanian market.

The autoregressive process (AR) as can be understand from the name itself, relate the current values USD/ALL exchange rate financial time series data to the lagged values, through a linear autoregressive order and the AR order determines the entire model order thus, in these cases the model data explain better than anyone else itself. However, the AR models are not the only relation that can explain the behavior of the previously mentioned financial variables. Moving average (MA) models are also commonly used for this purpose. Thus, MA model is conceptually a linear regression of the current value of the series on a set of regressors that includes current and previous (unobserved) white noise error terms or random shocks. The random shocks at each point are assumed to be mutually independent and to come from the same distribution, typically a normal distribution, with zero mean and constant scale.

Meanwhile the mixed model ARMA admits that the financial time series are autoregressive and move averagely against variable and its residuals.

Estimates are conducted using the econometric software GRETL (1.9.8 version).

#### 4. Results

Before to apply an ARMA model, the persistence of the autocorrelations should be estimated. As evidenced in Fig. 6, we can not confirm the first order autocorrelation of USD/ALL exchange rate data at 95% confidence level and the same situation persists to the residuals autocorrelation (Fig.7 and 8). By this way, it is not necessary to implement the ARMA model for the forecasting of USD/ALL exchange rate volatility because it can't estimate neither is volatility in short term period.

As a consequence, the hypothesis H1 can not be accepted at 95% confidence level. As further confirm, in order to prove the ARMA (1;1) model validity, we also perform econometric estimates (Table 1 in appendix) and look at residuals distribution to compare it to normal one. The results obtained demonstrate that the residuals are not normally distributed and do not fit with the actual ones (see Fig.9). As far as can be understand, ARMA (1;1) model residuals' are significantly distributed at the extreme values. The conclusion is that other models should be considered in order to accurately estimate and forecast USD/ALL exchange rate volatility in Albanian market.

As previously mentioned, the heteroskedasticity phenomenon refers to models' variables and residuals variance fluctuations against time. That's why its persistence in USD/ALL exchange rate financial time series data may negatively impact the exchange rate behavior itself by being transformed in its primarily risk. Thus, in order to take heteroskedasticity into account, other model categories should be used. Engle (1992) proposed to use ARCH (Autoregressive Conditional Heteroskedasticity models). As Engle (1992) assumed, in these kind of models the conditional variance is autoregressive and the residuals behavior is normal. Therefore, the conditional autoregressive heteroskedastic models simultaneously consider the equations of financial time series data conditional moving average as well as to the variance ones. Subsequently, it can be implemented ARCH (1) model by referring to H2 hypothesis of the study in order to estimate the USD/ALL volatility in short term period (estimation results in Table 2 in appendix). The results show that estimated point coefficients are all statistically significant at 95% confidence level. Regarding the specification test, the criterions of Akaike and Schwarz are not satisfied. As a consequence, the ARCH (1) model can not accurately estimate USD/ALL exchange rate volatility. It follows that we can not accept the H2 hypothesis of the study. The same conclusion are obtained examining

residuals' full and partial autocorrelation as well as looking at normality test (Fig.10 and Fig. 11 in appendix), reconfirming the presence of heteroskedasticity in the financial time series in question. It follows that additional dynamic financial time series models should be considered.

The latter empirical studies pertaining to heteroskedastic autoregressive conditional variance proposed from Bollerslev (1986) have significantly improved the ones proposed from Engle (1992), introducing GARCH (*Generalized Autoregressive Conditional Heteroskedasticity*) models. The generalized autoregressive conditional heteroscedastic (GARCH) model is an extension of Engle's ARCH model for variance heteroscedasticity. If a series exhibits volatility clustering, this suggests that past variances might be predictive of the current variance. In particular, the GARCH (P,Q) model is an autoregressive moving average model for conditional variances, with P-GARCH coefficients associated with lagged variances, and Q-ARCH coefficients associated with lagged squared innovations.

By other words, these kinds of models correspond to squared ARMA models. We test the validity of H3 hypothesis estimating a GARCH (1;1) model (results are reported in Table 3 in appendix). Two of the latest coefficients are statistically significant at 95% confidence level, but the specification tests<sup>1</sup> results aren't reduce in confront of ARCH (1) model. On the other hand, the residuals' normality distribution results conduct to suppose an identical and symmetric data distribution. Consequently, we cannot reject the H3 hypothesis.

The estimation of the USD/ALL exchange rate volatility through GARCH (1;1) model demonstrates that the last one can accurately do it, but in any case, beyond the statistical estimations in order to confirm the acceptance of H3 hypothesis of the study the a/m model should be further implemented for the forecasting of financial time series in question in short term period. To this extent, we use moving window method for the short time period forecasting of USD/ALL exchange rate data (within a day period) for the entire year 2014 in correspondence of latest 252 exchange rate data pertaining to 2013. More specifically, the latest 252 USD/ ALL exchange rate data will be used to forecast first USD/ALL exchange rate data of the year 2014 and so on. The USD/ALL exchange rate data forecasted through GARCH (1;1) model versus the current ones are presented in Fig.12 in appendix. The forecasted data have exceeded the minimal established thresholds 51 times and never the maximal (13 breaches allowed). As a result, we can not accept the H3 hypothesis of the study. However, in order to be sure regarding the H3rejection we also explored the distribution of USD/ALL exchange rate financial time series without its trend component (see Fig.13 in appendix). The probabilistic distribution of the series in question demonstrates that it is necessary to specify the probabilistic distributions for different volatility regimes. Data (Fig. 13 and Fig. 14 in appendix) display high volatility periods, that is "*path dependence regimes*", in April, June, July, November and December 2014. Another detail observed in this financial time series is the casual USD/ALL exchange rates data which don't follow the autoregressive order of the also called "*smooth structural breaks*" (Fig.15 in appendix). According to Klaassen (2002) it is well known that in the presence of these structural breaks the GARCH (1;1) model can't accurately estimate USD/ALL exchange rate data and consequently forecast them.

## 5. Final remarks

The detailed analysis of USD/ALL exchange rate volatility in Albanian market demonstrated that no one of the models described as above is capable to estimate accurately its volatility. The forecasted data with GARCH (1;1) better perform with respect on the other two specifications. However the forecasted USD/ALL data exceeded the maximal threshold 51 times versus 13 breaches allowed at the 95% confidence level. The breaches due to "*path dependence*" and "*smooth structural breaks*" issues persistence in the USD/ALL exchange rate financial time series data mainly derived from political events in the country as well as in country's trade partnership corresponding to the external shocks.

Correspondently, in order to analyze and forecast USD/ALL exchange rate it is necessary to use the Switching Regime Models since they are able to take into account "*path dependence*" and "*smooth structural breaks*" issues in financial time series data. However, before to use this econometric technique, it should be necessary to precisely identify the "*structural*

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<sup>1</sup> The Akaike and Schwarz results estimated in the a/m models are used to diagnose whether the model fits with financial data behaviors and small values correspond to good indicators which further consist in a well adapted model.

*breaks*” from “*internal financial time series data volatility regimes*” as the first one is treated as a miss-autocorrelation data issue that can be identified through variance scale distribution analysis.

Hence, MS-GARCH models can still be useful in the exchange risk variance estimation and Value at Risk calculation until a certain time period with a reasonable confidence level. As a consequence, MS-GARCH models could still help investors in the estimation and maintenance of necessary economic capital to cover the potential exchange losses.

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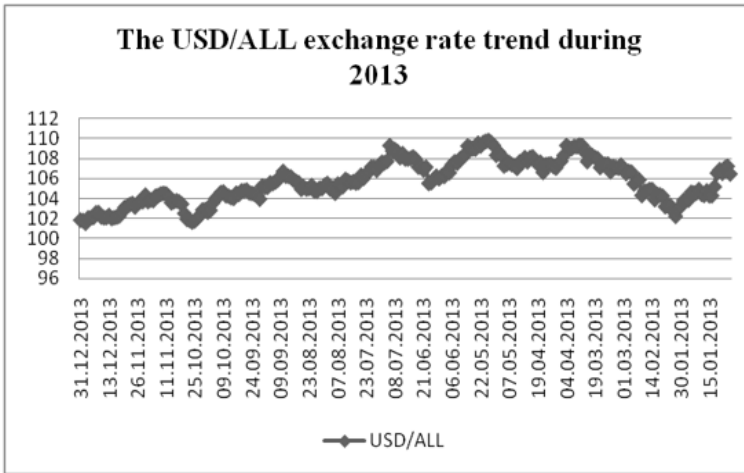
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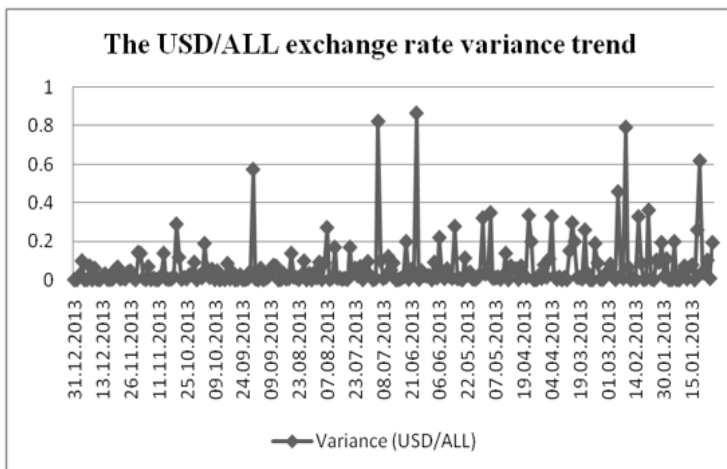
**APPENDIX**

Figure 1 - The USD/ALL exchange rate trend during 2013



Source: Bank of Albania data, authors' elaboration.

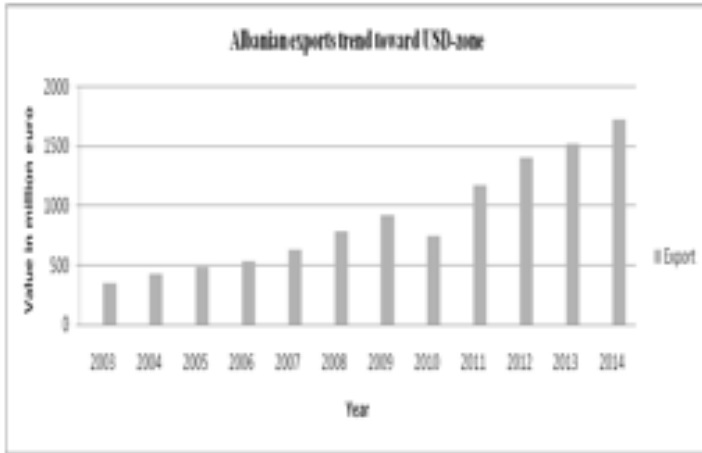
Figure 2 - The USD/ALL exchange rate variance trend during 2013



Source: Bank of Albania data, authors' elaboration

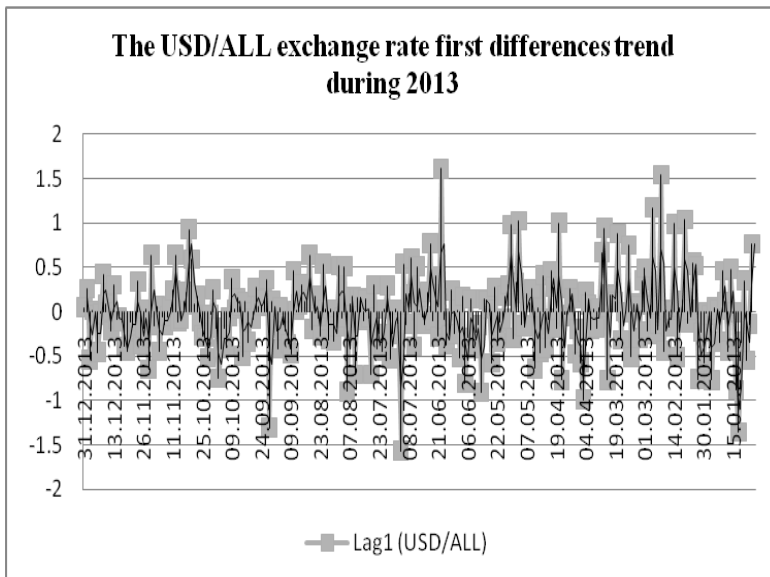


Figure 3 – Albanian exports trend toward USD-zone (US, Russia, China and South Korea)



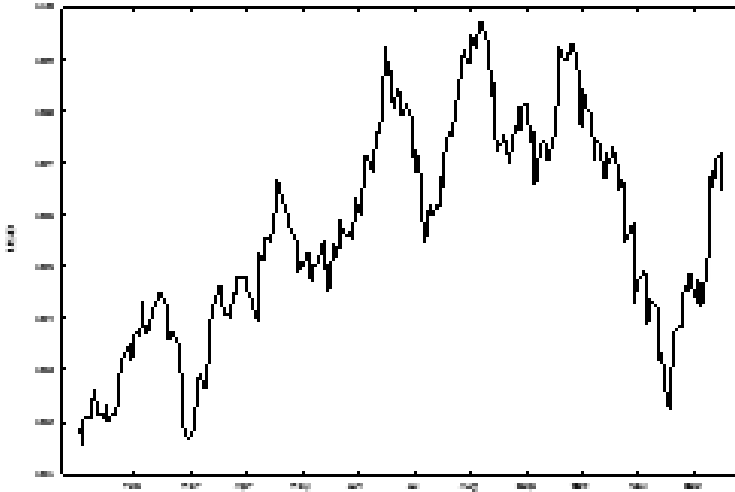
Source: Bank of Albania data, authors' elaboration.

Figure 4 - The USD/ALL exchange rate first differences trend during 2013



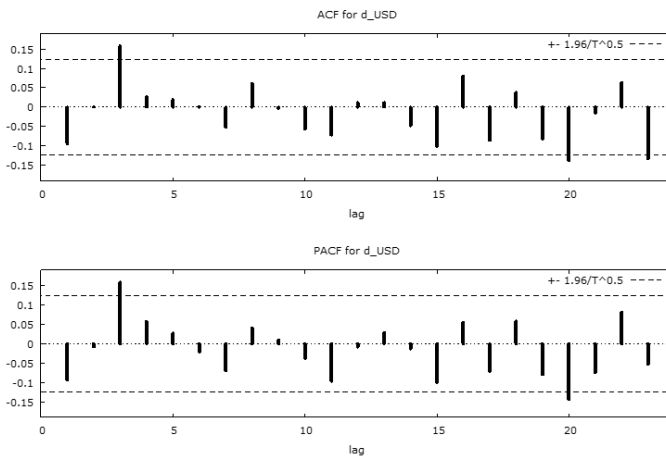
Source: Bank of Albania data, authors' elaboration.

Figure 5 - Lack of stochastic component in the USD/ALL exchange rate trend during 2013



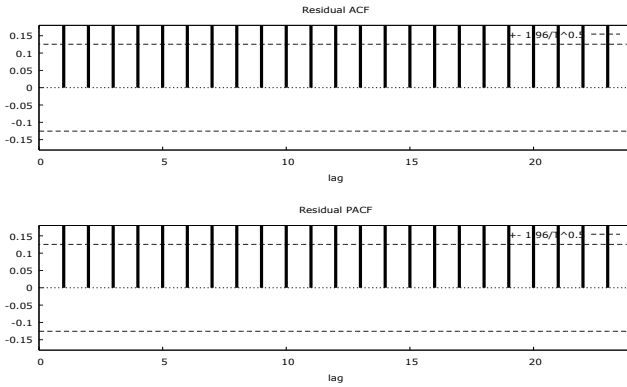
Source: Bank of Albania data, authors' elaboration.

Figure 3 - The USD/ALL exchange rate correlogram



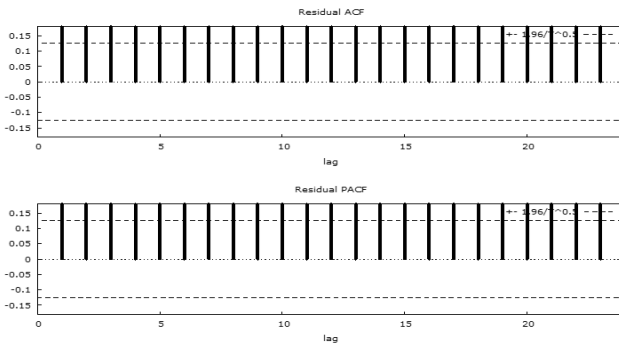
Bank of Albania data, authors' elaboration.

Figure 4 - The ARMA (1;1) model residuals correlogram results



Source: Bank of Albania data, authors' elaboration.

Figure 5 - The ARMA (1;1) model residuals' normality test results



Source: Bank of Albania data, authors' elaboration.

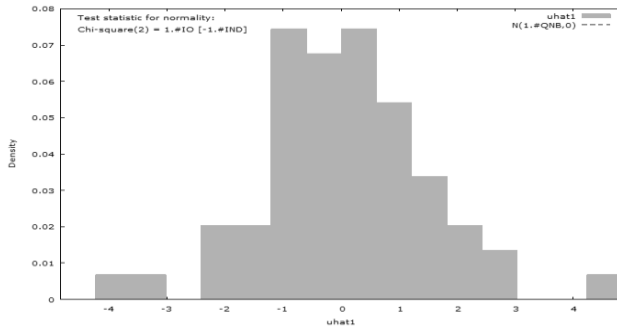
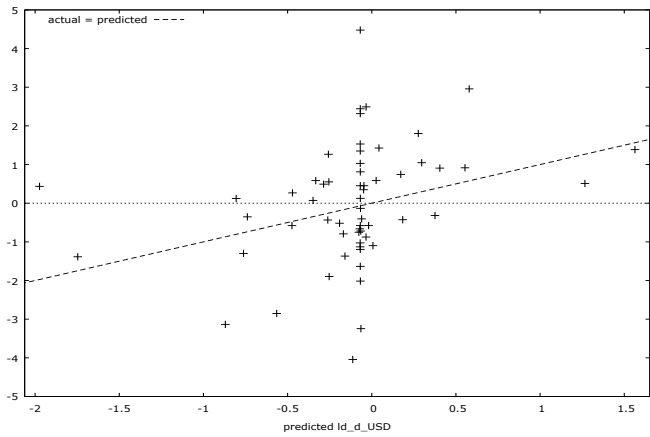
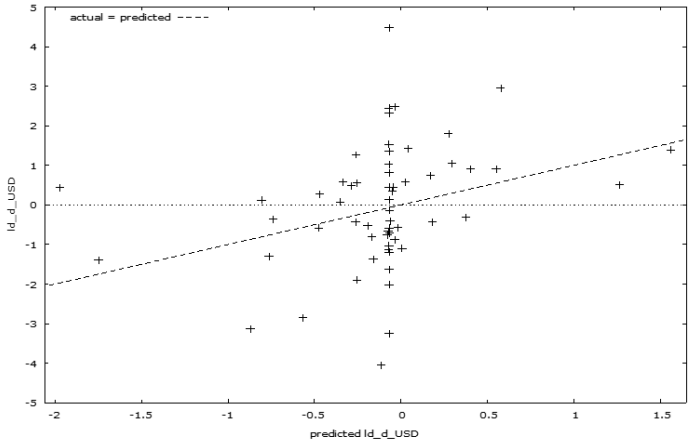
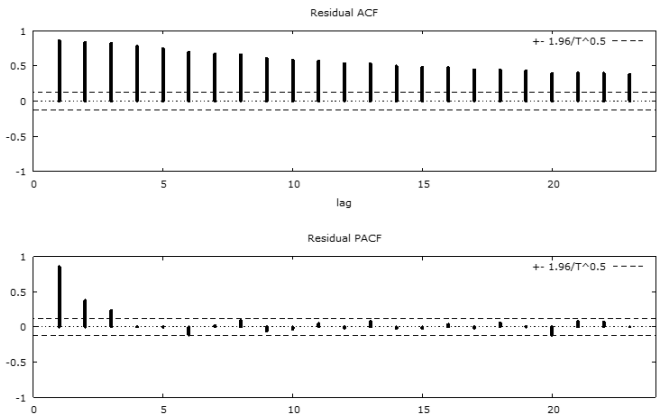


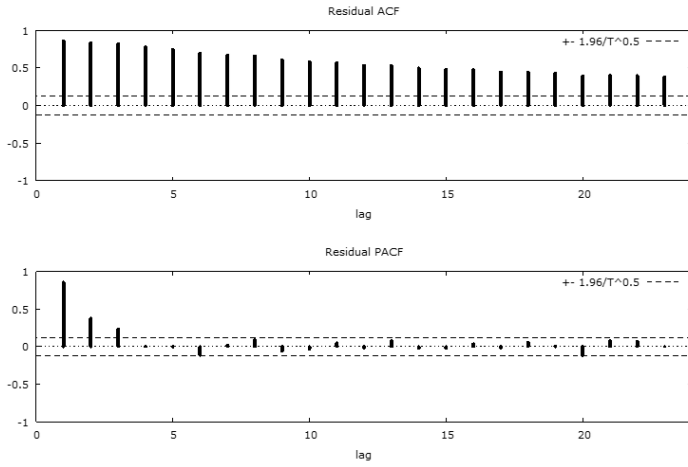
Figure 6 - The ARMA (1;1) residuals' versus actual ones



Source: Bank of Albania data, authors' elaboration.

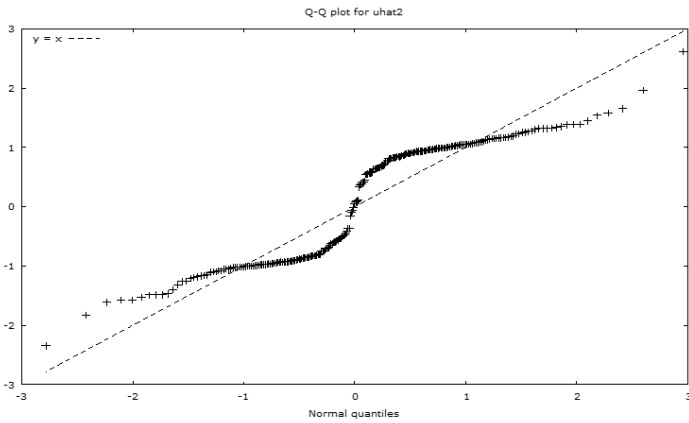
Figure 7 - The ARCH(1) residuals full and partial autocorrelation data





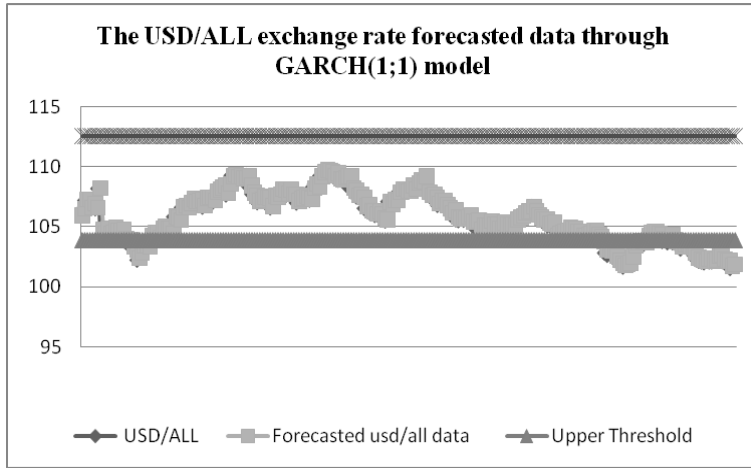
Source: Bank of Albania data, authors' elaboration.

Figure 8 - The ARCH(1) residuals quantiles distribution



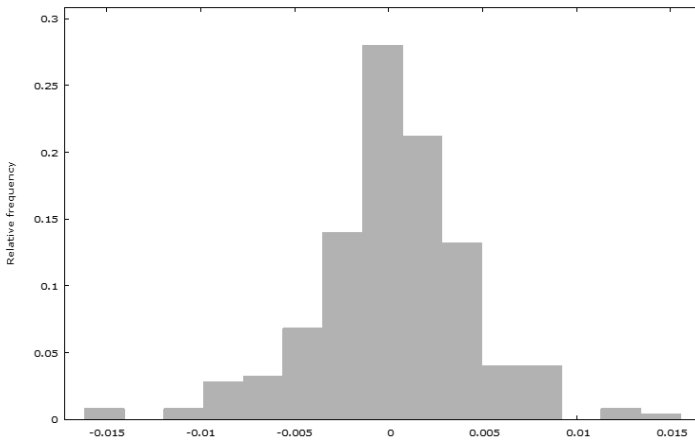
Source: Bank of Albania data, authors' elaboration.

Figure 9 - The USD/ALL exchange rate forecasted data through GARCH (1;1)



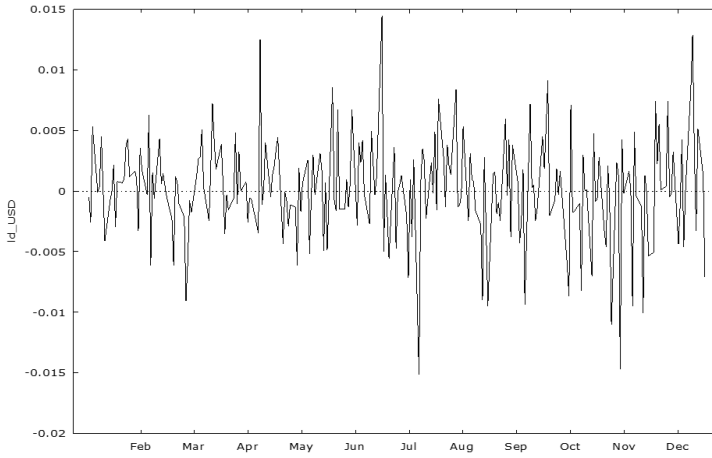
Source: Bank of Albania data, authors' elaboration.

Figure 10 - The distribution of USD/ALL exchange rate data without its trend component



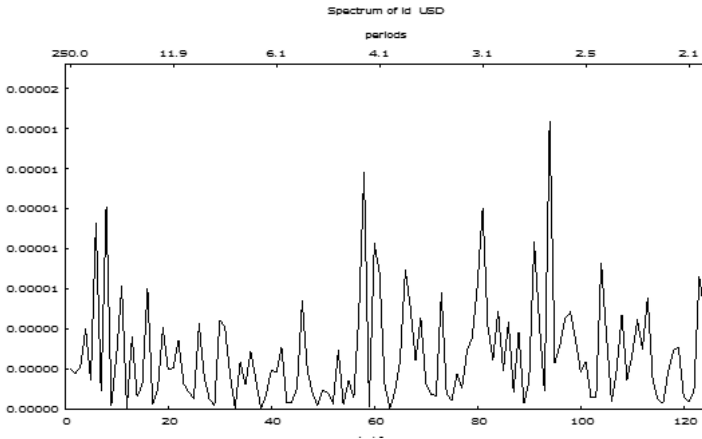
Source: Bank of Albania data, authors' elaboration.

Figure 11 - The distribution of USD/ALL exchange rate data regimes



Source: Bank of Albania data, authors' elaboration.

Figure 12 - The scaled frequency of USD/ALL exchange rate data



Source: Bank of Albania data, authors' elaboration.

**Table 1 - ARMA (1;1) model estimates - Authors' elaboration using GRETL**

Model 1: ARMA, using observations 2013/01/03-2013/12/31 (T = 252)

Missing or incomplete observations dropped: 185

Dependent variable: Id\_d\_USD/ALL

Standard errors based on Hessian

	<i>Coefficient</i>	<i>Std. Error</i>	<i>z</i>	<i>p-value</i>
const	-0.0681016	0.11779	-0.5782	0.56315
phi_1	0.350996	0.330744	1.0612	0.28858
theta_1	-0.905027	0.335709	-2.6959	0.00702 (***)
Mean dependent var	-0.026374	S.D. dependent var		1.538133
Mean of innovations	0.090511	S.D. of innovations		1.064007
Log-likelihood	-104.8236	Akaike criterion		217.6473
Schwarz criterion	225.9574	Hannan-Quinn		220.8912

	<i>Real</i>	<i>Imaginary</i>	<i>Modulus</i>	<i>Frequency</i>
AR				
Root 1	2.8490	0.0000	2.8490	0.0000
MA				
Root 1	1.1049	0.0000	1.1049	0.0000

Test for normality of residual -

Null hypothesis: error is normally distributed

Test statistic: Chi-square(2) = 1.#INF

with p-value = -1.#IND

**Table 2 - ARCH(1) model estimates - Authors' elaboration using GRETL**

Model 2: ARCH, using observations 2013/01/03-2013/12/31(T = 252)

Dependent variable: Id\_d\_USD/ALL

Standard errors based on Hessian

	<i>Coefficient</i>	<i>Std. Error</i>	<i>z</i>	<i>p-value</i>
const	105.342	0.220175	478.4448	<0.00001(***)
alpha(0)	0.176721	0.0796777	2.2179	0.02656(**)
alpha(1)	0.983003	0.124065	7.9233	<0.00001(***)



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Mean dependent var	105.6884	S.D. dependent var	2.108586
Log-likelihood	-465.8988	Akaike criterion	939.7976
Schwarz criterion	953.8994	Hannan-Quinn	945.4725

Unconditional error variance = 10.397

**Table 3 - GARCH(1;1) model estimates - Authors' elaboration using GRET**

Model 3: GARCH, using observations 2013/01/03-2013/12/31 (T = 252)

Dependent variable: Id\_d\_USD/ALL

Standard errors based on Hessian

	<i>Coefficient</i>	<i>Std. Error</i>	<i>z</i>	<i>p-value</i>
alpha(0)	283.347	24457.1	0.0116	0.0076
alpha(1)	0.926364	9.01156	0.1028	0.04812
beta(1)	0.0483497	9.2615	0.0052	0.99583

Mean dependent var	105.6884	S.D. dependent var	2.108586
Log-likelihood	-1525.894	Akaike criterion	3059.787
Schwarz criterion	3073.889	Hannan-Quinn	3065.462

Unconditional error variance = 11205.7

## The Role Corporate Governance in Foreign Direkt Investment in Kosovo

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### Abstract

*Good corporate governance (CG) ensures transparency which makes Kosovo more attractive and valuable for investors or buyers. The transition to a market economy and private ownership transfer issue highlights the CG in Kosovo. This created the prerequisites for the creation of a new system of legal framework and thus a new model CG. The purpose of this paper is to inform interested parties by offering favors of Kosovo for investment. In addition to the literature, for this paper research various reports and data of Kosovo institutions were used and publications of this field online. Kosovo has good potential to offer prospects for foreign direct investment (FDI). FDI in Kosovo are very important for a sustainable economic growth. Government of Kosovo, supported by the international community has made continuous efforts to create an enabling environment and favorable investment. However, lack of law enforcement, high level of corruption, the judiciary and other factors affecting Kosovo has failed to be an attractive place for attracting FDI.*

**Keywords:** corporate governance, foreign direct investment, Kosovo.

### 1. Introduction

CG in Kosovo is a new concept and is in continuous process of development and improvement. If countries want to reap the full benefits of the global capital market, and if they are to attract long-term capital, the actors must believe and understand the CG across borders (OECD, 1999: 10). "Good CG helps to bridge the gap between the interests of those who manage a company and the shareholders who own it, increasing the confidence of investors and making it easier for companies to raise equity capital and finance the process investment. Good CG also helps ensure that a company engages and respects its own laws and forms of value in establishing relationships with stakeholders, including employees and creditors"(OECD, 2013). CG makes companies more accountable and transparent to investors and gives them the tools to respond to the concerns of stakeholders. CG also contributes to development. Increasing access to capital encourages new investment, stimulate economic growth, and offers employment opportunities (IFC, 2014). Good CG ensures transparency which makes companies more attractive and valuable for investors or buyers.

CG is a concept and very actual topic as for enterprises, corporations, banks and the importance that is taking this concept comes as a result of recent developments and changes that have occurred globally, such as: the increasing number of privatizations, the spread of largest shareholder investment and global integration of financial markets arise from the need for a convergence towards a common set of rules and practices the same in different countries.

Good CG provides security for owners, investors and lenders that their interests are protected in the company and helps the company access to external sources of financing. Experience shows that the lack of a good CG discourages domestic and foreign investors and thus slowing down the evolution of ownership and contributes to economic stagnation. CG, especially one that is transparent, it is gaining importance and is becoming more appreciated. CG is not only an essential element in increasing the confidence of investors, promote competition and improve economic growth in the national context, but also in the international importance (Llaci & Tabaku, 2009).

OECD experience has shown that good CG is an important prerequisite for effective privatization of companies and makes them more attractive to prospective buyers, and increases their market value. Research and experience show that investors evaluate companies CG up good and healthy. The transition to a market economy and private ownership transfer issue highlights CG in Kosovo. This created the prerequisites for the creation of a new system of legal framework and thus a new model of CG. Countries in transition have begun ambitious reforms aiming to create an enabling environment for private sector development, including the liberalization of trade and investment policy, measures to strengthen the financial sector and to encourage the growth of exports, growth technological progress and attracting foreign investment. The results of

these reforms are reflected in increased investment, productivity, income and exports, as well as attracting financial markets. However, those countries in transition that have made significant strides in improving the business environment in general cannot expect the fruits of these reforms if they are not in accordance with the rules established in the CG standards and practices.

CG is an important element in the process of investment, mobilization, allocation and monitoring of efficient use of resources and its effectiveness provides a healthy basis for economic growth (Nestor, S., Yasui, T., & Guy, ML).

## 2. Kosovo's economy and foreign direct investment

Kosovo has a young and dynamic economy. It has been transformed from a centralized planned economy to an open market economy, which experienced its profound transformation after 1999 with the liberation of Kosovo from Serbia. One of the challenges it faced during the last decade is the process of privatization. In an effort to create a more suitable environment for investors, the PAK (Privatization Agency of Kosovo) continues with a program to accelerate the privatization of enterprises and assets through a transparent and competitive bidding, according to international best practices. This process is attractive to investors because it enables the new owner to make immediate investments and make new power line workers, offering clean owned no inherited debt without interference from creditors and potential claimants.

Situated in South Eastern Europe, Kosovo's economy has become part of the region's economic integrations, which provide opportunities for market expansion in a very wide area. An aim in itself is already the increase of competitiveness of the economy by increasing its exporting capacity to reduce the trade deficit Kosovo currently has. As an important location for business development Kosovo offers a range of comparative advantages such as: a young and very qualified population, where the average age is very young, natural resources, favorable climate conditions, new infrastructure, fiscal policy with the lowest taxes in the region, geographical location with access to the CEFTA and the European Union regional market. In addition to being a member of CEFTA, in June this year Kosovo has joined the IMF (International Monetary Fund) and WB (World Bank) and aspires to join other powerful economic and financial mechanisms such as EBRD, World Trade Organization (WTO etc.).

### 2.1 Vital Economic Statistics

- **No of Inhabitants:** 1.8 million
- **Surface Area:** 10,908 km<sup>2</sup>
- **GDP:** 5.02 billion € (2012 est.)
- **GDP economic growth rate:** 4.0% (2012 est.)
- **GDP per capita:** 2750 € (2012 est.)
- **GDP – by sector:** agriculture 20%, industry 20%, services 60%
- **Unemployment rate around 40%**
- **Inflation Rate:** 3.5% (2012)
- **Foreign direct investment, FDI:** 232.0 million euro (2012)

### Trade Exchange

- **Exports:** 295.0 million € (2012)
- **Main export partners:** Italy (25.8%), Albania (14.6%), Macedonia (9.6%), Switzerland (5.5%), Germany (5.4%), Serbia (5.4%), Turkey (4.1%), China (1.2%)
- **Exported Goods:** processed goods (56%), unprocessed materials (25%), food and live animals 6%, fuel 4%, machinery and transport equipment (3%), etc.
- **Imports:** 2.507 billion € (2012)
- **Main import partners:** Germany (12.1%), Macedonia (11.5%), Serbia (11.1%), Italy (8.5%), Turkey (8.0%), China (6.4%), Albania (4.4%), Switzerland (0.9%),

- **Imported Goods:** machinery and transport equipment (21%), processed goods (20%), fuel (16%), food and live animals (16%), chemical products (10%) etc.
- **Natural Resources:** lignite, zinc, lead, ferronickel and agricultural arable land.
- **Currency:** EURO

### Kosovo Trade Exchange

During 2012 Kosovo reached a value of about 2.8 billion euro in trade exchanges. Regarding the Kosovo's export and import, main trading partners are the EU countries with the participation of about 39% for export and about 39% for import, as well as CEFTA countries which participate with 37% for export and 34% for import to total 2012.

In terms of exports to Kosovo with Balkan countries, Albania participates with 14.6%, Macedonia 9.6%, Serbia with 5.4% compared with the 2012 total, while greater participation of imports in Kosovo from the Balkan countries are Macedonia with 11.5%, Serbia 11.1% and Albania with 4.4%, Table 1.

**Table 1: Main partners of Kosovo in export and import for 2012**

Countries	Export (000) €	Participation % in the total	Import (000) €	Participation % in the total
Italy	71.351	25.8	213.469	8.5
Albania	40.180	14.6	110.528	4.4
Macedonia	26.376	9.6	287.739	11.5
Switzerland	15.133	5.5	22.664	0.9
Germany	14.995	5.4	304.195	12.1
Serbia	14.968	5.4	278.388	11.1
Turkey	11.380	4.1	199.881	8.0
China	3.266	1.2	159.651	6.4
Total	276.100	71.6	2.507.609	62.9

Source: Ministry of Foreign Affairs of Kosovo, Economy and Investments in Kosovo. <http://www.mfa-ks.net/?page=1,119>

### 3. The importance of foreign investment in Kosovo

**Reasons to invest in Kosovo** - Benefits for potential foreign and local investors. Some of the benefits from investing in Kosovo are: low taxes, rich resources and supportive business environment.

- Taxes in Kosovo are very low compared to neighboring countries,
- The tax system is kept extremely simple,
- The population - young and motivated, 70% under the age of 35,
- A young and motivated workforce with strong entrepreneurial skills and spirit and also general knowledge of most European languages,
- Enviable natural resources: coal, zinc, lead, ferro-nickel and fertile agricultural land,
- Free access to European Union market and neighboring markets,
- Modern institutions in support of businesses,
- Simple and quick procedure for business registration (within 3 days),
- Secure banking system,

- Modern legal structure and in accordance with the EU, and
- The official currency is the Euro, which eliminates the risk of Euro-zones.

After its independence, Kosovo has made great progress in many areas of its development such as: increasing political stability, raising the level of security, stable economy with continuous growth, completion of legislation etc. It has become an important part of regional cooperation initiatives, through which the creation of a common regional market is achieved, as well as the elimination of customs tariffs, elimination of trade barriers, and opening new perspectives. Kosovo institutions have worked and continue to work rapidly to meet the standards required for European Union membership.

A stable macroeconomic environment has been created, with a sound financial system, reforms were made in fiscal policy in the application of lower tax rates in the region. Among the important objectives that our country has set for itself is the increased competitiveness of the domestic economy in the regional market.

Progress has been achieved in the establishment of modern infrastructure, both within Kosovo and also in its connections with the region. It is worth mentioning here the connection with Albania through construction of a highway and commitments of Albania to build the railway line in the near future connecting these two countries. The importance of this route for Kosovo has double meaning, considering that Kosovo already has its Adriatic port through which it is connected with sea transport. Through this route Kosovo is connected to its port at a time distance of only two and a half hours. Soon the construction of highways that connect Kosovo with Albania, Macedonia and Serbia will begin, which represents a very favorable opportunity for foreign investors.

Our country offers great opportunities for investment in other sectors such as: agriculture, energy, viticulture, tourism, extraction and processing of metals, etc. Business registration system in Kosovo is another important factor stimulating the growth of investment, with simplified procedures, and quick registration of new businesses for a short time.

All these point to Kosovo as a very attractive country with investment opportunities for any investor of different sectors, such as in privatization where privatization and concession granting of large public companies is expected such as Post and Telecom of Kosovo and the Power Distribution System as well as investment in green fields. In the latter, very favorable opportunities are offered in the provision of physical infrastructure by industrial parks. Kosovo is working on creating a financial capital market, which would offer an opportunity for investors who want to invest in shares of various companies. During year 2012 it is estimated that € 232 million euro were invested, the total number of foreign companies operating in Kosovo amounts to about 5018.

Investments in the banking system represent greater financial value with foreign capital. Foreign capital has a wide geographical distribution, from more than 80 countries of the world, where Albania ranks first in number of registered businesses.

Table 2: Distribution of foreign investment companies by sectors of economy

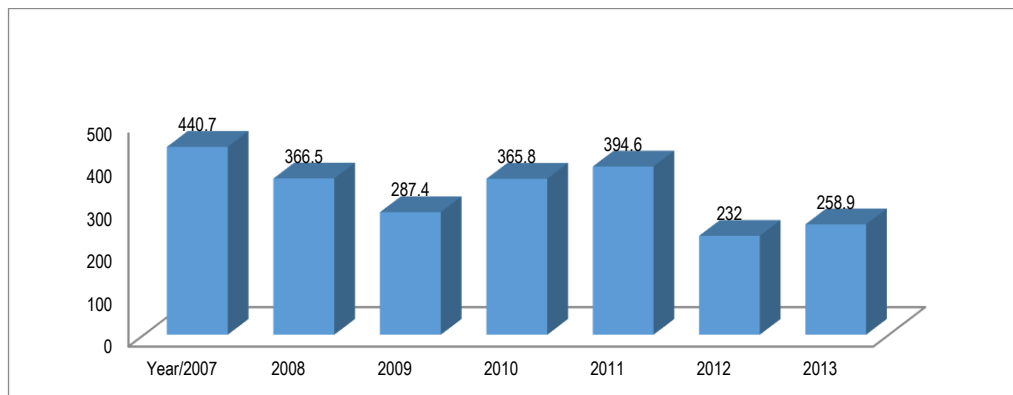
No	Sector	No. Of Companies	% in total
1.	Trade	1952	38.9%
2.	Production	791	15.8%
3.	Service activities	764	15.2%
4.	Construction	607	12.1%
5.	Tourism and Hotels	350	7.1%
6.	Transport	181	3.6%
7.	Financial sector	141	2.8%
8.	Telecommunications	121	2.4%
9.	Health services	68	1.3%
10.	Education	43	0.8%
	<b>Totali</b>	<b>5018</b>	<b>100%</b>

Source: Ministry of Foreign Affairs of Kosovo, Economy and Investments in Kosovo. <http://www.mfa-ks.net/?page=1,119>

#### 4. Foreign Direct Investment (FDI) in Kosovo

Foreign direct investment in Kosovo represents one of the components that is important for economic growth and new sources of financing in the country. Given the improved business climate, stable macroeconomic environment and excellent opportunities in all sectors of the business, Kosovo is becoming a more attractive place to do business. As a result, the interest of foreign investors has grown steadily in recent years. During these years, the economy of Kosovo has been a satisfactory level of FDI inflows which have had an average share of 7.6% of GDP. Kosovo during the past seven years on average has attracted FDI worth 335 million euro per year, or 2,345.9 billion Euros in the last seven years, the figure 1. Foreign direct investment according to the Central Bank of Kosovo (CBK) mainly belong form of capital investment in 2012, while on a sectoral basis, FDI had constant changes in participation (CBK, 2013). As shown, FDI in associates during 2012 have increased the real estate sector, while other economic sectors as the financial sector and transport and communications decreased in recent years. FDI significant increase observed in the construction sector and the manufacturing sector as a share has shown a positive trend in stability in recent years. In terms of countries, FDI in Kosovo mainly come from EU countries, and in recent years has increased the share of FDI from England and Turkey. It is worth mentioning that among the factors that mostly determine the level of FDI in Kosovo are considered to be economic growth in the euro zone as well as the privatization process in the country. The following figures show FDI by country and economic activity in the investment worth millions of Euros.

Figure 1: Foreign direct investments in Kosovo



Source: Central Bank of Kosovo

Regarding the origin of FDI for 2013 (CBK, 2013), Turkey represents the first place that FDI comes (33.6%), followed by Switzerland (16.1%), Germany (8.4%), Albania (7.9%), etc. While investments in Turkey have increased by 32.3% during 2013, investment from Germany and Switzerland have decreased for 56.2 respectively 4.8%. Also, it is worth noting that investments in Albania have tripled in 2013 compared with 2012.

FDI by the main economic sectors, show that the FDI in real estate have increased dominance in the structure of total FDI during 2013. With the growth of the sector are also characterized transport and telecommunications, financial services, energy and trade, while FDI in the sector construction and manufacturing declined in the structure.

#### 5. Conclusions

Driven by technological change, global competition and liberalization of markets, FDI plays a key role in the process of global economic integration. FDI contributes to economic growth, especially for developing countries, as the case of Kosovo. FDI is the main source of external financing in developing countries as the case of Kosovo. FDI generate employment, raise productivity and new technology, increased exports, and contributes to long-term economic development of the country. FDI having a direct effect on the economy as a whole, the government should pay great importance to the design and implementation of policies that stimulate attract investors. To enhance the attraction of FDI, Kosovo needs improvements in the legal and institutional framework. Currently, the legal basis and the tax system are very

aligned with the EU one, but still the implementation in practice remains a challenge. The issue lies in the implementation and operation in order to improve the climate for business and investment environment and increase investor confidence. Kosovo Government should provide standardized legal basis and guarantees protecting foreign investments.

Recently the government is committed to the development of infrastructure as an important factor for the further growth of FDI, in this respect there is progress in road infrastructure but there are delays in energy infrastructure especially in building new energy capacities. Kosovo Government should be committed, challenged and offer new opportunities for attracting FDI. Finally, political stability, lack of law enforcement, high level of corruption, the judiciary and other factors affecting Kosovo has failed to be an attractive place for attracting FDI.

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## Philosophy of Peace as a Developmental Alternative of Society

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### Abstract

*The knowledge of history, the knowledge for the lives of people of the world and especially the knowledge of our people, the knowledge of the viewpoints of philosophers, politicians and theoreticians about peace, as a spiritual and universal value, even today remains the orientation compass towards it. On the one hand, the aspiration of these people and nations creates the existential condition for a long lasting and a permanent peace. From the other hand, the existence of wars, regional and global conflicts in different times brings in the tables of philosophers, diplomats and statesmen the need of engagement in theoretical, political, juridical and practical level. The idea that "Peace is a concept that refers to the lack of a conflict, but at the same time represents a wider concept that refers to security in social relations or economic welfare, the equality and justice in political relations of a state, in lack of war or in lack of a conflict", witnesses the complex nature of peace. Another definition of peace even refers to keeping balances in human relations, tolerance and solving problems through dialog and deals. But above all this rationalizing and paradigms, peace is a dominating element in democracy because it is related to honor and guarantee of freedom and basic human rights. The concept of peace, couldn't escape from different interpretations, varying on the historic-cultural level of society. That's why the topic "Philosophy of peace – developmental alternative of society" aims to bring into light the role and the importance of peace in the development of human society.*

**Keywords:** Peace, war, tolerance, justice, equality and human freedom.

*Peace is the virtue of civilization. War is its crime*  
Victor Hugo

### Introduction

From the first steps of human society's life, the philosophic thought has tried to reflect the causes, the origin and the relation between war and peace. Not just that, but philosophers of this period, for instance Plato, defined the dimensions of this human fatality in borders that go from alive people to dead ones through his famous saying: "Only the dead has seen the end of the war." But peace cannot exist, without having the education about the meaning of it and without feeling the need for peace in human society, and this is also the essence of this education. Education for peace remains the main mission that contributes in the improvement of relations in human society. It enables us to manage the conflicts in a natural and constructive manner. The treatise of education about peace is seen in many aspects, in its different aspects and its content. It plays the role of a building upon which, other "floors" are going to stand.

As there are two much people who thing that violence is inevitable and that war is still accepted as a legal tool through which, states may follow their national interests and protect them, the education of peace is closely related to run away from violence and stop war. The states failure to find different alternatives from the one of war, created a legitimate belief for the inevitability of war. Scholars of peace have already expressed the need of assimilation of the concept in order to stop the war. There are a big number of strategies about disarmament programs and solving conflicts. The future of peace is closely related even to the establishment of a secure peace, that proceeds from welfare of a society, where the state of law rules and the main human rights are respected.



### **A short historical-philosophical glance over peace**

The origin of the notion and the meaning of peace, that has arrived to us nowadays has its roots in ancient times. The word "Peace" has its origin from the ancient English and means "freedom from conflicts", comes from Latin language "pax", while in the ancient Greek comes from the word "eirene (Ειρήνη)". In ancient times that symbolized harmony, tolerance and understanding among people. Today, this notion refers not only to the process of reaching peace among individuals of society, but also in a meditative, richer and more complex context such as "Being in peace with yourself", this means achieving a state of serenity and harmony with yourself. In times, the origin of this concept has evolved gaining a wider dimension and meaning.

Peace is a concept that refers to the lack of a conflict, but at the same time it represents even a wider notion related to the field of human or international relations that has to be healthy and in accordance with the international values. This concept means the achievement of an economical well-being, the establishment of justice in political relations, also the lack of war or conflicts. Another definition of peace includes even having balances in human relations, tolerance and solving conflicts through having dialog and making deals. Peace is a dominating element in democracy because it has to do with the respect of freedom and basic human rights, and with the guaranteeing the respect of these rights. However, the concept of peace couldn't escape from interpretations in different forms varying from the cultural level, experiences of society and to the historical and political context it is experienced in.

Today, peace is nourished even from the cultural level of modern society, that includes even the establishment of a spiritual peace with itself, which closely relates to the highest moral values of man. Love for peace was transformed in a vital movement only during the XX century, when it was strongly set against First World War and exercised a wide activity even latter during war in Vietnam, Iraq etc. During the period of Cold War between United States of America and ex-USSR, pacifists protested against the use of atomic weapons, which can cause a new World War. During the war in Iraq, the pacifist movement supporters had the idea that war against terrorism couldn't be solved with the use of weapons but, through other peaceful ways, making space for diplomacy and making pressure to strengthen the laws.

### **Peace and its two sides of "medal"**

The one side of the medal of the problem of peace remains the level of human freedoms that man had in today's society. The progress of democracy and its content is closely related to the fact that how much from the field of the rights and freedoms the individual and the human society "grabs," from the state. Human freedoms and rights form the basis upon which the democratic system of a society is raised. The other side of the medal on the problem of peace, remains the establishment of right and stable relations with other nations. In this framework, a right and a stable peace cannot be done without righteousness. It will be established and strengthened when it is supported on the basis of legitimate right of people and not on the basis of interests of some powerful countries, which in relation with people and states, impose their hegemonic and enslaving policies. This point of view announced from prominent personalities protecting peace and freedom, has been transformed in principle and work program for international organizations, as warrantors of a stable and a permanent peace. A considerable number of philosophers, influenced by the ideas of Kant and Rousseau, concluded and formulated enough concepts that overcame those of the above philosophers, in response of the need of our times finding arguments for the phenomenon of reciprocal and stable relationships between justice and peace. In this formulations justice is evaluated as a human request and an important virtue throughout which the rights of individual and all society are protected and guaranteed.

The essence of this outlook is supported on the existence of a close relation between the justice of everyone with the peace of all. Justice and peace are not empty concepts or distant aspirations, but values that are gained and a common wealth of free and emancipated people. In this sense the protection and keeping of peace and justice requires an all-inclusive commitment of all, considering that as primary task of society. History of humanity witnesses that peace and justice have conquered new spaces in accordance with the stages of society development. It's the duty of philosophers to manifest in front of human society, not only the historical and philosophical circumstances of relations and influences that exist among human freedom itself, freedom of society, justice and peace, but also the new visions about them, as the only alternative over which human life is raised and developed.

The ideas on the need of education of human rights and freedom have had an important space in the theories and philosophical viewpoints of Hobbes, *Rousseau*, becoming prominent with a special brightness in the philosophical thought of Kant in the book "Permanent peace". In the concept of Kant, human right have a dependence and a reciprocal relation with "Permanent peace" itself. In our times, human rights and freedom not only make the mainspring of democracy of a society itself, but there are also demarcation lines that separates and distinguishes countries that have a democratic system from the ones that have a totalitarian one. There are two things that remain the main values of education for peace : non-violence and establishment of social justice that permeates all the process of education for peace.

Nonviolence is witnessed through values of respect and protection of human rights and freedom, while social justice is done through the establishment of a social system where all people are equal towards law. Education for peace, includes not only the educational process of peacemaking, but also raising capacities and knowledge for peace. But alone, the education for peace, can not achieve all changes needed for peace. Preparation of people in order to achieve making changes and achieve desired goals encourages people to seek knowledge and to discover possibilities about solving problems and improving the level of culture for peace.

In treatises of modern philosophers prominent is the idea that human rights and freedoms, except for the natural character, also have historical character, which means that they are consequences of social war in all aspect: military, political, scientific, cultural, religious etc. Human rights today are transformed in a credibility passport for the level of society. These rights of social-natural character, play a progressive role even for the protection of religious views and human freedom. But they also serve as a limitation for religions, which are really free, but they don't have the right to violate the freedom or political beliefs of other people. In the tendency and historical efforts of man to own nature, as *Rousseau* used to say, "Men is son of nature", extending his own freedom and rights, there were also added to man, some new allies of development and progress that raise in proper proportions. So, not only victories of revolutions would "change" boundaries and concepts of freedom and human rights, but of the same importance would the effect of innovations and discoveries in different fields of science be, extending so the space of their content. That's why we can even say that, to the concept of an infinite world in time and space, responds the infinite of freedom and human rights. That means that their limits are relative and temporary, because they are extending and changing, varying on the conditions and vital needs of people.

Nowadays the concept of freedom and human rights takes more and more vital spaces, for instance even in the protection of environment. From historical studies of freedom and human rights development, we notice that coming to a progressive end marked a new start of development, and when this is achieved, society goes toward progress. It means that this achievements and limits, are now transformed in a protective barrier for the development of democracy, not just as a concept, but also as a real vital wealth of society. Someone who was born in our times has enough privileges compared to someone who was born half century ago. Also, special social groups, have special status, as children, infants, invalids, blind people, miners, seafarers etc., especially half of the population of human kind, or the cradle through which society was born, women, today have even more rights authorized by laws, national and international conventions.

### **The contribution of International Organizations for Peace**

Necessity and need for peace, has made people and their representatives raise a network of international centers of organizations that offer services for protection and education of peace. For this reason, the contribution and evaluation of scholars and philosophers of our times on their role in protecting peace and preventing war is already known. In essence, International Organizations are structures with economic, political, military, cultural, and technic-scientific character that represent different interests, which function in accordance with the common, will and ideal, reaching their aims and goals through intensive collaboration. International Organizations have as a foundation of their work, avoiding war as a method and primitive practice for finding solutions of conflicts between people and nations of a specific region and wider than that. But in the spirit of this principles, they have to resolve in peaceful way contradictions that raise as a result of historic-political development, they have to contribute through active participation in military missions of security and peace, they have to protect and save civil people during weaponed conflicts.

Their role is irreplaceable in disarming of both groups in case of a conflict or war. Through interaction with each-other they offer different services of cooperation based in common interests. The creation of facilitating conditions and communication among states, enables them to apply a number of functions and regulative services, of their sources and their potentials for collective protection and keeping peace. Education of people with philosophical concepts for peace and creation of a

peaceful culture for every community remains the foundation of their work. The increase of the spirit of peace in today's society would calm even more the differences of viewpoints and cultures contributing in the creation of a cooperative environment for people, independent from races, colors and cultures.

Problems related to the peaceful co-existence are not only a property of politicians, national leaders and social studies scholars, but a property of all people. Every member of society today has to be conscious about responsibilities that proceed from this. A special task lays down in front of today philosophers and scholars, they have to present scientific arguments against prejudice that has its roots deep in the mentality of people, philosophers they also have to set people free from dogmas and to deliver them from choosing the alternative of violence or other forms that lead to confrontation or use of violence. That's why what remains a the focus of their work, is the study of contradictions of a certain time and the causes why these contradictions are raised.

The life of human society has witnessed that confrontations among nations have always been present and they already are an objective reality. The duty of scholars is to present to the ruling elite the consequences and to emancipate the international social opinion on the cost that bloody conflicts bring among nations and to make them aware of peaceful configurations and developmental alternatives. Another front "war" that remains, so theoretical as practical, is the work in order to protect and keep peace in front of the real stubborn concept that, war is a necessary evil and part of the social reality. Knowing that nature and society are permeated from terrible conflicts and contradictions with fatal consequences for society and environment, the knowledge of laws of nature and human society takes a special interest for the effective management of peace and understanding among people.

Many new objective truths that concern the emancipation of people over nature and the causes of war have to be known; the fact that no war have real winners, the fact that always the part that was damaged more was the poor strata, because from that strata the fighters who shed their blood, came from. The emancipation of people, of social and elite strata, that have a special influence in society, is a primary task for the recruitment of the big group of the pacifist army in the world. If people and their representatives became aware of the catastrophic results of wars and conflicts, they will not only know how to react towards war-mongering government, but also to be against them. Pacifists occupy a permanent place in movements for peace, making aware and convincing indifferent politicians, governments and people to be active members in keeping peace. Peace organizations have to put under pressure the governments and policymakers to implement solutions and proposals for peace that are recommended in national and international conferences. It's true, peace cannot be brought through phrases and beautiful lectures, but through work and sacrifice. The full management of ensuring peace in the world will be achieved when at the top of all movements and initiatives for keeping peace, will be people of nations themselves.

## Conclusions

Centuries over centuries the desire of people for peace continues to be a distant dream, because human society inherits problems from the biggest ones that harm its security and its existence itself. The human society continues to suffer a big number of severe problems as, consequences of globalism, having different levels of technological development between developed countries with an advanced industry and the majority of undeveloped countries, of financial conflicts because of utilization of raw material from developed countries, conflict from politic causes or because of cultural, religious differences, without mentioning the conflicts that may be stimulated from threatening, insults and discrimination. The efforts for the establishment of democracy are efforts for the organization of societies, in order to support the triumph of new social values and the functioning of the state of law in full harmony with them. A number of new circumstances, for example, the development of industry and the inventions in military field in the majority of most developed countries of Europe, encouraged from ambition for supremacy and possession of other territories or new colonies and for the utilization of natural sources, of raw material and workforce, were transformed in a lightened wick for the explosion of different wars. Enough agreements and treaties of unilateral or multilateral agreements had just avoided temporarily war explosions.

In a paradoxical glance, disappearing the conflict from the universe that we live in, means disappearing human life itself. As far as we live, we will have conflicts, the world we live in is a world of diversity, different ideas and viewpoints, which we cannot avoid, they can frequently became a starting point for conflicts. From this proceeds the idea that, the duty of an organized society is not the disappearance of conflicts, but their management and finding solutions which cause little loss and have low cost. The philosophy of XXI century refers "with loyalty" to human generations, models of the topics of their achievements of philosophical thoughts of the past, with their picks and brightness, but also having conservative outlooks

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or load ones, that just move around in emptiness, chew and re-chew the knowledge of past philosophy, more as a purpose in itself, than as a viewpoint that arms today society to face the conflicting topics of today's world.

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## Chosen Model of Privatization of Socially Owned Enterprise in Kosovo Over Kosovo Trust Agency

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### Abstract

*Unlike in the countries of Central and South-East Europe, where the transformation of property and political transition were smooth and peaceful, in the countries of former Yugoslavia (except Montenegro and Macedonia) these processes were accompanied by war; the effects are present even nowadays. After 1999, it was Kosovo's turn to be part of these changes. Normally, in these processes, the political transition occurs prior to the transformation of property. This was not the case in Kosovo, where the order was reversed. It cannot be said that the privatisation method chosen by UNMIK was not the best. As of now, this method has failed to fulfil its duties of economic recovery and solve the unemployment problem. UNMIK has chosen the method of transforming the social property of Kosovo as a set up for the total transition of the political system, which later on would be one of the main elements and will serve to proclaim independence of Republic of Kosovo. It will remain an unanswered question whether the method that used is actually better, whether it is more productive economically, or not. As Kosovo's case for many things is **sui generis**, and as far as the process of privatisation of the social property is concerned, it is a process which tried to adjust to the existing circumstances in Kosovo, circumstances which were earlier unknown in the other countries.*

**Keywords:** Kosovo, privatization, process, agency, models, property, transformation

### Chosen model of privatization of Socially Owned Enterprises (SOE) in Kosovo over Kosovo Trust Agency

#### Models

Temporary civilian United Nations Mission in Kosovo (UNMIK), Department over for Trade and Industry as part IV of the stairs, at the beginning started to investigate the privatization model. After four years of delay, efforts have been unsuccessful. The previous models that were applied in the states of former Yugoslavia were unacceptable; the models that had been used in Eastern Europe were also incompatible. The voucher model, for example, could not be implemented for many reasons and above all due to lack of basic legal status of Kosovo. For these reasons, UNMIK had to come up with a special process of privatization that had not been used anywhere else before. The novelty of this process was that it had in mind the following:

1. Sell the main assets of the company through tender, while the remaining assets would be sold separately through liquidation.
2. Land assets were subleased for 99 years, because a lot of the cadastral information had been lost during the war (they had been taken elsewhere, mainly in Serbia).
3. Led by the experience that others have crossed the country in the process transformation and privatization of property, UNMIK through the Kosovo Trust Agency, privatization of SOEs joined by her model was included in the three forms of privatization:
4. Regular Spin-off
5. Special spin-off
6. liquidation

**Regular spin-off ("amputation")** - Rules of Tender for the spin-off privatization (the circular closure, which involves only the sale of assets of enterprises, namely, within the existing company formed a new company that includes only the assets of the company, and shall remain in old company, which will later apply the process of liquidation, the funds from the sale go into a special fund under the control of the KPA and will be used to settle liabilities to creditors, owners and workers). The model of an old company can develop more new enterprises, while funds raised during the sale of share in a way that 20% goes to workers while 80% goes to fund the trust that will serve to cover obligations made during the operation of the old company.

A part from a small number of obligations (property taxes for the past 12 months, payment of public services for the last 3 months), the new owner of the company being acquitted of all other obligations that the company had previously.

**Special spin-off** - apart from the rules that are worth for a regular spin-off, special spin-off added to the model are still some limitations for the new owner of the company. In fact this model, the owner must complete and obligations that were in the process of tendering and to have:

1. highest price offered in the tender,
2. investments that will be the time period,
3. retain workers previously employed and increase the number of workers over a given period of time.

Although it was sold this model, we cannot boast of having succeeded. Enterprises privatized in this model are mostly continued the previous activity.

**Liquidation** - Although proposed as a model for privatization of parts of companies or enterprises as a whole, during the existence of the KTA has partially implemented and as far as the liquidation process, it is not implemented. As a model could be implemented in a small number of firms that were small-scale or those that have already been plenty of earlier stopped working and who have been in bankruptcy proceedings.

### **Few final findings and notices about privatization in Republic of Kosovo**

Few findings and notices about privatization process of Socially Owned Enterprise in Republic of Kosovo are as follows;

- a) Some evaluations about flow and results of privatization program;
- b) Opinion and some attitudes of the citizens about the process.
- c) Few valuations and notices about results of privatization in Republic of Kosovo

Results of privatization reached up to now are under those expected in public. This is specially related to:

- (1) delaying of the process;
- (2) slowness of tender sale;
- (3) braking contract in previously privatized companies.

The question that is set: whether gap between real results and expected results of privatization is consequence of low realization or exceeded high expectations from privatization? According to my opinion, the size of gap is under influence of both determinants.

Beside all problems (political instability, war, bombing) larger determination of Government for privatization at the practical level (specially state bodies) would, even in that conditions, gave better results. From the other side, it was too much pointed that privatization will solve many problems. In the mind of ordinary man, privatization is usually understood as form of renewal, i.e., if someone who buys the company brings the money, salaries and debts are paid and all remains the same: management, number of employees, production program ... That understanding is result of many renewal programs that were conducted in previous system in Serbia and Yugoslavia.

A non-doubtful result of the process is increased participation of private sector in GDP and growth of employment in that sector. In the same way, privatization has encouraged creation of new enterprises and development of those enterprises. Privatization and generally development of private business in Republic of Kosovo had influenced the understanding of major part of population (especially young) that it should expect only from the state to solve the problems, but that each individual should seek solution for itself!

As result of change of property structure the change of attitude toward foreigners and foreign investors can be stated. The fear of foreign investors is smaller and smaller, however it still exists in some state and political groups and is motivated by

their fear that foreigners could put in danger their interest sphere, then they really think that presence of foreigners is bad by itself. Existence, respectively acceptance of Privatization Plan and providing that everything can be private (there is no priority enterprises that cannot be privatized), and that foreigners have national treatment, as well as determination that property and contracts can be protected at first step international courts, are also important result whose consequences can be important for next phase of privatization.

Established basic institutional framework of privatization, as well as expert basis is without doubt important result that will influence further reforms in Republic of Kosovo.

There are few indicators of economy effects that are showing at insufficient results in this process:

- Even there are changes in the property structure; still participation of state sector in total economy is large.
- Participation of foreign investments in Republic of Kosovo up to now is very low, much lower than in Croatia and Slovenia, and not to speak about Hungary, Poland, and Check Republic.
- Privatization incomes are modest.
- Recent level of privatization didn't have influence on the development of efficient capital market.
- Corporate governance is much more showing as problem even in private companies.
- Insider privatization model of privatization in Republic of Kosovo hasn't up to now gave results in new investments, restructuring enterprises and improving corporate finance.
- Problem of restitution remains open and unsolved, what creates unpleasant climate for complete privatization process.
- The number of companies at bankruptcy or entering zone of bankruptcy is increasingly larger.
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#### **Some social – psychological attitudes of citizens as indicators of their readiness for privatization**

We are stating few results of research that was conducted for purposes of this thesis. The research about social and psychological attitudes of citizens was done at sample of 611 participants, where 200 participants were from Republic of Kosovo.

**Interest for privatization.** More than 60% of citizens in Republic of Kosovo are highly interested for privatization. Only 10% of people are not interested for privatization, and mainly these participants are belonging to the age group below 20 years.

**Information and sources of information.** Each third participant from Republic of Kosovo estimates that hadn't information about privatization. Still, answer like this is indicating uncertainty of citizens concerning privatization, and not only weak information.

**How much citizen knows about privatization?** The certain number of questions has been set in order to test knowledge of citizens about privatization. The percentage of correct answers about privatization was 34,3%.

**Attitude toward privatization.** This dimension has been measured with range of attitudes with score from 5 to 30. Valuation was done so that higher score represents more positive attitude toward private property positive attitude is higher in Republic of Kosovo.

Relation between individualism and collectivism. It was measured with the same range as attitude toward private property. Tendency toward individualism is higher in Pristina (25.1 %) then in other cities, where is below 20%.

Almost 63% participants have positive attitude toward privatization with relatively small participation of those with negative attitude.

**Expected effects of privatization.** About 65,8% participants expect increase of unemployment because of privatization; to solve problems of old foreign saving thinks 42,1%; fear that by fraud in privatization small number of favored people will become rich thinks 78 %, that privatization will results with membership in the international community 51,4%; all that is worth will buy foreigners 68,3%; employees will finally be paid for their work thinks 23,6%; honest people won't get anything from privatization 55,4%.

Generally, nothing better predicts the readiness of people for changes that is privatization bringing than readiness to change property relations. From the other side, from all social demography indicators, education and working place are in certain measure connected with acceptance of privatization. What is level of education higher, the readiness of people to *accept changes that is privatization bringing higher, as well as level of information they have is higher.*

Concerning working place, for privatization is most interested, best informed, have largest knowledge and most positive attitude those who have already entered privatization process.

This research has shown that information needs, respectively needs for higher education of public in area of privatization in Republic of Kosovo are large need.

All previous comments and findings point to fact that transition to the new, more economically, institutionally and legally based model of privatization, required by itself a large amount of work at creation the institutional assumptions and introduction of stronger order in the privatization process compared to earlier period. Besides that, in the same period different oversights and deficiencies from former period have come up to the surface.

Individuals that took part in the privatization, in majority of privatization in first years, are starting to intensively include in the critic of privatization process, mainly directly and who had because of "conceptual reasons" of new organization of privatization been excluded, as well as part of coalition at power that has "broken". To many, critic of privatization has served for covering some personal activities in the privatization process.

Some decision of the Privatization council provoked gall discussions that were motivated by introduction of larger order and procedures in area of privatization.

However, Privatization Council and all others participants in privatization, step by step built and raise confidence in privatization process, and gradually changed opinion of the public about privatization. So, two periods can be distinguished in the privatization in Republic of Kosovo: prior to 1999 and after 2005.

Privatization in Republic of Kosovo was conducted as a project, not as a job of certain ministry. Privatization project was and still is managed by PAK. Technical work for privatization was done by Agency.

The example of Republic of Kosovo is showing that managing economy and the method of decision-making is important international resource of efficiency and transparency of the process. Through, it has shown also that this model is very vulnerable from aspect of political parties in coalition that depending on the problem, tried to impose domination of their interest. However, in the struggle of political parties to "make profit" from privatization by making distance from any contestable case in privatization and approach that concrete result with strict respect of the rules is the only argument concerning successful privatization: what was a saying of PAK.

We may conclude the analysis with the following observations:

**First**, privatization has substantial macro impacts in countries with low incomes, large population, considerable unemployment, wide income disparities, and regional differences in development. Limited market sizes often aggravate the problems.

**Second**, implicit in the analysis of the impacts—both micro and macro—is the problem of measurement. This is the more complex; the more difficult it is to identify the impacts definitely attributable to privatization.

**Third**, the processes of privatization warrant monitoring, in order to establish how effectively the objectives of privatization attached to individual cases or categories of cases are being realized, how transparent the processes of privatization happen to be in practice, and what basic changes in the structure of the national economy are being brought about by the processes of privatization.



**Fourth**, the impacts of privatization constitute such a wide range that they do not all produce a uniform result. The concept of trade-offs deserves attention. Certain direct and immediate results need to be considered alongside certain others which might be less direct and immediate, before the net benefit or cost to the economy is established. Of course, one has to decide on how far to go in identifying the results beyond the first-round effects.

**Fifth**, privatization calls for preparedness in the area of regulation aimed at exorcizing the unwelcome impacts.

**Sixth**, in many developing countries and centrally planned economies in transition the role of the state in steering economic development will not cease to be important—though it has to be different from what it has been - or else the impacts of privatization can be too anarchic to sustain distributional equity and social stability.

It would be desirable for analysts, policy makers and practitioners to focus attention on establishing the impacts of privatization, on monitoring privatization, on regulation post-privatization, and on redefining the precise role of the government in the development strategy specific to a country. These items should have high priority in work program relating to privatization.

In the Kosovo's macro-economic policy and programming great attention is given to privatization as a key element in the transition to a market economy system and including in European and World economic trends. Yet, there is need for further measures to improve the macro-economic situation and to remove the constraints which have been impinging on privatization actions. In doing so, greater attention should be given to the policy harmonization of the requirements of privatization, new private entrepreneurship (the creation of private firms) and restructuring of firms earmarked for long-term state ownership.

Although Kosovo's privatization process is not so quick in comparison with that in other countries, it is somewhat lagging behind the desired and potential speed. In order to speed up further privatization, beyond the removal of constraints discussed above, there is need for a flexible use of various privatization methods of both divestiture and non-divestiture types.

In Hungary's privatization process too much emphasis was put on the so-called 'active' privatization programs, the aim of which was, with the active participation of the state (PAK), the acceleration of privatization by attracting new circles of investors into the Kosovo's economy.

However, the speeding up of privatization in last few years could be attributed not to this program but rather to a new, investor initiated privatization method and to the so-called self-privatization method extending the range of participants.

The latter makes possible the transformation and sale of companies without direct involvement from the state, but with one of by the PAK through competition. Furthermore, greater attention should be given to methods like the breaking up of monopolies, leasing, management contracts and worker and management buy-outs, as well.

Foreign capital can also play an important role in speeding up the privatization process given the shortage of domestic capital. Its role is also crucial in the transfer of technical and managerial knowhow. From among the impacts of privatization the large labor redundancies resulting from the restructuring of firms deserve special attention and call for active employment and social policies.

There is need for intensive future activities in estimating likely impacts, both favorable and unfavorable, *ex ante*. Without such activities a 'culture' of privatization in the widest sense can hardly be built up.

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## The Impact of Brand Name on Consumers, Case of Bosnia and Herzegovina

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### Abstract

*Brand name is important for every company and every product, because the more people know about one product the more it will be sold. This paper will deal with the brand management and its impact on the consumer's behavior and society in Bosnia and Herzegovina. A survey is conducted about the brand name products in domestic correspondents via the internet. The results of the survey will show how big the impact of brand name products on the society and market is, and what are their positive and negative sides. The data which is used is primary data and its source is a survey which had 76 respondents from different cities in Bosnia and Herzegovina. The primary focus groups were people between the ages of 20 to 35, because the main focus of advertisements is on them. The collected data is numerical except of the demographic data. The Seven point Likert scale was used in order to get the agreements of correspondents over six variables and twenty eight questions. The collected data were analyzed through statistical formulas to get the most accurate results.*

**Keywords:** Brand name, Products, Promotion, Profitability, Consumers

### 1. INTRODUCTION

The name of a brand is the fundamental indicator of the brand. The name of the brand is the basis for raising awareness of the brand and Communication efforts. Often even more important is the fact that it can generate association which serves to describe the brand. (Aaker, 1991)

The brand name is very significant choice because some time it captures the central theme or key association of a product in a very condensed and reasonable fashion. Brand names can be extremely successful means of communication. Some companies assign their product with a brand name that in reality has nothing to do with the emotional experience but is catchy and a name that people can easily memorize. The core base of naming a brand is that it should be unique can be easily differentiated from other names, easy to remember and are attractive to customers. (Keller, 2012)

### 2. SURVEY ANALYSIS

The data which is used is primary data and its source is a survey which had 76 respondents from different cities in Bosnia and Herzegovina. The primary focus groups were people between the ages of 20 to 35. The collected data is numerical except of the demographic data. The Seven point Likert scale was used in order to get the agreements of correspondents over six variables and twenty eight questions. The collected data was analyzed through statistical formulas to get the most accurate results.

#### 2.1. Variables

In this survey six main variables exist, which will help us to explain the brand name and the factors which can lead to the success of a brand or to its failure.

**Table 1: Variables**

No	Variable name	Explanation

1.	<b>Consumer behavior</b>	The consumer behavior is a variable which can be with mathematical and statically analysis predictable. The behavior of customers is an element which is not much changeable, because people have their habits which they don't like to change
2.	<b>Brand name products</b>	This variable is especially important for customers because they identify themselves with brand name products and many societies are created on the fundament of the consumption of brand name products.
3.	<b>Brand name products promotion</b>	This variable is constantly changing and the most expensive variable but the one which brings the highest profit. Promotion is important for every brand no matter how big it is.
4.	<b>Brand name products impact on society</b>	Certain products can have deeply impacts on the society. Many of these societies can only identify themselves when they consume a certain brand name product.
5.	<b>Competitiveness</b>	Every product has competition and is competition for other products. It is a variable which appear in every market. In the best case there is a huge competition in which the consumers can choose what to consume and at which price.
6.	<b>Positive/Negative sides of brand name products</b>	Brand name products are famous for their quality and durability. This is one of their positive sides, but another important negative side is that they used their popularity to raise their prices even if these products are not valuable.

Source: Author

## 2.2. Analysis of the data - results

**Table 2: Socio-demographic data of respondents**

Socio-demographic data of respondents			
Variables	Categories	Frequency	Percent
Gender	Male	38	50.00%
	Female	38	50.00%
	Total	76	100.00%
Age	18-25	32	42.11%
	26-30	16	21.05%
	31-40	25	32.89%
	41+	3	3.95%
	Total	76	100.00%
Education	Primary	12	15.79%
	High School	32	42.1%
	Bachelor	26	34.21%
	Master	5	6.58%
	PHD	1	1.32%
	Total	76	100.00%
Personal Income	0-250	2	2.63%
	251-400	23	30.26%

	401-700	28	36.84%
	701-900	14	18.42%
	901-1200	6	7.89%
	1201+	3	3.95%
	Total	76	100.00%
Household size	0-2 members	41	53.95%
	3-5 members	31	40.79%
	5+ members	4	5.26%
	Total	76	100.00%
Household Income	0-400	2	2.63%
	400-800	18	23.68%
	800-1200	43	56.58%
	1200+	13	17.11%
	Total	76	100.00%
Household expenses	0-200	16	21.05%
	200-400	37	48.68%
	400-800	13	17.11%
	800+	10	13.16%
	Total	76	100.00%
Residency	House	26	34.67%
	Apartment	49	65.33%
	Total	75	100.00%
Working status	Student	37	49.33%
	Unemployed	16	21.33%
	Employed in public sector	10	13.33%
	Employed in private sector	12	16.00%
	Total	75	100.00%

Source: Author

The main categories of the respondents have been summarized in nine variables which will show that the results come from different people from different social structures, genders and wealth statuses.

**Table 3: Consumer Behavior**

Item number	Consume behavior	N	Mean	Std. Deviation	T-value	P-value
1	You only buy products that you need	76	5.658	1.090	-0.21	0.84

2	You buy every time the same products	76	6.039	1.038	0.11	0.91
3	When you buy something, you buy it because of the quality	76	2.697	0.980	0.12	0.91
4	When you buy something, you buy it because of the price	76	4.026	0.993	0.00	1.00
5	When you buy something, you buy it because of the brand name	76	2.526	1.039	1.11	0.27
6	Your buying decision is affected by brand name products	76	3.132	0.998	0.00	1.00

Source: Author

The consumer variable analysis shows that people buy products because they are accustomed to buy the same products from their childhood ( $M=6.039$ ). Another point which is concluded through this variable analysis is that domestic people don't buy many products because of their brand name. In B&H people live in a society which hasn't much money and they pay more attention on the price than on the brand name.

**Table 4: Brand name products**

Item number	Brand name products	N	Mean	Std. Deviation	T-value	P-value
1	Brand name products are qualitatively better than no name products	76	2.908	0.982	0.35	0.73
2	Brand name products are cheaper than no name products	76	1.974	1.019	-1.59	0.12
3	Brand name products are healthier than no name products	76	1.908	1.022	0.33	0.74
4	Brand name products are easier accessible than no name products	76	4.566	0.984	-0.81	0.42
5	Because of their quality, brand name products have loyal customers	76	5.658	1.001	2.11	0.40

Source: Author

The result of this analysis shows that the biggest advantage of brand name products is those brand name products have their customers which are loyal to the brand because of some reasons ( $M=5.658$ ). Maybe it is because of the quality or the tradition or some other reason. Another result show that people are not satisfied with the healthiness of brand name products, because more attention is given to the promotion of the products than on its affects on the human health ( $M=1.908$ ).

**Table 5: Brand name products promotion**

Item number	Brand name products promotion	N	Mean	Std. Deviation	T-value	P-value
1	Brand name products have better promotion than no name products	76	3.632	0.991	0.23	0.82
2	Brand name products got their promotion with the help of celebrities	76	4.868	1.024	0.89	0.37

3	Brand name products invest over 50% of their revenue into promotions	76	3.658	0.960	-0.71	0.48
4	They are so good sold only because of their promotion	76	3.855	0.989	-0.12	0.91

Source: Author

Promotion is the main element in the marketing segment. Without promotion no product would be known and when customers would come into a store they would buy just the first product they see. The promotion with the help of celebrities seems to be the easiest way to promote the brand/product and the celebrity at the same time (M=4.868). Another point that the respondents identify is that producers invest much more than 50% of their revenues on promotion but calculating their revenues from the new sale after the promotion are significantly higher (M=3.658).

**Table 6: Brand name products impact on society**

Item number	Brand name products impact on society	N	Mean	Std. Deviation	T-value	P-value
1	Brand name products determine what a society will do and on what they will spend their money	76	4.197	0.994	0.11	0.91
2	Brand name products and their promotions are set only to acquire maximum profit	76	6.224	0.988	-1.52	0.13
3	Kids focus their live around brand products and their lifestyle is directed by brand name products producers	76	5.434	1.087	-1.38	0.17
4	The life standards are oriented toward brand name products	76	3.184	1.055	0.65	0.52
5	The society creates classes according to the consumption of brand name products	76	5.789	1.011	1.14	0.26

Source: Author

Everything can affect the society but brand name products can set the standards for some societies. The correspondents agree that the brand name product promotions are created only to maximize profits but not to help the customers to get better and healthier products (M=6.224). In countries in which exists many societies and in which the life standard is better, the people there can orient their life standards on the basis of some brand name products, but in B&H that is not the case because here people trust the local products more than the brand name products (M=3.184).

**Table 7: Competitiveness**

Item number	Competitiveness	N	Mean	Std. Deviation	T-value	P-value
1	Brand name product producers pay more attention on the promotion of their product than on its quality	76	2.250	1.060	0.76	0.45
2	The producers set lower prices in accordance to eliminate no name products	76	4.539	0.999	1.50	0.14
3	Brand name products are available at almost every store	76	5.118	1.032	-3.73	0.00

4	The fight between two or more brand name products often causes that no name products disappear from the market	76	3.355	1.003	-0.34	0.73
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Source: Author

In every market exist competitors which fight against each other in order to get the most customers to realize the maximum profit. The survey data has shown that the advantage of brand name products in the competition fight against other products is their availability at almost every store (M=5.118). Another important point which can be concluded is that producers of brand name products have enough funds to drop the prices to the minimum in accordance to eliminate the competition so that only them can survive on the market (M=4.539).

**Table 8: Positive/Negative sides of brand name products**

Item number	Positive/Negative sides of brand name products	N	Mean	Std. Deviation	T-value	P-value
1	Its quality	76	4.776	0.988	-0.81	0.42
2	Its price	76	4.395	1.034	-0.22	0.83
3	Its impact on the society	76	2.908	1.098	-0.73	0.47
4	Its accessibility on the market	76	5.171	1.063	0.54	0.59

Source: Author

Brand name products have their positive sides like their quality and their accessibility, but they have also negative sides like their price and their impact on the society. The price is high because of the high promotion costs and that is not good for the customers which don't have enough funds, but which want qualitatively good products. The availability is good because the higher the distribution of the product, the higher the chances that customers will buy their product.

### 2.3. Discussion

**Table 9: Overall Variables**

Measures	Mean
Consume behavior	4.013
Brand name products	3.403
Brand name products promotion	4.003
Brand name products impact on society	4.966
Competitiveness	3.816
Positive/Negative sides of brand name products	4.313
<b>Total</b>	<b>4.086</b>

Source: Author

The sum of all variables shows what the main points about brand name products need to be discussed. The brand name products have the biggest impact on the society, because as we can see in the modern era everything is labeled and people are criticized on the basis of their buying behavior. If they are not buying brand name products they are not an accepted part of the society. Another point which needs to be mentioned is that customers pay much more attention to brand name



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products than on no name products which might have, in many cases, better prices and better quality than brand name products.

### 3. CONCLUSION

The following conclusions could be drawn from the results of this survey:

- Brand names have a global impact on the society and the behavior of individuals insides of the society;
- It defines what to buy, where to buy it and what is socially acceptable to buy;
- Brand name products affect the consumer behavior by giving him the illusion that only this brand name product is qualitatively good and that they need to buy it at any cost in order to be satisfied.

If there were a simple formula or a fixed calculation, companies could also calculate the brand value for them and would not need the assistance of accountants and brand consulting.

Today, we can also be interested in controllers and CFOs for brands, because it is generally accepted that brand management is an essential part of business success. Therefore, the marketing needs a new language to describe itself and its services better. On one hand it helps the orientation on brand equity brand management to develop better and more effective strategy if it is charged not only monetarily, but also with behavioral science. On the other hand, a good argument structure and the interplay between brand management objectives and the brand value can also CFOs convict of a higher marketing budget through.

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## 5. APPENDIX

### The Survey Questionnaire

#### STRATEGIC SUCCESS FACTORS OF BRAND MANAGEMENT AND ITS IMPACT ON THE BRAND VALUE

Please answer all questions

For each numeric question, circle the number that best reflects your opinion of the factor judged **1=strongly disagree**, **2=disagree**, **3=slightly disagree**, **4=neither**, **5=slightly agree**, **6=agree**, **7=strongly agree**

Circle only one number for each scale

Demographics	
a	Your department/unit:
b	Your current position/role in dept/unit:
c	How long have you been in current position/role?
d	Your highest education level: Primary High School Bachelor Master PHD
e	Gender: Male Female
f	Age: 18-25 26-30 31-40 41≤

Please indicate your level of agreement about the following: Consume behavior		Disagree	Agree
a	You only buy products that you need	1 2 3 4 5 6 7	
b	You buy every time the same products	1 2 3 4 5 6 7	
b	When you buy something, you buy it because of the quality	1 2 3 4 5 6 7	
c	When you buy something, you buy it because of the price	1 2 3 4 5 6 7	
d	When you buy something, you buy it because of the brand name	1 2 3 4 5 6 7	
e	Your buying decision in affected by brand name products	1 2 3 4 5 6 7	

Please indicate your level of agreement about the following: Brand name products		Disagree	Agree
a	Brand name products are qualitatively better than no name products	1 2 3 4 5 6 7	
b	Brand name products are cheaper than no name products	1 2 3 4 5 6 7	
c	Brand name products are healthier than no name products	1 2 3 4 5 6 7	
d	Brand name products are easier accessible than no name products	1 2 3 4 5 6 7	
e	Because of their quality, brand name products have loyal customers	1 2 3 4 5 6 7	

<b>Please indicate your level of agreement about the following: Brand name products promotion</b>		<b>Disagree</b>	<b>Agree</b>
<b>a</b>	Brand name products have better promotion than no name products	1 2 3 4 5 6 7	
<b>b</b>	Brand name products got their promotion with the help of celebrities	1 2 3 4 5 6 7	
<b>c</b>	Brand name products invest over 50% of their revenue into promotions	1 2 3 4 5 6 7	
<b>d</b>	They are so good sold only because of their promotion	1 2 3 4 5 6 7	

<b>Please indicate your level of agreement about the following: Brand name products impact on society</b>		<b>Disagree</b>	<b>Agree</b>
<b>a</b>	Brand name products determine what a society will do and on what they will spend their money	1 2 3 4 5 6 7	
<b>b</b>	Brand name products and their promotions are set only to acquire maximum profit	1 2 3 4 5 6 7	
<b>c</b>	Kids focus their live around brand products and their lifestyle is directed by brand name products producers	1 2 3 4 5 6 7	
<b>d</b>	The life standards are oriented toward brand name products	1 2 3 4 5 6 7	
<b>e</b>	The society creates classes according to the consumption of brand name products	1 2 3 4 5 6 7	

## Politics's genealogy: a theoretical approach

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### Abstract

*This article will analyse the alienation that politics has suffered since its creation. The analytical model, based on not only in the ideal type of the Greek Polis but also in the appearance of rhetoric within this public sphere, in the creation of small economical medieval groups (The Gilds in Italy) and in the creation of military and political groups (The Gulfs and Ghibellines in France) and later on in the creation of the political groups (The Whigs and the Tories in England) will reflect the limits of Politics (of Polis) as a public sphere, in which citizens should actively participate in discussing and solving common problems, through the rhetorical participation of public speakers in the Polis and the expansion of the private sphere in creating this small enterprise, political-military and political groups. It emphasises the necessity to understand and assess the city as a space where all citizens have the chance to participate in the decision making and in solving their problems.*

**Keywords:** Public sphere (Polis), Rhetoric, Self- enlargement of economical groups, limitations of public sphere.

### Introduction

The relationship and performance of citizen life in Polis meant active engagement and dedication of all citizens for the progress of the city life, emphasising the creation of a public space in which citizens should participate and live in liberty, because their participation guaranteed the chance to avoid any type of violence that any citizen that took care only for his property could suffer. The house plot represented the private space and there the citizen was easily an object of physical violence and working for the mere fact of fulfilling the principal biological needs and care to his family. But with the appearance of rhetoric in the Polis and with the enlargement of the economic and trade activity, military- political and political activity of one of several groups in the Middle Ages ( such as the Gilds, *confreries* and *compagnos* in Italy; the Gulfs and Ghibellines in France or the Whigs and the Tories in England) politics changed its structure and functions, creating a path for an enlargement of the private sphere. Based on the ideal type of the Greek Polis and in the creation of these small pre-capitalist groups, this article will create an analytical model that will delineate in one side the birth and development of Polis (the public sphere) and the limitation of public space through the exercise of rhetoric and the enlargement of these private economic, military and political activities on the other side. This means that with the inclusion of rhetoric in the Polis space and with the beginning a mediaeval times, is noticed the influence of personal decisions within the public sphere (as is the case of rhetoricians in Polis) and the exercise, occasionally, of personal economic and trade activities out the private space or out of the city that led to a limitation and segmentation of the public sphere and the competition of private individuals to grow and enlarge their economic activities that later on were configured in military armies or in political parties with the aim of preserving and adding more their properties. Based on this argument, for the sake of citizens well-being and their economic, academic, professional and cultural activities, it is more convenient that the space of the city to be understood and assessed as a common space where people try to solve their problems together.

### The birth and development of politics (The Polis)

Before the appearance of Polis, the organization of human life in the Ancient Greece was natural, divided in units such as phratrìa and phyle (kinship) that were based on physical work that was "the activity that best corresponds to the biological process of the human body, the growth of which, metabolism and disbanding are connected by the needs produced by the physical works that feeds the vital process" (Arendt, 2006, pp. 30). However, this structure dictated by the principal condition

of physical work, led to the continuous increase of needs and desires in function of improving life standards through the acknowledgement of working as a second conditions formulated as below:

*Working is the activity that corresponds to the unnatural human existence that is not fixed in the vital and eternally repetitive circle of the species, whose mortality is not compensable. Working provides an "artificial world" of objects distinguished clearly by the whole natural environment. Within its borders, each individual life is limited, while this world is destined to last more and to pass in all individual lives (Arendt, 2006 a, pp. 30).*

Due to their nature, these two conditions, led to the translation of this natural organization in a new form that had to do with the natural organization of humans towards material property. Obligated to be developed within the house boundaries, the physical work would carry in the same time the exercise of imposed limitations on family individuals by the needs of the biological life and working would be captured by the individual desire to fall victim of extra physical tiredness of his own hands within his house, - where, - "the husband was obliged for individual attention (providing food for the family), while the wife had to take care for the survival of the species (birth and growth of the baby)" (Arendt, 2006 b, pp. 56). All these would be judged by the Greek philosophers (of that period) as a pre-political phenomenon because the ownership from these needs would justify the use of means of violence with the aim of owning them. That is why "the Greeks did not choose to employ their agile wits in devising aids to physical comfort" (Robinson, 1933, pp. 71). This did not only enforce the fact that "the foundation of Polis was preceded by the destruction of all organized units based on kinship such as phratry and phyle" (Arendt, 2006, c, pp. 49-50) and revealed the third human condition of "Bios Politicos that mean acting (praxis) and speaking (lexis) by which took life the sphere of human works (ta ton anthron pragmata as Plato used to call it) and from which is excluded everything that was necessary or useful" (Arendt, 2006 d, pp. 50). But in order to be a consequence of the third human condition was necessary to own the first two conditions and not being owned by them, because having a house plot or owning necessary objects for living in the house would be a condition for the freedom of Polis that means:

*Acting, as the unique activity that happens directly among people, without the intermediation of objects or material things, corresponds to the human state of multiplicity, to the fact that people, not the Man, live in earth and are inhabitants of this planet. Despite the fact that the whole aspects of human state, in a way or another, are related to politics, this multiplicity is a special condition, not only condition sine qua non, but condition per quam, for the whole political life (Arendt, 2006 e, pp. 30-31).*

Even though the physical work and working could have a location, they were considered as no free activities, because only the exit out of the private sphere of the house and leading towards the human multiplicity (the public sphere), "reveals exactly for the world how much it is common for all and notable by the place we privately occupy on it" (Arendt, 2006 f, pp. 81). This organization was that natural that the activity of public life for a middle class citizen of Athens had to be as diverse as possible for each of them "was a practical politician, an administrator of the law, very possibly a speaker, and quite certainly a soldier or a sailor" (Robinson, 1933 a, pp. 150). Being out of the house and the engagement there where everybody was noticeable and listened from the others, made people to expose themselves to another way of living where speaking and only speaking held meaning till that point that "thinking came after speaking, while speaking and acting were equal in the same range and level and that finding the right words in the right moment, apart the information of the communication they can emit, is acting" (Arendt, 2006 g, pp. 51). According to Pericles, as Thucydides (as cited in Robinson, 1933 b, pp.152) record of him, "our citizens attend both to private and public duties, allowing no absorption in their own affairs to interfere with their knowledge of the cities. The man who holds aloof from public life, we regard as useless". This configuration of multicity would not stay as such if it would not be characterized by the double nature of equality and extinction among people, because "everywhere there was an atmosphere of genial sociability, very different from the life of our great towns and suburbs where the neighbours often scarcely know one another to speak to" (Robinson, 1933 c, pp. 71). "We have no sour looks for those around us", would say Pericles (as cited in Robinson, 1933 d, pp.71) in a speech he held in honour of the Athens' character. This means that if people were not equal they would not understand each-other and if they were not different they would not need to speak or act. So, Polis was the place of public sphere: where people did not reign and were not reined by others; where the meaning of words was dictated by the common majority: where the destruction of every deprived life by the need, usefulness and individual attention- that was similar to the animal life without nay glory or success due to the isolation within the house walls- would compound "the perpetuity" of human life in the public sphere with the aim of gaining every common good for the time the world will exist. Despite that the mechanical flaw of writing the term Polis differentiates from Politics, the last one stands identically to the meaning of Polis and will serve as a referent for the analysis of following arguments.

### **Restricting Politics through the appearance of rhetoric and the enlargement of personal activities (economic, military, political)**

The facilitations offered by politics through the chance of direct participation in public affairs and the shown interest, were acquired by the so-called rhetoricians that defined the public as follows: "it includes everything that appears in the public that can be seen and heard by everybody and get the highest publicity possible" (Arendt, 2006 h, pp. 78-79). As a result, even in the Polis, acting and speaking were divided and became more independent. The inclusion of publicity within the Polis changed its inner nature, directing meaning in favour of sophists and rhetoricians till the point that:

*The effect of sophists teaching had certainly its bad side. It gave men a taste for superficial knowledge and encouraged an appeal to bare self-interest. Politician who came under its influence argued freely that might was right; and the methods of shameless aggrandizement were justified on the plea of national necessity* (Robinson, 1933 e, pp. 146).

The stress shifted from action to the word, as a mean of manipulation more than a specific human way to converse, discuss, rank and resolve problems that could rise in the city space. The focus of rhetoricians' discourse on words and the vocal emphasis on specific terms, created a clash in the discourse content, - that in reality aimed to use words in line with what they expressed and in function of achieving a common goal-, leaving place to its possession by themselves. At this stage, it was important to keep alive their rhetoric and legitimizing a special status of public admirer. For them, the glory and success of the public show shouldn't be displayed in the common majority of people, but should be defined only in some special individual to create ground for their prestige that would manifest not only the fulfilled need of this status but also the need to consume it in a public space as the slave consumed his food to be able to work. Despite the frequency of these shows even during the Roman Empire, where the emperor had the privilege to be the head of state but this does not mean that the public sphere was deleted, because as Abbot (1909) arguments, Respublicca gave to each citizen the right to enjoy the status of citizenship, to participate and decide in issues that dealt with the collective interests in three spaces that were: Contio (gathered for public discussions), Comitia (gathered for the popular assembly) and the one gathered during the gladiators fights. "That is why the language of romans, maybe the most politicized people that we have known till today, used as synonyms the words "live" and "I am among people" (*inter homines esse*) or the words "die" and "cease to be among people" (*inter homines esse esinere*) (Arendt, 2006 i, pp. 31). However, politics starts to feel its destruction during the Middle and Modern Age: even though the moral of the Christian political philosophy, legitimated under the postulate "as long as the world will exist"- meaning that what people had to divide among them was to be in a common world within a given time, - saved its conceptual terrestrial clarity of attention for the common good. Meanwhile, the enlargement of economic activity within the house clenched the public sphere in the private one. The construction of feud systems on public spaces and the dedication of all economic activity in favour of material earnings of the feudal, transformed the natural organization of human life in favour of an economic liberty, that as Taylor (1913) puts it, was seen as an important right of individual activity and permitted to them to own a private property and to initiate financial enterprises according to their choices. "A main feature for this enlargement of private sphere and somehow for the difference between the head of the house in antiquity and the feudal, is that the feudal could decide for justice with his reign boundaries while the head of the house in antiquity, even though he could exercise his power, did not take into consideration any law or justice coming out of the political sphere" (Arendt, 2006 j, pp. 61). These attributions within the house and leading all activities within its boundaries, enforced the feudal that through the rational nature, to specify the role of work or "the profession" for each farmer that worked in his property, with the aim of increasing the material resources and the creation of a dominant - submissive relationship, because the power of a man is the mean that he owns, his present to gain some materials goods in the future (Abbott, 1909 a). "Leading all human activities in the private sphere and modelling all human relationships according to the domestic example took place in the typical medieval professional organization in the cities, as *the Gilds, the konfreries and compagnons*" (Arendt, 2006 k, pp. 61). Their continuous enlargement would shape that type of human organization that today is called society, but laid its strands in Middle Ages and that meant "an alliance among people for a special purpose" (Arendt, 2006 l, pp. 49), given that it could not have good laws ( economic-political connections) where did not exist a good organization and discipline (Russell, 1962). Even though they resulted successful in weakening and later on the destruction absolute monarchies, giving chance to the foundation of modern states compound by modern societies, the effects of capacity enlargement of this mini societies achieved to fade out the division line between the public and private sphere, "because the structure of citizens and the political unities are known in accordance with the image of a family, the daily works of which should be under the custody of a gigantic administration, all national, same as the house government" (Arendt, 2006 m, pp. 54), while "the easiest way to govern a city that was free before the invasion is to leave its governance to his citizens" (Machiavelli, 2003, pp. 30). This fact for the Greeks could be understood as a falsification to lose the presence of public sphere, because "the natural socialization, pure social of the human species was considered

as a imposed limitation on us by the needs of biological life that are similar as for human animals as for other forms of animal life" (Arendt, 2006 n, pp. 49). The lays of the modern state through the strategic ideologies sustained and calculated efficiently in the division of work and the productive efficiency of small professional mediaeval companies has to do the fact that "scientific thought related with this development is no longer the political science, but the "national economy" or "social economy" or Volkseirtschaft that show a kind "of inclusive domestic economy" (Arendt, 2006 p, pp. 54). This means that for the ancient Greek, people who believed that a good life lied on material patrimony, would agree with the idea that the state would be happy if it was materially rich, while who accepted that the virtue was the source of individual happiness would require a virtuous state to have a bigger happiness (Taylor, 1913 a). In a way, all this is related to the fact that "these unities of economically organized families are similar with the super human family called "society", while the political form of its organization is called "nation". That is why is difficult for us to understand that the term "political economy" in antiquity would be a contradictory word: everything economical, related with the individual life and its survival, as a rule, was a non-political domestic matter" (Arendt, 2006 r, pp. 54-55). The richness of the rational thought in the private sphere – feed by ideas to divide the political sphere and its translation in private space that would function as units for the regulation of "the collective interest"- legitimized the use of means of violence because as it is known from the Greek thought, power and violence are legitimized in this space as the only mean to own the need. Moreover, for not losing the control of means of violence, "the society" delegated them to the nation- state, making the modern state a ruling structure based on institutions and that tried successfully to monopolize the legitimate use of physical violence (Weber, 2007). This doesn't mean that the state owned an infinite economic power and that the exercise of violence, even on individual of the state or out of the state, required economic capacities, similar as the absolute monarchies where the kings asked for money to their feudal to handle the expenses of wars, offering to them a place in the court or the chance not to pay taxes (Taylor, 1913 b). Liberated by the economic advantages, these societies had not reason not to surrender to the relation of interest that the state could offer, because this mean a higher security of their economic activity. The expansion of the activity and its transformation from pre-capitalist societies in capitalist societies surpassed not only the administrative performance but also the economic performance of the state that according to Russell (1962 a), the principal concept of society was power that appeared in the form of patrimony, armament, influence etc... This made possible for them to perceive themselves as direct rivals of the state that motivated a number of people to engage directly in political life and to have their say in the political power (Weber, 2007 a). The division of the modern society in groups, where the privilege to participate in the so called political life pertained to a minority of people that later on where organized in political parties in defence of their interest as is the case of the Gulfs and the Ghibellines that were known as pure personal groups or as in England the Whigs and the Tories that were known as representative parties of the aristocracy (Weber, 2007 b). Clearly the unique and final aim of these political parties in the modern era that served as an axiom for the development of future political parties with an ideological, social – cultural and physiological nature etc., had to do with the attempt to share a part of power or to influence in its distribution among states or among small groups within the state (Weber, 2007 c).

## Conclusion

We cannot deny the fact that the political actor managed to destroy the space where was exercised participation and common decision taking of citizens that were part of the Polis, in the moment that happened the transition from the interactive politics towards an active politics and its individual expression as a correction of personal life out of the citizen community. The development and continuous revival of Politics as rhetoric, based only on words, even towards participants that took part in the Agora, started to change not only the natural identification and solving daily problems in the city life, but they achieved to create new conditions of doing politics and its functionality. Finding these new accepted conditions by all members, for example bring a new expression as would be the invention of formula that surpassed the needs of citizens and leaving aside their daily problems – eliminated the critics and resolution of common problems, but changed the true content nature of Politics in the city, giving these attributions to the innovative to the political rhetoricians. Even these citizenship elements that made possible to distinguish the truth and critic against rhetorical politics, are set back before the nomination, affirmation and its repetition, for the mere fact that finding those formulating conditions are considered as expressive utterances established as such. This means that the entrance on public sphere of these utterances and the support of the discourse on the self of the rhetorician would leave place to its emphasis as a testimony of equality, equity, systemic motivation of thought and affirmative utterances according to the rules or corrections decided before in accordance with all parties, numbing the critical approach of the citizens. Such a political show, similar in form, but not in content with the ancient Greek dramas that were used to criticise and reflect the mistakes of political actors in the common space of the Polis, led path later on to the disconnection from participatory decision making and the direct fulfillment of the citizens

requests, towards an active logical in favour of division of the private sphere (the family). This means that, in difference with the Polis where was found the public sphere and where the glory of each of the citizens lied on the fact of being equal among equals thanks to the fact the problems were resolved within this space, Politics in Middle Ages and later on followed the principle personal material properties. Said this, the principal and ultimate value of individual meaning on life and himself had to do only with the increase of financial and material capital. Even the modern states were created as a mean or justification to preserve and increase the capitals created by the small pre- capitalist societies, as the Gulfs and the Ghibellines in France or the Whigs and the Tories in England. No matter of the era in which we live, where activities and relationships among people and different socio-cultural contexts are characterized by material physical, physiological and metaphysical interests etc., it is important to say that the Polis should be conceptualized as the common space where citizens participate in identifying and solving their common problems because the more one knows, accepts and understand the city as a public space the higher will be the awareness and attention on interactive relationships and common economic, cultural, political, artistic enterprise etc., among people in this common space.

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### **Short bio**

Orges Zani is a doctoral student at the European University of Tirana, Albania. His thesis is focused on the activity of political parties and the similarities they share with social movements. He has finished his BA studies in Political Sciences and has Msc. Degree in Political theories. He is the translators of a number of books in the field of Political Philosophy; one of them is them is book written by Jonathan Wolf, *An introduction to Political Philosophy*. He is a teaching assistant and teaches the subjects of Political Philosophy and Discourse Analysis.



## Emperical Data on the Correlation between CEO Duality and the Performance of a Corporate

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### Abstract

*An independent CEO's discipline is greatly influenced by the way a corporate is managed, hence improving the firm's value in those corporate that are developing and the ones that have already developed. Additionally, the shareholders' interest can as well be safeguarded by the CEO and the board through creation of more safeguard guidelines. Macro-economic and micro-economic level corporate experiences significant implication from the governance, whereby corporate governance that is poor may lead to corporations' failure, for instance Worldcom and Enron experienced this type of failure. This paper scrutinizes the connection between dual and separated Chairs-CEOs structures and implications in the performance of corporate. The interest of CEO Duality emanates from the idea that CEO duality would make a difference to the performance of a firm and corporate governance. There exists controversy in the manner which the company is affected by the CEO duality. The most commonly used instruments in the implementation of corporate governance include independent directors, board size, board directors, chief executive officer, political administration, judiciary, regulatory authority and the government itself. Corporate governance also gives a specific structure via which objectives of the firm are set. Corporate governance also provides the means of accomplishing these objectives and also how to monitor the firm's performance. Corporate success and board performance does not solely depend on the chief executive's position or the position held by the chief. It does matter whether these two positions are held by one or two people. This Lack of adequate evidence in the scientific research in order to support the argument concerning separate or combined roles of a CEO, result in management dilemma. A theory supporting joint positions, is that integrating the positions of CEO and Chair minimizes the cost of transferring information which should take place if different persons hold the position of CEO and Chair. Since the transfer of information might be expensive, imperfect or untimely, having essential information reside in one joint CEO and Chair might enhance the individual's ability to carry out the responsibilities of management. In the other side a theory that supporting of split CEO and Chair positions propose that the board also carry out its supervisory duty better when the Chair is a non-executive individual. The paper aims at introducing and giving a panoramic analysis of the relevant perceptions of management and corporate governance like the CEO Duality and the implications it has in the performance of corporate. Should a CEO take action simultaneously as the Corporate Board Chairman? Would the CEO Duality hamper or improve the performance of a corporate?*

**Keywords;** CEO, CEO duality, performance, implication on governance, Board of Directors

### 1.0 PURPOSE OF THE STUDY

Over the past couple of years, the manner in which corporate are governed has been debated by public and government especially in developed countries, and the same debate is also gaining attention in the countries that are less developed. Some of this attention includes media coverage of those employees whose allowances have been affected badly by the company officers misinforming process and those company officeholders who mislead the board of directors. The agencies concerned with regulating accounting techniques and corporate financial have improved their participation, to address these transgressions which are mostly based on public complaints.

Conflict between corporations and shareholders has been there for long. The independence or lack of corporate board of governors has been a major corporate governance topic of the past days. This independence is usually evaluated by the number of foreigner board members compared to the number of insider members with the supposition that the firm will be governed in a better manner when there are more foreign (outside members).

Nevertheless, this supposition is not supported in the research; the research arrives at diverse conclusions (5, 6, and 7).

Also, another significant concern of corporate governance is the Chief Executive Officer (CEO) compensation, which is also known as the performance incentives. Generally, greater analysis is employed by the boards in determining the

compensation of the CEO, which include incentives, for instance the consultants' hiring compensation. In addition to greater validation of CEO compensation, a mounting group of creditors, corporate boards, investors and regulators are appealing that in case the CEOs misleads, they should return their compensation. Not only the level of board independence and the compensation of the corporate official has been regarded as important, but also extra corporate governance factors have been studied and discussed in order to enhance corporate governance. Other factors that can be included are board members age limit, interconnecting board members, the size of the board, board terms that have staggered, maximum number of boards a director may serve, directors' attendance in the board meeting, evaluations of the director, whether the CEO is a board committee's member.

## 1.1 Statement of the Problem

### ***CEO duality as a resolution to corporate governance***

CEO duality is a topic also focused by this paper. A more current presumed remedy to poor corporate governance has been the CEO duality. Chief Executive (CEO) Duality refers to the structure of an organization whereby the CEO also serves as the chairman of the same company's board of directors. Most of the firms are shifting from this structure to a separated Chair and CEO structure. This paper scrutinizes the connection between dual and separated Chairs-CEOs structures and implications in the performance of corporate.

## 2.0 OBJECTIVES

While the word "governance" is progressively more being used to draw awareness to a number of issues that influence the quality, efficiency and reach of social services, no accord has materialized on descriptions, frameworks and, in specific, how it applies in U.S., developed systems models (5). The paper aims at introducing and giving a panoramic analysis (basing on existing work from the literature of public sector and broader governance and management) of the relevant perceptions of management and corporate governance as applied to determinants of performance, Private or public sector, Board self-rule, CEO duality, Stewardship theory, Agency theory etc.

Instead of asking if a particular system has the appropriate inputs or it is producing the appropriate outputs, the questions about governance seeks at identifying the various factors that affect the behaviour of the system, such as the projected rules or procedures, sequentially to be linked with improved performance and results. The research main question reads; ***is there any evidence that the CEO duality hampers or improves the performance of a corporate?*** In this initial paper we will focus on some preliminary meanings of the term governance and exclusively converse about the CEO Board size, CEO duality and the implications on governance. (Principally applied in corporate models in the USA)

## 2.1 Novelty and importance to the state of the art

Lack of adequate evidence in the scientific research in order to support the argument concerning separate or combined roles of a CEO, result in management dilemma. Subsequently, decision-makers in an organization also lack adequate evidence to propose either structure. This paper discloses other arguments, even though they are usually unproven, general, feel good theories, supported by separatist and duality promoters by giving more objective measures of performance that emanates from duality or separated roles of a CEO.

Key shareholders and the advocates of shareholders are relentlessly pressuring corporations to separate the joint CEO/Chair roles and other firms are compelling. However, only little evidence remains to support the change of this organizational structure. Furthermore, this kind of change may create perplexity or false hopes the constituencies of corporations such as the shareholders, employees, customers and stock analyst. In the past few years, corporate governance has been scrutinized and tried but unproved improvements have been put in practice.

## 2.2 Framework of Investigation

### ***Theoretical and Empirical Framework***

Up to date, the inadequate research on duality takes two dissimilar analytical approaches: the theoretical foundation of duality or the empirical result of duality on distinct variables of performance. Legal research centres principally on theoretical ideas (such as conflicts of interests, entrenchment, and the costs of agency) to estimate the diverse structures of leadership for corporate entities. Literature in the field of financial economics, management and business, by contrast centres on the outcomes from empirical tests of distinct measures (such as compensation of the executive, stock returns and management turnover) to assess the diverse structures of corporate leadership.

Research on corporate governance comprises different variables which include the compensation of CEO, Equity ownership, performance of firm stock, board size, independence, and composition. There is comparatively less study on the correlation between CEO duality and corporate *financial performance*, like the return on equity, contrasted to the study that has been done on subsequent performance of company stock (1, 2).

The occurrence of duality in corporate calls for the significance of understanding the structure of leadership and the impact it has on the performance of a corporate. This paper evaluate s the impact of duality on the performance of a corporate via an integrated framework, by making use of legal scholarship concepts on top of data from financial, business, and management literature. This paper investigates whether combining or separating the roles of top leadership better supports the initial concept of corporate governance, by making use of these empirical results and theoretical concepts: to achieve corporate financial success, the directors are in charge for managing business operations and supervising management (3-4).

### 3.0 INTRODUCTION

There are important implications which come with corporate governance which pose on the macro and micro-economic level. Poor corporate governance can lead to the failure of many operations, as it so happened in the case of Enron and Worldcom. The most commonly used instruments in the implementation of corporate governance include independent directors, board size, board directors, chief executive officer, political administration, judiciary, regulatory authority and the government itself.

The value of an organization can be improved by the merged effort of the independent directors, the board of directors, CEO and the mangers via the good performance of the fiduciaries. The regulatory authority's together with the judiciary and government is very significant the bid to improve the value of the organisation since these three organisations can very well protect the rights of the shareholders and also put into place the corporate governance in both the developed and the developing financial markets. Corporate governance has a very important impact in terms of disciplining an independent and powerful chief executive officer. Likewise, the board, in conjunction with the CEO can safeguard the interests of the firm's shareholders through creation of more value for them.

### 3.1 Governance- Definition of Private and Public Sector

Analysis of governance can be analyzed in the widest level in terms of political actors who take part in contesting and collaboration in order to establish specific policies for the public in each and every society in the secondary level, governance can be analyzed in terms of the different categories of these particular public policies. These public policies include institutions, laws, the resultant rules and enforcement mechanisms. It can also be analyze in terms of the level of specific firms for instance the governance of the district of social security institute. According to the literature of the private corporations, it initially focused on governance in terms of the existing relationship between the mangers and the shareholders. This literature tried to find out what governs the actions of the mangers in the corporate organizations that showed increasing autonomy from the owners of their firms since the 19<sup>th</sup> and 20<sup>th</sup> century. As depicted from the OECD, corporate governance is a set of links between the firm's management and the board, stakeholders and shareholders. Corporate governance also gives a specific structure via which objectives of the firm are set. Corporate governance also provides the means of accomplishing these objectives and also how to monitor the firm's performance. The governing of the public sector literature also mirrors the private corporation literature. These studies herein also focus on governance as a set of links, structures of incentives and goal-setting procedures. However, the public agencies also face a number of problems since they respond to a bigger number of interest groups. This is so because when a firm answers to multiple

groups, there is a likelihood that the ability of one group to attain its set target can be watered down and the result of the firm's performance can hence be influenced by competing principals (7, 8).

### 3.2 Governance and CEO duality

When the CEO operates concurrently as the chairman of the board, the corporate is said to have a dual CEO. In the literature of company strategy and corporate governance, CEO duality has received great interest (18). Much of this interest emanates from the idea that CEO duality would make a difference to the performance of a firm and corporate governance (mostly, this applies to private sectors). There exists controversy in the manner which the company is affected by the CEO duality. Interest parties that resist about CEO duality like the watchdogs of corporate governance and shareholders advocate groups proposes that CEO duality might negatively affect the performance of a firm since the structure of duality might reduce the ability of the board to govern, which is its main function.

From this argument, the following question arises; what is the role of the CEO if the board of directors is representing the stockholders' interest? Does he have a variance of interest? He is the skilled manager. He cannot fairly sit in judgement and represent the shareholders. It becomes more complex to hold the CEO of a company answerable for his/her actions if the CEO and the chairman of the board is the same person and consequently the performance of a corporate may suffer. Academics propose that CEO duality indicates the absence of division of decision control and decision management that might cause the firm to suffer in the struggle for survival. Companies like Westinghouse, IBM, Sears and General Motors has experienced poor performance due to CEO duality. While defending CEO duality, Anthony and Anderson (15) dispute that it offers "a central focal point for corporate management" with a possible lucid corporate mission and strategy. According to this point of view CEO duality provides firmness and stability to the corporate which in turn would result to superior performance of a corporate.

## 4.0 METHODS

For this paper, we have explored the grey literature which includes contacted professionals and websites and peer-reviewed journals on the field of corporate governance. In this study, only 30 participants had adequate information concerning their activities and impact in the grey literature and peer-reviewed from and primary sample of 70.

In addition, we tried to contact the other twenty companies, and we received seven replies. Structured, open-ended surveys were dispatched to ten companies and staff associates were interviewed where feasible to match accessible information. We used purposive selection to eradicate the companies with very the business strategies from the same geographical areas and/or disease areas so as to capitalize on variation and to stress a broad range of activities, after evaluating the accumulated information on their business models.

## 5.0 RESULTS

### 5.1 Arguments on Duality

Some analysts have proposed that the pervasiveness of duality implies that a joint CEO and Chair role is the best leadership structure for large public corporate. Advocates of duality maintains that if duality is not an effective and efficient structure of governance, most public firms cannot maintain duality and carry on in the marketplace which is very competitive. Regardless of duality pervasiveness in corporate governance, not all of firms in America consider that duality is the best structure of leadership.

### 5.2 Arguments Supporting Joint Positions

A combining theme of the different arguments that support duality is that integrating the CEO and Chair positions improves the performance of the board management. The responsibilities of the board management call for major decisions that affect the firm. Advocates of duality argue that integrating the CEO and Chair position improves the role of the board management. They argues that a joint CEO and Chair position provides the board with a more absolute and well-timed

information concerning the corporate, creates joint and collegial environment for board decision making and a reliable leadership direction, and provides the corporate with integrated structure of command.

Considering these arguments independently, the first speculation is that the board of directors will gain from having a Chair with deep personal knowledge of the corporate. Advocates argue that a board Chair who also functions as the Chief Executive Officer is expected to spend more time at the firm, in order to have more comprehensive information concerning the weakness and strength of the firm, and to have a deeper insight on the financial and operational health of the firm.

Most probably, the Chief Executive Officer might use the awareness and knowledge that he/she gets from operating as the top executive of a firm (18). A similar theory is that integrating the positions of CEO and Chair minimizes the cost of transferring information which should take place if different persons hold the position of CEO and Chair.

Since the transfer of information might be expensive, imperfect or untimely, having essential information reside in one joint CEO and Chair might enhance the individual's ability to carry out the responsibilities of management.

The other wide argument that supports duality is that joint position provides a unified structure of command and minimizes the cost of making decision in a company. An individual with a CEO and Chair position can apply authority and speed up the process of making and put into practice decisions for the corporate. Therefore decisions formulated by an individual who has the CEO-Chair position might be lucid, timely and more reliable than decisions made by a CEO who has to discuss and confer with a board that is led by a different Chair. Additionally, having one person occupying the position of both CEO and Chair minimizes public perplexity concerning who is in control of the firm, and makes it clear who is accountable for the performance of the firm.

Research which support of duality primarily spotlight on the probable enhancement in the role of board's management, without considering other major role of the board especially supervising the behaviour of the executive. While other advocates propose that an individual who holds the position of a CEO and Chair has an in-depth knowledge concerning the firm which is essential to successfully observe management transgression, this individual who has an intense understanding of the weaknesses and strengths of the firm might be the person who is engaging in managerial transgression.

### 5.3 Arguments Supporting Split Positions

The board's decision-making process might experience fresh insight and knowledge when a firm has a board Chair who is not an executive. A Chair who is a non-executive might provide an exclusive viewpoint which improves the performance of the board since he/she has got experiences outside the firm and hence make strategic and essential business decisions. A Chair who is a non-executive might as well make the function of board's management easy by enhancing the board to swiftly make decisions and acquire new tactics to meet the business environment that is fast changing. Advocates of a split top leadership positions usually link Compaq Computers as an example of a corporate where adopting the structure of split Chair helped the business over the tough opposition of the Company's Chief Executive Officer to implement a product that is lower-priced in order to remain competitive in the industry (18). Advocates of split CEO and Chair positions propose that the board also carry out its supervisory duty better when the Chair is a non-executive individual. The role of monitoring obliges directors to exercise oversight role over corporate managers so as identify and control managerial ineffectiveness and transgression. Therefore, duality might cause disappointment to the board when effectively monitoring and controlling executive management. When a corporate has separate individuals serving in the positions of CEO and Chair, this minimizes the agency cost since a board led by a Chair who is a non-executive is more expected to assess independently if the performance of the management as well as that of a CEO improves the interest of the shareholders.

When one person is assigned the role of a CEO and Board Chair, the directors get themselves in an uncomfortable position of assessing a person who is, at the same time, their principal on the board and the person they rely on for committee assignments and board appointments. An additional agency dispute supporting splitting of the CEO and Chair positions is that non-executive Chairs receives more incentives than CEO-Chairs perform their functions in ways that further the interests shareholder.

## 5.4 CEO Duality and Correlation to Firm Performance

Research on CEO duality's performance outcome has chiefly relied on two different theories: stewardship theory and agency theory. The nature of CEO duality structure together with the contrasting and strong forecast that every theory makes, seems to let the researchers to discard one theory and advocate the other with one important finding. The section that follows review the broad literature which focuses on the correlation between the performance of a firm and the CEO duality, normally integrating one or both of these primary theories.

## 6.0 DISCUSSION

Empirical proof and theoretical arguments, as replicated in the metrics of non-financial and financial aspects, favours the leadership structure that splits the position of CEO and Chair of the board. Having an individual who is a non-executive, rather than an individual with both Chair and CEO position, provides a framework of governance that is better suited to the achievement of board's primary responsibilities, to oversee the operations of a business and supervise the behaviour of management for the intention of improving the shareholder's value. In addition, empirical evidence points out not only that duality relates with poor board performance and shareholder value, but as well duality's negative impact cannot be eradicated by putting more outside directors on the board or through setting a principal director.

Corporate success and board performance does not solely depend on the chief executive's position or the position held by the chief. It does matter whether these two positions are held by one or two people. Either way, large organizations are increasingly choosing an independent and separate chairperson. This transition has gained so much praise from the institutional investors and the governance advisors but it has also introduced a number of problems. Some of these problems include disagreement by the public on the issue of the chief executive officer and the independent chairperson at AIG insurer.

That disagreement ends with the resignation of the chairperson hence raising questions about the chief executive officer's integrity. Policy makers on the other hand weigh whether it is suitable to authorize an independent and separate chairman in all United States organizations. In the CEO duality literature it is stated that the separation of the chief executive officer and the chairpersons of the board does not improve a firm's performance independently. It has also been proven that implications of the performance of the CEO duality are party to an array of certain factors. Therefore, boards should be granted the freedom to choose the type of structure which they consider to be the most beneficial to their firms. The conclusion from this discussion is that the structure of the non-executive chair is much better compared to the CEO-chair duality structure in terms of fulfilling responsibilities of the directors and improving the value of the shareholders.

Lack of assurance that splitting the two roles will provide financial and governance benefits to all firms proposes that may be this structure of leadership should not be obliged on all firms. In private companies that are smaller and where the Chairs and CEO is the majority shareholder, or they are in charge of directing the shareholders, there is effectively no division of ownership and control, there is minimal agency cost. Splitting the leadership roles of the executive and board in such firms is expected to improve performance of the board or improve the interest of the shareholder. Therefore, for larger and public companies, we make the conclusion that firms should split the positions of CEO and Chair of the board.

## 7.0 CONCLUSION

Much financial and non-financials' empirical facts on both the impact of duality supports the separation of the CEO and Chair positions. Even though the research uses diverse measures of corporate performance other researches focusing only on large firms or specific industries, and some studies using no control for other variables of governance, when observed jointly, they offer a realistic case that splitting the positions of CEO and Chair has a helpful impact on the performance of a corporate from the perspectives of financial and nonfinancial metrics.

## 8.0 IMPLICATIONS AND FUTURE RESEARCH ON THE FIELD

SEE nations should understand the USA models carefully spotlighting on the multi-dimensions of a corporate success. Using an independent evaluation must be obligatory for any material issuance of shares for assets, squeeze-outs, major

transactions and associated party operations so as to warrant a more just treatment of every shareholder. Qualified experts who are independent should be hired to carry out such evaluations.

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## The New Albanian Company Law a Serious Effort for the Implementation of European Standards of Law on Commercial Company

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### Abstract

*Albanian Company law has changed profoundly in recent time. These changes have not merely been limited to technical issues, but amount to a revolution in core areas of the Albanian company law framework. To a large extent, these changes were driven by the Stabilisation and Association Agreement between Albanian and The European Union, aiming inter alia at the approximation of Albania's existing legislation to the Community acquis.<sup>1</sup> Given the objective to bring Albanian law in line with European Union requirements on company law, it is not a big surprise that the legislator assisted by international experts essentially decided to design a new company law "from scratch" rather than modifying the existing Albanian legal framework. After all, the previously on companies followed a very different approach than most of the Member States' systems which served as the basis for the Community legislation in this area. Rewriting a whole company law system undoubtedly is a very ambitious task, as each country's legal and economic environment has its very own specifics; additionally, company law always intersects intensively with different areas of legislation (e.g. accounting, tax and securities laws).*

This paper will focus in three main points :

1. The Company as a Separate Legal Person – General Consideration
2. The Act's European and Comparative Origins;
3. Types of Companies;
4. The Scope of Application of the ACL<sup>2</sup> - the case law of the judicial practice of the European Court of Justice.

### **1. The Company as a separate Legal Person**

One important feature of company law is the acknowledgement of the company as separate legal person distinct from its members or shareholders. Conferring legal personality onto the company enables the company to have rights and duties in relation to third parties and in relation to its members. Moreover, court proceedings may be brought by the company (as plaintiff) or against the company (as defendant).

In particular, the company's status as a legal person allows the company to own property and be entered in a register of ownership (e.g. land register; commercial register if the company owns shares in another company of the LLC (limited liability company) type; share registry pursuant to Art 119 ACL if the company owns shares in another company of the JSC (joint stock company) type. Assets belonging to the company are in law owned by company only, not by its shareholders. This is true even if the company is a single-member company (Art 3 (1) ACL). Correspondingly, owning a share in the company does not mean owning a share in the company's assets.

Legal persons are artificial creatures of the law. If we ask why the law creates them, perhaps the primary answer is the simplification of legal relations. While the concept of legal person is much older (it was first developed in mediaval times in relation to religious institutions), the idea of assigning the status of a legal person to (commercial) companies is mainly a consequence of economic developments in the 19th century, when more and more companies raised large amounts of capital to invest in infrastructure projects (e.g. railway lines). The only alternative to separate legal personality for the company would have been to treat each member of the company as the legal subject of the rights and duties arising from the business, which is clearly impractical if the company has a large number of shareholders. Moreover, separate legal

<sup>1</sup> Secondary Legislation – refers to the total legislation applicable to EC Member States including the legal framework that shall adopt a country to become part of the European Union.

<sup>2</sup> In this paper the new law will be cited as "Companies Law" (abbreviated to ACL).



personality allows for change in the company's membership (e.g. by the transfer of shares in a JSC) without a direct effect on the company's legal relationships with third parties. Declaring commercial companies to be legal persons greatly simplifies the legal handling of a more and more complex business environment.

But the existence of companies as separate legal persons soon developed its own dynamics and created at least two new problems. Initially, many company laws did not permit companies to own shares in another company; only natural persons could be members or shareholders.

Secondly, entrepreneurs with small businesses soon discovered separate legal personality as a way to run their business with the benefit of limited liability. Legal rules requiring a minimum number of founders<sup>1</sup> could be circumvented with the help of straw men, who would transfer their shares to the entrepreneur immediately after registration. Some company laws reacted by taking away limited liability if a company had only one member or shareholder. However, the Twelfth Company Law Directive<sup>2</sup> now requires all Member States to permit single-member companies of the LLC type. Under Albanian law, a LLC as well as a JSC may be formed by one person only (Art 3 (1) ACL).

Given the artificial nature of a legal person, it does not have a human will. The company is a tool in the hands of the people who control it, either by acting as organs of the company or by exercising a decisive influence on those who act as organs (and, therefore, on behalf of the company). This tool may be utilised for legitimate purposes, but it may also be abused for illegitimate purposes. Art 16 ACL is one attempt to counteract such abuse. The provision renders members or shareholders of the company as well as administrators personally liable for the obligations of the company.

## **2. The Act's European and Comparative Origins.**

The ACL's rules do not continue the traditions under the former legal regime under the Law No.7638 (the old Law), but revolutionise Albania's company law. There is little or no continuity between the old law and the new.

The Albanian Company Law was drafted so as to implement (with limited exceptions) the European company law standards (the so called "acquis") and thereby to fulfil Art 70 of the Stabilisation and Association Agreement between Albania and the European Union, which aims at full approximation to the *acquis communautaire*.

As it has been the aim of the legislator to implement European law, provisions of the Companies Law which are derived from a European source should be interpreted according to the "word and spirit" of the relevant European harmonisation measure. However, this is not possible where it is obvious that the Albanian provision clearly and intentionally deviates from the European provision, as we shall point out in the relevant contexts.

However, it has to be noted that there is no coherent body of European company law. Rather, European Directives focus on the joint-stock company and contain only few rules on limited liability companies and almost none on partnerships. And even for the joint-stock company European law treats only certain topics, e.g. the provisions on capital and the distribution of dividends, but contains little rules on others, e.g. the management of the company or corporate governance issues. Therefore, National Company Laws in the European Union differ widely in many aspects and the Albanian legislator enjoyed considerable leeway when drafting the new Companies Law.

For matters not regulated by European Law, the new Albanian Companies Law relies heavily on inspiration from the company laws of Germany and England. Accordingly, guidance on the interpretation of the law may also come from the courts of a Member State if the provision in question was taken from the corresponding Member State Law.

Therefore, the following provide guidance for interpreting the Albanian Company Law:

- (i) the relevant EU Directives;
- (ii) Commentary of the new Companies Law;<sup>3</sup>

<sup>1</sup> Such rules aimed at restricting the benefits of separate legal personality and limited liability to circumstances as described above.

<sup>2</sup> Twelfth Council Company Law Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies, OJ L 395, 30.12.1989, p.40-42.

<sup>3</sup> The New Law "On Entrepreneurs and Companies" – Text with Commentary

(iii) doctrine and jurisprudence on rules in other jurisdictions, especially Germany and England if a certain provision in the ACL is clearly based on such a rule.

### 3. *Types of Companies*

**Types of Companies** – The new law No.9901 on Entrepreneurs and Companies regulates four types of bussines organisation referred to by the generic term “commercial company” namely :

- the general partnership,
- the limited partnership,
- the limited liability company
- the joint-stock company

Very broadly speaking these four types correspond to the following types of business organisation found in the other European jurisdictions.

Albania	Italy	France	Germany	England
shoqeri kolektive	società in nome collettivo	société en nom collectif	Offene handelsgesellschaft	(general) partnership
shoqeri komandite	società in accomandita semplice	société en commandite simple	Kommandit gesellschaft	limited partnership
shoqeri me pergjegjesi te kufizuara	società a responsabilità limitata	société á responsabilité limitée	Gesellschaft mit Beschränkter haftung	private company limited by shares
shoqeri aksionere	società per azioni	Société anonyme	Aktiengesellschaft	public company limited by shares

As can be seen from this table, the Albanian word “shoqëri” correspond to the Italian “società”, the French “société” and the German “Gesellschaft”, whereas, in legal parlance, the English word “company” is normally used in a narrower sense and does not include partnerships.<sup>1</sup> Moreover, under English law, only companies, not partnerships have the status of a legal person, whereas the Albanian law – in line with French law and with the previous Law No.7638<sup>2</sup> - confers the status of a legal person to all types of bussines entities regulated in the Companies Law.<sup>3</sup>

At the first sight the distinction between partnerships and companies appears to reflect the distinction between “società di persone” / “sociétés de personnes”, on the hand, and “società di capitali” / “sociétés de capitaux”, on other hand, although

<sup>1</sup> The distinction is made explicit in Art 3 of the Model Companies Law ( Janet Dine/Marios Koutsias/ Michael Blecher, Company Law in the New Europe, 2007, pp 145 et seqq; henceforth cited as “MCL”), but was not taken over in the “official” English version of the Albanian Companies Law.

<sup>2</sup> And in accordance with Art 3(2) MCL.

<sup>3</sup> Art 3 (3) ACL “A company shall acquire legal personality on the date of its registration with the National Registration Centre. It shall be liable with all its assets for the obligations deriving from its activities”.

one should be very careful with these classifications. Looking through Italian and French textbooks, one realises that there is no general agreement on where to draw the line between the two categories. The classic borderline case is the “società a responsabilità limitata” / “société

responsabilité limitée”, which, depending on the Statute given to it by its members, may take on a highly personalised character in some regards, but nevertheless shares common features with the “società per azioni” / “société anonyme” in other regards. The ACL does not build on this categorisation.

#### **4. The Scope of Application of the ACL - the case law of the judicial practice of the European Court of Justice.**

Every national system of company law must have rules to determine its scope of application in cases where there is a cross-border situation (international company law). Broadly speaking, legal systems follow one of the two possible solutions. The first solution emphasises the freedom of choice for company founders and allows them to incorporate their company in a jurisdiction even though the company has no economic links with that jurisdiction; this solution may result in so-called “letter-box” companies, whose “presence” in the jurisdiction of incorporation consist of no more than a postal address (e.g. in the office of a lawyer), whereas all its business is conducted in one or more other jurisdictions. Still, the company is governed by the company law of its jurisdiction of incorporation, hence this rule of international company law is known as the “incorporation theory”. The second solution denies this freedom of choice for company founders and determines the law governing the company with reference to an objective factor, namely the location of the company’s head office or “real seat” hence this rule of international company law is known as the “real seat theory”.

In Albania, the relevant provision is Art 8 ACL, and, according to the Commentary, this provision is meant to follow the real seat doctrine.<sup>1</sup> Indeed, Art 8 (2) ACL states that a company is subject to the provisions of ACL if its head office is located in the territory of Republic of Albania.<sup>2</sup>

However, the intriguing part of Art 8 ACL is its first paragraph, which provides that a company’s head office is the place where the major part of its business is carried out, “unless the Statute provides otherwise”.<sup>3</sup> In line with the regulatory purpose of the real seat theory, which is to deny the founders a choice of the applicable law for their company, one would expect the definition of head office to apply without proviso that the Statute may “provide otherwise”. By contrast, Art 8(1) ACL appears to give the Statute the freedom to define any place as the company’s head office, irrespective of whether the company has any operations in this place. If this liberty for the Statute to define any place as the company’s head office also has effect for the purposes of Art 8 (2) ACL, this would, in effect, allow for precisely the choice of the applicable law permitted by the incorporation theory. Given the Art 8 ACL departs from the model provision in Art 6 MCL (which is clearly an instance of the real seat theory), conclude that Art 8 ACL has introduced the incorporation theory into Albanian law.

##### **4.1. ECJ Case Law on Freedom of Establishment – Cross-border Mobility**

Looking at the company law Directives adopted until 1989, it becomes obvious that the programme of secondary legislation based on Article 54 (3) (g) of the EC-Treaty was preoccupied with approximation of national company laws in the sense of creating uniform legal rules even in purely domestic situations.<sup>4</sup> After decades of harmonisation efforts, cross-border commercial activities continued to be faced with significant divergences in national company laws.

Most importantly, a sizeable number of Member States continued to apply a rule of private international law which is known as the “real seat theory”. According to this rule, a company’s legal capacity is determined by reference to the law applicable in the place where its actual centre of administration, or head office, is established, as opposed to the “incorporation theory”, by virtue of which legal capacity is determined in accordance with the law of the State in which the company has been incorporated. The effect of the “real seat theory” is to exclude a choice of law for entrepreneurs wishing to set up a company. If the centre of administration is a given factor in view of the business operations, the company must be formed in

<sup>1</sup> Commentary on Art 8, note 2.

<sup>2</sup> Art 8(2) ACL states: “Where company’s head office is located in the territory of the Republic of Albania, the company shall be subject to the present Law”.

<sup>3</sup> Art 8 ACL states: “Unless the statute provides otherwise, a company’s head office shall be the place where the major part of its business is carried out”.

<sup>4</sup> The only measure directed specifically at cross-border situations was the Eleventh Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State.

accordance with the company law that applies in the place of the company's centre of administration, or else it will not acquire the status of a legal person there. In contrast, the "incorporation theory" does not require any real connection of the company's business operations with the State of incorporation, permitting what is called "letter-box companies" on account that the only presence of the company in the State of incorporation is a purely formal one, such as the office address of an attorney or a company formation agent.

In these circumstances, the European Court of Justice (ECJ) seized the initiative.

#### 4.2. Case # 1 : Centros

In 1999 the Court decided a case which is commonly known by the name of the company involved as the "Centros" case.<sup>1</sup> In these case, two persons wanted to establish a business in Denmark in the legal form of a company incorporated under the law of the United Kingdom (Great Britain). Their declared purpose was to evade the Danish company law, which required a minimum subscribed capital for the formation of a private limited-liability company whereas English law permits the formation of such a company with only a notional subscribed capital, which can be as low as 1 pound. After registration in the United Kingdom, the company applied for the registration of a branch in Denmark. The Danish authorities refused to register the branch on the grounds, inter alia, that Centros did not trade in the United Kingdom and was in fact seeking to establish not a branch, but a principal establishment in Denmark, by circumventing the national Danish rules concerning the minimum capital. The ECJ rejected that argument: the key passage of the decision reads: "The facts that a national of a Member State who wishes to set up a company chooses to form it in the Member State whose rules of company law seem to him the least restrictive and to set up branches in other member States cannot, in itself, constitute an abuse of the right of establishment. The right to form a company in accordance with the law of a Member State and to set up branches in other Member States is inherent in the exercise, in a single market, of the freedom of establishment guaranteed by the Treaty."

#### 4.3. Case # 2 : Überseering

Not long after the "Centros" decision, a German court referred a case to the ECJ, known as "Überseering" (often found as "Überseering")<sup>2</sup>. The case featured a company, Überseering, which had been validly incorporated under the law of the Netherlands. In 1990 the company acquired a piece of land in Germany, and in 1992 it hired another company (NCC) to refurbish a garage and a motel on the site. In 1994 all shares in Überseering were acquired by two German nationals, which resulted in the transfer of the company's centre of administration to Germany. Subsequently, Überseering sued NCC for breach of contract, in German court, and the fundamental question arose whether, according to German law, which applied the real seat theory, Überseering was recognised as a legal person. Given that Überseering had originally been incorporated and continued to be registered in the Netherlands, German law would only recognize the company as a legal person as long as its centre of administration was in the Netherlands, whereas the company lost its status as a legal person from the point of view of German law as soon as it transferred its centre of administration to Germany. The ECJ, however, found this result to be incompatible with the freedom of establishment guaranteed by the EC-Treaty. Moreover, the ECJ held that Überseering, being validly incorporated in the Netherlands was entitled to exercise its freedom of establishment in Germany "as a company incorporated under Netherlands law" even after the acquisition of all its shares by German nationals residing in Germany, "since that has not caused Überseering, to cease to be a legal person under Netherlands law."

#### Conclusion

Albanian Company law has changed profoundly in recent time.

Given the objective to bring Albanian law in line with European Union requirements on company law, it is not a big surprise that the legislator assisted by international experts essentially decided to design a new company law "from scratch" rather

<sup>1</sup> Full reference : EC 9.3.1999, C-212/97, Centros Ltd vs Erhvervs-og selskabsstyrelsen, European Court Reports 1999

<sup>2</sup> ECJ 5.11.2002, C-208/00 Überseering BV vs NCC Nordic Construction Company Baumanagement GmbH, European Court Reports 2002.

than modifying the existing Albanian legal framework. After all, the previously on companies followed a very different approach than most of the Member States' systems which served as the basis for the Community legislation in this area.

The Albanian Company Law was drafted so as to implement (with limited exceptions) the European company law standards (the so called "acquis") and thereby to fulfil Art 70 of the Stabilisation and Association Agreement between Albania and the European Union, which aims at full approximation to the *acquis communautaire*.

As it has been the aim of legislator to implement European law, provisions of the Companies Law which are derived from a European source should be interpreted according to the "word and spirit" of the relevant European harmonisation measure.

For matters not regulated by European Law, the new Albanian Companies Law relies heavily on inspiration from the company laws of Germany and England. Accordingly, guidance on the interpretation of the law may also come from the courts of a Member State if the provision in question was taken from the corresponding Member State Law.

This new departure brings in its wake a profound need for information among lawyers, judges and other members of the legal professions. Currently, there are few materials one can turn to when interpreting the new company law.

Most importantly, a sizeable number of Member States continued to apply a rule of private international law which is known as the "real seat theory". According to this rule, a company's legal capacity is determined by the law applicable in the place where its actual centre of administration, or head office, is established, as opposed to the "incorporation theory", by virtue of which legal capacity is determined in accordance with the law of the State in which the company has been incorporated. The effect of the "real seat theory" is to exclude a choice of law for entrepreneurs wishing to set up a company. If the centre of administration is a given factor in view of the business operations, the company must be formed in accordance with the company law that applies in the place of the company's centre of administration, or else it will not acquire the status of a legal person there. In contrast, the "incorporation theory" does not require any real connection of the company's business operations with the State of incorporation, permitting what is called "letter-box companies" on account that the only presence of the company in the State of incorporation is a purely formal one, such as the office address of an attorney or a company formation agent. In these circumstances, the European Court of Justice (ECJ) seized the initiative.

#### **Keywords set :**

- Albanian Companies Law,
- the general partnership,
- the limited partnership,
- the limited liability company,
- the joint-stock company,
- European company law.
- European law

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## Annulment of Assembly Joint Stock Company Decisions - Theory, Legislation and Practice in the Republic of Kosovo

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### Abstract

*The aim of this thesis is, treatment and give the response in question if the assembly of Joint Stock Company is obliged, to issue decisions in accordance with public moral, legal order, law and entrance regulation of Joint Stock Company. To give response in such questions, will be treated general theory aspects regarding notion of invalid decisions and causes that makes such decision invalid. Will be treated effects of invalidity or invalidation of decisions. We will try to found if it is existed in the right of JSC in Republic of Kosovo, a solid theory, legal and practical base, initially for classification and than for annulment of assembly JSC decisions of the invalid character. We will try to show which are the basis from which in the judicial system continental and Anglo-Saxon states, are flow obligations to announce as invalid decisions of assembly of JSC. Will shows the consequences of invalid announcement of assembly of JSC decisions and especially will be treated claim for annulment of mentioned decisions and procedure for annulment of decisions. Will be clarified especially actual legislation in the Republic of Kosovo, which treat emphasized problematic and court procedure for annulment of mentioned decisions. At the end of thesis, will be given conclusions from findings from treatment and recommendation for actions in the future.*

**Keywords:** Assembly of Joint Stock Company, decisions of Joint Stock Company decisions with invalid character, claim and procedure for annulment of decisions.

### REVIEWED LITERATURE

For treatment with succes of discussed topic, are used and consulted books and articles which treat nullity and annulment of assembly decisions of shareholding, with specific emphasize, nullity and procedure of annulment of decisions of assembly of trade society in Kosovo. Basic literature for thir thesis is book; The right of society, from known Croatian author Jakša Barbic.<sup>1</sup> Author, in chapter VII in mentioned books, treated nullity and refutable decisions of general assembly. Treatment of mentioned matter from this author, mainly is made by based in Croatian law for trade societys, where are givene explanations for nullity and annulment of decisions of general assembly of trade society. In facr, in this project, because of restricted environment are not treated refutable of decisions of general assembly of trade society, but I was referred only to the acts-decisions of their annulment in the foreseen procedures by the law. Also in this article, I have been focused only in the annulment of general assembly trade society decisions, without treating nullity of assembly acts with limited liability, this is because the fact that there are some differences between these two forms of legal organization of trade society.<sup>2</sup> From books of local authors, are treated book; The Albanian right of trade society, I-st publishing, Tirana, of author Dr. Argita Maltezi.<sup>3</sup> Mainly we agree with basic standing of author that; "...nullity of trade society is treatable, different from absolute nullity of acts by the Civil Code. In trade law, this characteristic is shown as for acts which are required for establishment of society, but more visible also in provisions on nullity of legal acts issued from society during exercise of its activity".<sup>4</sup> Are treated Consitution, Laws and Regulations and Convention, with which are treated issues regarding nullity and annulment of decisions which are issued from trade society assembly, with specific emphasize in nullity in procedure for annulment of legal acts of nullity character also in web page with datas from internet.

### METODOLOGY

<sup>1</sup>Barbić Jakša, Right of societies, First book, General part, second publishing amended; Organizator, Zagreb, 2006.

<sup>2</sup>Barbić Jakša, cited book, pg. 807-889.

<sup>3</sup>Dr. Maltezi Argita, Albanian right of trade societies, Editioni I, Tirana 2011, pg. 284-298.

<sup>4</sup> Dr. Maltezi Argita, cited book, pg. 286.

This thesis is treated by basing in historical, legal and comparative methods. By using historical method, is made comparison of data and findings by seeing in time aspect. By using legal method, are given findings, based in objective reality and legal solutions offered for regulation of treated problems. By using comparative method, was made comparison in time and area of treated data.

## RESULTS

Founded results are treated by given theoretical reasoning<sup>1</sup>, which are based in treated literature, legislation and practical solutions of the problem, because of this reason the same are not shown through graphics, figures and numbers.

## DISCUSSION OF ISSUE AND RESULTS

As it said above, in thesis are treated: general theoretical aspects; effects of nullity of decisions, legal base for classification and annulment of decisions of trade society assembly of nullity character in the Republic of Kosovo; bases from which in continental and anglosaxon legal system places, are derived obligations to reveal decisions as null of trade society assembly; consequences of revealed null decisions of trade society assembly, claim for nullity of mentioned decisions and procedure for annulment of decisions.

### 1. General theoretical aspects

Decisions of general Assembly of trade society is multilateral legal work, through which trade societies express their will. From this, decision contains positive and negative relocation regarding decided claims. However will be decided negative or positive, decision should be given in accordance with Constitution, Cogent provisions, legal order and public moral. Because it is talking for general assembly of trade society as his organ, its decisions should be in accordance with statute of society as basic legal act of society. Decisions should be based in abovementioned acts, in contrary should be in accordance with mentioned acts also in contrary will be considered as decisions with legal shortcomings. Decision of general assembly should be in accordance with mentioned acts also in formal aspect also in material aspect. Consequences of violence of formal legal rules and legal formal rules with which decision should be in accordance are not same. Based on that, decision will be: "a) fictive, b) without legal effect, c) null and d) flawed"<sup>2</sup>. From reasons that this thesis is dedicated only to the treatment of legal acts with nullity character, in thesis is not treated aspect of fictive flawed acts.

**1.1. Notion of null decision.** - Null is decision of trade society assembly which is not accepted by legal order because of hard legal shortcomings without taking into account that it is talked about material or formal shortcomings. In fact because of shortcomings which contains such decisions are null because to them is missing legal effect for which have been issued. Because of that, their annulment derive from law and that from their issuance. Consequences of nullity of trade society decision, are as of every other legal work.

### 2. Reasons for nullity of decisions.

Reasons for nullity of decisions, in some places are tacitly numbered with laws-*numerus clausus*. In these places, laws tacitly has numbered cases when decision of trade society assembly can be invalid. Places which tacitly numbered in their legislation reasons of invalidance of decisions are Croatia, Germany, Austria etc<sup>3</sup>. Because of that reason, Law for trade society of Croatia in article 355, tacitly numbered reasons from which decisions of assembly will

<sup>1</sup> Eko Umberto, How is made thesis, translation from original Italian dr. Kristina Jorgaqi, publishing Tirana 1997, page 31.

<sup>2</sup> Barbić Jakša, cited book, pg. 807.

<sup>3</sup> Barbić Jakša, cited book, pg 815.

be invalid and flawed<sup>1</sup>. In other side, numerous states, was not numbered taxatively with law-*numerus klausus*, reasons of invalidance of decisions. In this category are taking part also Republic of Kosoco and Republic of Albania. In fact, the advantage of this method stand in the fact that with the case of evaluance of invalidance of decisions of trade society assembly, has a flexibility possibility with the case of evaluation that one act is invalid or notand there court has a big possibility of free deciding and in accordance with factual situation. However this system created legal insecurity because of the fact that invalidance cases are not determined taxatively with the law. In the law for trade societys in Kosovo in article 192.2 is determined as follow:” Issues which are in exclusive competence of trade shareholders, which is foreseen as above, can not be decided from the board of diorector or officials/managers, of from whoever other body of the company.

Controversial provisions in statute or regulation, and every other taken decision in the base of these controversial provisions, by legal aspect, is invalid and has not legal effect” However, in general we agree with opinion of prof. Barbic, according to which reasons for invalidity of decisions can be separated in a)omissions made because of non regular summon of general assembly; b) formal omissions made in general aseembly; c) material legal reaspsns according to which will be invalid every legal act; d) court decisions; e) special cases of invalidity and f) application of court decision for deletion of decision of general assembly in court registry or made registration in the base of this court decision”<sup>2</sup>.

### **2.1. Invalidity of decision, because of irregular summon of general assembly.-**

Kosovo legislation did not contain expressly provisions according to which were annulled decisions of general assembly because of irregular summon of assembly. However law in article 198.5 foreseen that “This failure immediately give the right to shareholders, to exercise from one or more shareholders that contains less 10% of votes with the right of vote in annual meeting, to invoke and held annual meeting of shareholders.” Law for traders and trade societies of Republic of Albania, such cases has regulated in article 137 and in paragraph 4 of article 138, had determined as follow:”When general assembly is not summoned according formalities of this article and article 137 of this law, this can be take valid decisions only if all shareholders are not present and are agree to take decisions, independent of irregularity.”<sup>3</sup> Legislation of Croatia, taxatively determined as invalid because of irregular summon of general assembly are these decisions, when: general assembly not summoned which for this were authorized with the law and for that was not issue valid decision and if summon for invoke of general meeting is not revealed or submitted as is determined with law, in article 277 paragraph 2, 3 and 5 of the Law.

### **2.2. Invalidance of decision, because of omissions in minute of general assembly.-**

Kosovo law also Albanian law, contain only provisions through which is regulated who take a minute and what should contain, while did not determine that vilation of this provision submit to invalidance of approved decisions and written in minute.<sup>4</sup> In Croatia, taxatively is foreseen as invalid decision of general assembly of society and is not verified by head of general assembly which decision is approved, form of coting and result of voting. We consider that this issue in the law and Croatian legislation is regulated and is in accordance with European directives.

### **2.3. Invalidity of decision, because of non compliance of decision with existence of society and positive laws.-**

Nullity of decisions because of non compliance of decision with existence of society and contradictions with positive laws, is consisted in casxes if decision is not in compliance with existence of the company or if content of decision is ciolated positive laws or provisions which protect interest of creditors, or is in contrary with provisions which protect public interest. Of such character is also issued decision which did not remain in the domain of competencies of general assembly but in the competency of other society bodies. As invalid decision because of violence of creditor interests, will be decision with whixh shareholders will mde separation of dividend in objection with rules for publication of share of incomes and show of active and passive of the society. Case according to which invalidity will consists because of violence of rules which protect

<sup>1</sup> Article355, Law for trade societies of Croatian Republic, cleaned text, 11 october 2011

<sup>2</sup> Idem.

<sup>3</sup> Law for traders and trade society of Albania Law No.9901, dated14.4.2008, article 138 par.4.

<sup>4</sup> See article 203 of Law for trade societies in Kosovo and article 143 of Law on traders and trade societies of Albania



public interest, before all are rules which made public order. As such will be violence of guaranteed provisions with constitution, as are guarantee of equality, freedom of trade, private property etc.

#### **2.4. Invalidity of decision, because is in contrary with public moral.-**

Until law not determine tacitly that, the decision being null, content of decision should be in contrary with public moral, so can conclude that decision of general assembly are invalid not only if content but also if purpose of their issuance is in contrary with public moral. With this standing, are protected shareholder but also employees, creditors and costumers. This is because the fact that issuance of decision which are in contrary with public moral, has not to do with decisions which are in contrary with determined norms but also with decisions issuance of which influence interest and public moral, has not to do only with decisions which are in contrary with certain norms but also with decision issuance of which influenced interest and public moral even that with concrete provisions is not foreseen.

#### **2.5. Invalidity of decision, on the base of court decision.-**

Decisions of shareholder society assembly, revealed as invalid also with court decision. Until this situation is came when against decision is raised claim for annulment or fails of decision. If claim is approved, decision of the court oblige society to delete from register of enterprises this decision or oblige society to replace its decision with another one.

#### **2.6. Nullity of decision, according other reasons for nullity foreseen with the law for trade societies or other laws.-**

Law for trade societies and other laws, foreseen other situations, according to which decision of general assembly can be annulled. As such can be decision which violates interest of employees, while with the case of approval, in assembly meeting not take part representative of employees.

### **3. Claim for nullity of decision and court procedure.-**

Main form for revealance of decisions of shareholder assembly as invalid, is with raise of claim for nullity. In fact, claim is raised against society. The should not be directed from member of society against any member, but from society member against society itself. To raise this claim and presentation of public interest, shareholder should made believable, his quality as shareholder in society. Except shareholder, the right to raise claim is known also to the bodies of society as are directing board and any member of supervising board. Until shareholder raise claim is obliged to shown legal interest for its raise, mentioned bodies of society did not need to shown public interest for raise of claim, because their interest flows from itself position of these bodies of society. It is important fact who represent society in such claims. If the raised claim from one or some shareholders, so in this context society is represented by directing board. But if claim is raised by board or any other member of directing board, so society should be represented by supervising board. And in the last case when claim is raised by the member of directing board and other supervising board member, law has not any solution. Competent to decide for solution of contests from this area, in first instance is Basic Court in Pristina-Department for Economic issues. Second instance court is Appellate court in Pristina-Department for trade issues. In procedure according to extraordinary measures decide Supreme Court of Kosovo.<sup>1</sup> Interim measures, competent court can bring interim measure with purpose of prevention of execution of approved decision for which with lawsuit is required annulment, if is made believable that with its execution to the society can be caused considerable damage and irreparable. At the same time in such case will be claim respectively content and its legal base, made believable.<sup>2</sup> Matter of contest to this claim is claim of claimant to be verified by the court nullity of decision of general assembly of trade society in the base of ascertainment of factual situation

<sup>1</sup>See article 11.3, article 12 par.1 point 1.1 and article 13 par.1 point 1.1 and 1.5, article 18 par.1 point 1.1 and article 22, of the Law on Courts of Republic of Kosovo Law No. 03/ L-199 22 July 2010 and Law No. 04/L-171 For amendment and fulfillment of law for courts dated 20 December 2012

<sup>2</sup> Annulment of decisions of shareholder society according new law of Serbian Republic, pg.7,

<https://www.google.com/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=ponistenje%20odluka%20opste%20skupstine%20akcionare>. Read for the last time dated 29.06.2015

on which is based this claim, with effect to all. So, according is right the finding that decision of general assembly can be attacked with constitutive claim<sup>1</sup>. In the contests for annulment of decisions of general assembly is applied general principle for burden of proof, so each party shpuld verify facts on which support its claim<sup>2</sup>.

## CONCLUSIONS

With this thesis, we document;

In addition of existent legislation and efforts for regular creation of procedures made with trade societies, the Kosovo is accompanmajor challenges and obstacles. Law for trade societies in Kosovo, did not contain provisions which tacsatively will numbered (numerus clausus) causes of invalidity of decisions of general assembly of shareholder. This legal situation, give possibility for arbitrary interpretation of situations and conditions for revealance as invalid of mentioned decisions. Such situation, created legal insecurity, more, when couret system, of Republic of Kosovo is in first steps of its consolidation. Legal practice and court practice, is not rich in such contests. This, is because the fact that in rality is not any problem and contests of such nature, but from the facvt that in rality there is not problem, but from the fact that persons which are engaged with business activities, often missing knowledges in such area. To this satiation contribute non efficacy of court works. Is remained, recommendation that with the case of amendment of the Law on Trade sotieties in Kosovo, in its provisions be incorporated provisions with which taxatively will be numbered (numerus clausus) causes of invalidity of general assembly decisions of shareholding. Also is required increase of teorethical knowledge, which is necessary for successful protection of their interest which deal with business activities, and effective works of courts. All, with the purpose of removal of possibilities for broad interpretation of law and with purpose of creation of legal security.

## GRATITUDE

For successful preparation of this thesis, I am gratitude to the Kosovo Agency for Business registration staf which helps me in ensurance of data regarding presentation and court decisions in this agency and procedures when decisions of general assembly of shareholders, are declared as invalid.

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<sup>2</sup> Jakša Barbić, idem, pg.513.

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## Evaluation of Security Issue. New Threats Towards National and International Security.

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### Abstract

*The national and international security of states, nowadays, is threatened by many elements or factors, like environmental issues, the spread of mass destruction weapons, wars or ethnic conflicts in developing countries, organized crime, illegal trafficking and the corruption as a side effect of globalization. All these issues are considered as challenges that all the countries must cope with through the drafting of applicable and effective national and global security policies. The aim of this paper is the evaluation of security environment, setting forth various views over new threats or risks. An important part of this study will be the analysing the viewpoints from many different authors in terms of future wars, the possibility of a threat that derives from the collision of great civilizations and also the thread from organized crime and terrorism. Facing all these possible threats, states and governments have to struggle more for finding alternatives that avoid war. This can be reached through their maximal efforts to strengthen their national law and the development of common security policies. Moreover, it is very important for these countries to put big efforts for international conflict resolutions, via peaceful instruments and negotiations or the use of diplomacy.*

**Keywords:** Security, future wars, collision of civilisation, organised crime and terrorism.

### INTRODUCTION

The word 'Security' occupies a very important place in the fields of International Relations.

The complexity, but also the inability to define it with a single phrase, makes it possible to explain the word with a series of definitions, which become usable depending on the context in which they are used for. This difficulty comes due to fact that has not been accepted a final definition for this term, and moreover the concept of security has been extended more, with the passing years. During the Cold War, security and defence policies dominated national security agendas.

War and peace issues, nuclear intimidation and crisis management, conference diplomacy, weapons control and alliances policies have concerned academics, militaries and researchers, with a professional or personal interest in global politics or in military strategy.

On the contrary, economic, social, human and environmental policies, the management of human resources or the efforts to put boundaries to the population growth, were mostly perceived as sources for concerns, but rarely as threats for national securities. Occasionally, economic policies issues managed to be part of national securities agendas. But in general, security issues and risks or threats related to economical, social, environmental and human matter, were treated as issues that did not belong to the agendas of national or international security.

The post Cold War period has led to big changes in the global geo-strategic environmental, by bringing significant improvements in the relation between states. All this made it to reduce the number of conflicts in the world. The international cooperation between states or other important actors; the positive or negative experiences of some countries; are good lessons that need to be taken under consideration during the drafting of a new effective national security strategy, nowadays. In a world that we are trying to make it as peaceful as possible; in a world where the western democratic premises are being spread increasingly, relatively is believed that the wars will come to an end.

Anyhow, we cannot forget the fact that nothing can be reached without designing a clear strategy, on how we are going to solve this. Thus, the old Latin saying "Si vis Pacis para Bellum" is still valid.

### Different views over new risks

The international security depends on many elements and factors. The great changes in the international arena during the 90s brought new risks for local and global security of the world.

International terrorism, organized crime, illegal traffics and corruption, as side effects of globalization, together with the arsenals of weapons left over from the Cold War, have been identified as key risks that threaten the national security. The new geopolitical environment, after the Cold War, was characterised by "security issues, closely related to each-other" (Lleshi, 2009: 181). International security depends not only from what we have mentioned above, but also from environmental and cultural issues. Another major problem are the so called weak countries, which are characterised by political instabilities, coups, weak democracy, non-efficient institutions, fragile economy, etc. But how does this implicate international security? Well, as a consequence of not isolating their internal conflicts, because of being weak, because of incapacity, neighbour countries get involved inevitably. This kind of instability that derives from their weakness it tends to be exported in the entire region. (Holsti, 2008: 135). All of above can appear as threats for national security in a near future.

In the decades that will follow, environmental and security issues are projected to have an important weight. "Stopping the climate changes, the conservation of biodiversity, the struggle against transmittable diseases, the ensuring of clean water, the decrease of poverty, the war against bad nutrition and hunger, the preservation of forests, waters (seas, rivers etc) and other renewable sources that have been overexploited, are just some of the environmental challenges that human nature will have to deal with." (Charles and Kegley, 2009: 517). Other important challenges that will follow the next decades, are not a surprise for the now a day's world, like the eradication of terrorism, states stabilization, stopping the genocide, the prevention of weapons of mass destruction distribution, etc. As we can see, there are many global issues than need to be resolved, but the financial sources are limited. Thus, the world has to put priorities. We cannot solve everything, at the same time. The world has to choose between what is more urgent to be solved.

Even for some time, the media will continue reflecting revolts and violent riots of the "outside world", mainly as ethnic and religious conflicts. Nevertheless, when these conflicts will multiply, it will become more visible that there is another factor, at bottom, something that is the main cause for making countries like Nigeria, India, Western Africa and Brazil ungovernable. Western Africa has turned into the symbol of global demographic, environmental and social tensions, where the real "strategic" risk is the criminal anarchy. "Diseases, overpopulation, crime, the lack of resources, immigration movements, the increasing erosion of nation-states and international borders, and also the empowerment of private armies, security firms and national files of narcotics" are all illustrated through the prism of Western Africa. (Kaplan, 2008: 23).

We can mention here Sierra Leone, which according to the map is a nation-state with well-defined borders and with a government that controls the territory of the country. But, within the territory of the government there is a national army that cannot be controlled, that normally threatens travellers and drivers at the check point of national roads. On the other side of the country have been placed two different military units, because of the last war with Liberia and also two rebel groups of Sierra Leone.

Sierra Leone is a micro-cosmos of what is happening, maybe, gradually in all the Western Africa, as well as in the rest of the undeveloped world: the weakness of central governments, the growth of regional and tribal holdings, the uncontrolled spread of different diseases and the growing presence of wars and conflicts. Hereupon, all these countries represent a kind of fragility.

Africa, may be a relevant factor related to the nature of future world politics, as Balkan was 100 years ago, before the two Balkan wars and the First World War. By the time, the risk laid in the dismantlement of empires and in the buildings of nations based on tribes, only. Now the risk is more essential "uncontrolled nature". (Kaplan, 2008: 35).

Africa helps us to understand or to forecast what the borders, the wars, the ethnic policies will be like after some decades, given the fact that the biggest part of Africa is on the verge of disaster.

## Future wars

A viewpoint of international conflicts is to firstly understand that all the countries are looking for power, or better say gaining more power than the other countries. Considering this, the conflict it becomes a general condition that exists between countries, leading them to fight for power, better conditions and alliances in the international system. "The power gives states some special benefits, or gives them the ability to draw better conclusions from efforts to agreements on specific

issues, which have great importance on their wellness.”. (Goldstein, 2003: 195). Much of international conflicts, including those that stand behind dozens of actual wars, are strife for worries and concrete requirements. They are strife for territorial boundaries, ethnic hatred and revolutionary issue. Thus, we can say that the conflicts between countries are not unusual circumstances, but ordinary ones. Conflict can be defined “as a change in the reached preferable conclusions of a circumstance of effort for an agreement.” (Po aty, 197).

Meanwhile, in terms of war, it is very difficult to define it, explicitly, therefore it is not how many wars are going on around the world. No matter this, we can distinguish some types of wars, like: Hegemonic war (to establish control over the entire world); total war (for defeating and invading another country); limited war (to achieve some objectives, without having to invade the enemy); civil war (between fractions inside a country) guerrilla war (war without front line). (Po aty, 229-230).

As a conclusion, we can say that the war and other means of international violence are used as impact tools in an attempt to improve the conditions of conflict resolution.

When in International relations are used violent means for influencing, then due to it a variety of types of war may arise, which widely vary on the goals, objectives, shapes, etc.

There are many opinions and analysis for future wars. Wars have been the main focus in the study of International Relations. Wars continue to be the main theme and to this theme are given special attention to the program of the United Nations and regional organizations. Our understanding of contemporary wars is not well served by older analytical approaches. War today is not the same phenomenon as it was in the XIX century or in the '30 of the XX century. It has causes and many different features. According to different authors future wars will be caused by various factors. Some authors argue that future wars will not use conventional forces; military forces will be used more for prestige. Beside diplomacy practices, the prestige policy uses also military demonstrations as a mean to achieve its goal.

Because, "military strength is the obvious measure of a nation's power, its demonstration serves to impress others." (Morgenthau, 2008: 99). Prestige is used as a deterrent to war and preparation for war. It is hoped that the prestige of a country will be so great as to prevent the other country to go to war. At the same time it is hoped that if this prestige policy fails, the mobilization of the armed forces before the war blasts, will put the country in a more favorable military position. At the moment, "political and military objectives tend to merge and become two different aspects of the same policy." (Po aty, 102). Authors who defend this thesis see the fight or confrontation of states with their armed forces as unlikely.

There is also a different approach on the conception of future wars. This is otherwise known as the democratic peace. This theory rests on the idea that democratic countries almost never confront each-other in wars. Distribution of democratic governance throughout the world will reduce the probability of wars. History shows that there are multiple reasons to accept this liberal proposal. Many academic quantitative studies of modern international history have shown convincingly that "well established democracies have never gone to wars against each other and only Republics have had a tendency to form unions with lasting peace." (Charles and Kegley, 2009: 513). This liberal principle states that democracy produces more moral values, including freedom, human rights, civil rights, prosperity and especially a capacity to discourage wars between members of these democratic states. Future wars would be curtailed, if more effort were to be done to set as many democratic systems in the world, because these systems share the same values.

The major problems of today's wars are the relations within the country rather than the relations between countries. New and weak states are the main location of today and future wars. We can very well manage to understand contemporary wars by studying the birth of states and how they are governed. Among the fundamental problems is that "of legitimacy, the principle of religion belief and the principle of natural community". (Holst, 2008: 4). Fights break out mainly in the states based on these last two principles, because they are exclusive. Contradictions between exclusive principles of legitimacy and that of social and demographic composition in many post-colonial and post-Soviet societies create weak states and eventually the raising of wars.

"Wars are not made for the sake of foreign policy, security or status, but for the sake of statehood, governance, and the role and status of the nations and communities that are within the states". (Stoessinge, 2007: 19). Weak states are characterized by a "lack of proper order, represent institutional weaknesses for the implementation of a national policy and are characterized by political instability, centralization of power and unconsolidated democracy." (Fawcett, 2009: 145). Weak or failed states have returned to the most important problem of international order. Weak or failed states "abuse human rights, provoke humanitarian disasters and attack their neighbors." (Fukuyama, 2008: 139).

There is also another important factor, such as the proliferation of weapons of mass destruction, which could affect future wars. According to some researchers, the risk that threatened humanity by the use of weapons of mass destruction would come to an end with the end of the Cold War, but today these weapons continue to pose a threat to the entire world. Despite the constantly efforts that have been done to prevent the proliferation of weapons of mass destruction, it has been observed that some states and non-state actors see these weapons as an alluring asset to their arsenal. The world in which we live today, where there exist the possibility of proliferation of weapons of mass destruction; the risks with which we are faced are very disturbing.

"Chemical, biological, nuclear and radioactive weapons are not only becoming part of sustainable arsenals of states, but they can also fall into terrorist hands." (Collins, 2009: 340). This actually makes the situation very alarming. Because, for example, an attack with chemical weapons on a major sport event, can kill thousands of people. International terrorist networks, have all the resources and materials to build and to use chemical, biological and radioactive weapons. The existence of these weapons of mass destruction constantly increases the possibility of national and international insecurity of states.

Future wars may be caused by a possible clash of civilizations, i.e. a clash of cultures. Civilizations, however big they are, both great and common, can always be located on a map. An essential part of their reality depends on the limitations or advantages of their geographical setting. Civilization means "space, land, relief, climate, vegetation, animal species; priority given in advance or acquired". (Braudel, 1987: 45). Each civilization exports and imports cultural goods. Today the spread of cultural goods has accelerated dramatically. We can also say that there is "no civilizations without society", the two notions belong to the same reality. (Ibid, 51). So basically, every civilization explains the vision of the world it represents.

Civilization is only a whole of technical and practical knowledge, a collection of means to act on nature, while cultures are normative principles, values, ideals; therefore are mentalities which are less sensitive to passing of time, they change slowly. As the civilizations are different, even their actions are justified by religion and not by reasoning. This shows that religion plays the most powerful role in the civilizations. Almost always, civilizations are enfolded or strangled by religion, the supernatural or the magical aspect.

In the second half of the XX century we have a revival of various religions such as Christianity, Islam, Judaism, Hinduism, Buddhism, Orthodoxy, etc. It was precisely this kind of resurrection that gave a new meaning to these traditional religions. In a more general view, this religious revival in the whole world is a reaction against the secularization and moral relativism. We can't help without mentioning the events of 11 September, which in a way were cultural clashes between the East and the West. However, to understand this clash, we must understand the context of a new international system that has emerged. This new system is called globalization.

"Globalization can be defined as the irreversible integration of markets, transportation and communication systems to unprecedented proportions, enabling corporations, individuals and states to stretch further (Friedman, 2003: 6). The essential feature of globalization is the integration. The world has become more intertwined, and today the success or failure of a company or a state depends more and more on the person or thing that you are connected with. This system is characterized by a single word: "web", i. e, worldwide Internet network. So, in a broader sense, we have passed from an international system based on the separation and walls, (Cold War) to a system based more and more on integration and the web. The globalization system is built on the basis of three aspects, which interfere and influence each other. The first is the traditional balance of power between nations and states. In the system of globalization, the United States remains the only superpower, while all other nations depend on it to some extent or another.

The second important aspect in the system of globalization is that between nation-states and global markets. These global markets are composed of millions of investors from all around the world that move their money with one touch of a button. These are called " Electronic Bundles", which have as their headquarter, important global financial centers such as Wall Street, Hong Kong, London and Frankfurt, which are Supermarkets". (Friedman, 2003: 9). The actions taken by these "Ectronic Bundles" and by the SuperMarkets" may have tremendous impact on nation-states, even bring the downfall of governments. The thirs aspect, which is unquestionably the most important in terms of the events of 11 September, was between individuals and nations-state.

Globalization, tearing down the numerous walls that restricted contacts between peoples, and also connecting the world by means of networks, give individuals more power than ever in history to affect markets and nations-state alike, the opportunity to use the Internet to communicate instantly even from great distances, enabling the use of the web to transfer

money or to find weapons projects that normally should have been under the control of the states. Globalization represents a tremendous mean, through which individuals can amplify their strength and ability to act directly on the world stage, without the mediation of any state. "In every field of activity, immediate opportunity to get and give information and the opportunity to put that in use increases the number of actors that matter and reduces the number of those who exercise great authority" (Matthews, 1997: 51). As a result, today we don't have only superpowers, "SuperMarkets", but we also have super-empowered individuals who are fully able to act strongly on the world stage and become a danger to international security.

Those who defend the argument that the war will come as a result of the clash of civilizations argue that, in this new world, "the most important conflicts will not be between social classes (rich and poor) or between other groups determined by the economic aspect, but between peoples belonging to different cultural complexes ". "Intertribal wars and ethnic conflicts will occur within civilizations". (Huntington, 2004: 28-29). Future conflicts will arise from cultural factors and not by economic or ideological factors.

However, I think such a clash of civilizations is impossible, so the attention of the state should be focused more on other issues that threaten more international security such as, organized crime, transnational crime, terrorism etc.

### **Organized crime and terrorism**

Organized crime and terrorism are not new phenomena or occurrences. Countries such as Italy, Japan, China and the United States of America, faced organized crime during most part of the 20th century. Also, the history of humanity has known individuals, groups, organizations and even whole countries as terrorists.

Terrorist activities have flourished mainly in periods of crisis, anarchy, chaos, wars, or smuggling and due to the lack of security conditions, law and order. Terrorism was sheltered, supported or implemented by totalitarian, dictatorial and authoritarian countries, which, through acts and terrorist activities have and continue to achieve their domestic and international goals. Individuals, organizations and terrorist regimes constitute a joint network against peace, security, stability and democracy. The definition of terrorism has sparked long and complicated debates in the theoretical and international practice. There are many definitions regarding this term, more than 150.

For some terrorism is violence for political purposes, others see it as a psychologically violence. But, generally, the theoretical idea is aligned around this definition: "Terrorist activities are called those criminal, inhuman activities undertaken by individuals, groups or criminal organizations against individuals or groups of innocent citizens, in private or public environments that, through crime, murder, massacres cause panic in public life for certain political and economic purposes and benefits". (Bashkurti, 2008: 179).

Terrorism and organized crime are increasingly being transformed into more serious threats to national and international security. The growth of organized and transnational crime has come as a result of globalization. The process of globalization, has served as a mitigating factor for the operation of criminal and terrorist activities. Globalization has acted as a facilitator for all kinds of illegal activities such as drug and arms trafficking, as well as the use of violence against innocent civilians. So globalization has created favorable conditions to organized crime and terrorism in achieving greater benefits and opportunities.

Organized crime and terrorism are composed by people who behave as rational actors. According Clausewitz, "organized crime is essentially a continuation of business by criminal means." While, "terrorism is the continuation of given policy by using violence" (Hoxha, 2010: 3). Terrorists may be political individuals, groups or movements which have as their main goal the changes. They use violence on a wider scale to achieve this change. Today, organized crimes as well as terrorism constitute a serious threat to national and international security of states, as both these violent criminal activities, use violence and the corruption of state officials to achieve greater financial benefits. However, one of the biggest concerns for governments is a possible collaboration between organized crime and terrorism. This feared collaboration would make it even more difficult the governments' war against those. Because, through this cooperation, both criminal activities could obtain even bigger benefits, they could regenerate their resources and would increase their effectiveness, causing a greater risk for the national security of states and their global system as a whole. As such phenomena, as organized crime and terrorism, increasingly threaten global security; countries are trying to develop policies to combat them. But designed policies, are not minimizing as should, criminal activities, because organized crime has taken international dimensions.



Today, crime lives in a world without borders. Also, another factor that is affecting the proper implementation of these policies relates to the large number of targets and goals that have different states, while criminal and terrorist organizations have only one main goal.

However, countries should try harder and should have more patience to combat and prevent the spread of various criminal activities, because they really pose a serious threat to the national and international security of states.

### Conclusions & Recommendations

Now a days, national and international security are threatens by many factors, which play an important role in preventing the accomplishment of national security objectives. Regardless the different opinions or analysis over the possibility of future wars, possible threats, whom of course might turn into elements that increase the global insecurity and hinder the establishment of peace, we can say that the operation organized/transactional crime brings more implications, than any other issue, on global security. This is due to the fact that the organised/transactional crime affects the weakening of democratic institutions, the weakening of the economy and of the society in general. States must be aware and must understand that all the elements of their power have to be used in order to design effective strategies in the struggle against organized and transactional crime, starting with their roots. Certainly, this struggle cannot end in a short period, it will need time. They have to be patient in order to affront this big security challenge. In case they put maximal efforts to minimise, step by step, the activity of criminal groups, there are many chances to arise as winners from this challenge, creating like this a safer world for all its citizens.

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## Determinants of Banks' Efficiency in Albania - Data Envelopment Analysis and Tobit Regression Analysis

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### Abstract

*Measurement and analysis of banking efficiency has received increasing attention in recent years due to the rapid globalization of the financial industry and increasing competitiveness in international financial markets. Banks are the dominant financial institution in Albania, so their health is very critical to the health of the general economy at large. Efficiency in banking industry terms is measured as the difference between the bank's position and its best production frontier. This study evaluates the efficiency level of banks in Albania during year 2013 and also identifies the bank-specific and risk factors that determine their efficiency. The efficiency of banks is measured using a nonparametric method, the data envelopment analysis by adopting the intermediation approach. The data were extracted from annual report 2013 of each bank operating in Albania. The findings indicated an average efficiency score of 0.813 with standard deviation 0.2. In addition, the result showed that 5 banks were efficient, whereas others were inefficient with efficiency scores between 0.256 and 0.961. The majority of the inefficient banks were scale inefficient and most of the scale inefficient banks were operating at decreasing returns to scale. The results of Tobit regression model indicated that both size of the bank and loans to total assets ratio were the main determinants of banking efficiency in Albania. The findings of this research are essential for banks managers, central bank, bankers associations, governments and other financial authorities in Albania.*

**Keywords:** mathematical programming, Tobit model, technical efficiency, MaxDeaBasic.

### Introduction

As in other emerging and developing economies, banks are the dominant financial institutions in Albania; therefore their health is critical to the general economy. Furthermore, the growth of the economy is closely related to the well-being of the banking sector. Therefore, knowledge of the underlying factors that influence the performance of the banking sector is essential not only for banks managers, but for stakeholders such as central banks, bankers associations, governments and other financial authorities in Albania and other parts of the emerging and developing world. Knowledge of these factors would help the regulatory authorities and bank managers to formulate future policies to improve the performance of the banking sector.

The banking sector continues to have the main role in the financial intermediation in Albania, and its structure has remained unchanged in 2013, with 16 banks totally privately owned, and prevalence of foreign banks headquartered in EU countries. Year 2013 was difficult for the Albanian economy that slowed down significantly. The banking activity reflected the economic challenges and was characterized by decreased lending and higher nonperforming loans. Nevertheless, other important indicators of financial health improved during 2013. Thus, the financial profit showed growth, while the indicators of capitalization and liquidity were significantly above the minimum regulatory requirements. The business volume of the banking sector increased during 2013, albeit at lower rates compared to previous years, as a result of slower increase in deposits and decrease in lending. At the end of 2013, the total assets of the banks were ALL 1,234 billion, representing 90.5 per cent of the GDP, with an annual growth of 3.9 percent. The increase in assets was mainly the result of banks' activity in the interbank and government debt securities markets. On the funding side the main factor remain the deposits, which account for 82.1 per cent of the total liabilities of the banking sector. Despite the moderate economic activity in the country, deposits increased by 3.4 percent during 2013, compared to 7.3 per cent during 2012, reaching at ALL 1,026 billion at the end of the year. The deposit expansion was supported both by the increase in retail deposits, and in corporate deposits. In fact, the corporate deposits increased by 5.9 per cent during 2013 while they declined during year 2012. (Albanian Association of Banks, Annual Report 2013, [www.aab.al](http://www.aab.al))

Measurement and analysis of banking efficiency has received increasing attention in recent years due to the rapid globalization of the financial industry and increasing competitiveness in international financial markets. Efficiency in banking industry terms is measured as the difference between the bank's position and its best production frontier. Two main techniques that are used to evaluate banking efficiency are parametric methods and non parametric methods. The debate on which approach is more convenient for analyzing the efficiency of the banking industry is still open and has been the subject of many applied works (Luciano & Regis, 2007).

In this study was analyzed the technical, pure technical and scale efficiency of the banking sector in Albania during the year 2013. The two-stage approach was applied as suggested by Coelli et al. (1998). Data Envelopment Analysis (DEA) was employed to estimate efficiency measures of 16 commercial banks in the first stage. In the second stage, the Tobit regression model was used to model the efficiency level obtained from the first stage on factors that could influence the efficiency score.

The objectives of this study were: to estimate the technical, pure technical and scale efficiency of the banking sector in Albania during 2013, and to analyze how different bank characteristics, such as capitalization, loans and bank size, influenced the efficiency scores. This study contributes to the existing literature by providing new empirical evidence on efficiency score and on the impact of banks characteristics on the Albanian banking sector's efficiency.

### Literature review

The literature examining the efficiency of financial institution with parametric and/or non-parametric frontier techniques has expanded in recent times. There are a number of studies examining banks technical (or relative) efficiency using the two-stage approach. Some recent research using the two-stage approach to estimate the bank efficiency and to determine the factors that influence the efficiency are the studies of Rosman et al. (2014), Sufian & Habibullah (2012), Sufian (2009), Pasiouras (2008) and Kumar & Gulati (2008).

Rosman et al. (2014) using intermediation approach (inputs: deposits and short-term funding, fixed assets, personnel expenses; outputs: loans, other earning assets) found that the Islamic banks in both Middle Eastern and Asian countries on average can be characterized as technically efficient throughout the period from 2007 to 2010. The source of technical inefficiency for banks in Middle Eastern was due to operating at the wrong scale, hence they needed to reduce their inputs to achieve optimum scale. The results of Tobit regression indicated that profitability (return on assets, ROA) and capitalization (equity to total assets) and bank size (natural logarithm of total assets) were determinants that have a significant positive effect on efficiency for all banks. The profitability and capitalization had significant positive effect of efficiency, bank size had significant and negative effect, whereas credit risk (loan loss provision/net interest income) had not significant effect on bank efficiency.

Sufian (2009) investigated the efficiency of the Malaysian banking sector for period 1994-1999 and found that under the intermediation approach (inputs: deposits, labour, capital; outputs: loans and investments), banks were characterized by relatively low level of technical efficiency and scale inefficiency seems to outweigh pure technical inefficiency. The results of Tobit regression suggested that technical efficiency was positively and significantly related with the size of bank's total assets (natural logarithm of total assets of bank), suggesting that banks with higher size exhibits higher efficiency score; also foreign banks exhibited a higher level of efficiency comparing to their domestic bank peers and that American banks were relatively more efficient compared to their domestic bank counterparts. The bank's market share (natural logarithm of total deposits) and bank management quality (non-interest expenses/total assets) had significant negative effect on efficiency, whereas profitability (ROA), bank liquidity position (total loans over total assets), assets quality (loan loss provision over total loans) and bank diversification (non-interest income over total assets), capital adequacy (total book value of shareholders equity over total assets) had insignificant effect on efficiency of banks.

Sufian & Habibullah (2012) attempted to provide new empirical evidence on the efficiency of the Malaysian banking sector around the Asian financial crisis of 1997, during the period 1995-2008. The results indicated that the foreign banks have exhibited higher technical efficiency compared to their domestic bank counterparts.

Pasiouras (2008) in his study for efficiency of Greek banks over the period 2000 - 2004, using intermediate approach (inputs: fixed assets, customers deposits and short term funding, number of employees, loan loss provisions; outputs: loans, other earning assets, off-balance items), found that capitalization (equity to total assets), loan activity (loans to total

assets) and market share in terms of total assets were statistically significant and positively related to the efficiency measures, whereas return on average assets was positively related to efficiency measures but was not statistically significant at 5% level.

Kumar & Gulati (2008) in their study followed an intermediation approach to select input and output variables. The output variables were: net-interest income and non-interest income; while inputs were: physical capital, labour, and loanable funds. The results indicated that the level of overall technical efficiency was around 88.5% in Indian public sector banking industry. Technical inefficiency was mainly attributed to managerial inefficiency rather than scale inefficiency. The result of logistic regression analysis provided that the factors like market share (market share in deposits), profitability (ROA), asset quality and bank size (InTA) do not have any significant impact on the overall technical technology, and the efficiency was positively influenced by their exposure to off-balance sheet activities.

## Research Methodology

### Data Envelopment Analysis

DEA is a non-parametric mathematical programming approach used to measure the relative efficiency of a set of comparable decision-making units. The main alternative to DEA is the use of stochastic production or stochastic cost frontiers. Because it is a non-parametric technique, DEA has the advantage, over the stochastic frontier approach, of avoiding the need to make assumptions regarding the functional form of the best practice frontier (Cobb-Douglas or logarithmic transformation), as well as avoiding the need to make distributional assumption regarding the residuals in the regression analysis. DEA can also incorporate multiple outputs and be used to calculate the efficiency using only the information on output and input quantities.

DEA was first introduced by Charnes et al. (1978) to describe the mathematical programming approach to construct the efficient (production) frontiers and to measure the efficiency of organizations. The authors proposed a model (CCR, named after the authors) that had an input orientation and assumed constant returns-to-scale (CRS). However, the later study considered an alternative set of assumptions. The assumption of variable returns-to-scale (VRS) was first introduced by Banker et al. (1984) and the model is known as the BCC model. Apart from the CCR and BCC models, there are five other basic DEA models, less common in the literature. DEA models are broadly divided into two categories on the basis of orientation: input-oriented and output oriented. Input oriented models have the objective of minimizing inputs while maintaining the same level of outputs, whereas output-oriented models focus on increasing outputs with the same level of inputs.

Consider there are  $n$  DMUs, each DMU $_j$ , ( $j = 1, 2, \dots, n$ ) uses  $m$  inputs in respective amounts  $x_{ij}$  ( $i = 1, \dots, m$ ) and generates  $s$  outputs in respective amounts  $y_{rj}$  ( $r = 1, \dots, s$ ). The input-oriented CCR model can be presented by the following linear programming problem, for DMU $_p$  ( $p = 1, 2, \dots, n$ ):

$$\min \quad \theta_p$$

subject to

$$\sum_{j=1}^n \lambda_j x_{ij} \leq \theta_p x_{ip} \quad i = 1, 2, \dots, m$$

$$\sum_{j=1}^n \lambda_j y_{rj} \geq y_{rp} \quad r = 1, 2, \dots, s$$
(1)

and  $\lambda_j \geq 0, \quad j = 1, 2, \dots, n; \theta_p$  unrestricted in sign

where  $\theta_p$  indicates the efficiency score of DMU $_p$ , and  $\lambda_j$  are the dual variables.

The DMU $_p$  is considered CCR-efficient if and only if  $\theta_p(\min) = 1$ , if  $\theta_p(\min) < 1$ , the unit is inefficient showing the need for a proportional reduction of inputs for unit  $p$  to become efficient. Efficient DMUs lie on efficient frontier, whereas inefficient units envelope below from the efficient frontier.

The output-oriented CCR model can be formulated as:

$$\begin{aligned} & \max \quad \phi_p \\ & \text{subject to} \\ & \begin{cases} \sum_{j=1}^n \lambda_j x_{ij} \leq x_{ip} & i = 1, 2, \dots, m \\ \sum_{j=1}^n \lambda_j y_{rj} \geq \phi_p y_{rp} & r = 1, 2, \dots, s \end{cases} \end{aligned} \quad (2)$$

and  $\lambda_j \geq 0, j = 1, 2, \dots, n$  ;  $\phi_p$  unrestricted in sign

The DMUp is considered CCR efficient if  $\phi_p(\max) = 1$  and if  $\phi_p(\max) < 1$ , the unit is inefficient, indicating the need for increased output to achieve efficiency. Efficient DMUs lie on efficient frontier, whereas inefficient units envelope above from the efficient frontier.

The CCR model by assuming CRS presupposes that there is no significant relationship between the scale of operations and efficiency, and it delivers the overall technical efficiency (OTE). The CRS assumption is justifiable only when all DMUs are operating at an optimal scale. However, banks in practice may face either economies or diseconomies of scale. Thus, if one makes the CRS assumption when not all DMUs are operating at the optimal scale, the computed measures of OTE will be contaminated with scale efficiency (SE). The BCC model is used to assess the efficiency of DMUs characterized by VRS. The VRS assumption provides the measurement of pure technical efficiency (PTE), which is the measurement of OTE devoid of the SE effects. If there appears to be a difference between the OTE and PTE scores of a particular DMU, then it indicates the existence of scale inefficiency, that is,  $TE = PTE \times SE$ . The former relates to the capability of managers to utilize banks' given resources, whereas the latter refers to exploiting scale economies by operating at a point where the production frontier exhibits CRS. Three efficiency measures, OTE, PSE and SE are bounded between zero and one. The CCR model gives the same overall technical efficiency score for input orientation and output orientation.

With the addition of the (convexity) constraint  $\sum_{j=1}^n \lambda_j = 1$ , models (1) and (2) above become BCC models (with VRS assumption). The convexity constraint implies that an inefficient DMU is benchmarked against banks of a similar size and therefore the projected point of that DMU on the DEA frontier will be a convex combination of efficient DMUs. If the OTE scores for a particular DMUp with or without the convexity constraint imposed are the same, then the DMU is operating under CRS, otherwise is operating under VRS.

Three efficiency measures are bounded between one and zero. The measure of scale efficiency (SE) does not indicate whether the DMU in question is operating in the area of increasing or decreasing returns-to-scale. The nature of returns-to-scale can be determined from the magnitude of optimal  $\sum_{j=1}^n \lambda_j^*$  in the CCR model (Banker, 1984). According to Banker

*et al.* (2004), and Seiford & Zhu (1999), if  $\sum_{j=1}^n \lambda_j^* = 1$  then CRS prevail on DMUp; if  $\sum_{j=1}^n \lambda_j^* < 1$  then increasing returns-to

scale (IRS) prevail on DMUp and if  $\sum_{j=1}^n \lambda_j^* > 1$  then decreasing returns-to scale (DRS) prevail on DMU p. IRS means that

an increase in inputs results in a higher increase in outputs, while DRS means that an increase in inputs results in lower increase in outputs.

### The Tobit model

To identify the determinants of efficiency of commercial banks in Albania five models, one for each efficiency measure, will be conducted against the determinants. Since DEA produces efficiency scores which are bounded by 0 and 1, it is

appropriate to use a limited dependent variable approach. The Tobit regression model is an alternative to ordinary least squares regression and is employed when the dependent variable is bounded from below or above or both with positive probability pileup at the interval ends, either by being censored or by being corner solution (Wooldridge, 2002). Censored observations outside the limiting interval are recorded as the border values. In corner solutions, the observations are by nature limited from below or above or both with a positive probability at the ‘corner’ (interval ends). The possible determinants of the efficiency are investigated using a random effect Tobit model. A random effects model assumed that the unobservable effects are uncorrelated with the observed explanatory variables, whereas a fixed effect model assumes that they are correlated.

The two-limit Tobit model is given as:

$$y_i^* = \beta_0 + \beta_1 x_{i1} + \dots + \beta_k x_{ik} + \varepsilon_i$$

$$y_i = \begin{cases} y_i^* & 0 \leq y_i^* \leq 1 \\ 0 & y_i^* < 0 \\ 1 & y_i^* > 1 \end{cases}$$

where  $\varepsilon_i \sim N(0, \sigma^2)$ ,  $x_i$  are explanatory variables and  $\beta$  are unknown parameters. The variable  $y_i^*$  is a latent variable and  $y_i$  is the DEA efficiency score.

The likelihood function (L), which is maximised to solve  $\beta$  and  $\sigma$  based on values of variables  $y_i$  and  $x_i$  for  $n$  observations (DMUs), is:

$$L = \prod_{y_i=0} P(y_i = 0) \prod_{y_i=1} P(y_i = 1) \prod_{0 < y_i < 1} P(y_i | 0 < y_i < 1)$$

where

$$P(y_i = 0) = \int_{-\infty}^{-(\beta_0 + \beta_1 x_{i1} + \dots + \beta_k x_{ik})} \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{t^2}{2\sigma^2}} dt$$

$$P(y_i = 1) = \int_{-\infty}^{-(1 - (\beta_0 + \beta_1 x_{i1} + \dots + \beta_k x_{ik}))} \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{t^2}{2\sigma^2}} dt$$

$$P(y_i | 0 < y_i < 1) = \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{1}{2\sigma^2}(y_i - \beta_0 - \beta_1 x_{i1} - \dots - \beta_k x_{ik})^2}$$

We specify the random effects two-limit Tobit model as

$$\begin{aligned} \text{OTE} &= \beta_0 + \beta_2(\text{ROA}) + \beta_2(\text{LnTA}) + \beta_3(\text{Loans/TA}) + \beta_4(\text{EQTA}) + \varepsilon \\ \text{PTE} &= \beta_0 + \beta_2(\text{ROA}) + \beta_2(\text{LnTA}) + \beta_3(\text{Loans/TA}) + \beta_4(\text{EQTA}) + \varepsilon \\ \text{SE} &= \beta_0 + \beta_2(\text{ROA}) + \beta_2(\text{LnTA}) + \beta_3(\text{Loans/TA}) + \beta_4(\text{EQTA}) + \varepsilon \end{aligned}$$

where ROA is the return to assets (net profit divided by total assets), LnTA is the natural logarithm of total assets, Loans/TA is the total loans to total assets ratio, EQTA is total book value of shareholders equity to total assets ratio and  $\varepsilon$  is the error term capturing all other omitted factors. The ROA variable is included to the regression model as a proxy of profitability. Banks reporting higher profitability ratios are usually preferred by clients and therefore attract the bigger share of deposits and the best potential creditworthy borrowers, which in turn create a favorable environment for the profitable banks to be more efficient (Sufian, 2009; Rosman et al., 2014). The LnTA variable is included in the regression model as a proxy measure of size of the bank to capture the possible cost advantages associated with size (economies of scale). The variable Loans/TA is the proxy of bank liquidity position. Liquidity is an indication of bank’s ability to meet its customers’ day-to-day cash needs and respond to sudden cash withdrawals. The variable EQTA is included to the regression model as a proxy

of bank capitalisation. It is widely recognized that bank capitalisation is important in explaining the performance of financial institutions.

### ***The data and the specification of inputs and outputs***

This study includes all commercial banks operating in Albania during year 2013: Raiffaisen Bank (RF), National Commercial Bank (NCB), Tirana Bank, National Bank of Greece (NBG), Alpha Bank, First Investment Bank (Fi Bank), Union Bank, Societe Generale Bank, Intesa Sanpaolo Bank, Veneto Bank, International Commercial Bank (ICB), and Credit Agricole Bank. The balance sheets and the income statements of respective banks for year 2013 were used.

Most of the DEA studies follow intermediation approach to define bank inputs and outputs (Sathye, 2003). Banks are treated as financial intermediaries that combine deposits, labour and capital to produce loans and investments. The value of loans and investments are treated as output measures; labour, deposits and capital are inputs; and operating costs and financial expenses comprise total cost.

The choice of input and output variables constitute a major difficulty, which must be addressed carefully. Such choice will be influenced by a number of factors, such as, the availability of reliable information. Moreover, whether products should be measured in terms of the number of accounts or the value depends on the various reasons being considered. The use of values was preferred by Kolari & Zardkoohi (1987) for three reasons: firstly, banks compete to increase market share for monetary amounts as opposed to the number of accounts; secondly, different accounts have different costs; finally, banks are multi service firms and the value is the only common denominator.

In this study were considered two inputs and two outputs measured in ALL millions to evaluate the efficiency of commercial banks in Albania. Input variables were: 'non-interest expenses' (Sufian, 2009; Sathye, 2003), and 'total deposits' (Sufian & Habibullah, 2012; Sufian, 2009; Sathye, 2003). Output variables were 'non-interest income' (Sufian, 2009; Sathye, 2003; Isik & Hassan, 2002; Kumar and Gulati, 2008) and 'total loans' (Sufian & Habibullah, 2012; Sufian, 2009; Sathye, 2003).

The input variable 'non-interest expenses' includes operating and administrative expenses, the other input variable 'total deposits' includes deposits from customers and other banks. The output variable 'non-interest income' account for income from off-balance sheet items such as commission, exchange and brokerage, etc. The inclusion of 'non-interest income' enables to capture the recent changes in the production of services as banks in Albania are increasingly engaging in non-traditional banking activities. The output variable 'total loans' includes loans to customers and other banks.

Since DEA results are influenced by the size of the sample. Cooper et al. (2007) provides two rules that can be jointly expressed as:  $n \geq \max\{mxs, 3(m+s)\}$  where  $n$  is the number of DMUs,  $m$  is the number of inputs and  $s$  is the number of outputs. The first rule states that the sample size should be greater than or equal to product of inputs and outputs, whereas the second rule states that the number of observation in the data set should be at least three times the sum of number of input and output variables. Given  $m = 2$  and  $s = 2$ , the sample size ( $n = 16$ ) used in this study exceeds the desirable size to obtain sufficient discriminatory power.

MaxDeaBasic software was using to estimate efficiency scores and STATA to estimate two-limit Tobit regression model. In the context of a Tobit model, STATA only provides the random effects option. This is because the fixed effects cannot be conditional from the likelihood; the unconditioned fixed effects estimates are biased.

### **Findings and discussion**

The results of input-oriented CCR and BCC DEA models are shown in table 1. The results of CCR model, with CRS assumption, indicated that the technical efficiency score varied from 0.256 to 1. Five commercial banks, RF, NCB, NBG, Credit, Societe Generale, were efficient during year 2013. Other banks were inefficient, and these banks can improve their efficiency by reducing their level of inputs. The technical efficiency scores among inefficient banks ranged from 0.256 for United bank to 0.961 for Alpha bank. United bank can potentially reduce the input levels by 74.4% while maintaining the same level of outputs.

Table 1. Efficiency scores for input-oriented CCR and BCC DEA models

	OTE score	PTE score	SE score	RTS
RF	1	1	1	Constant
NCB	1	1	1	Constant
United	0.256	1	0.256	Increasing
Intesa San Paolo	0.666	0.796	0.836	Decreasing
Tirana	0.719	1	0.719	Decreasing
NBG	1	1	1	Constant
Alpha	0.961	0.967	0.994	Decreasing
Veneto	0.795	0.802	0.991	Increasing
ProCredit	0.918	0.997	0.920	Decreasing
ICB	0.584	0.929	0.628	Increasing
Credit Agricole	0.930	0.976	0.952	Decreasing
Credit Bank	1	1	1	Constant
Credins	0.766	1	0.766	Decreasing
Societe Generale	1	1	1	Constant
Union	0.664	0.732	0.908	Increasing
FiBank	0.745	0.818	0.910	Increasing

Under VRS assumption, three of inefficient banks under CRS assumption became efficient (United, Tirana and Credins). For these three banks, technical inefficiency was not caused by poor inputs utilization (managerial inefficiency) but by the operations of the banks with inappropriate scale size (scale inefficiency). Intesa San Paolo, Alpha, Veneto, Union and FiBank had PTE score less than SE score, indicating that their inefficiency is primarily attributed to the managerial inefficiency rather than to the scale inefficiency. United, Tirana, ProCredit, ICB, Credit Agricole and Credins had SE score less than PTE score, indicating that their inefficiency is primarily attributed to the scale inefficiency rather than to the managerial inefficiency.

Furthermore, United, Veneto, ICB, Union and FiBank were operating below their optimal scale size and thus experiencing IRS. These banks can enhance OTE by increasing their size of their activities. Other 6 banks, Intesa San Paolo, Tirana, Alpha, ProCredit, Credit Agricole, and Credins were operating with DRS and thus downsizing seems to be an appropriate strategic option for these banks in their pursuit to reduce unit costs. On the whole, decreasing returns-to-scale was the predominant form of scale inefficiency in banking sector in Albania.

As the source of inefficiency for the banks was largely the scale inefficiency, according to the data reported in table 1, 37.5% of the banks were operating at DRS. Operating in DRS means that when the bank increases its inputs, the result would be a less than proportionate increase in their outputs. Also, 31.25% of the banks were operating at IRS, where a rise in inputs resulted in a more than proportionate rise in outputs. Only 31.25% of the banks were operating at the optimum scale, that is, constant return to scale. These banks were operating at the right scale.

The results of output-oriented CCR and BCC DEA models are shown in table 2. The results of CCR model, indicated that RF, NCB, NBG, Credit, Societe Generale bank were efficient during year 2013; United, ICB, Union and FiBank had IRS and other banks had DRS. Inefficient banks can improve their efficiency by increasing their level of outputs. For inefficient banks, Alpha, Veneto, Union and FiBank, predominated managerial inefficiency whereas for the other inefficient banks



predominated scale inefficiency. According to the data reported in table 2, 43.75% of the banks were operating at DRS, 25% of the banks were operating at IRS and 31.25% were operating at the right scale.

Table 2. Efficiency scores for output-oriented CCR and BCC DEA models

	OTE score	PTE score	SE score	RTS
RF	1	1	1	Constant
NCB	1	1	1	Constant
United	0.256	1	0.256	Increasing
Intesa San Paolo	0.666	0.835	0.797	Decreasing
Tirana	0.719	1	0.719	Decreasing
NBG	1	1	1	Constant
Alpha	0.961	0.967	0.994	Decreasing
Veneto	0.795	0.799	0.995	Decreasing
ProCredit	0.918	0.997	0.920	Decreasing
ICB	0.584	0.866	0.674	Increasing
Credit Agricole	0.930	0.977	0.952	Decreasing
Credit Bank	1	1	1	Constant
Credins	0.766	1	0.766	Decreasing
Societe Generale	1	1	1	Constant
Union	0.664	0.687	0.966	Increasing
FiBank	0.745	0.762	0.977	Increasing

The data reported in table 3 indicated that during the study year, the banks exhibited mean overall technical efficiency of 81.3%. This result suggests that the banks could have saved 18.7% of their inputs to produce the same level of outputs that they have produced. In other words, the banks could have produced the same amount of outputs by using only 81.3% of the amount of inputs used. The decomposition of the overall technical efficiency into its pure technical and scale efficiency components suggests that the scale inefficiency dominates the pure technical inefficiency of the banks during year 2013, this means that the source of inefficiency of the banks is that their operations were at the wrong scale. This result was consistent with the findings of the study of Rosman *et al.* (2014).

Table 3. Summary statistics of efficiency scores

Input-oriented models	Min	Max	Mean	SD
Overall technical efficiency (OTE)	0.257	1	0.813	0.207
Pure technical efficiency (PTE)	0.732	1	0.939	0.094
Scale efficiency (SE)	0.257	1	0.868	0.199
Output-oriented model	Min	Max	Mean	SD

Overall technical efficiency (OTE)	0.257	1	0.813	0.207
Pure technical efficiency (PTE)	0.688	1	0.931	0.105
Scale efficiency (SE)	0.257	1	0.876	0.200

The average PTE score for 16 banks was 0.939, implying that 6.9 percentage points of the about 18.7 percent of technical inefficiency was due to the bank managers who were not following appropriate management practices and selecting incorrect input combinations. The rest of technical inefficiency appeared due to inappropriate scale of banking operations. Moreover, lower mean and higher standard deviation of the SE scores compared to PTE scores indicated a greater portion of technical inefficiency was due to scale inefficiency.

### Results of Tobit model

In order to identify the determinants of overall technical efficiency, pure technical efficiency and scale efficiency of banks five Tobit regression models were evaluated. Table 4 summarizes the results of these models.

Table 4. Determinants of efficiency

Bank characteristic	Both	Input oriented		Output oriented	
	OTE	PTE	SE	PTE	SE
ROA	0.0653	-0.0508	0.1089	-0.0568	0.1131 <sup>+</sup>
LOANS/TA	0.0105 <sup>**</sup>	-0.0003	0.0118 <sup>**</sup>	-0.0001	0.0121 <sup>**</sup>
lnTA	0.1085 <sup>**</sup>	0.0655 <sup>+</sup>	0.0800 <sup>+</sup>	0.0856 <sup>+</sup>	0.0672 <sup>+</sup>
EQTA	0.0163	0.0040	0.0175 <sup>+</sup>	0.0062	0.0165 <sup>+</sup>
Constant	-1.1396	0.2487	-0.8598	-0.0135	-0.7082
Sigma	0.1447	0.1317	0.1349	0.1352	0.1448

Note: <sup>+</sup>,  $p < 10\%$ , <sup>\*</sup>  $p < 5\%$ , <sup>\*\*</sup>  $p < 1\%$ .

The results of Tobit regression models showed that profitability has not significant positive effect on all efficiency measures. Pasiouras (2008), Sufian (2009) and Rosman et al. (2014) found a significant positive relationship between profitability and efficiency. Sufian (2009) indicated that, from the point of view of intermediation activities, the profitable banks tend to be more efficient.

The bank liquidity position (loans to total assets) revealed positive relationship and was statistically significant for three regression models. The findings imply that banks with higher loan to asset ratios tend to have higher efficiency scores. Thus, bank loans seem to be more highly valued than alternative bank' outputs, that is investments and securities. This finding was supported by Sufian (2009), Casu & Girardone (2004) and Isik & Hassan (2003). Casu & Girardone (2004) reported a positive relationship although not statistically significant. Isik & Hassan (2003) argue that the positive relationship between loan activity and efficiency can be attributed to the ability of relatively efficient banks to manage operation more productively, that enables them to have lower production costs and consequently to offer more reasonable loan terms allowing them to gain large share in loan market segment. In contrast, Havrylchuk (2006) found a negative relationship between the loans to assets ratio and efficiency.

Size of bank measured by natural logarithm of total assets showed statistically significant and positive effect on all efficiency measures, suggesting that the larger the bank, the more efficient the bank will be, because of the economies of scale

arguments. This finding is supported in the studies of Hauner (2005), Sufian (2009), and Rosman (2014). In these cases, the management of the bigger banks was more efficient in converting their inputs into outputs regardless their scale. This finding was not supported by the study of Isik & Hassan (2002, 2003) and Rosman (2014). According to Hauner (2005), two potential explanations for which size could have a positive impact on bank efficiency are: large banks should pay less for the inputs, and there may be increasing return to scale through the allocation of fixed costs (research or risk management) over a higher volume of services or from efficiency gains from a specialized workforce.

Capitalization had a non-significant positive effect on all efficiency measures. This finding was not supported by Pasiouras (2008), Isik & Hassan (2003), Casu & Girardone (2004), and Rosman (2014). In their study was found that capitalization was statistically significant and positively related to efficiency measures. This positive relationship with bank efficiency is expected as these studies viewed the higher level of equity as a cushion for future losses.

It can be concluded that bank size and loans to total assets ratio were the main determinant of efficiency of banking sector in Albania.

### Conclusions and directions for future research

This study investigates the efficiency of commercial banks operating in Albania for year 2013. The efficiency measures of individual banks were evaluated by using the DEA approach. The intermediation approach has been employed to differentiate how efficiency scores vary with changes in inputs and outputs. A multivariate Tobit model was employed to examine the relationship between efficiency scores derived from the DEA to a set of exploratory variables such as bank size, profitability, capitalisation, loans, etc.

The results of CCR and BCC DEA models indicated an average efficiency score of 0.813 with standard deviation 0.2 during the study period. In addition, the result showed that 5 banks were efficient, whereas others were inefficient with efficiency scores between 0.256 and 0.961. The majority of the inefficient banks were scale inefficient and most of the scale inefficient banks were operating at decreasing returns to scale. The results of Tobit regression model indicated that both size of the bank and loans to total assets ratio were the main determinants of banking efficiency in Albania.

In future research, this study can be extended to examine the efficiency of banks operation in Albania considering a longer time period. Also, can be studied the influence on efficiency of some macroeconomic indicators such as GDP, inflation, exchange rates, etc. Investigation of changes of productivity over time as a result of technical change or technological progress or regress by employing the Malmquist Productivity Index (MPI) could also be another extension to the present paper. The results of this study can be checked for their robustness using different methods such as parametric methods, stochastic frontier analysis (SFA), thick frontier approach (TFA), and the distribution-free approach (DFA). The results of such method can then be compared to the findings of this study which used the DEA method.

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## Legal Position - International Recognition of Kosovo and the Right to "Self-Determination"

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### Abstract.

*This article aims to analyze the legal process - international state of Kosovo and the right to self-determination, where especially trading special attention will be paid to the ratio between the State and their citizens in relation to the right of the latter to decide , should be considered in the framework of international law perspective. Firstly comes treating theoretical framework, over which viewed, meaning international recognition and the possibility of finding the best solution for the citizens. The treatment of recognition of Kosovo in this article comes as one of the particular cases to a universal case, this case will be treated to the formation of new states and their announcement based on the principle of "self-determination". Current political status of Kosovo is the result of adherence to legal and geopolitical constraints that have been made at different times by the policy of major countries expressed through this cognitive status and interests of citizens and beyond the interests of international politics. This article examines the phenomenon of Kosovo's case, in the context of a historical treatment and self-Legal as the principle of "self-determination" is also the point of incorporation between history, doctrine of international and domestic law of a country. In this context the case of Kosovo as a case of "sui generis" international rights doctrine. The right of people and nations to self-determination is a prerequisite for full use of all basic human rights.*

**Keywords:** self-determination, human rights, international law, the internal law, Nation.

### I. INTRODUCTION

The analysis comes and treated in this article as the will of a people and a direct expression of the principle of "self-determination", the study takes an analysis of the resolution in the Ahtisaari package and the common elements that refer to and derive directly in Kosovos Constitution. What are the problems that Kosovo is facing today, and what impact does the decision of the International Court of Justice, all this comes and treated as a precondition for respect of human rights in its entirety as human beings. The community of people within a state, in fact, that you are guaranteed the right to express themselves, to live according to his faith, its customs and traditions, to preserve its language, its religion, and at the end of last identity.

Treatment of recognition of Kosovo in this article comes as one of the particular cases to a universal case, this case will be treated to the formation of new states and their announcement based on the principle of "self-determination". Current political status of Kosovo is the result of adherence to legal and geopolitical constraints that have been made at different times by the policy of major countries expressed through this cognitive status and interests of citizens and beyond the interests of international politics. The debate on self-determination is strongly discussed in recent years throughout Europe. Given that interweave a whole political emotions and economic interests is difficult to find clear information about what really is and what is happening, but Top Chan's new state a social-political formation comes to us based the elements that must fulfill itself to recognized as a subject with full attribution in international law. In article will stop at one of the elements of the state, and precisely for addressing sovereignty and intervention for humanitarian purposes as a new concept evolving even nowadays the international doctrine.

## II. PRINCIPLE self-determination in international law

The principle of "self-determination" is part of the group of fundamental principles of international law, its application in practice is associated with significant consequences that occur as we enrich the world stage with its stateholders as well as the presentation of the states. As a principle of international law it is connected and conditioned in some way with several other institutes it. Establishing the principle of "self-determination" in the international legal background and treatment of evaluation and its aspects will serve us to better understand the importance actual cases in which this has been implemented. Therefore we will focus initially on the general framework of international doctrine and basic elements of the state as a subject of international law for international recognition. With the development of human society in a world already featured towards the respect of human rights and fundamental freedoms equally became necessary that regardless of where the individual, respect for these rights is very important.

Through an analysis of the following about international law, domestic law and international legal norms generally as a function of regulation of relations between states will examine the concept and operation of where it is and where is the principle of "self-determination", nowadays<sup>1</sup>. The international law constitutes a system of norms and principles governing international relations strain sovereign states and other institutional entities of international law These rates are created before all of the states or to their interests or as a tool to facilitate the functioning of member organizations of which they are. International Law in a broader sense it includes every aspect of interstate activities and facilitates the functioning of the international community. Precisely the development of international law by a system that was primarily to facilitate international cooperation between entities (states), a system that aims much more control of his subjects constitutes the most prominent feature of the history of law international in recent years.

### II.I. THE NOTION AND REPORT international law and domestic law as a meeting point of the principle of "self-determination"

Based on the theory that the modern legal science division accepted in domestic law and in international law, both those rights will be part of the analysis for the concrete relationship between them. Starting from the principle of "self-determination" will express the common meeting point for this principle occurs precisely in the relationship between the domestic law. The law of a State separation is through the establishment of provisions in the highest normative act within the state (constitution of a country). Through a set of norms (constitution) determine which international norms hierarchy will be placed and what is the ratio between internal normative acts and international rate.

In its basic definition of international law is defined as a set of legal norms that regulate relations between countries, in this context, the principle of "self-determination"<sup>2</sup> includes two main aspects: the aspect of internal and external aspects, the first aspect means that walking through make them feel free to choose and state economic order after. None intervention from outside. While the external aspect has origin in full independence where the state as a result declared by the people on whose behalf it was created chooses to be represented in the international community. The principle of self-determination for people choosing to split, join or rejoin a nation state or another.

<sup>1</sup>Dixon M, *international law; Publications AIIIS, Tirana.*

<sup>2</sup>Puto A. (2002), *international law; Dudaj publications, Tirana.*

Right interior may take a definition as the entirety of legal norms concerning the status (position) of state and government officials, as well as the norms that regulate relationships between government officials and citizens.<sup>3</sup> Relationship between international law and domestic law always expressed in the form of a debate between them, for the reason that no collision stand by theorist and researcher of international doctrine if these two components of international law can be synchronized or approximated between them in solving The issue, not to the prejudice each other. This discussion of the researchers treated three main theories afflictions such as nihilistic, dualistic theory and the theory of the primacy of international law.<sup>4</sup> According to the first theory which is based on the views of Hobbes and Spinoza, which expressly states that international law unlikely to compete with domestic law Sese not exist as a right-genuine, but it can be as a code of rules that have only moral force and not a system of norms and legal acts produced by a sovereign legal authority.

While it dualistic theory of second with typical representatives and Italian General TRIEPEL Anzilotti, says: international law and the rights of domestic are two separate systems that change each other by springs, regulating relations and entities that have, but however not exclude and establishing a ratio between them. But the theory of primacy of international law, not only accept international law as an independent system of norms and rules of behavior, but argue that it is a higher legal order, and therefore it is important that the right of specific internal states. Given all three theories in international right, we can say that the theory of the primacy of international law, lies closer to the concept of today among these rights report that internal and international.

### III: The right to self-determination in case of Kosovo

The idea of a self-determination in Albanian territories, and their political demands to establish an autonomous status politico-territorial were inseparable part of the history of the Albanian people. Kosovo and the Albanian issue was the subject of historical injustice, aimed the substance of the Albanian people and narrowing of the more his land.

The first attempt in the history of the Albanian people, in which we find elements of the principle of self-determination was the organization of the Albanian League of Prizren (1878-1881). You can say that we find elements of the principle of self-determination for exactly this setup politico-administrative-territorial organization provided for a full political independence and territorial. Its aim was to unite the Albanian lands and their independent declaration. "Kosovo in centuries represent a collective of independent legal and political elements and territorial, which excelled with an ethnic Albanian majority. Throughout history, Kosovo has been an autonomous whole territorial."<sup>5</sup>

League took over the major historical tasks: fight for the preservation of the Albanian lands against their cleavage in favor of chauvinistic Balkan monarchies and ensuring autonomy of Albania, the establishment of a national unified Albanian state.<sup>6</sup> Ambassadors Conference in London in 1912-1913 is another milestone, but which marked the division of Kosovo. Ambassadors Conference interests of Albania was signed in particular by the attitude of Russia, this conference separated Albania leaving out Chameria and Kosovo and other regions with compact Albanian population. Addressing problems limit the new Albanian state relied on considerations not ethnographic, historical, economic, etc., but became the powers under the prism of the maintenance that "European concert", which, in the view of this diplomacy, could lead to an European revolt.<sup>7</sup>

<sup>3</sup> Omari L. (1999), *Principles and insitution of public laww; Elena Gjika Publicationc ,Tirane.*

<sup>4</sup> *Special Buletin , 5 years Consitution – Consitutional court and the Commission of Venice.*

<sup>5</sup> Rrahimi Sh. (1989), *the Vilayet of Kosovo; Pristina.*

<sup>6</sup> *The group of authors. (2007), History of State and Law in Bangladesh .. Publisher: LUARASI University Press.*

<sup>7</sup> Gurakuqi R. (2012), *Albania from 1911 to 1914; UET Press, Tirana.*

While the separation of Kosovo from Albania should not be considered as a right of Serbia because, as expressed prof. R. Gurakuqi: "This country has to define it: the right of Serbia over Kosovo was not born as a result of a consensus smooth integration of this territory, as a result of a popular general consensus, or a historical continuity unduly interrupt but as a result of winning this territory as booty and internationally sanctioned by an institution, which in its core work were not present basic principles governing international relations democracy to the principle of conservation by all means and ways of concept European. Another important organization in the history of the Albanian people is the Bajan Conference of December 31, 1943, which continued work until 1 to 2 January 1944. This conference has a special importance, because it organized a meeting of all Albanians Plain Dukagjinit Kosovo and Albanians, Serbs, Montenegrins, etc., which expressly stated that: "Dukagjini Plain Kosovo is a province inhabited by a majority of the Albanian people, who, as always, want to join Albania .

Conference highlights Bajan resolution through three main elements, which determine right of self-determination of the Albanian people in Kosovo:

1. Ethnic element, whereby the Albanian people are self determined.

His stems from compacts layout in majority in that territory;

2. The historical element, i.e. antiquity of habitability that this region of the Albanians and the historical community of its existence;

3. The political element, or the expression of political will plebiscite to join a state, in this case Albania, as a secular goal and current Kosovo Albanians whose formulation different faces as the Albanian people want to join.<sup>8</sup>

However that the decisions of the Conference were never considered by the leadership of the Yugoslav state parties, for Albanians it is a reference for the treatment of the Albanian issue.

#### IV. ISSUES OF RECOGNITION AND CONSTITUTIONAL-LEGAL POSITION

1946 Constitution defines Kosovo as an autonomous province and as a constituent element of federalism, and will also situated in the context of constitutional structure during this phase serbise.<sup>9</sup> Kosovo has been a political subjectivity which expressed its representation to right in the National Assembly to RFPJ-that. Organization and functioning of the organs as seen and Kosovo during this period adjusted to the status of 1948 which was the highest legal act.

Kosovo Statute 1948 was the first act of the general normative Kosovo, which has expressed a form of independence in organizational sphere, but always to the extent that could allow the then centralist system. In this act, overall highest act politico-legal, regulated are important matters such as scope of the provincial authorities, local power organization and also the extraction of all the acts of normative character. As the highest bodies of Kosovo, during this period were the People's Council, the Provincial Executive Council and provincial administration bodies. During this period, Kosovo has enjoyed autonomy in the judicial sphere; in the territory of Kosovo were formed four district courts and the district court, as the court of second instance, while there was Supreme Court, as the highest judicial instance. By extracting the second status since 1953 Kosovo enjoyed few, such as: regulating matters of interest to the Province in the field of economy, of education, culture, popular health and social care, care for enforcement and maintenance of public order. Kosovo as an autonomous province, exercise supervision of legality in the work of popular councils in its territories, reveal the social plan and budget of the province, except for the rights that the Constitution and the law were in the exclusive competence of the bodies Republic.<sup>10</sup>

<sup>8</sup> Bajrami A. (2002), *Kosovo's right in Transition; Pristina*.

<sup>9</sup> Gjeorgjeviq J. ( 1972 ) , *Constitutional Law ; Prishtine*

<sup>10</sup> Bajrami A. (2002), *Kosovo's right in Transition; Pristina*.

In relation to the Albanians of Kosovo, the Serbian period, we have a policy, which is to the detriment of the Albanian people. In 1966, the public political scene of Kosovo appeared and articulated demand for the Republic of Kosovo status, request that through the attitudes of the Communist Party, under the dominant influence Serbian, was rejected. The rejection of this reasonable request of the Albanian people of Kosovo was one of the main reasons that prompted the organization of the demonstration Student 1968, which was required to advance the constitutional position of Kosovo and providing a national status for Kosovo.

Constitutional Acts, launched recent developments that are happening in Kosovo in 1968 years, demonstrations and reactions contrary to the former Yugoslavia, essentially changed the character of the independence of Kosovo, we compare it with its position, the first sanctioned Laws Constitutional 1953 and 1963. The main difference stands in restoring the attribute "constructive", according to which Kosovo (like Vojvodina), were designated as a constructive part of the federal structure of the former Yugoslavia. Kosovo adopted the Constitution as the act of senior legal to 02/24/1969. Alongside this constitutional law, Kosovo enjoyed a wider legislative authorization. So previous normative powers, normative character, replaced in this case with broader powers.

The constitutional law of Kosovo represent a fundamental act of a political and legal nature of the Province, which for the form, content, techniques and its extraction was similar to the constitution, unlike previous periods when the rights and duties of autonomous region treated as delegated or transferred from the republic, according to the new



constitutional law, the provinces were carrying functions of normative source, in a manner similar to the republics. But anyways, even the definition of the term is an essential difference; when were so similar to the republics, although not enjoyed the same name. For the sole reason that, despite this autonomous with this law was growing, still should not put into question the autonomy of the republic.

In connection with this issue, Prof. Education Eid says "called the law and not the constitution, as there never existed specific explanations, but is treated more as a result of political compromise through professional whose efforts have been made to preventing doubt that autonomy is breastfeeding the republic than the expression of content and essences that tij.Extraction of the Constitution of the former Yugoslavia in 1974 and continued the process of advancing the position that Kosovo's Constitution in the context of the Yugoslav federalism. Kosovo with the provisions of this Constitution was determined as autonomous political unit territorial and constitutional autonomy. Constructive element position of this year was very special launch legal-constitutional position they enjoyed in relation to other former republics although the provisions of this Constitution does not expressly define, it can be said that Kosovo was an autonomous unit of federal and constructive elements.

This Constitution for Kosovo has a special importance, as it gives it the right to self-determination of the new statutory-constitution of its position after the collapse of RSFJ-se. Constitution of 1974, Kosovo was an autonomous political-territorial units after independence constitutional and legislative sphere. Constitutional because Kosovo has had an organization in order to develop the federation, in the political, economic and social, an organization's own internal, legislative sphere, Kosovo has been carrying sovereign source of legislative regulation of all social relations that have was in the interest of the citizens living in Kosovo, however, the legislative function, had limitations, as well as federations themselves have been limited to the same extent with "federal legislation", which has been under jurisdiction of the federal authorities.<sup>11</sup>

All these attributes that define his 1974 Constitution, despite essentially look like elements of independence and functioning as NCS independent state, with its own organization to a self-governing, Kosovo Albanians could not express their self-determination in relation to the former -Federation. It neither can join Albania nor can split the former republics. Kosovo can self-govern and organize themselves, see it always in the spirit of former RFPJ-that there could be a limit may be known a territory, a majority Albanian population, a representative assembly, a court, first as a province within Serbian autonomous federations.

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<sup>11</sup> Bajrami A. (2002), *Kosovos Right,s Transition ;Prishtine*.

## V. DECISION AND INTERNATIONAL MANAGEMENT OF KOSOVO

With NATO intervention starts a new historic era for Kosovo, the beginning of the international administration in Kosovo starts with 1944, which approved after the entry of NATO forces in Kosovo. 1944 is an initiative of. Security Council on 10 June 1999, in which placed Kosovo under UN administration, paving way international military and civic presence in the territory of Kosovo, predicted What resolution? For this purpose, in essence, the resolution provided for the establishment of a temporary international administration (UNMIK), on top of which should be a special representative of the Secretary-General of the United Nations. This administration will establish and oversee 'development of self-government and democratic institutions' in Kosovo, including the organization of free elections. Expected, also, the final removal of all Serbian forces from Kosovo, as well as termination of any military action by the UC, K and Albanian Medical Ethics Manual armed groups. To guarantee peace Resolution 1244 and, consistent with placement of a military force NATO to Kosovo.<sup>12</sup> The international administration is temporary character • and aims to create favorable conditions for solving democratic Kosovo's final status, this model is specific because, besides establishing international civil and military administration, it is combined with a local self-government and a democratic process. and institutional, which along with the elimination of the causes of the crisis and inter-ethnic hostilities, aims to deal with the elimination of the reasons that caused the crisis, then solve the source of the crisis and enable a political solution to the crisis status long hours.

International mission, through Resolution 1244 and the Ahtisaari package aims deployment of talks and cooperation, for the start of negotiations between the Albanians of Kosovo and the Republic of Serbia, These are the two parties that directly refers package and resolutions, which party would always collaborate with third parties, it international. .Negotiations between the parties as it is happening? International mission in Kosovo through a resolution, the Constitutional Framework

for Provisional Self, Ahtisaari package and then Kosovo Constitution tries to reach an agreement and cooperation, aiming at launching negotiations between Kosovo and Serbia. Expressed Kosovo and the Republic of Serbia, because at first acts for Serbia used the term Republic, while just called Kosovo Albanian side, 1244 and the Ahtisaari package are two basic documents, which begin functioning foundations of Kosovo. In addition, we will look at some of the main points that deal with these official documents, which not only provide for the temporary self Kosovo but also the launch of a new era for.

In legal and political terms, 1244 has sanctioned the state of the status quo, i.e. the situation that existed before the demolition constitutional position of Kosovo as defined by the 1974 Constitution of 1244, in Annex 2 (item 5) to its rider to Other sets for Kosovo: Establishment of an interim administration for Kosovo as part of an international civil presence under which the people of Kosovo can enjoy substantial autonomy within the FRY, will be decided by the Security Council of the United Nations . The interim administration to provide transitional administration, while establishing and overseeing the development of provisional democratic self-governing institutions to ensure conditions for a peaceful and normal life for all inhabitants of Kosoves.<sup>13</sup>

As for legal temporary status, 1244 for Kosovo promotes a new status, the self-government (autonomy) substantially within integrity FRY. It is precisely this definition, therefore substantial self-governance on the one hand and on the other hand the territorial integrity of the FRY, which brings problems in practical terms self-administration. The concept of substantial government, which promoted in 1244, from which he will also refer to the following Constitutional Komiza for Provisional Self brings a problem in terms of management and in its entirety as essentially that of the legal position of Kosovo. This self-government does not contain the necessary attributes, that the rank Kosovo as a state entity, but with attributes which distinguish as autonomous units with limited powers. Although promotes the concept of self Resolution on Kosovo, she attributes the Mission of the United Nations Interim Kosovo (UNMIK-u) the final authority, the functioning of power in Kosovo in his three traits: the legislative, executive and gjyqesor.

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<sup>12</sup> J. Zaganjori. (2011), *jurisprudence and international practice*; Published Tirana: Morava;

<sup>13</sup> 1244 – *By the security council*

These attributes the find as the 1244, as well as the Constitutional Framework for Provisional Self-Government in Kosovo, Resolution 1244 defines a restriction on the mandate of the International Mission for Kosovo, not clear defined powers between international authority and democratic institutions of Kosovo, but by treating them simply as cooperating. It does not set a time for an international defining mission nor the mechanism's final political status of Kosovo, but gives her a temporary nature and pending a final settlement. Another document important is the Ahtisaari package with March 26, 2007. The package is a comprehensive proposal for resolving the status of Kosovo, Based on the principle of self-determination, this package provides a condition for the status of Kosovo where its Article 1.8 stipulates that: "Kosovo will have no territorial claims against any state or any state and will not require any state union or part of any state "Ahtisaari package is the starting point for drafting the Constitution of Kosovo, which is in Article 113:" Kosovo shall adopt a Constitution. The Constitution of Kosovo shall prescribe and guarantee the legal and institutional mechanisms, which are essential to ensure that Kosovo is governed by the highest democratic standards, and which will promote peaceful coexistence and prosperity of all residents as} . The Constitution will include principles and provisions included in Annex I to this Agreement, but will not be limited to them.<sup>14</sup>

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<sup>14</sup> *Ahtisaari package.*

<sup>15</sup> *Basic provisions of the constitution of Kosovo.*

<sup>16</sup> *J . Zaganjori. (2011), jurisprudence and international practice; Published Tirana: Morava;*

Decision advisory International Court of Justice was announced on 22 July 2010. The Court confirmed that the "Declaration of Independence of Kosovo of 17 February 2008 did not violate the norms of international law". This decision received 10 votes in favor and four against. Advisory Opinion of the Court addressed among others some issues, such as judicial and discretion of the court, space and understanding of the issue, the main acts. The court also stopped in assessing whether the declaration of independence was in accordance with international law and general conclusions.

Court gives sc query response submitted by the General Assembly of the UN to address the principle of self-government. "The Court notes at the outset that especially during the second half of the twentieth century 'of international law on the issue of self-determination is developed in such a way that the resort has recognized the right of peoples independence in territories where there govern themselves, and people placed under elected, rule and foreign rule. A large number of states are created as a result of the exercise of this right '.

Despite, she pointed out that there were • other examples of declaration of independence outside this context and that 'the practice of States has not raised the issue of adopting a new norm of international law to stop the declaration of independence in these cases. The court then stopped the arguments of some states regarding the borderlines of the right to self-determination and assessing whether or not there is a right to 'disconnect (remedial Secession - disconnection as a last resort). Regarding the handling of the issue given the "right to separate from a state", the Court held that "as may be determined easily by the arguments of all the countries participating in judgment, this problem goes beyond the scope of the assessment to the question posed by the General Assembly. "Where, according to it, to answer the question, it is necessary only to determine" whether the statement violates the norms of general international law created by Resolution 1244 (1999) Security Council.

Where the decision of the International Court of Justice concludes that the norms of general international law not found any concrete ban on the declaration of Independence, therefore, and the "Declaration of Independence of 17 February 2008 did not violate general international right" .

## CONCLUSIONS

Thesis research on this topic starts with the basics of a fundamental principle, that of self-determination of people in general, which directly call and affect states.

Issues of separation and the union of the states are the most debated topics today in the international arena, the principle of self-determination that President Wilson in 14 points of his program until nowadays with the case of Kosovo brings an evolution of this principle.

The will of people to secede from a state or to be declared independent in the international arena today judged case by case, and therefore recent changes in the political map of Europe and not only those cases were more specific attribute, "sui generis". We are working all supported not only in the history of nations or states, but also the basics of legal doctrine, the main institutes and, crucially, the impact of the principles of international law for the establishment of the State and respect human rights.

In the case of Kosovo can say it is a case of "sui generis", because given the principle of self-ruling has always sought historical stages and its autonomy as independent and internationally.

Its act is discretionary Kacaniku Constitution of 1990 which not only declared an independent state but here will find and the notion of the principle of self-determination as the internal advertisement of a nation and its application for recognition in the international arena.

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## Difficulties that Student Encounter When Learning the Culture of Target Language (English)

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### Abstract

*Nowadays students are expected to be prepared for the 21st century. It has been widely accepted that culture is a very important element in learning a foreign language. It is impossible to learn a new language without tackling its culture. Learning a foreign language should not be focused only on grammatical issues, or on the vocabulary of target language but it should be combined with the culture as well. Students should be taught to have a successful communication with individuals from different cultures. They should understand that they belong to different cultural backgrounds, accept and respect others' culture. This article analyses the difficulties they encounter in learning the culture of target language. Here is provided a detailed analysis of what should be taught.*

**Keywords:** culture, students, curricula

### 1. Introduction

When learning a foreign language we start unconsciously to pick up its culture. In order to have an efficient communication it is important to learn the culture of the target language as well. Knowing to speak a language at its highest level does not mean that one has the proper social and cultural competences for an efficient communication.

All of us, without exception, have travelled abroad and might have gone through different cultural problems that have led to conflicts, prejudices and misunderstandings. Each individual belongs to a definite cultural group and at the moment they face individuals of different cultures can encounter difficulties to adapt and communicate. Cultural differences can cause cultural confusion and misunderstanding. Learning a foreign language implies talking and understanding it and without a proper use of the target language in the respective cultural context we cannot achieve a good communication.

By learning to respect, accept and appreciate the individuals belonging to different cultures we can also learn how to be good citizens in a pluralist society. Culture is taught by the family, friends and community where we live and affects the way we act and think. Currently, English is the top used language in the world. People all over the world learn English for definite aims.

Following different studies it results that students encounter many difficulties in adapting and learning the culture of target language. This is due to academic curricula which do not provide teaching of intercultural competence. Students do not have the right capacities and knowledge on how to learn the target language culture.

### 2. Data description

To give answer to these questions were distributed a questionnaire to the students at Bedër University. The questionnaire was adopted by Lies Secu (*An international investigation*) but with a few changes in order to be adoptable to the students. An estimated amount of 80 students in Bachelor Degree answered a series of questions with regard to intercultural competence. Answers are taken from different students of first, second and third year of Bachelor Degree. Within the questionnaire were included questions with alternatives and open questions. This is a qualitative study to learn more on the opinion, attitudes, problems etc. that students encounter during the teaching of English culture.

### 3. Problems encountered by the students.

In Albania, students have many difficulties in learning the culture of English-speaking countries and cultural differences that exist can cause problems during the teaching classes of foreign language. Use of words in English is defined by the

linguistic and cultural context. When learning a word we should also learn about the cultural background of that word to have a correct meaning. During the questionnaire it came out that information of students on English-speaking countries comes mainly from the internet, movies, music etc. meaning that information received at school is very little.

Some of the problems they encounter are:

- Students have a tendency to use grammatical knowledge of mother language and apply them to the target language.
- Students have a tendency to transfer their cultural knowledge in order to understand the context of target language.
- They have very limited opportunities to communicate and interact with individuals from English-speaking countries.
- They are not given the opportunity to learn the jargon.
- School materials are very few.
- In school curricula learning of culture is a third-hand element.
- Serious lack of approaches on how to solve cultural conflicts or to adapt to individuals of different cultures.
- Serious lack of practical skills.
- **Cultural differences affect:**
  - in the communication between individuals starting from greetings, giving or taking of presents, meals etc.
  - way of perception of the message.
  - in what students expect hear.
- **Why is it necessary to be taught:**
  - better understanding a language.
  - learning a new culture makes you reflect on your culture.
  - learning a new culture gives you an opportunity to make a comparison between your culture and target language culture.
  - affecting the increase of interest and motivation to learn English.

By noticing the difference among Albanian and English, we should understand that when learning a foreign language we should not simply learn vocabulary or grammar, but also the way of thinking and of structuring the sentences that is dependent on English language features. Students need to learn how to communicate and how to discover their own world. For this reason, each academic topic should be organised in a way to develop interpretative and analytic abilities. Of course, grammar and vocabulary have a special importance but should not stop simply at this.

Nowadays, the teacher is not the only person responsible to encourage the teaching of culture but it is required a collaboration between students and teachers. A good way is to conduct dialogues and debates on the topics provided in school texts or they can be found in other extra materials. Dialogues and debates help in gaining insight on students' perspective, experience exchange.

#### 4. Analysing some of the data from the questionnaire regarding the difficulties in learning the culture.

In this questionnaire are predicted some questions regarding the difficulties and the students' opinion regarding the culture of English language.

The first sections of the questionnaire are general data and a very important question: ***How is distributed the teaching hour for 'teaching of language' and 'teaching of culture' in the subject of English language during this academic year?*** This question is important to understand the amount of time dedicated to culture within an hour of lesson. From the answers of the students it is quite clear that most of the time is dedicated to teaching of language because most of the students have chosen the options 80% language teaching- 20% culture teaching or 60% language teaching - 40% culture teaching. From the students answers we can understand that culture is mentioned very little during a class and the main

objective remains teaching of language. According to the answers of the students they have interest to know more about target culture but unfortunately it is not dedicated much time by the lecturers.

90% of the students do not travel to the English-speaking countries. This may come because there are no exchange programs for the students in the English-speaking countries, but also because of the economic conditions of the families. These two factors may not allow contacts with individuals of target culture. None of the students have ever done a language course in English-speaking countries. Going on language courses in the English-speaking countries helps a lot to understand the target culture by being in direct contact with it. Both exchange programmes and language courses in the country of target language, will help to create a positive image and attitude towards other cultures.

Regarding the contacts with media (through newspaper, television, radio) we can say that a very low number of 15.5% watch TV from the English-speaking countries. In fact, watching TV or reading the newspaper helps to make comparison with their culture, and in most of the time it effects to be open-minded and to accept other cultures.

In order to understand how much knowledge they have regarding the the English culture, they were given several question to choose on of the alternatives that they consider more appropriate ( 1. A lot 2. Sufficient 3. A little 4. Not at all). The topics offered are:

1.	History, geography, political system
2.	Different ethnic and social groups
3.	Common life and routine, living conditions, food, beverages etc
4.	Youth culture
5.	Education, professional life
6.	Traditions, folklore, touristic attractions
7.	Literature
8.	Other cultural aspects (music, drama, art)
9.	Values and religious believes
10.	International relation (politics, economic and cultural), of the students with students from other countries

The results show that students are not equipped with the necessary knowledge regarding the culture. The topics which they have very little information are: *Values and Religious believes and Different ethnic and social groups*. The topic which they have sufficient information: *Common life and routine, living conditions, food, beverages etc*. The reason why they may have more knowledge in this topic is because they are dealt in their English books.

Regarding the question how often are in contact with foreign culture/people/country related to English language they were given 5 questions to choose one of the alternatives( often, rarely, not at all) they consider as more appropriate for them.

- |   |
|---|
| <ol style="list-style-type: none"> <li>1. Contacts with media (through newspapers, television, radio)</li> <li>2. Visit at the cultural institutions that represent the foreign state in my country</li> <li>3. Contacts with people with origin from the foreign country but who live in my country</li> <li>4. Contacts with English professors at your education institution.</li> <li>5. Contacts with lecturers or foreign students who visit my school</li> </ol> |
|---|

The data clearly show that they have not at all contacts with cultural institution that represent the foreign state in the country. Regarding the contacts with English lecturers, the university offers the opportunity to have contacts with foreign lecturers because of the exchange programmes for the lectures, but these are limited.

In an open question they were asked to specify other contacts they already have. Some of them have mentioned:

*“Our university organizes every year the International Day, where we students present different cultures, and one of them is the English culture”*

*"Contacts with non Albanian friends from the social website"*

*"I have contacts only with my English lecturers at my university"*

*"Very rarely I encounter tourists in the street and I create somehow contacts with them"*

*"Through the conferences that our schools organized I have the opportunity to meet people from other countries"*

*"My cousins are married in UK and I have contacts with their friends"*

*"My best friend lives in UK and I have opportunity to meet other English people"*

*"I work in a Travel agency and we have English assistants"*

These were some of the answers the students while the rest of the students don't have contacts at all. Having contacts with other individuals gives the students the opportunity to do research on their own regarding their culture in order to have a successful communication.

### Conclusions

As a result of globalization, the mobility of people from one country to the other for different reasons such as work, school etc. people encounter individuals of other culture. In order to have an efficient communication is not enough just to speak the target language but also to be able to understand target culture. What do the data suggest? It is very necessary to make changes in the curricula, where it is dedicated more time to the culture than 20% or 40% as it resulted from the data. There is a need for integrating culture and language at the same time in the curricula.

Secondly, these data show that students have lack of knowledge regarding the culture of English-speaking countries; it is now time to bring innovation in the methodology of teaching, and language and culture to be interrelated within the teaching hours. Professors need to work hard on the topics that the students have lack of knowledge. The professors are the one that should encourage comparison between culture, to analyse them independently and to bring different ideas in the classroom.

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## Factors Affecting the Effectiveness of the Implementation of a Modern System of Financial Management and Control in Albania

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### Abstract

*One of the three pillars of public internal financial control is financial management and control. Through this work, we aim to address the factors which influence the effectiveness of the implementation of a modern system of financial management and control in public sector entities. "The model of Public Internal Financial Control is welcomed and widely implemented in many countries, within and out the European Union. It has a track record of success and I strongly recommend that countries should follow the exciting journey toward the world art of internal control system". This system means: assignment of authority and responsibility; empowerment and accountability; and appropriate reporting lines, resulting in improved governance of the organization. Based on data on self-evaluation questionnaires (COSO model) designed by CHU / FMC for public units of the general governance, about the opinions on each component of the system and on the first results obtained from questionnaires sent in some local government units it will be analyzed, that the effectiveness of the modern system of FMC in Albania depends on: The level of knowledge, in the Albanian context, of concepts and principles of FMC; Simultaneous functioning of its five components for each category of principles; Undertaking the appropriate management actions.*

**Keywords:** FMC-system, managerial responsibility, control activities, risk management

### 1. The right conception, the development of legal and organizational framework of the public internal financial control

To implement the Public Internal Financial Control (PIFC), it should be considered the following stages: the conceptualization/understanding, the development of organizational framework, the development of the legal framework and the creation of a staff development policy. In practice, these stages are interrelated and often experience shows that all phases begin immediately after being agreed with the concept<sup>2</sup>.

Correct Understanding, based on the international standards, allows the analysis of gaps and needs in the current systems of internal control. Consequently, the recommendations given, on which will be implemented the next actions, will be effective. The right conception is also reflected in the manner of drafting the Policy Papers, where it should be presented, ideally, the action plan, specifying the important decisions that have been taken or will be taken, as well as the activities that are planned to be executed. It is suggested that the Policy Papers should be designed and structured in a certain and logical way in terms of content and presentation.

Policy Papers on Public Internal Financial Control (PIFC) in Albania, approved by the Council of Ministers in June 2005, revised in 2009, has determined the current system of PIFC and the control environment in Albania<sup>3</sup>. Policy papers describe the current state of the PIFC system, the controlling environment, as well as policies and plans for updating and improving internal control, the main directions and obligations of public sector entities, in order to enable them to provide reasonable guarantees that public resources are managed with efficiency, effectiveness and economy<sup>4</sup>.

<sup>1</sup> Welcome to the world of PIFC" Luis ROMERO REQUENA Director General DG Budget

<sup>2</sup> Ministry of Finance " Annual Report on the Functioning of Financial Management Systems and Control and Functioning of Internal Audit in the General Government entities for the period 1 January - 31 December, 2013," May 2014

<sup>3</sup> Republic Of Albania Council Of Ministers Decision No. 640 Dated 11/6 /2009" For The Approval Of Policy papers Of Public Internal Financial Control And Action Plan, 2009-2014

<sup>4</sup> It was drafted on the basis of independent evaluations by the Directorate-General of the Budget, (European Commission, Brussels), and SIGMA, and it is also considered the analysis of gaps conducted within the twinning project "Development of Public Internal Financial Control

To fully implement PIFC and the purpose of the task of methodologies and standards harmonization at all levels of government, it is required a long period of time. "The implementation of PIFC should be seen as a long-term process that requires the commitment of all stakeholders. Experience has shown that the introduction of new policies and laws on this subject has not previously been based on the understanding and approval of all ordinary stakeholders, leading to a resistance, which could jeopardize the entire project of change".<sup>1</sup> It is necessary to establish a Central Harmonization Unit authorized to manage the development and improvement of PIFC of a country.

The CHU with a professional staff is perceived as a necessary condition to provide a thorough understanding of the requirements of PIFC by managers in all spending units and to provide appropriate support guidelines. This CHU normally is established in the Ministry of Finance and reports directly to the Minister.

"The experience has shown that a strong commitment by the central authority is the most important condition for the management of the change of the PIFC's project. In almost all cases the central authority was the Ministry of Finance (MoF). This is logical because the issue of selecting adequate internal control of the national budget is at the core of a sound financial management".<sup>2</sup>

"In the responsible ministry for finance, in Albania, functions the General Directorate of Regulatory and Control which has two central harmonization units on its dependance, the CHU for the financial management and control<sup>3</sup>, and the CHU for the internal audit, responsible for the internal audit system, necessary for the proper management of PIFC implementation across all the public sector. These services of audit should report to the highest level of management: the minister in government ministries and the director/head of public agencies. Lower levels of government (regions, municipalities and communes) should "reflect" the principles of control and establishment of PIFC, taking into consideration the economy and efficiency.

PIFC should be based on law. Based on the conclusions and recommendations of the Policy Papers, the next stage will be to draft a new comprehensive legislation, covering CHU / IA and CHU / FMC. International best practices have shown that it is necessary first, the establishment of a law that would serve as a conceptual framework covering the main principles of PIFC. Later, secondary legislation should be drafted in accordance with the definitions in that main frame and, when it is necessary to work on regulations or guidelines that can be updated without going through the parliamentary procedures of approval. In Albania in 2010 it was approved the law on financial management and internal control system and its implementation manual. Policies regarding public internal financial control aim to establish a full framework, legal and procedural, in the framework of the reform and development of public finances. asoje 4

"The public finance sector will be professionally oriented towards the mobilization and use with efficiency, transparency and integrity of the financial resources of the country, in accordance with the policy and priorities of the Government's Programme and the National Strategy for Development and Integration"<sup>4</sup>. The introduction of financial management and control is much more than a technical reform. Setting the new regime of financial control, the public internal financial control (PIFC), includes international standards and the best practices of the EU and aims to ensure optimal approach for the reformation of the traditional national control systems. The presentation and development of PIFC is filled with challenges such as "managerial accountability" and "internal audit functionally independent and decentralized". Managerial accountability has its roots in the concept of effective management

Effective management and managerial accountability require the support of an effective system of financial management and control, because management does not happen in a financial vacuum, the entire management activity is subject to the constraint/financial obligations. Since the pressure on public resources is always to deliver more with the same (or less) sources, it should be taken into consideration efficiency and effectiveness. FMC is designed to provide this essential financial support for managers<sup>5</sup>. The proper implementation of the new legal framework and efforts by all stakeholders can lead to achieving the goal-the creation of a modern, reliable and functional public internal financial control system. PIFC is not focused on budgeting or accounting techniques (although internal control can also recommend improvements in these

<sup>1</sup> EUROPEAN COMMISSION: Welcome to the world of the Public Internal Financial Control (PIFC)

<sup>2</sup> EUROPEAN COMMISSION Welcome to the world of the Public Internal Financial Control(PIFC)

<sup>3</sup> CHU/FMC has the responsibility for developing FMC standards in the public sector

<sup>4</sup> Public finance Strategy 2007-2013

<sup>5</sup>Ministry of Finance "Annual Report on the Functioning of the Public Internal Financial Control in the General Government Units year 2013" May 2014

systems), nor does it include inspection tasks such as investigation and prosecution of individual cases of fraud or serious irregularities.

Public internal control is preventive on its nature and aims to ensure that adequate systems are in place to prevent as much as possible the phenomena of corruption and fraud. Public internal control is itself subject to external evaluation by the Supreme Audit Institution<sup>1</sup>. This model of Public Internal Financial Control is welcomed and widely implemented in many countries, including outside the EU. "It has a history of success and I strongly recommend the countries to enter in the exciting journey toward the world of art of internal control system"- said Luis Romero Requena, Director-General of the budget of European Delegation. In Albania, the Ministry of Finance is implementing the 5-year plan for a modern system of FMC and currently is integrating long-term objectives of the implementation of FMC in public finance Strategy 2014-2020.

## 2. Standard requirements for financial management and control

Financial Management and Control is a comprehensive process of the unit activities, and is developed by both the managerial level, and the staff of the institutions<sup>2</sup>. This process has an objective to provide reasonable assurance that the objectives of the organization are achieved through:

1. Economically, effective and efficient activities;
2. Compliance with the legislation and internal acts and contracts;
3. The financial and operational information which are reliable and complete;
4. The protection of information and assets.

Financial Management and Control in the public sector is achieved through:

1. The creation of an efficient and effective control environment;
2. Effective risk management;
3. The proper implementation of control activities;
4. Management of communication and information;
5. Monitoring the control activities of the public sector entity.

The factors that should exist to support a sound FMC system are:

1. The objectives of the policy should determine the operational activity.
2. Managerial structures should be designed to determine the objectives of policy (ie. to be clear who are the leaders, the resources made available to them, their responsibilities, and the areas of competence and reporting).
3. The operational activity should be evaluated regularly by managers to ensure that it meets the needs of users in accordance with policy objectives and that these activities are based on principles of economy, efficiency and effectiveness.
4. Only those assets that are necessary to achieve the policy objective or activity should be retained and the rest to be donated/sold, given for use or disposed of.
5. Managers should have access to specific information (financial and operational) needed to ensure that objectives are being achieved in line with the principles of economy, efficiency and effectiveness and in accordance with the plans and programs.
6. Managers should take full responsibility for specifying the internal control system and the effectiveness of these systems.

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<sup>1</sup> EUROPEAN COMMISSION Welcome to the world of the Public Internal Financial Control ( PIFC )

<sup>2</sup> Law on "Financial Management and Control" No. 10296 in July 2010 and the Manual for FMC

7. Managers should consider the risks for planning the measures for the realization of policy objectives.

### 3. The performance of FMC implementation in Albania- Results and analysis.

Management theory researchers have considered that the definition of the OECD organization (Organisation for Economic Cooperation and Development) on 1999 about governance is useful, it is seen as "a system in which activities are directed and controlled", but the transition towards "good governance" reflects new substantial effects. Thus, "good governance" implies the accountability relationships between the main actors of the system of public internal financial control within which operates: the Board of Directors, internal auditors, managers, executives, external auditors. Referring to the effects of the financial crisis and the massive spread of innovations and new technologies, it is necessary that the system of public internal financial control to be improved by reviewing the components and its constituent elements. This should be done in order to get revised, improved and developed, and a greater guarantee to be achieved, and also the risk should be minimized, which is constantly present and follows us at every turn.

The implementation process will require<sup>1</sup>: (i) changes in management structures within the organization, including the revision of the status of executive officers; (ii) the definition of the roles and relationships between leading financial management officers; (iii) necessary considerable training, at least for the enforcement officers who are expected in the future to provide information to the managers, which they need to ensure that they are using public resources efficiently and effectively.

The Directorate of Harmonization of Financial Management at the Ministry of Finance, in collaboration with consultants of the PIFC Project funded by the EU, has prepared based on the COSO model, questionnaires for assessing/monitoring the quality of financial management systems in public institutions as well as regarding the applicability of the instructions of the Ministry of Finance.

The purpose of the questionnaire is to address the level of satisfaction about the main demands in the internal control framework regarding the five components of FMC-control environment, risk management, control activities, information, and communication and monitoring. This questionnaire helps to identify those aspects of internal control, where further awareness is needed and where the needs for training should be addressed.

As a source of information for the analysis of the condition of components of financial management and control were used the self-assessment questionnaires on the components of FMC, which the Department of Harmonization of Financial Management has developed based on the COSO model. The results are published in the annual report of 2014 for the past three years. The data reported by the internal audit structures of the local government according to the format approved by the Minister of Finance, have served for the analysis. As a source of information for the functioning of financial management and control have served data obtained regarding the completion of the declaration and the annual report for the quality of internal control in the Central Government Unit in the whole country<sup>2</sup>, and the answers received from the meetings arranged by myself in order to monitor closely the responses to these questionnaires and those designed by myself based on the same model. From questionnaires collected by myself from some CGU 's, in the major part of the district of Gjirokastra, and the meetings with the implementing officer, internal audit and managers of these units deficiencies and gaps has been noticed which are identified and presented also by the Ministry of Finance.

Regarding the **internal control environment**, the questionnaire consists of a certain number of questions regarding the integrity, ethical values and the professionalism of the employees of the organization; the philosophy and working style of the management; the way the manager distributes tasks and assigns responsibilities or the way he organizes and progresses the employees in the institution; organizational structure; setting objectives and policies, etc. It is notable that 25% of the general government units, mainly local does not meet the requirements of the Law 9936 "On the budget system management in the Republic of Albania" related to the mission statement drafting in public entities, and although around

<sup>1</sup> Annual Report on the Functioning of Financial Management Systems and Control and Internal Audit Function in the General Government entities for the Period 1st/January-31st/December, 2012; consolidated report of SAI on the FMC system in 2012 pg 9

<sup>2</sup> Reported by MF

19% of them have developed the mission and strategies, they have not developed an action plan with deadlines and responsible persons.

The trend of negative responses, in terms of percentage, has been the same for the last three years 2012-2014<sup>1</sup>. Moreover, in a significant portion, around 15%, the staff was not familiar with the mission and strategies, as they were distributed only in the top level of the entity. The authorizing officers are generally assigned according to the law. There is a growing trend of the assignment in accordance with the legal requirements of the Implementation officers of public entities. Only 28.6% of the public entities do not meet the criteria of education and the direct dependence of the executive officers on the authorizing officer. They are not high-level managers, but chiefs of the finance sector and are not part of GMS's, in around 90 entities of the general government. From the responses it results that the Strategic Management Groups are established on 79% of the CGU, in accordance with the legal requirements, although they operate mainly during the planning process<sup>2</sup>. Particularly in the local entities they are not effective in terms of the operation process.

From questionnaire responses, as concern to the personal and professional ethics, and by monitoring via meetings in the country, concerning the questions addressed in this section, it was observed that the answers were positive regarding only the implementation of the legal framework for ethics. This does not turn out as concern to the specific activities ie, from the verification during the meetings arranged, there were no written procedures for ethical dilemmas. Meanwhile, according to information received from MoF it is accepted that there exist such procedures in about 70% of the CGU, mainly central institutions, which have included rules of ethics in internal regulations.

The dominant part of public entities officers demonstrate the proper functioning of the reporting ways, regular arrangements of meetings on the managerial level of the entity to discuss key issues of the management of the entity.

Regarding the management style in some local public entities in the district of Gjirokastra, the way the meetings were organized was described in the internal regulations of the institutions. Regarding the communication with the internal audit, the responses in these entities show that the interaction between the Head of the institutions and the internal audit results effective. But by concrete monitoring, it was found that in some entities there was not any internal audit planned and approved within the structure. In the entities that it was applied, it was proved that it is not yet properly understood the role of the IA (Internal audit) as an advisor of management for the improvement of the IC system in the respective entity. One of the essential consisting elements of the management style is the delegation of tasks. Currently by monitoring the LGUs for AO, it is observed lack of desire for delegation in the levels of dependency as well as deficiencies towards this direction, especially in the non-existence of written procedures for the delegation way and the description of the competences which could be delegated.

Regarding the answers about **risk management** in these local entities, a negative answer is observed from the questionnaires regarding all questions of this section, but the coordinator of risk was defined, which according to the law is the authorizing officer. The positive answers for this component did not agree with reality. By monitoring the process it was found that the role of the coordinator of risk is not understood, there are no risk management procedures, drafted strategies of risks that hinder the accomplishment of objectives.

**Control activities**, being one of the five components of FMC, aims to reduce the risks to achieve the objectives of the organization and to promote the implementation of the decisions of the office-holder. Local public entities claim to have met the minimum legal requirements and have implemented appropriate controls in the following areas: the existence of internal rules/guidelines to describe the main financial and operational processes, segregation of duties, delegation of tasks and responsibilities. In public entities the trend of answers in percentages for the last three years has been positive. In this section the answers are positive and evaluated with maximum points, but in fact when it comes to delegation of tasks, it is applied only the delegation for the cases of absence, through the authorizations based on the protocol.

Regarding the separation of duties it can be said that in most public entities (in all central entities and partially to the local ones) exist the job descriptions. They are included in the internal regulations or, in the job contracts. Any continuous changes in the structure and in the departments' formatting require also continuous revision of internal regulations of the institutions. From the monitoring it was found that in some ministries there were not reviewed the internal regulations but steps have been taken towards this process, whereas in the dependent entities there were not done any revisions of

<sup>1</sup> Report of Ministry of Finance for PIFC for 2014 pg.12

<sup>2</sup> Report of ministry of finance for PIFC for 2014 pg.15

regulations since 2007. From the answers given and monitoring it is noted that in practice there is a misunderstanding of the necessity of the existence of descriptions of business processes. Very often the description of the working process is confounded with the description of job position.

The responses were positive regarding the protection of assets from misuse. We note that the concern of managers is expressed only regarding the fact that the assets exist physically and protected by the entity. The development of the IT systems to improve the preventive control activities was negatively assessed in the questionnaires. Institutions have presented as problematic the transfer and overloading of the executive officer with powers, and lack of powers of the subordinate structures for evaluation and disposal of assets.

The fourth group of the IC components is related to the information and communication issues. According to the responses from the questionnaire provided for the Ministry of Finance, it has a positive assessment for the component of this system. It would have not been received the same response from the LGUs in Gjirakastra on specific issues, such as making available the information needed to perform the tasks, as well as on the existing routes of communication for irregularities. The information systems are evaluated sufficiently for these specific issues, by not giving managers the opportunity to assess the fulfilment or not of the objectives of the performance standards.

Despite the responses received, the Ministry of Finance by monitoring the process in the country has reached the conclusion that it has not yet been developed a system of communication and suitable information. A correct judgment on the quality of the reports provided by the managers can not be made. Financial reporting is usually considered as a matter of the authorizing officer (AO) and implementing officer (IO) and it is less done by the line managers. There is also a lack of understanding on how to use financial information to improve efficiency and effectiveness, and this is due to the focusing on the traditional control. Consequently, it is hampered the daily work and managerial decision.

**Monitoring** is a set of processes to review the activity of the institution, which aims to provide reasonable assurance that the control activities function according to the purpose for which they were created and remain efficient over time. From the monitoring, it is noticed that the kind of reporting or monitoring should be improved and there should not only be a focusing on the traditional financial reporting but also on performance.

The effective functioning of Financial Management and Control also requires a strong accounting service in the entities of central and local government. Accounting and reporting systems are among the mechanisms of control that show significantly the functioning of this system, especially the financial operations.

#### **4. Transparency and accountability in the public sector- an important factor in the effective implementation of the financial management and control system**

##### **4.1. The standard set by the FMC system for accounting and budget**

In addition to the meet the requirements of financial management and control each financial accounting system of the entity should ensure that:

- All transactions are recorded in accordance with accounting principles;
  - The organization of accounting documents allows the preparation of the necessary reports for external and internal information users (ie., auditor);
  - The financial reports show the true and fair financial condition of the entity, the positive results/deficit for the period accounted for, as well as the cash flow.
- 
- Each unit must implement appropriate procedures of FMC to ensure:
    - Registration of all transactions on time;
    - Proper classification of transactions and activities as required;
    - The presence of the necessary authorizations;

- Full documentation, designed according to the requirements, and its storage;
- The availability of information.
- The entity must ensure the preservation of the following information, related to the transactions:
- Documents that serve as the basis for the transaction, including all additional documents (such as copies of invoices, procurement requirements, etc);
- Documents that report the specifics of audits performed (ie. lists of verifiability, audit reports referring to transactions, etc.).
- Assets management is a fundamental part of financial management, so it is one of the responsibilities of the authorizing officers of the public sector entities. Each unit should establish procedures for the acceptance, effective and efficient use of assets, storage, movement and disposal of assets under their control. For this reason everyone should understand better:
  - The content of the actual base of assets;
  - That the assets should provide efficient and cost effective services, and;
  - What does this mean for purchasing, storing and their disposal?

It is a good business practice for each entity to draft, maintain and update a register of all assets that owns and uses. This register will be useful for the preparation of its accounts. It is also a good practice for the verification of the status of the actual assets of the entity and to plan changes. The register of assets of an entity should include tangible and intangible assets, and specify the assets owned by the entity and those found under his legal control. Each entity must establish a reasonable threshold to assess the assets.

When drafting the register of assets, special attention should be paid to two types of assets. Attractive assets, such as works of art and other items that may be at risk of getting stolen must be paid special attention. These assets may be included even if they are below the threshold of assessment, as well as investments in the form of shares and bonds in trading companies. These should be checked at least once a year.

#### 4.2. Institutional arrangements and policies regarding accounting and reporting function in the public sector

The FMC system implies the assignment of authority and responsibility; empowerment and accountability; and appropriate reporting lines, resulting in the improvement of the organization governance. The challenges faced by Albania to develop its PFM systems (public financial management) in the medium term are: (i) to establish a single framework of national strategy through the implementation of the Integrated Planning System that takes into account the constraints of public resources and strengthens the policy of formulation and coordination; (ii) to provide a stronger political commitment to the development of medium time term budget program (MBP) in order to develop a budget process driven mostly by economic policies; (iii) to improve the efficiency and accountability of the budget implementation process, among them: treasury management and cash systems as well as public procurement operations; (iv) to address the critical situation of the staff and the constrained capacities in the PFM and line ministries which continue to influence all the elements of the PFM system; and (v) the establishment of a larger external responsibility to the parliament and civil society for planning and budget systems<sup>1</sup>.

The Board of the International Accounting Standards of the Public Sector (IASB) 'has promoted the need for *increased transparency and accountability in the public sector*, noting in particular the risk present caused by the lack of transparency and accountability for the efficiency of capital markets, global financial stability and long-term sustainability<sup>2</sup>.'

The Board of the International Accounting Standards (IASB) recognizes that, to improve financial management in the public sector, the governments need to make institutional arrangements, to implement the necessary institutional arrangements to support transparency and accountability, including: (i) the preparation and dissemination of financial reporting with high

<sup>1</sup> Report no. 36,453. Shqipëria- Restructuring Public Expenditure to Sustain Growth," A review on Public Expenditure and Institutional framework" *Volume II: Main Report* December, 2006. Unit of Poverty Reduction and Economic Management in Europe and Central Asia Region Document I of the World Bank

<sup>2</sup> IFAC "The Importance of Accrual-based Financial Reporting In the Public Sector," April 2014

quality and on time; (ii) publication within six months from the end of the period of the financial statements which are independently audited; (iii) the preparation and publication of public sector budgets on incremental basis and on time; (iv) complete preparation, transparency, the publication of all financial reports and budget allocations in a sufficient amount, appropriate and before the elections; (v) Principles created, well-established, and publicly available for fiscal management and control, with full transparency (publication on time) to show that the principles are being followed<sup>1</sup>.

Traditionally, public administrations have set their own standards for accounting and financial reporting. To achieve the social and political goals, i.e. to achieve the management and control of public entities by the society, in the public sector, for the process of management, are used regulations which provide legal and administrative restrictions (such as decisions and instructions of the Council of Ministers). The latter and the features of the economic, social, legal and politic environment where the public sector acts, focus the public sector accounting on the control of the provision of financial resources, on the activity for the good administration and their use with responsibility in accordance with the laws and regulations in force.

As a result, while the fundamental principles of public sector accounting are the same as those in the private sector, the presentation of the statements and accounting aspects differ, especially the creation and use of financial resources. Two main legal and financial tools are used to achieve these goals, accounting and budget. Key concepts upon which are based the accounting and financial reporting in the public sector in Albania are accountability and coverage of the current expenditure from current income<sup>2</sup>. Policies regarding public accounting function aim to improve the public expenditure and manage the wealth and the increase of fiscal transparency, thus being consistent with the principles of financial management and control (FMC). This will be achieved through the preliminary control (ex ante) of the public accounting procedures and the reporting procedures. The main policies are:

The preparation and application of Accounting Standards and Reporting Formats for the execution of the budget, to be used by the Treasury structures and spending entities. Accounting standardization and reporting in the public sector is not only necessary, but also essential in order:

- To improve the quality of decision-making at all levels of government
- To enhance the effectiveness and efficiency of resources
- For the formalization of the economy and to better combat the phenomena of corruption, fraud, abuse, dirty money, etc.
- To improve the level of fiscal transparency with the public
- To get integrated and faced with the global economy

The acceleration of work for the formal adoption of GFSM 2001 for accounting, including the extraction of data arising with high frequency (monthly cash flow and quarterly data for the government operations), as well as quarterly data for the public non-financial debt<sup>3</sup>.

In the context of developing and implementing IT infrastructure based on the Oracle program,

- It will be drafted a new law on "Accounting in the public sector" and the provision of national standards of public accounting based on international accounting standards in this sector, according to IPSAS.
- It will be designed and documented as soon as possible a national system of accounting for all the sub-sectors of government, based on the classification GFSM2001 (manual of fiscal statistics of the government). To meet the immediate reporting requirements in the context of accession in the EU, the government will begin early the preparation of financial reports following the principles and formats of the GFSM, SELL 2010<sup>4</sup>.

<sup>1</sup>IFAC (March 2012), "The public sector financial management and transparency. Accountability, use of IPSAS"

<sup>2</sup> Public accounting, 2009, Irena Bogdani

<sup>3</sup> Public Finance Strategy 2007-2013, As a part of the integrated planning system in Albania, covers among others the field of financial management which includes: treasury function, public sector accounting, public internal financial control

<sup>4</sup> The strategy of public finances 2014-2020



The information system will cover most of the aspects of keeping budget and accounting: Preparation and maintenance of the budget, treasury, fixed assets, inventories, financial statements, procurement, the management of revenue and cash budgeting, accounting, financial reporting etc. Currently it is only implemented the module of revenues and, budgeted and finished expenses. Work is in process regarding the other modules. In view of the implementation of budgetary funds there also operates a Budget Institutional Classification, in which it is distinguished the entities involved in the management of costs and revenue budgeting.

The treasury system established in Albania in May 1993, manages the costs and budget revenues under this classification. It is based on obligations defined by the law of Budget system management in the Republic of Albania, which is based on the cash basis of accounting. Accounting from general government institutions in Albania is currently implemented on a cash basis, but with elements from asset administration, commitments, debtors and creditors. Financial reporting is directed towards the budgeting way and control of implementation of the state budget<sup>1</sup>.

The General government institutions, which use the modified accounting system on the basis of the rights and obligations assumed, at the end of each year produce a balance sheet that includes all the budgetary and non-budgetary operations, performance accounts (statements of the income and expenses of the current activity, expenditure statement of investment activity and the sources of its funding), a statement of cash flows and disclosures. Various financial statements issued by various entities are consolidated by a Director at the Ministry of Finance.

In these consolidated statements are include the financial statements issued by line ministries, local governments, health insurance fund and social insurance fund. The statements of state enterprises are consolidated under the net capital method (100% owned by the state). The treasury Department, as noted, uses the system of accounting cash basis, as an instrument to manage and keep under control the cash flows, so every year should be made a reconciliation between the records of the Directorate which consolidates the financial statements of budgetary units designed on the current modified basis, and the Financial Statements of cash Flows of the Treasury Department, which is always accompanied with problems and difficulties.

At the level of consolidation, are taken into account the rights and accrued liabilities, as well as the fact that accounting has begun to shift towards a system based on the modified accounting of the accrued rights and liabilities. In the budgetary regime, the costs ie, of raw materials and construction equipment, are recorded as capital expenditures, for the purpose of the budget, and then they are transferred in the long term assets to be amortized later. Since 2000, with the technical help of WB is supported the implementation of a project for a new integrated financial system, to maintain the budget and accounting in Albania.

This project aimed to create a complete and operational treasury system and to improve the formulation and implementation of the budget. The project currently is under implementation. Through this procejt, 36 structures of the Treasury Director of the district are equipped with computer tools (materials and software) suitable for data collection, management and share of their accounting data. Via full implementation of this program it is expected to get enabled the preparation of financial statements for all the important reporting entities of public sector.

This will be achieved after the full implementation of the third phase of the project for the reformation of the Treasury System, when all the users of the system will be included in the network and when the system will function integrated with all its constituent elements. The main focus continues to remain the reporting of financial information with respect to such expenditures against the plan. According to the public finance strategy 2014-2020, the government will improve the procedures and the raporting patterns within the year, by combining the financial information from accounts with material information on activities and the results related to the planning and budgeting. In addition, the reporting system will be fully implemented in the information system, in the future, and not on paper, and will be accessible by all ministries<sup>2</sup>.

The legal infrastructure and regulations of Accounting and Financial Reporting in the Public Sector, the transition towards the international accounting standards in the public sector and the European standrads of public accounting, recognition, acquisition and their use by professionals of this sector, would simultaneously constitute a necessity and the most important challenge in this sector. Standardizing accounting and reporting in the public sector is a process that requires time and at

<sup>1</sup> The strategy of public finances 2014-2020

<sup>2</sup> The strategy of public finances 2014-2020

the same time a continuous reformation of the policy, institutions, structures and professionals, but it is also one of the important factors for managers to have access to specific financial information necessary to ensure that the objectives are achieved in accordance with the principles of economy, efficiency and effectiveness and in accordance with the plans and programs.

## 5. Conclusions and recommendations

Albania will continue to develop the Public Internal Financial Control in line with the EU requirements and the international standards of FMC and Internal Audit. Implementation of all these standards by all public administration in Albania is a necessary condition for the recognition and observance of all legal norms and requirements of the EU, for candidate countries, which are about to integrate in the EU.

By monitoring the answers to the questionnaires it is noted that there is a formalization of this FMC process. Based on the findings of the Ministry of Finance and monitoring in place, in some LGUs in the district of Gjirokastra, are observed positive aspects in the implementation phase of the system. Thus, there is knowledge of the new concepts and principles of FMC and an increase of awareness of CGU's from the moment of implementation (after 2010). It has begun the understanding of the importance of establishing sound systems of financial management and control. But it is noted a lack of awareness of the managers and staff, on the appropriate level, for managerial accountability which comes as a result of the low level of knowledge of FMC concepts in the Albanian reality.

It appears that some institutions still have not properly understood the concepts of FMC and managerial accountability. They have linked the completion of the questionnaire and reporting with the existence of proper control structures. This is reflected in many of the gaps and irregularities, such as:

- Lack of analysis, documentation and management of risks that hinder the achievement of the objectives of public entities.
- Lack of written rules and practices for the notification of irregularities.
- Lack of delegation of tasks at the appropriate level and regulation with normative acts.
- Management Control focuses mainly on financial aspects rather than on monitoring the objectives or efficiency. Reportings are mainly financial and do not include other information needed for management.
- There is a necessity for training the managers to use the information efficiently.
- The communication within the unit is not uniform and the staff is not always aware of the outcome of the proceedings to which they contribute.

These gaps and weaknesses are factors that adversely affect the implementation of the FMC system in achieving its goal of delivering a reasonable guarantee that the objectives of the organization are carried out with efficiency, economy and efficiency.

While the FMC system is implemented, the development is progressing rapidly, thus it is required the construction of a model to provide continuity to pursue this reality that evolves very rapidly, it is required a new working culture, a professional standard more advanced and contemporary. Getting adjusted to this kind of continuous reform and movement is the main challenge of our institutions. These institutions must adapt to the rapid developments, the need for reform in the managerial culture in order to achieve the best European and international standards.

And part of this culture is to accept the challenge, the change and rapid adaptation to reality, with the most advanced model. This adaptation, in many cases requires sacrifices in some cases that are not easy to implement, because behind each reform there is the human and cultural factor. It is important to define what financial reform is needed and which should be its program to help the improvement of the internal control system, initially, in a situation when the management is weak and later when the management capacity is improved. This is the only way to ensure that Albanian citizens and taxpayers

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get the most out of their taxes and keep under continuous monitoring the performance of the institutions in general and their modernization.

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## Application of the Covert Measures with the Focus on Kosovo Legislation

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### Abstract

*The sophisticated forms of the organized crime, the high level of risk, complexity and threatening potential of the terrorism, impose the need (among other measures) for the application of covert investigative measures, among other the interception of telecommunications in order to prevent and combat these threats. Measures and traditional methods used by security institutions and law enforcement agencies do not provide adequate results and this raises the need and necessity for application of covert measures. In particular, the application of covert investigative measures for the security services as a measure, is necessary and essential for early detection and prevention of activities that affect the national security, while for the law enforcement agencies, the covert measures are used as a prevention and investigation measure of serious criminal acts and terrorism, but also as a measure to provide evidence for investigative processes. There is no doubt about the high sensitivity that the application of covert measures has in relation to human rights and freedom, respect and protection of which is the duty of the state and represents not an easy challenge for several reasons. In this regard, the application of covert measures should be limited by the law and their application in accordance with the law is a precondition for respecting human rights and freedom.*

**Keywords;** Covert measures, Kosovo, law enforcement, legislation, human rights.

### INTRODUCTION

Contemporary security challenges such as terrorism, organized crime, cybercrime, trafficking with narcotics, trafficking with human being, economic crimes and corruption challenges each country regardless their economic, political and military power or geographic position. Combating, investigation and prevention of these threats is becoming more and more complex because of a simple fact that the criminal and terrorist groups are using as an advantage the possibilities offered by development of science and technology, development of transport and communication tools, process of globalization and integration, free movement of goods, services and people as well. At the same time it is very clear that individuals, terrorist or criminal groups, or combination of both (narcoterrorism i.e.) perform their activities in total secrecy and it is very difficult for national security services and for law enforcement bodies to detect and prevent such dangerous activities.

Conventional policing methods which are mainly of a reacting nature are not sufficient to face these challenges, therefore applying covert measures necessary in the field of combating organized crime, terrorism, corruption and law enforcement in general as well as in the aspect of national security. At the same time, in order to use these measures only for legitimate purposes and prevention of any abuse, establishing a legal infrastructure and supervision mechanisms and democratic control is required. Because "to secret agencies for security and information are often given extraordinary competencies, such as approval of surveillance and security, that if used incorrectly or improperly, carry the risk of serious injustice against individuals"<sup>1</sup>

### LEGAL FRAMEWORK

The creation of legal framework has been and remains one of the main priorities of Kosovo's Institutions during the transition period and process of integration in euro atlantic structures. The very first step towards this direction is the approval of

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<sup>1</sup> Born, Hans. & Leigh, Ian. Standardet ligjore dhe praktika më e mirë për mbikëqyrjen e agjencive të fshehta të informacionit, TOENA, Tiranë, 2005 pg. 111

constitution by the Kosovo Parliament which meets all international requirements and standards for the functioning of a democratic state. "The Constitution of Kosovo is in line with European standards, which require stability of institutions, guaranteeing democracy, the rule of law, human rights and respect and protection of minorities"<sup>1</sup>

The Kosovo constitution on Chapter XI Security Sector, Article 125 General Policy, defines priorities in the field of security, the role of state security institutions, international cooperation, international conventions and democratic oversight. However " The parliament approval for establishing, mandating and competencies for security agencies is necessary but not a sufficient condition for providing a state of rule of law. The legal bases increases the legitimacy of the existence of these agencies as well as the competencies (frequently special ones) they have."<sup>2</sup>

The Kosovo constitution, on Chapter Chapter II Fundamental Rights and Freedoms, Article 22 Direct Applicability of International Agreements and Instruments, defines that human rights and fundamental freedoms guaranteed by the following international agreements and instruments are guaranteed by this Constitution, are directly applicable in the Republic of Kosovo and, in the case of conflict, have priority over provisions of laws and other acts of public institutions:

- (1) Universal Declaration of Human Rights;
- (2) European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols;
- (3) International Covenant on Civil and Political Rights and its Protocols;
- (4) Council of Europe Framework Convention for the Protection of National Minorities;
- (5) Convention on the Elimination of All Forms of Racial Discrimination;
- (6) Convention on the Elimination of All Forms of Discrimination Against Women;
- (7) Convention on the Rights of the Child;
- (8) Convention against Torture and Other Cruel, Inhumane or Degrading Treatment or Punishment.

The direct application of the above mentioned international conventions is in the benefit of respect of human rights and freedoms, among those, the European Convention for human rights which in article 8 Right to respect for private and family life, defines;

1. Everyone has the right to respect for his private and family life, his home and his correspondence.
2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others. In addition in the Constitution of Kosovo in article 36 Right to Privacy, also guarantees that;
  1. Everyone enjoys the right to have her/his private and family life respected, the inviolability of residence, and the confidentiality of correspondence, telecommunication and other communication.
  3. Secrecy of correspondence, telephony and other communication is an inviolable right. This right may only be limited temporarily by court decision if it is necessary for criminal proceedings or defense of the country as defined by law.

Kosovo Criminal Procedure Code, defines covert measures that can be authorized based on this law, defined in Article 87 Definition of Covert and Technical Measures of Surveillance and Investigation, During Preliminary Investigation

1. A covert or technical measure of surveillance or investigation ("a measure under the present Chapter") means any of the following measures:

<sup>1</sup> European Commission, Kosovo Progress Report 2009

<sup>2</sup> Born, Hans. & Leigh, Ian. Standardet ligjore dhe praktika më e mirë për mbikëqyrjen e agjencive të fshehta të informacionit, TOENA, Tiranë, 2005, pg 18

- 1.1. covert photographic or video surveillance;
- 1.2. covert monitoring of conversations;
- 1.3. search of postal items;
- 1.4. interception of telecommunications and use of an International Mobile Service Identification "IMSI" Catcher;
- 1.5. interception of communications by a computer network;
- 1.6. controlled delivery of postal items;
- 1.7. use of tracking or positioning devices;
- 1.8. a simulated purchase of an item;
- 1.9. a simulation of a corruption offence;
- 1.10. an undercover investigation;
- 1.11. metering of telephone-calls; and
- 1.12. disclosure of financial data. As regards competencies for authorization of covert measures in a criminal procedure article 84 Criminal Procedure Code defines "If the state prosecutor has grounded suspicion that a criminal offence listed in Article 90 of this Code has been committed, is being committed or will soon be committed, the state prosecutor may authorize or request the pretrial judge to authorize covert or technical investigative measures in accordance with Articles 86-100 of this Code."<sup>1</sup>

Except the Criminal Procedure Code, Kosovo Institutions have approved other laws as well related to applications of the covert measures, such as; Law on the Kosovo Intelligence Agency, Law on Police, Law on Classification of Information and Security Clearances, , Law on Police Inspectorate, Data Protection Law, Law no. 03/I-196 on the Prevention of Money Laundering and Terrorist Financing, etc.

Also, for the purpose of international cooperation in criminal issues, according to the article 99 Covert investigations, Law No. 04/L-213 on international legal cooperation in criminal matters, "the authorities of the Republic of Kosovo, upon request, can offer assistance to another state in order to conduct investigations by officers acting under covert or false identity, in accordance with national law."<sup>2</sup>

Generally, Kosovo institutions have approved a modern legal framework the application of which provides sufficient legal bases to security institutions but it also guarantees the respect of human rights in the procedures of covert measures.

## CHALLENGES AND RESPONSIBILITIES

Among the importance and necessity for applying covert measures, undoubtedly, there are challenges and responsibilities that arise for responsible bodies as a result of the sensitivity that the application of these covert measures has in relation with human rights and freedoms, respect and protection of which is a state's obligation and as it seems not an easy challenge for several reasons. "Certain aspects of covert operations may raise ethical questions and therefore they must respect these conditions: proportionality and approval by the competent judiciary authority."<sup>3</sup> Initially, a completed legal infrastructure is required, it doesn't mean only the approval of one law but the importance lies on the quality and implementation of that law and adapting it to the political, economic and cultural features of the country, also drafting other acts and procedures for specific matters regarding the justification and necessity of use of covert measures as well as procedures of implementation and use of data and their storage. "Undercover techniques include long term infiltration, body microphones, surveillance (audio and video), wiretaps, all kinds of telecommunication interception (e.g. internet and e-mail) and disguised situations. These very intrusive means should be deployed only if there is a proper legal basis (generally contained in a criminal procedure act). If this legal foundation is lacking (e.g. a warrant issued by a judge), the results of

<sup>1</sup> Kosovo Criminal Procedure Code, no. 04/I-123

<sup>2</sup> Law No. 04/L-213 on international legal cooperation in criminal matters

<sup>3</sup> The Geneva Centre for the Democratic Control of Armed Forces (DCAF), Toolkit on Police Integrity, DCAF, Geneva, 2012, pg 236.

the undercover techniques, which often infringe upon human rights and privacy regulations, might not (and should not) be considered by the court and could lead to acquittal or discharge from further prosecution..”<sup>1</sup>

Second issue is about the integrity of authorized personnel for approving and implementing covert measures and access in information, documentation or even interception of communications. Procedures and criteria for personnel recruitment and selection is a first step in providing qualified personnel, with high moral and ethical values in order to properly implement legal norms and guarantee protection of human rights and freedoms. At the same time, personnel abilities and skills in use of contemporary technology utilized by law enforcement and national security institutions should be considered as well. In countries where selection of personnel is done based on corrupted criteria such as nepotism, political belief or other forms of discrimination, the risk or chances of abusing covert measures disturbs citizens.

Third challenging issue has to do with the importance that the information carries today, in political, economic as well as in the security sphere, “who has the information, has the power”. This is why individuals or groups will constantly attempt, in various forms including corruption, blackmail, subversion, sabotage etc. to get close to this type of information. Therefore, use and storage of collected information as a result of applying covert measures should be accompanied with rigorous security measures in order to prevent any leak or unauthorized disclosure. The entire process should be conducted only by legal procedures, it should be properly administrated and documented and only for legal purposes. This is the only way to keep the public trust towards the system of justice, otherwise “the public’s trust and respect are precious commodities and can be quickly lost with improper behavior by criminal justice employees”<sup>2</sup>

The fourth one is the issue of security. This implies the physical safety and safety of personnel, security of information, documents and communications. There are series of measures and procedures to be undertaken in order to provide physical security for working environments on implementation of covert measures and protection of sensitive materials. It starts from the installation of technological tools, surveillance and alarming equipment up to the strict rules for implementation of instructions for storing and protection of information, access and presence in working environment etc.

Personnel recruitment and selection procedures, training, education, verification and background investigation, monitoring and implementation of principles and procedures as well as the skills to investigate irregularities are just some of the necessary actions in the field of personnel security. The classification of sensitive materials be it electronic or hard copy, authorizations for access in information, procedures for safe protection from unauthorized hacking in to the system, inventorying and regular maintenance of technical equipment, empowered audit procedures as well as the implementation of best practices for the right and responsibility of the safety of information and communication is very important as well. Law on classification of information and security clearances , Article 19 Physical Security and Information Security, stipulates that “all public authorities shall ensure physical security and information security related to classified information in accordance with standards and procedures established by secondary legislation, which shall be in compliance with relevant standards established by the North Atlantic Treaty Organization and European Union security regulations..”<sup>3</sup>

No less important remains the issue of budget. Except other organizational expenses such as infrastructure and physical assets, personnel, goods and services, contemporary technology necessary to implement covert measures, technical maintenance of equipment and its technology has quite a great cost. Considering the rapid development and advance of technology, it is imposed a need for permanent investment in technology, equipment maintenance and upgrade.

For the same reason, responsibility and obligations of public or private operators which provide telecommunication services should be precisely defined by law for the legally responsible part they play in the investment on installation and technical maintenance of necessary equipment.

## CONCLUSIONS AND RECOMENDATIONS

Contemporary security threats, cybercrime, terrorism as well as the challenges in prevention and combating complex forms of organized crime and corruption impose the necessity that except conventional policing measures and methods, covert

<sup>1</sup> The Geneva Centre for the Democratic Control of Armed Forces (DCAF), Toolkit on Police Integrity, DCAF, Geneva, 2012, pg 226.

<sup>2</sup> Peak, Kenneth J. JUSTICE ADMINISTRATION, Police, Courts and Corrections Management, 4th ed, Pearson Prentice Hall, New Jersey, 2004, pg. 358.

<sup>3</sup>Law nr. 03/I-178 on Classification of Information and Security Clearances

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measures in investigation procedures be applied as well. The application of covert measures as necessary ones and determined by law in which circumstances their application is necessary, are important and proven techniques for the efficacy of state bodies in protection of order and safety. However, the application of covert measures should be limited by law and legal procedures for protecting privacy, human rights and freedom in general. In this regard Kosovo established a legal infrastructure harmonized with European Union and International Conventions on protecting human rights and freedoms.

We are witnessing that despite the endeavors for supervision and controlling the institutions authorized for applying covert measures, there are several cases and affairs published in media that prove the chances and potential for abuse and exceed the authorizations. Reactive investigations of cases or scandals of abuse of information cannot undo damages created to individuals or institutions done by publishing of these communications or private behavior.

Therefore, it is a responsibility of competent state institutions to undertake all necessary measures for completing legal infrastructure, recruiting and employing personnel with high integrity, verified, with professional moral, to provide equipment and modern technology, approve and implement standard action procedure and democratic supervision of institution mandated in implementing these covert measures. Protection of citizens and institutions from blackmail, coercion, insult or compulsion that may come as a consequence of abuse of various information and documents provided by the application of covert investigative measures is a state's responsibility.

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Law nr. 03/I-178 on Classification of Information and Security Clearances



## The Collective Memory of Albanians

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### Abstract

*This article aims at exploring the structures of the collective memory of Albanians during the last 100 years. To that purpose, the concept of 'collective memory', first developed by French sociologist Maurice Halbwachs, and then refined by other scholars in the twentieth century, will be conceptualised in the frame of equivalence functionalism, i.e. as a solution to a problem. Such strategy requires a point of reference for the problem, which we take it to be the Albanian elite's problem of preserving and/or strengthening their powerful position. This reference problem focuses attention to the interaction between the Albanian elites and the masses, elucidating certain structural features that have influenced the workings of collective memory production.*

**Keywords:** collective memory; Albania; equivalence functionalism; nationalism; religion

### Introduction

Any major upheaval or change in a given cultural context opens a process of definition or redefinitions on perceptions of the past and its projection in the future. It opens a strong debate on how certain social groups define and redefine themselves. Collective memory as a concept, theorized and practiced, tries to construct and develop the sense of the past (Confino 1997). Halbwachs (Halbwachs 1950) defined collective memory as a process which is not confined in the intimate circle of the individual but rather in terms of exchange of views within a given social group. According to him social groups define a social space within which human activity is legitimized and reproduced. Assaman (1998) on the other end opens and widens the concept of memory introducing a twofold process: communicative memory and cultural memory. Both of them imply two distinct processes. The first refers to the usage of communication in everyday life, hence temporality while the later refers to the distance from everyday and as a benchmark of comparison between the past and the present. Each group might approach differently to the way by which it constructs the image of itself, given also the degree of the focus of collective memory (Beim 2007). The theory of collective memory in this paper will thus focus only certain aspects of it concerning mainly its manifestation in political identity. To this purpose the scheme proposed by Assaman fits in the general understanding of collective memory. As collective memory is a process communicated in the present taking in consideration the fixity of the past (Kanstainer 2002), the way it is presented offers us some constraints in the way of analysing it. As Niklas Luhmann put it, all systems 'function as a unity ...but they are differentiated and none of them can represent the whole system' (Luhmann 1990). In the Luhmannian view what solves the dilemma is the idea of hierarchy by which differentiation is achieved. In terms of collective memory this poses the problem of defining how much or less the collective constitutes memory and which are the unit producing it, the society at large or the elite? To what extent is it true that the convergence of enunciative and institutional authority in the nation's pedagogy (cor)responds to the intersection of the horizontal bond of living with the vertical bond of authority – a move that actualises the social (Ricoeur 2004: 60, 167)?

### National memory

Nationalism is based upon a circular logic: it implies that the consequence of the nation will be the state as the only form of societal organization that completes the idea of the nation. Therefore, nationalism needs to explain or legitimize the existence of the national idea through some form of past identity, for which it needs to build symbolic (i.e. unifying) narratives of a common past. As mentioned before, many Albanian writers have employed an essentialist vision or image of the Albanian nation. Accordingly, they refer to past societal arrangements in the Albanian area as states. This concept is

recurrent not only in Albanian literature but also among historians. They do so when they talk for example of Illyrian kingdoms of the third or second century B.C. It is also interesting that this is also recurrent in the discourse on nationalism and history in Kosovo, the ancient territories of which were inhabited by the Illyrian tribe of the Dardans. Often, Kosovo is regarded as the continuity of Dardania. History is thus perceived in a very linear way, in a sort of fluid and continuous common experience, broken only by the incident of conquests or invasions from the others. In prospective, the Albanian nationalist discourse used the past to legitimize the future, independently of the vivid differences that existed with the other peer nationalist movements like the Greek or Serbian ones.

In this sense, Illyrian tribal kingdoms, the feudal principality of Skanderbeg or territories controlled by Ali Pasha of Ionania, or the Bushatli family, are all referred to as natural antecedents and precedents of the Albanian nation and its state. The nation was in this way perceived as immutable in time and space (Calhoun 1993:233). According to Calhoun, the claim for the transformation or the legitimization of the state –formation lies in well founded antecedents. Indeed, a whole body of literature in Albania is dedicated to evoking any kind of formal political entity that is linked with the present Albanian territory and culture, independently of the quality. Such discourse has followed and has been muted several times to adapt to the present reality. This is particularly evident in the first phase of state formation in Albania, where the myth of Skanderbeg and the principality of Arber, provided the sub-strata for national identification. The very figure and the ambivalence of Skanderbeg fitted almost perfectly the Albanian reality of the time.

A new state was thus formed, the only attachment of which regarding national identity, was the existence of the language which provided and still provides the cement of Albanian national identity. However, the absorption of externally produced shocks, such as the dissolution of the Ottoman Empire, aims to preserve the social terrain of the national community intact. This is made possible through the modification of collective self-presentations controlled by the centres of political power. Nation-states control the mechanism of anamnestic autopoiesis, a mechanism which allows for the creative reproduction of the cult of collective narcissism (Hohendahl 1995: 56-7). For Albanian elites, religion did not seem to matter much as long as Albanians were depicted as people perennially in war with the foreign invader. In fact, the very relation of the Albanian inhabited territory with the Ottoman Empire has been perceived as a mutual and self-oriented relation. Albanian elites were more at home in Istanbul than in Vlora, Berat or Scutari, but they still retained a certain degree of freedom of action and movement. Egerem bej Vlora in his book '*Kujtime*' (Memories) (Vlora: 1973:2004) stresses strongly on this elastic relation with the Ottoman authorities which began to sever only after the *coup d'état* of Enver Bey in 1908. The "*beys*" of Albania retained a central feature embodied in the national Albanian identity, namely autonomy from central power. From the mountains of Mirdita to the plains of Myzeqe, the cities or coastal areas, people were eager not only to claim their nation but also to stress on autonomy and local government. Indeed, the concepts of autonomy and local government cannot be confused with other features of modernity which similar national movements were trying to achieve through emancipating from the Ottoman rule. The former were rather the reflection of growing animosity among Albanians for the missing promises and the reforms that sultan Abdulhamid II was undertaking.

Albania has often been depicted as a retrograde reality, at least in those years where "*peer*" states were fledging their muscles to get involved in major conflicts, such as the First World War. Nevertheless, they were still able to provide some minimal basis for state formation. To this account, we wish to cite, among others, Stephan Krasner (Krasner 2001:231). In his essay titled '*Abiding Sovereignty*', he tries to give an answer to the ever growing quest for the retreat of the nation state, *vis-à-vis* globalization. According to him, sovereignty is by definition weak and it leaves along other alternatives. This vision of sovereignty seems to fit the Albanian case in its short history up to the end of the Second World War. It never exceeded certain strength and it evolved slowly or even retracted in certain periods. Krasner defines these arrangements as '*neutral mutants*' when referring to the weaker state policies. The Albanian state has grown under the umbrella of international and bilateral arrangements in various phases of its life (Fisher:1984, Dervishi:2005, Puto:2009,) which in good or bad has provided some sort of division of '*labour*' between the national state and the international arena. In this sense, the inter-state arrangements provided the basis for maintaining an order which was reluctant to a sudden change. The rise of the Albanian nationalism was born out of the rejection of some aspects of modernity, like those related to the persistence of the strong and central state. In reverse, the national discourse was related mainly to elements of national identity such as language and myths like the Illyrian ancestry or Skanderbeg and so on.

What is, in our opinion, very interesting in this period, refers to the nature of conflict that permeated the Albanian elites. The political class at that time was a mosaic of post-Ottoman elites, western-educated professionals and clerics of all extractions. The most common form of political conflict thus concentrated on the distribution of power and the affirmation of local peculiarities in a fragmented national arena. In short, state formation rather than an end in itself, it became an

instrument, permeated by a quite high grade of differentiation in the concept of constructing strong institutions. This does not mean that the national idea was not reproduced and inducted through national institutions like schools and alike. During the very first years of the fall of communism, Albanian refugees fleeing to Western European countries came in contact with fellow Albanians from Kosovo. Most of them noted a certain pronounced tendency to display national symbols, flags, and so on. Many children of Kosovo Albanians bore names of cities of Albania which they actually never visited. This of course was part of the whole tragedy that accompanied Kosovo during the period from 1980 to 2000 (Poulton & Vickers 1998:155; Malcolm) and surely is one of the basis upon which the *Kosovar* identity is composed. While in mainland Albania most of the debate recurring on nationalism and national identity focuses on the relation among under-development, the communist legacy and religion, in Kosovo the debate evolves mostly around the possibility to reunite to Albania or stand alone (Spahiu 2012). The quest for unification to Albania is mainly muted officially by the arrangements that brought the independence of the region and the foreign factor as a guarantee for the recognition of independence (Perritt 2010).

On the other hand, some Kosovo intellectuals sustain somehow that there is enough ground to support talking of a Kosovar identity, distinct from the Albanian one. This identity, according to Matoshi, is based on '*a distinct political, geographical and historical unit that means, an identical constitutional-judicial order, which in fact means that there is a nation*' (in Bislimi 28.11.2011). In fact what Matoshi seems to suggest is that today's Kosovo is a by-product of a series of historical, economical or political events, which have eventually determined a sort of national conscience, different from the overall Albanian national identity. Matoshi therefore marks a clear division among Albania and Kosovo in terms of identity, not taking into consideration the common linguistic identity of the two states.

Of the same view is also N. Spahiu (Spahiu 2012) which uses mainly two presumptions: a) the very existence of the state determines the existence/ formation of the nation and national identity, and, b) the structure of a rural society based on a clan/ family as a structure in which the power is unconditionally delegated to the leader. As the first assumption (though difficult to understand even in terms of theoretical premises in the discourse of Spahiu) can be ultimately clarified as an equalization of state to the nation, the second one is somehow perplexing. It states in fact that Albanians '*choose their leaders till they die*', and as they choose them, they choose even their political views. Spahiu's perspective is quite interesting if we consider the evolution and the organization of the pro-independence movement in Kosovo during the years 1991-2000, led by Ibrahim Rugova (Poulton & Vickers 1998). His leadership remained unchallenged, even when he lost ground to the forces that made direct reference to the war like the PDK of today's Prime Minister, Mr. Hashim Thaci. Indeed, Spahiu's reasoning offers a unique and quite original view of a way in which, somehow, a distinct Kosovar identity might sustain the Republic of Kosovo. Such thesis has been strongly rejected especially by the movement *Vetevendosja*, which is openly sustaining the formal inclusion of Kosovo in the Republic of Albania. As a matter of fact, what has marked the evolution of the Albanian or even the Kosovar national and political identities is strongly linked to the preposition for survival. During the independence of Albania, irredentism and the quest for Kosovo was kept fairly low, a tradition which continued even during the Zogu regime from 1924 to 1939 (Fisher). The same behavior was evidenced during the communist regime till 1980, when the student protests in Pristina received official support from Tirana (Malcolm 1998). The existence of two distinct, predominantly Albanian language and culture states still fuels the debate over the future of the area, although the debate on identity can rest mainly on two main shared premises, the common language and local autonomy or self-arrangements and a certain degree of resistance versus building or maintaining strong central institutions.

### Religious collective memory

Attempts to produce consensual memory narratives primarily belong to centripetal institutions, such as the educational system, which '*will turn out worthy, loyal and competent members of the total society*' (Gellner 1983: 64; Smith 1991: 16). However, before gaining independence in 1912, Albanians had to rely on other means for producing consensual memory narratives. They could and used the idea of religious tolerance. In general, the Albanian nationalist rhetoric has implicitly accepted the absence of the religious discourse and affiliation from the very beginning. They simply refer to religion in terms of tolerance, mainly to explain the formation and the survival of the national idea and state (Gjuraj 1999, Misha 2002) or they extrapolate the idea of nationalism out of the domain of spirituality and religiosity. The identification with religion is somehow supplanted by nationalism. The fight for the Albanian language sustained in the late 19<sup>th</sup> and early 20<sup>th</sup> century has also been considered in the same light and translated into religious tolerance. In this sense, today, the discourse of religious tolerance has become one of the main features of the Albanian national identity, even though tolerance is perceived not as a value intrinsically and positively linked with identity, but rather as a value which would have facilitated the position and the integration effort of Albania in the EU.

Religious tolerance in Albania still sticks to the idea of peaceful cohabitation among different groups, as “anxiously” emphasized by many commentators (Gjuraj 2012, Kruja 2012). Both, the head of the Bektashi Community, Mr. Edmond Brahimaj and the head of the Islamic Community in Tirana, Mr. Selim Muca, have emphasized religious tolerance quite strongly (Brahimaj 2012; Muca 2012). During the interviews conducted in January 2012 in Tirana, both clerics responded to demands on relations with other religions as extremely fair. Religious frictions in Albania have never produced levels of violence. The latter is a long and well preserved tradition, which was not only part of the general discourse, but rather a feature of the Ottoman Empire which let the religious communities settle their disputes among peers of the same religious group. To our opinion, religion in this sense has exhibited features of strong local identities rather than a common pattern of understanding. To put it simply, the degree of local autonomy was even more important than any religious identity. Clayer (Clayer: 2007) in her splendid work ‘The origins of Albanian nationalism’ reinforces the idea of religious identity as a locally based concept and not reflected out of the territory or group. When she explains the frictions between Catholics and Muslims in Shkodra, she specifies the particular environment in a particularly dense inhabited area where animosities were more linked to power rather than to the loyalty devoted to one religious element or another. The religious sentiment in the city is traditionally strong, producing probably some of the most educated clerics and the most vivid religious communities in Albania. This was confirmed during and after communism. Gjuraj (Gjuraj 2012) states that both communities suffered from persecution equally. Most of the clerics of both communities were arrested or executed and current religious practices by both members of respective communities were banned. The mufti of Scutari, Mr. Muhamed Sytari (2012), while stressing on mutual respect and tolerance, expressed his concern on some issues like the disapproval on mixed marriages. Scutari is probably a *sui generis* case in today’s Albania.

Elsewhere, in other mixed religious communities, problems seem to lie more on the organization of mosques or local communities rather than on the religious expression of faith (Quku 2012). The Islamic community in Albania seems to have undertaken a much lower profile, concentrating more on the administration of the religious duties and never entering the domain of politics. While it would be common, for instance, that the mayor of the municipality of Scutari (a catholic) showed himself in public with the mufti of the city, in Tirana, the Islamic community would most probably refrain from taking sides with the candidates, despite their promises for building a new mosque in the city.

The history of Islam and its development in Kosovo is also different from the Albanian one. By the time Albanian muftis and religious leaders decided to found a national Islamic Community in 1923, based on the territory of the Principality of Albania (Clayer 1998), Kosovo was part of the Kingdom of the Serbs, Croats and Slovenes. During the interwar years, the strong sense of religious belonging was seen as a way to maintain the national identity (Clayer 1998, Poulton 1998; Blumi 2000; Krasniqi 2010; Oktem 2010). While in the Principality of Albania, national identity was based more on language and the preservation of local arrangements, the manifestation of religious practices in Kosovo was seen as a way to manifest and preserve the Albanian national identity (Krasniqi 2010). In this regard, we can at least identify a different pattern of Islamic identity among Albanians in Kosovo, with a stronger public presence of religious assertion, due mainly to the specific social and political context of the region (Oktem 2011). Islam in Kosovo has been the predominant religious confession, thus forming the ground for maintaining a much stronger national identity religiously oriented without excluding the catholic or the *sufi* lodges scattered in the south of the country. Nevertheless many questions arise. Iseni maintains that (Iseni 2009) the new Kosovo administration has to come to terms with some religious tensions arising in the country on topics such as the use of the scarf for women and the like. The religious panorama in Kosovo has been heated even more by some public controversial appearances of the chief Mufti of Kosovo, namely Naim Ternava. Together with some representatives of two Anatolian municipalities, he paid a visit to the *tyrbe* of Sultan Murat the first, the winner of the battle of Kosovo in 1389. During the event, the Mufti expressed his consideration on Sultan Murat considering him a martyr of faith (Kurtishi 2010). The event raised some concerns in the Albanian and Kosovo medias, considering the fact that the Albanian national hero, Gjergj Kastrioti Scanderbeg fought against the descendant of Murat sixty years later. The very place of the Battle of Kosovo, Obiliq, was later renamed Kastriot in honor of the Albanian National Hero. The fact in itself is a simple statement that gives another panorama of today’s Islamic identity in Kosovo, probably much more religious-oriented than in Albania, but still retaining its distinctive national features. The statement of the Mufti and the place appear unique considering the fact that the Battle of Kosovo has long been considered as one of the landmarks of the Serbian identity. Assuming and considering the sultan as a martyr of faith, the Mufti has somehow asserted a religious identity which sounds more like a nationalistic manifesto rather than a religious one.

In Albania, the revision of the Organic Statute of 1914, took into consideration the religious composition of the country, reorganizing the office of the head of state in the form of a Council of Regence, whose members were either laics or members of the four main religious communities in Albania, while in Kosovo the Yugoslav government tried to integrate the community to the wider Slavic Islamic community. In Albania, the reorganization of the Islamic community was to be on a strict national basis. Its statute, in fact, affirms the distance to be kept from the Mosque of Istanbul, an inexistent hierarchical organ. Given this assumption, the Albanian Islamic Community tried to survive the secularist reforms promoted by king Zog. After the nineties, during what Oktem calls a brief '*wahabist intermezzo*' (Oktem 2011), the Albanian Islamic Community resisted to the temptations of charities and funds coming from the Gulf States. The Grand Mufti of Albania, Mr. Hafiz SelimMuca (Muca 2012) strongly stated that the 600 mosques scattered in the country are run by strictly Albanian nationality muftis. The Community has even '*dispatched*' a mufti of Albanian nationality to an Albanian community in Connecticut, USA. According to Mr. Muca, there are many requests from Albanian emigrant communities for muftis or religious leaders from their country of origin. Even in countries of recent Albanian emigration, where the presence of religious Islamic institutions is considerable, like for instance Italy, the Albanian Muslim emigrants very rarely frequent mosques, despite their religion (Negri&Scararari Introvigne 2005). This is a common situation in a context, which, if not related to the national identity, reflects the local dimension of the religious understanding among Albanian Muslims.

In the same line of argument, we try to interpret the autobiography of the Albanian writer Petro Marko (Marko: 2000) who came from the southern part of Himara, as he describes the relations of his hometown, that was mainly orthodox, with the other close sub regions of Vlora and Dukat, inhabited mainly by Albanian Muslim population. Both groups identified themselves in terms of religion, but their periodical clashes related more to the right to use land for their flocks of animals, rather than to go any further. Indeed, religious affiliations in Albanian lands were subject to distinctive and more regionally-based problems, rather than linked to a particular way of considering the Albanian nation.

In short, religion remained a distinctive feature and yet a private matter which never exceeded the domains of, what in a Western country, would have been defined as a normal relation between a laic state and various religions. Religion in Albania, rather than conforming, it conformed to the traditions of self-government, autonomy and aversion to central power.

Draper (Draper 1997) explains the absence of religious animosity with the thesis that in part, this was an arrangement that fitted to contrast the falling of the Ottoman Empire. In an interesting essay, Gurakuqi (Gurakuqi: 4) strongly holds that the reason that the Catholics supported Albanian nationalism was partly because they did not identify themselves with a particular nation. This holds true as we move on to the later stages of the Albanian history in which religious identities did not have to be put forward as singular or well-structured concepts, but rather as subordinates to this pragmatic Albanian identity. This is in fact a singularity in the Albanian nationalist discourse, partly for the reasons explored above. The relation of the "common" Albanian citizen with religion still retained a high grade of continuity with the local space, rather than assuming or creating a more global or '*imagined community*' strictly divided from that of being an Albanian. It is also true that this was an elite-oriented process where local religious identifications passed in the first place through the local "*beys*", rather than through religious structures. The most regulated and active community, namely the Catholic Church, committed itself strongly to the creation of an Albanian state, as a shield of protection against the expansions of the Serbian state (Castellan 1996). In fact, the coalescence of different religious identities through the Albanian one revealed that the nationalist discourse was more than a pure thought derived from European romanticism. It was rather a sum of threats reflecting a present situation. Indeed, we define Albanian nationalism as a reflection rather than an agenda inspired from the ideals of the French revolution or European romanticism.

## Conclusion

By way of conclusion, we can maintain that Albanian national memory has shown signs of vagueness as regards the definition of values and interests. This can be linked to the fact of massive illiteracy before the Communist regime, as well as to the fact that every new regime that Albania has experienced in the last hundred years has imposed itself in plain antagonism with the previous one. Therefore, trying to start anew has done no good to preserving national memory. For the same reasons, national memory has been occasional. Third, we have seen that national memory has been a result of negotiations between the political elites and the mass of population. The role of elites has been that of directing the process, but only to the extent of preserving legitimacy; meaning that certain political values of the masses such as family organization and traditional morality have always been evoked in the political discourse. Also the religious memory of Albanians has been quite vague, but for another reason. Although one cannot maintain that there have been severe

confrontations among the different religions in Albania, still, one cannot claim religious harmony, but more appropriately religious consensus. However, that consensus has been built on very broad and abstract foundations, thus contributing to vagueness in the perception of religious duties and obligations of other Albanian religions. Temporally speaking, fragmentation of communication on religion has occurred during the Communist regime for almost 30 years. After that, religion has tried to restore itself, but has found a society less reliant on religion for solving its problems. Religious memory has generally been preserved there where local community has been important. That is because religion has performed well the function of differentiating communities and giving them identity. In line with this, and unlike political memory, religious memory has been a product that can be mostly attributed to the efforts of the masses. In light of the above, we maintain that reforms initiated to transform Albania into a fully-fledged Western democracy that relies on the rule of law and market economy need to take account not only of technical and administrative obstacles, but more fundamentally of the difficult problems and the resistance posed by the specifics of Albanians' collective memory.

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## The Techniques Used for Reading Comprehension Instruction, Case Study Albania.

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### Abstract

*Reading Comprehension is a crucial component of second language acquisition. As a core part of language learning it is, obviously, not an effortless process. Students often complain of not understanding a text, therefore they fail in answering to the comprehensive questions. Unfortunately, this is a reality evidenced and proven from unsatisfactory results of students in English Language Matura Exam in Albanian high schools, as these students have been the objective of this study. In this context, one certainly may ask for kinds of techniques used to teach Reading Comprehension. Thus the research questions used in this study are:*

1. *Are there used the right techniques to teach Reading Comprehension in Albanian high schools?*
2. *Which are the theories and best techniques of Reading Comprehension recommended for every teacher to use in his classroom?*

*Concerning the first questions we can give an answer with the help of the questionnaires. Actually there a lot of theories and studies related to this topic which will be used as an important source. It is necessary to mention some of them like: Manyak and Bayer, Mckeown others from National Reading Pannel, because their studies will serve as a very important mean to answer the second question. The last but not the least focus is the questionnaires as their results are good detectors of techniques and way used in Reading Comprehension classes, in Albania. This would direct us to a proper strategy for problem solving and improving the situation. In this way the methodology used is in the form of questionnaires which were submitted to students from three different high schools in Albania and filled by around 200 students.*

**Keywords:** Reading, comprehension, techniques, ways, improve,

### 1. Introduction

English Language is one of the most important things to learn nowadays in Albania. This is due to the new policies and regulations of the Ministry of Education and Sports which has imposed new rules even to the students of the high school, who in order to get graduated have to successfully pass the English Language Test.

Actually there is not a satisfactory level of students' outcome as they have shown a lot of Reading Comprehension problems concerning second language acquisition, respectively English Language. But the essential focus of this study is not the difficulties but the techniques as the main reasons of failure and success in Reading Comprehension.

One may ask why teaching reading-comprehension techniques are important?

According to Malena & Atwood Coker(1987) it is common for students to have difficulties with reading comprehension, and the need to provide students with concrete strategies for approaching reading tasks is well-documented. Other important scholars like Dowhower, 1999; Duffy et al, 1987; Long & Long, 1987 suggest that students skilled in reading comprehension are able to interact with course material actively through paraphrasing, summarizing, and relating the material to personal experience, while students less-skilled in reading comprehension can only underline or reread passively without the use of specific strategies.

Another important argument given by important scholars is that students who fail to employ reading strategies tend to experience difficulty inferring conceptual meaning, relating to what they have read, self-monitoring their learning and understanding, and evaluating texts for clarity and consistency (Duffy et al, 1987; Long & Long, 1987; Underwood, 1997). These difficulties can also lead to decreased engagement in the current reading task, as well as a lack of motivation when approaching new reading tasks (Dowhower, 1999).

In this context it is necessary to make a proper study about this process, the techniques used during reading comprehension. First of all we need to have an understanding of the theories behind reading comprehension, as well as a working knowledge of some important strategies that can be used in the classroom to increase reading comprehension.

Thus in this paper, initially we are going to focus on three important theories on reading comprehension: the Schema Theory; Mental Models, and the Propositional Theory, and four categories of strategies to improve reading comprehension based on these theories: Preparational, Organizational, Elaboration, and Monitoring.

Thus, in order to be clearer the research questions used in this study are:

1. Are there used the right techniques to teach Reading Comprehension in Albanian high schools?
2. Which are the theories and best techniques of Reading Comprehension recommended for every teacher to use in his classroom?

This study explores comprehension strategies and techniques used in Albanian high schools and the benefits of using the proper strategies. It is also examined the descriptions of each type of comprehension strategy and instructional implications for teaching comprehension.

## 2. Review of literature and theories of Reading Comprehension

When it comes to theories related to reading comprehension strategies, of course, there is an important name, Gunning, which identifies three main theories; Schema Theory, Mental Models, and Proposition Theory.

The first theory is Schema Theory. In his study in 1996, Gunning defines a schema as the organized knowledge that one already has about people, places, things, and events.

The second theory is Mental Model Theory. According to Gunning this model can be thought of as a mind movie created in one's head, based on the reading content. The reader focuses in on the main character and creates a mental model of the circumstances in which the character finds him or herself. Furthermore Perkins (1991), another important scholar supports and gives arguments on this idea. He states that the information gives the teacher insight on the student's knowledge gaps and misconceptions, therefore allowing them to help students reconstruct a more accurate picture.

The third theory is Proposition Theory. This theory involves the reader constructing a main idea or macrostructure as they process the text. These main ideas are organized in a hierarchical fashion with the most important things given the highest priority to be memorized (Gunning, 1996).

*Other important theories and studies on strategies used to comprehend a text.*

Let us still continue with Gunning. Furthermore he identifies four main types of comprehension strategies, Preparational, Organizational, Elaboration and Monitoring.

Preparational strategies are those strategies that activate prior knowledge about a particular topic. This method is used to get students thinking about the topic they are about to work on. It is much easier to retain knowledge about a subject when the student is familiar with the subject area.

Predicting the text is considered as the most important type of Preparational strategy which is about previewing parts of the text to be read. Gunning states 'as the students are thinking about what will happen based on their knowledge of the subject and the book, they focus their thoughts on the assignment to come, which leads to better comprehension.'

Organizational strategies

Gunning (1996) describes these strategies as the process of selecting important details and building relationships from them. Thus here there are included these type of strategies: identifying the main idea and topic sentences, classifying information, deciding which information is relevant, sequencing and summarizing. Each of the above strategies is complex and often methods for improving them need to be taught starting from basic ideas and gradually getting more difficult.

Elaboration

Gunning (1996) describes elaboration as an additional processing of the text, by the reader, which may increase comprehension. It is about creating links between the text and the reader's background knowledge of the subject. The most important types of elaboration strategies are making inferences, picturing images and asking questions.

Huffman (1998), a very important scholar identifies K-W-L as an elaboration strategy, which connects background knowledge to the topic to be addressed. K-W-L is an acronym for the three steps of the procedure: describing what we Know, what we Want to know, and what we Learned. The first two steps are completed before the project has begun, to assess background information, and the third step is completed afterward to make the connections.

#### Monitoring

Gunning (1996) refers to monitoring as being aware of one's own mental process when reading. Monitoring is an advanced technique that involves a great deal of independent thinking. Monitoring occurs when a reader is aware that they do not understand what was just read. Monitoring is knowing when to use the three other types of reading comprehension strategies.

### 3. Methodology

#### Study case key points

*Location:* three different Albanian High schools

*Method:* quantitative in the form of questionnaires (see appendix 1).

*Focus :*

- students' opinion about techniques they use to deal with Reading Comprehension part in their English class
- the students' familiarity with techniques

#### Sample

When selecting the students for this study, there were chosen students from three different high school of Albania,, "Havzi Nela" high school, Kukes, "Kostandin Kristoforidhi", Elbasan, " Hydajet Lezha", Lezhë. This was partly to minimize the risk of different schools having different policies of teaching , English level etc.

In each school there were a few students that could not attend when the questionnaire was handed out for various reasons. In total the questionnaires were filled in by 200 students.

#### Questionnaires

This study was done with the help of questionnaires hand out to the students in order they give opinions about the techniques they use for Reading Comprehension activities.

The entire survey, the introduction as well as the questions, was written in Albania, This was because the questionnaire was not intended to test their understanding, but to get as reliable answers as possible by avoiding misunderstandings as some of the terms are difficult enough in the students' first language. A further reason was that at the end of the questionnaire there were two open-ended questions, and by being allowed to write in their first language, students would feel more comfortable writing and giving suggestions.

The questionnaire consisted of an introduction informing each student of the general subject of the survey, namely to investigate their opinions of techniques they use during reading comprehension process. It was also declared that participation was voluntary, and that they could opt out at any time without being questioned why. In the last part of this short introduction, students were kindly requested to be sincere while giving an answer.

In the questionnaire there were mainly two types of questions. The first type was multiple-choice questions, and here students were told to give the answer they thought agreed with their own opinions.. For the second type of question, the closed ones, there was rating using words, like *Every day, Often, Rarely, and Never*; or using numbers as in this example: Choose a rating of frequency 1 (*never*) to 5 (*always*) for the reading comprehension strategies below.

The students were here asked to circle only the one option they thought was closest to their opinion. ]

Since these two types of questions were closed (and semi-closed), there was a need for the students to be able to say something in their own words at the end of the questionnaire. So in addition, as mentioned above, there were two open-ended questions at the end. In the first question, they were asked to give their opinion about any other reading comprehension technique and in the second they had to list the activities they do most frequently in the class when dealing with Reading Comprehension.

#### 4. RESULTS AND ANALYSIS

As mentioned above, the results will come with the help of a questionnaire filled by Albanian high school students. In this way it would be able to see the way they deal with Reading Comprehension part during English classes.

The focus will be down on two important issues which will give a big contribution in finding the answer of the research questions mentioned in the beginning of this study.

Thus the objectives of the questionnaires are to find out:

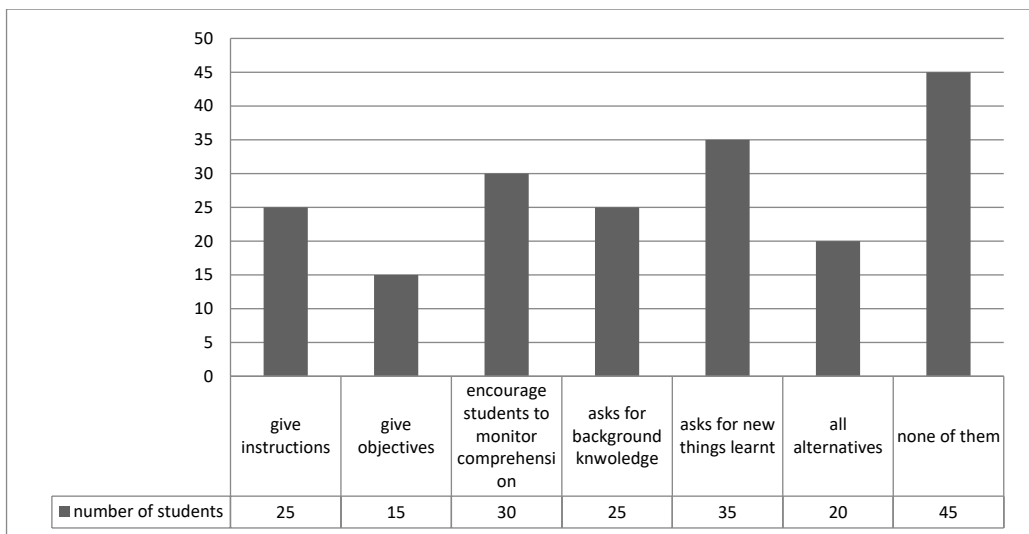
- the students' opinion about techniques they use or are offered to deal with Reading Comprehension part in their English class
- -the students' familiarity with techniques

It is important to highlight once again that the questionnaires were filled by 200 students and answers below are given based on this data.

##### Results for the first objective

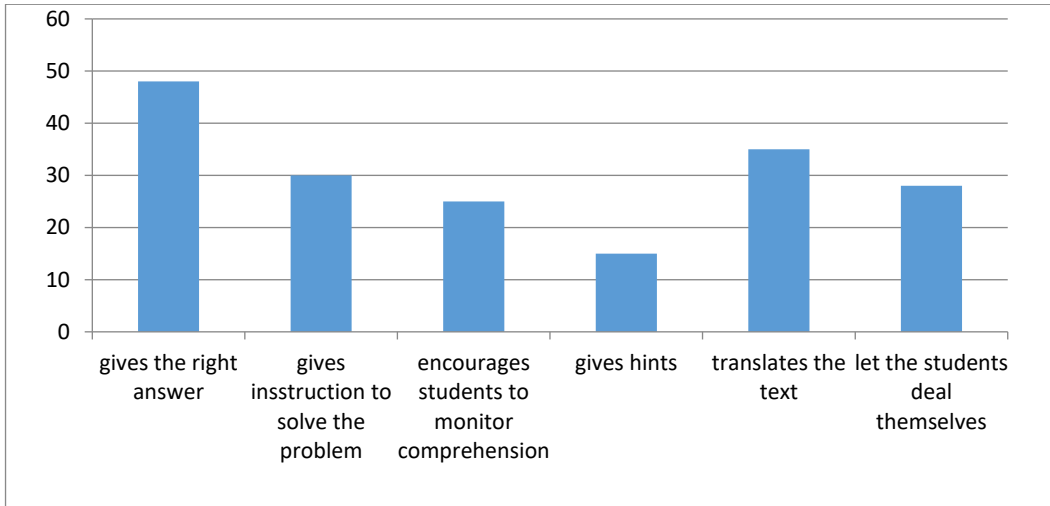
When asked about the way they deal with Reading Comprehension activities, first they have to choose alternatives which best fits their reality. First they were asked to circle the activities their teacher does to help them when dealing with Reading comprehension. The answers were shown in the chart below, where on the left side it is the number of students choosing of the alternatives on the down side.

Chart 1. Student's opinion about what their teacher does to help them when dealing with Reading comprehension

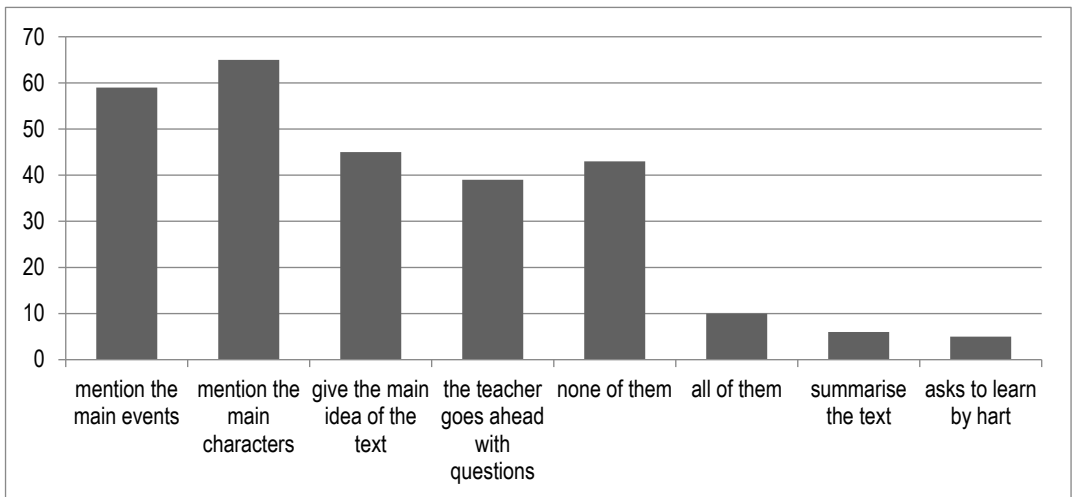


Later on students were asked about techniques used by the teacher when students face difficulties. The answers were:

Chart 2. Techniques used by the teacher when students face difficulties



Another important question was: "After reading a text the teacher asks you to: ". They replied in this manner as shown in chart 3.



They were also asked about the time at their disposal and the results were:

- 35\_ yes
- 70- no

- 60- a little
- 30- enough
- 10- don't know

This indicates that even the time at their disposal is not enough. Thus teachers need to plan reading classes more properly.

Another type of questions is like the following, where students have to choose a number rating frequency, from 1 meaning Never to 5 meaning Always. These questions are about student's techniques or methods when dealing with Reading Comprehension activities, The results will be shown on a table below:

1. I read quickly through the story to get the general idea before I read the story closely.

1 2 3 4 5

2. When I come to a part of the story that is hard to read, I slow my reading down.

1 2 3 4 5

3. I am able to tell the difference between important story parts and less important details.

1 2 3 4 5

4. When I read, I stop once in a while to go over in my head what I have been reading to see if it is making sense.

1 2 3 4 5

5. I adjust the speed of my reading by deciding how difficult the story is to read.

1 2 3 4 5

6. I stop once in a while and ask myself questions about the story to see how well I understand what I am reading.

1 2 3 4 5

7. After reading a story, I sit and think about it for a while to check my memory of the story parts and the order of the story parts.

1 2 3 4 5

8. When I get lost while reading, I go back to the place in the story where I first had trouble and reread.

1 2 3 4 5

9. When I find I do not understand something when reading, I read it again and try to figure it out.

1 2 3 4 5

10. When reading, I check how well I understand the meaning of the story by asking myself whether the ideas fit with the other information in the story.

1 2 3 4 5

11. I find it hard to pay attention when I read.

1 2 3 4 5

12. To help me remember what I read, I sometimes draw a map or outline the story.

1 2 3 4 5

13. To help me understand what I have read in a story, I try to retell it in my own words.

1 2 3 4 5

14. I learn new words by trying to make a picture of the words in my mind.

1 2 3 4 5

15. When reading about something, I try to relate it to my own experiences.

1 2 3 4 5

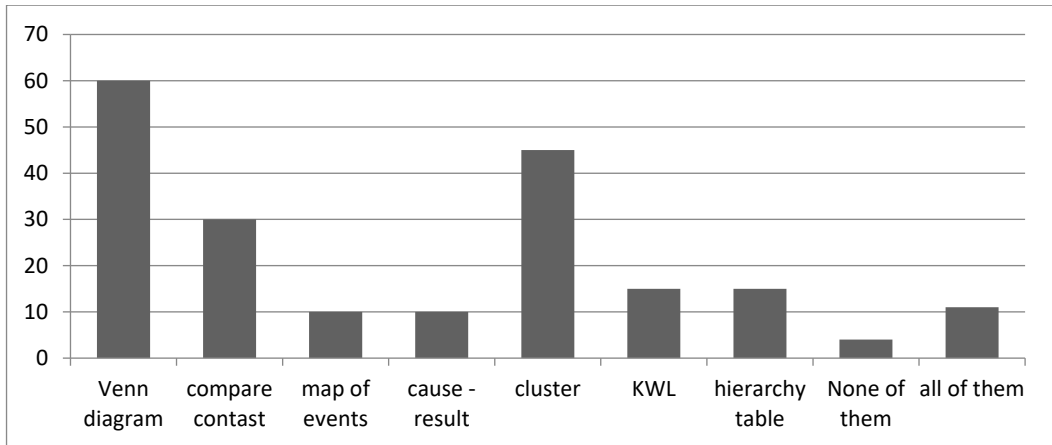
Chart 4. Result of the questionnaire about student's techniques or methods when dealing with Reading Comprehension activities

Rates \ Questions	1	2	3	4	5	
1	90	45	40	10	15	Total number of students 200
2	20	10	15	30	125	
3	44	42	34	55	25	
4	36	54	23	53	34	
5	30	30	25	45	70	
6	23	56	51	45	25	
7	47	45	73	20	15	
8	8	37	60	40	55	
9	48	45	37	40	30	
10	45	47	83	15	10	
11	13	25	32	70	60	
12	84	76	20	10	10	
13	5	50	44	38	64	
14	14	42	37	48	59	
15	57	34	45	30	34	

Another objective of the survey is the familiarity of students with some of the most important techniques used in reading comprehension.

Students were asked to choose alternatives about this question: "Which of the above techniques do you know?". The answers are shown in the chart below.

Chart 5. The familiarity of students with some of the most important techniques used in reading comprehension



Based on the results of our survey, students in high schools of Albania have a lot of difficulties dealing with Reading Comprehension in English classes, this is due to several factors, but the most important of all is the lack of the right techniques. Thus we can say that there are not used the right techniques, furthermore some of the students to not know what a technique is. In this context teachers need to do more to promote and encourage students using different techniques to facilitate their way toward text comprehension.

## 5. RECCOMANDATION

As mention above it is highly recommended that teachers use and promote some of the most relevant reading comprehension techniques on their English classes.

Thus, first of all it is important to encourage students to monitor comprehension, by making them aware of what they do understand, identifying what they do not understand and making them use appropriate strategies to resolve problems in comprehension

Secondly, let us refer to Metacognition. It can be defined as "thinking about thinking." Before reading, students might clarify their purpose for reading and preview the text. During reading, they might monitor their understanding, adjusting their reading speed to fit the difficulty of the text and "fixing" any comprehension problems they have. After reading, they check their understanding of what they read.

Third, it is broadly advised to use graphic and semantic organizers. As discussed student are not so familiar with graphic and semantic organizers. Some of the most relevant ones are: Here are some examples of graphic organizers:

Venn-Diagrams ,Storyboard/Chain of Events ,Story Map ,Cause/Effect

Another important technique of good value to be used is: " Answering questions". There are four different types of questions: "**Right There**", "**Think and Search**", "**Author and You**", "**On Your Own**"

Another last important technique is summarizing. It requires students to determine what is important in what they are reading and to put it into their own words. Instruction in summarizing helps students:

- Identify or generate main ideas
- Connect the main or central ideas
- Eliminate unnecessary information
- Remember what they read



## 6. CONCLUSION

As a conclusion it is important to answer the two research questions.

Concerning the first, if there are used the right techniques to teach Reading Comprehension the results indicated that teachers try to use the techniques but still it is not enough and there is a lot to do in this aspect.

Another important issue is the familiarity of students with the most important Reading Comprehension techniques. Based on the results of the questionnaires a lot of students don't know at all what a technique is. Some of them declared that they are not familiar with anyone in the given list, which indicates the lack of use in English classes. In this context it should be more encouragement by the teachers to promote the use of Reading Comprehension techniques such as graphic organizers ( Venn diagrams, story map, Cause /effect), KWL etc.

In this way the route toward excellent results on Reading Comprehension would be facilitated and students would be more motivated.

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## Appendix

### The questionnaire in Albanian language.

#### Pyetësor mbi : Strategjite e ofruara në klasë për të lexuar dhe analizuar një tekst në gjuhë të huaj.

##### 1. Qarko pikat që përdoren nga mesuesi kur analizoni një tekst:

- a) U jep studenteve një objektivi apo qëllim të caktuar
- b) I udhëzon studentet e të mesojnë
- c) Ndhmon student të mendojnë aktivisht
- d) Inkurajon studentet të monitorojnë të kuptuarin e tyre rreth në teksti të caktuar]
- e) I pyet studentet çfare dine rreth asaj teme perpara se ta lexojne ate
- f) I pyet student nëse mesuan dicka të re nga e lexuara
- g) Të gjitha këto
- h) Asnjëra nga këto
- i) Tjetër \_\_\_\_\_

##### 2. Cilat nga mënyrat e më poshtme përdoren nga mesuesi kur nxënësit hasin probleme gjatë procesit të të lexuarit:

- a) Shpjegime direkte
- b) I lë ta lexojnë dhe zgjidhin problemin vetë
- c) Ju ofron përgjigjen e sakte
- d) Jep udhëzime dhe direktiva që ju cojnë drejt pëergjigjes së saktë
- e) Ndhmon studentet duke dhene një celes
- f) Të gjitha
- g) Asnjëra
- h) Tjetër \_\_\_\_\_

##### 3. A ju ofrohet kohë e mjaftueshme për të lexuar dhe analizuar një tekst në orën e mësimi?

- a) Po
- b) Jo
- c) Shume pak
- d) Mjaftueshëm
- e) Nuk e di

##### 4. Cilat nga teknikat e më poshtme njihni:

- a) Diagramin e Venit
- b) Krahasimi dhe kontrasti
- c) Harta e ngjarjeve
- d) Shkak pasojë
- e) Klasterin
- f) KWL
- g) Tabela e hierarkisë
- h) Asnjëra
- i) Tjetër \_\_\_\_\_

5. Cilat nga teknikat e mësipërme përdorni më shpesh në klasë? Listoni:

6. A përdoren tabela, struktura, grafike, harta, skicime etj. për të analizuar një tekst në klasë?  
a. po b. jo c. ralle d. ndonjëherë

7. Cilat nga llojet e pyetjeve të mëposhtme hasni me shume kur analizoni një tekst?

- a) Kush, cili, Çfare?
- b) Pse? Si ndodhi?
- c) Si mendoni? Si iu duket? Si komentoni?
- d) Si do të ndjeheshit ju? Po te ishit ne ate rast si do të vepronit?

8. Pasi lexoni një tekst cila nga alternativat e mëposhtme mesuesja ju kërkon të bëni:

- a) Permbliidhni tekstin
- b) Thoni ngjarjet kryesore
- c) Personazhet kryesore
- d) Thoni idene e pergjithshme
- e) Vazhdoni direkt me pyetjet
- f) tre të parat
- g) Asnjeren nga keto
- h) Tjeter: \_\_\_\_\_

9. Gjatë orës së mësimi mesuesja:

- a) shpjegon të gjithë tekstin, fjali për fjali
- b) analizon strukturat më të vështira gramatikore
- c) stilin e të shkruarit
- d) retorikën
- e) të gjitha këto
- f) tjetër

Questions about Reading Comprehension strategies used by students. Choose from 1 meaning **Never** to 5, meaning **Always**.

1. I read quickly through the story to get the general idea before I read the story closely.

1 2 3 4 5

2. When I come to a part of the story that is hard to read, I slow my reading down.

1 2 3 4 5

3. I am able to tell the difference between important story parts and less important details.

1 2 3 4 5

4. When I read, I stop once in a while to go over in my head what I have been reading to see if it is making sense.

1 2 3 4 5

5. I adjust the speed of my reading by deciding how difficult the story is to read.

1 2 3 4 5

6. I stop once in a while and ask myself questions about the story to see how well I understand what I am reading.

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1 2 3 4 5

7. After reading a story, I sit and think about it for a while to check my memory of the story parts and the order of the story parts.

1 2 3 4 5

8. When I get lost while reading, I go back to the place in the story where I first had trouble and reread.

1 2 3 4 5

9. When I find I do not understand something when reading, I read it again and try to figure it out.

1 2 3 4 5

10. When reading, I check how well I understand the meaning of the story by asking myself whether the ideas fit with the other information in the story.

1 2 3 4 5

11. I find it hard to pay attention when I read.

1 2 3 4 5

12. To help me remember what I read, I sometimes draw a map or outline the story.

1 2 3 4 5

13. To help me understand what I have read in a story, I try to retell it in my own words.

1 2 3 4 5

14. I learn new words by trying to make a picture of the words in my mind.

1 2 3 4 5

15. When reading about something, I try to relate it to my own experiences.

1 2 3 4 5

## The Right of Property and its Juridical Protection - Albania Case

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Koordinatorë, Departamenti i edukimit, komunikimit, dhe maredhënieve me publikun

### Abstract

*Selected theme, aims to highlight some of the current issues concerning the right of property as one of the fundamental human rights. Although the Albanian Constitution provides and guarantees the right of ownership, there are a lot of problems regarding the practical effectiveness of these arrangements, the executive titles of ownership and prior compensation in the case of the removal of this right. Consequently, the current situation clearly shows that, there is still superposition of these ownership titles and very little legal protection, because the transactions remain informal action apparently by law. According to the analysis of ECHR decisions and EC's recommendations, in some cases, there is a "gap" between law and practice of the Albanian courts and international directions, causing clash between European standards and Albanian legal culture. In the context of respect and guarantee of the fundamental human rights, it's necessary a great commitment to complete and consolidate the system of property in general and essentially not violated these rights. The consolidation and guarantee of ownership it's closely related to the consolidation of the democratic state.*

**Keywords:** private property rights, European integration, expropriation and restrictions of private property rights, the decisions of the Strasbourg court, liberal democracy

### Introduction

Today, property rights issues are still a major concern in Albania... Property rights issues are still considered today a major concern regarding the general development of the Albanian economy. Real estate market is constantly facing various challenges that in a considerable number originate from the lack of a clear functioning administration system of immovable property rights. On the other side, many unresolved cases of land property ownership are waiting to be processed from the Albanian judicial authorities, while the number of cases addressed to the European Court of Human Rights is increasing. Turning back to 1990-s, the change of political system that country experienced in the early 1991 paved the way to a wide national range of privatization process of the state owned and common properties, as those were considered before '90. The new transformation process required the creation of private ownership and subordinate rights on its initial phase, taking as a basic reference the four main categories of land and property use, such as housing properties, agricultural fields, industrial or service buildings and lands, as well as properties being claimed for restitution by their legally documented owners before 1945. In addition to these categories, properties under state and municipal ownership were also at issue of newly amended laws on privatization and land property rights. However, despite the institutional and legal action taken by the authorities to implement land and property rights reform during '90-s, political, economic and demographic changes that took place vitally in these years, created confusion and difficulties in implementing laws and controlling the land. Property rights issues in Albania: Challenges and perspective 9 Internal migration resulting in unauthorized and unregistered properties...

### ***Internal migration resulting in unauthorized and unregistered properties...***

Along the first years of transition, Albania witnessed a fast internal migration, from mountainous and rural areas towards urban and peri-urban ones, a demographic shift in search of better living conditions and economic opportunities; phenomenon which resulted in numerous buildings without permit and land occupation without legal authorization, mainly situated in periphery of capital or other cities located in western country's lowland. Consequences of these continuous demographic movements are now the peripheral "informal" urban areas of large cities or occupied seaside territories. A

considerable share of today's total of Albanian immovable properties consists in such unauthorized and unregistered land plots and illegal buildings.

In 1994, was adapted the Law on the Registration of Immovable Property where a new property registration system based on land parcels was introduced. In this light, was established also the Immovable Property Registration Office (IPRO), as the managing authority in charge to administer the process. Facing numerous challenges because of a missing nationwide commitment towards systemic initial registration, until 2010 IPRO estimated that it has records for some 60–70 percent of all properties<sup>1</sup>, having completed initial registration for 83 percent of rural cadastral zones, but only 25 percent of urban cadastral zones.

### ***The three main factors of system's weaknesses...***

In the World Bank Report of 2006, "Status of land reform and property rights in Albania", it is concluded that the system's weaknesses appear to be result of three main factors.

**The first** of these factors is considered absence of the agreement on what would be the best method to achieve the reform's aims despite the wide accepted goals that land and property reform should have, and because of this several fundamental policy decisions remain unimplemented.

**Second**, the reforms have been applied in a categorical manner—that is, with different legal definitions for agricultural, forest, pasture, urban housing, commercial, industrial and other lands or properties, creating so a highly complex system with many gaps and overlaps.

**And the third** factor is evaluated to be the fragmentation of property units and land parcels requiring in this way the engagement of each owner in multiple subsidiary arrangements to accomplish routine property use. Taken together, these factors have made it difficult to adapt the models of European civil law and market relations within Albanian environment, slowing the progress of reform and letting the system vulnerable to the growth of informal and corrupt practices.

## **2. Developments in immovable property rights reforms**

*Constructions classified as illegal nationwide are more than 350,000 buildings...*

As a result of rapid internal migration in years and absence of an official mechanism to allocate land for a large number of newcomers, a considerable number of individuals simply occupied the land and built without permits. But, in addition also lack of effective urban planning and construction controls, eased additions and expansions of existing constructions that are now also considered illegal. Thus, today, constructions classified as illegal nationwide reach an estimated number of more than 350,000 buildings which over the years have been subject to numerous informal transactions on selling and acquiring them. These transactions occurred without the proper documentation of property ownership and because of this, the ownership rights are not legally known to the new owner; so, no legal protection adheres fully owners whose properties are informal, from the legal point of view.

### ***A national centralized professional agency to manage the legalization process...***

Aiming to solve this major issue of the real estate sector, legalization process was treated by the authorities as an effective response to the increasing number of urban and economic problematic rising from mass illegal land occupation and settlements. Through this process, Albania's legalization policy tends to formalize illegal constructions, legally transfer ownership of the land on which they were built, and expand urban planning towards informal settlements. For this purpose, a national centralized professional agency was created to manage the legalization process. The Agency for the Legalization, Urban Planning, and Integration of Informal Areas/Constructions (ALUIZNI) was established by the amended Law on Legalization. As a large organization with operating costs covered by the state budget, ALUIZNI is mandated to process legalization applications and coordinate the legalization process in a nationwide level. Basing on aerial photographs taken in 2006, the agency has completed administrative procedures for almost 80% of these buildings which were erected prior to 2006. Legalization permits have been granted for 52 000 properties, Property rights issues in Albania: Challenges

and perspective 13 which have also been included into the system of immovable properties registration. Around 100 000 informal properties are in the process of preparing the legal-technical documentation. 127 informal zones and dwellings have been approved by the National Territory Regulation Council, including 120 000 properties<sup>1</sup>. Around 80 000 informal buildings have been approved by the local council of territorial regulation, included as blocks of informal residences or treated as separate buildings and extensions to the legally constructed buildings. The Law on Legalization applies only to buildings constructed before May 2006 and for which legalization applications were submitted by November 15, 2006. The ongoing legalization process leaves out a large number of informally constructed buildings, therefore, in order to prevent construction of other illegal buildings at the present situation, a new legalization campaign focused on illegal buildings after 2006 will need to take place.

### ***On Restitution and Compensation of properties to former owners...***

Another related issue which cannot be viewed isolated from legalization and privatization process is the restitution and compensation of land to former owners. Law number 7698 of April 15, 1993, On Restitution and Compensation to Former Property Owners was the first law to be adapted focusing on restitution and compensation of land. After its adoption, identified as the first phase, many properties were restituted to former owners or their descendants basing on legal documents proving ownership while in the case of agricultural land, the ownership was known to those who worked it. In the second phase of the process, the main issue was compensation of properties, for which the restitution was not possible. In the policy content angle of view, the Law On Restitution and Compensation of Property adopted in 2004 takes a similar approach to that adopted by other countries in Central and Southeastern Europe. However, the requirement to compensate expropriated owners at current market value is difficult to implement due to high fiscal costs.

### ***Property Restitution and Compensation Agency...***

From 2006, Property Restitution and Compensation Agency (AKKP) is the responsible authority for managing the restitution and compensation process in Albania. The restitution and compensation process was delayed initially, as the legal framework contained uncertainties, including on the valuation methodology and role of various government bodies. In 2006, amendments to the Law on Restitution and Compensation of Properties established the AKKP and transferred to it the functions of restitution and compensation previously held by the central government and local committees. These amendments aimed to increase the effectiveness and pace of the process, but these expectations have not been met<sup>3</sup>. AKKP manages also the Physical Compensation Fund and verifies regularly its juridical situation. Until today, are taken more than 25 200 compensation decisions, from which 16 000 giving only the right of compensation for the land known. In total, are known around 55 283 hectares of land, from which 7 333 hectares construction land, 43 100 hectares of agricultural land, 4 000 hectares of forest land, and 850 hectares of combined cases for compensation<sup>2</sup>.

### ***Difficulties in the precise identification of immovable properties...***

Authorities often face difficulties in the precise identification of immovable properties depending on some further processes, such as the process of initial registration, legalization, transfer of state owned property to local government units, completion of the territorial plans, including regulatory plans in coastal zones, as well as digitalization. Consequently, the compensation in kind of expropriated persons has not started yet massively and this is due to the absence of a solid compensation scheme. One of the main challenges the authorities are facing is the poor data quality that depends mainly on the results of the ongoing digitalization process. Improving data quality will significantly facilitate the precise identification of properties and establish the credibility on land registries. Amendments made to the Law on Restitution and Compensation of Property, set new criteria for land evaluation and extend the deadline for property restitution and compensation to 2014.

<sup>1</sup> "Crosscutting Strategy Reform in the Field of Property Rights 2012 – 2020", Ministry of Justice, Republic of Albania, June 2012

<sup>2</sup> Governance in the Protection of Immovable Property Rights in Albania: A Continuing Challenge", World Bank Report No:62519-AL, June 2011

### ***Judgment statistics of Strasbourg Court on Albanian cases...***

Referring to the judgment statistics of ECtHR until 2010<sup>1</sup>, the Albanian cases judged by the Court that have as a judgment matter the "Protection of property", constitute 22% of the total while "Right to a fair trial" reach the level of 44% of the total number of judged cases. The Court found violations in 85% of the decisions given, and only 4% of them with no violation.

### ***Some progress was achieved in the area of property rights...***

According to the same EC Report some progress was achieved in the area of property rights, notably through the adaption of a new law on registration of immovable property and through the adaption of a cross-cutting strategy and action plan, but still it is considered that a lot remains to be done in the fields of land registration and of restitution of property to former owners. The process of initial registration of immovable property has not yet been completed. Lack of secure property rights and the weak institutions remain causes for concern and further efforts are required to address these issues. Weaknesses remain in the rule of law, particularly in contract enforcement and property rights, while the executive has yet to communicate a clear timetable for enforcement of ECtHR judgments regarding property rights.

### ***Scenarios on improving property rights administration system***

Property administration is a crucial issue for the general development of a country. This process, based on the fundamental human right of ownership, is tightly related with the economic welfare, market well-functioning, employment and investment potential that a country represents. Titled properties and specified property rights help to project and improve urban planning as well as to develop infrastructure, providing ground to implement state reforms. In order to be efficient, the system of property administration should guarantee property ownership and tenure security, serving to the enhancement of a stable real estate sector, reducing land disputes, facilitating immovable property transactions and supporting good governance.

Aiming to increase efficiency of state authorities dealing with immovable property rights issues, Albanian government has gone through many reforms. A lot of progress is achieved but what is concluded in different country reports on property rights issues is that there are still many challenges ahead and room for faster progress in solving property rights issues. Related studies and success stories from economies with similar concerns, evidence that effective implementation of reforms is possible, relying on the continuity of a transformation process oriented by the efficiency of state agencies serving to build and consolidate the property administration system<sup>2</sup>. Some potential scenarios on improving the performance of property rights administration system could be as following:

**First view:** More effective and efficient property rights institutions. Single Agency Model The country's chaotic immovable property market and the stakeholder's concerns about property rights have raised the attention on the importance of effectiveness of state agencies responsible on these issues. Regardless an adopted and improved legal framework for private ownership during the years, a responsive and accountable system of land administration is needed to support property market developments. In Albania as in other countries of the region, insecure and uncertain property rights continue to be a barrier to a long-term solution of the property issues and as a result, a barrier to investment and a constraint on economic development. State agencies such as IPRO, AKKP and ALUIZNI should enhance their coordination to ensure a fast, well-operating and incontestable property rights administration system. In the same length of wave should be the cooperation between central and local government. Unification of immovable properties database applying the same technical standards and requirements, basing on commonly accepted ownership documents compatible to cartographic data is an important process conditioning further developments on property market. More effective land administration system means primarily customer service oriented agencies with the objective of supporting land and property market development. More efficient property registration procedures would reduce transaction costs and enhance the security of property rights. These improvements on the system would benefit to all stakeholders related to property rights issues, building and consolidating trust in authorities.

<sup>1</sup> [http://www.echr.coe.int/NR/rdonlyres/E6B7605E-6D3C-4E85-A84D-6DD59C69F212/0/Graphique\\_violation\\_en.pdf](http://www.echr.coe.int/NR/rdonlyres/E6B7605E-6D3C-4E85-A84D-6DD59C69F212/0/Graphique_violation_en.pdf)

<sup>2</sup> Stanley and Adlington (2007) "World Bank Experience in Land Administration in the Transition Economies of Eastern Europe and Central Asia"



***The alternative of a single agency...***

An alternative solution on achieving an efficient and effective property rights administration system is the creation of a single agency dealing with all kinds of property issues. The UNECE guidelines for land administration<sup>9</sup> recommend that a single agency to be responsible for land administration. Single agency models have certain advantages: they can operate more efficiently and cheaply than multiple agency models; the cadaster and legal data are naturally linked and harmonized; automation is simpler and less costly; and it is easier to be financially self-sustainable. Success stories on solving property rights issues through reforming the system and building a single efficient as well as effective agency dealing with property issues could be found in countries with similar specifics.<sup>1</sup>

In case of Albania, depending on successful finalization of the digitalization process of all cadastral registrars, potential steps towards the creation of a single agency could begin with simplification and combination of procedures basing on same standards, easing the access to land registrars and to conclude in restructuring, linking as unifying different agencies involved in immovable property issues into a single one. A merger of key agencies involved in the regulation of immovable property rights under a combined mandate would improve coordination of procedures, service quality and reduce operating costs relying on a smaller but more professional and better qualified personnel organic. The aim that citizen is central to the work of land administration agencies requires a change in orientation and service organization. In this light, dedicated service sections could be attributed to citizens, organizations and investors, responding requests linked to immovable property issues in order to facilitate procedures.

**Second view:** A different approach on monitoring reforms implementation...

The right pace of reforms implementation determines the level of impact on improving property rights administration system. Many projects funded by government and donor institutions aiming to improve the property rights reality still didn't solve the major concerns on these issues. Progress is slow and the outcome of reforms not as expected. A wider inclusion of stakeholders and civil groups in reforms implementation would raise effectiveness of the initiatives taken. Important part of this process could be joint committees of government officials, international experts on immovable property reforms and civil society professionals that will monitor in continuous basis the implementation of reforms and evaluate step by step the contribution of reforming process in the sustainable development of this sector.

**Third view:** Building confidence through transparency and easy access to data

In order to accomplish agencies mission on property rights and develop a sustainable functioning system, along with the harmonization of property rights legislation and consolidation of institutions, a special attention from the authorities should be dedicated to building public confidence in property administration system.

**Public debate fostering institutional consolidation...** Creating a public discussion platform on property rights issues to exchange information, share experience and co-ordinate among institutional actors, public, academics and civil society will be important to include all stakeholders in the process of reforming property rights system. This platform would serve as a unified source of all agencies to inform and discuss with citizens on the latest decisions, and in the same time to get feedback on potential improvements for faster progress. Public debate would support the development and improvement of co-ordination in the process of solving property rights crucial issues, contributing to further build public confidence in institutions and generate the needed wide inclusion of stakeholders for faster implementing reforms by guaranteeing long-term security of property rights. On the same path, this would enable and strengthen the communication among a wide range of geo data users and producers such as citizens, public authorities and private sector bridging over the present gap between them

**Online services as a medium of transparency and easy access...**

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<sup>1</sup> Georgia and Czech Republic are successful cases of reforms on immovable property administration systems.

Still remains a challenge for the country, the development of an efficient and secure property administration system that will guarantee legal security to all stakeholders referring to legal properties historic. As a fundamental requisition to achieve this, can be considered the compatibility and consistency of data maintained and provided from different agencies especially land registry offices, cadaster offices and urban planning authorities. Once the digitalization of all data related to land registrars is properly accomplished, an online based services system could offer an easy access to digital property records for the public and facilitate procedures of property registration. Expanding access to information in the property registry would increase transparency, help owners to be clearly identified, and secure potential buyers for the legal status of the property, reducing thus transaction costs to determine who owns what and whittle down the time consumption for due diligence. Providing legal property information open for the public and investors potentially would diminish property rights pretending paving the way for faster and easier procedures in changing the ownership. For obtaining added benefit from the real estate sector, the role of registrars, notaries, solicitors and agents who participate in the transfer of land rights may positively change and the processes of land transfer may need to be modified to take advantage of information technologies. Forth view: Property tax as an instrument to induce efficient use of land For an economy, immovable property represents a fundamental asset which plays a determinant role in country's' market functioning. Due to this reason, secure immovable property legal titling is important for improving territorial planning and related strategic decision making. But, in parallel, property rights should be strictly followed by owners' responsibilities for an efficient use of property in compliance also with the territorial regulatory plan. There have been cases when an investor was unable to find available land to invest because of ownership conflicts or neglectful owners. In contradiction, the wasteland extension is still in considerable levels. To arrange an organized use of the Property rights issues in Albania: Challenges and perspective 25 land resources nationwide, authorities could consider a properties mapping not underestimating the effectiveness of property tax as an instrument to induce efficient utilization of the land. A property system of taxation should be put into service to clearly defined social objectives and provide a stable, predictable source of revenue that is transparent in the way that it is calculated and collected. These measures, mainly under the supervision of local authorities would encourage efficient use of land and property, discouraging land speculation which results in misused resources for Albanian economy. A well-designed tax would recognize public claims on private property while allowing private property development and use optimization. Achieving these goals require strategic planning and analysis that is often a foreign concept but quite possible to traditionally state funded, output based organizations such as cadaster agencies. Under the scope of inducing efficient use of property use, improving the image and building confidence in property administration system through transparent public information on taxes is essential for an operational framework. Property owners need to be informed and understand the importance of property responsibilities.

## CONCLUSIONS

The legal situation governing immovable property in Albania is very complex. The provisions of the applicable compensation laws and administrative procedures proved unsatisfactory so far. The rights of former owners remain unsettled to a significant extent. Albania acted with inefficacy regarding the creation of the necessary administrative infrastructure foreseen in the respective legal national acts. The Property Restitution and Compensation Law of 1993 provided for various forms of compensation when the original property could not be allocated to the former owners. The Council of Ministers which was supposed to define the detailed rules and methods for such compensation did not act efficiently. The bodies competent to deal with the compensation issues that emerged had not been set up and the situation had not changed with the entry into force of the Property Restitution and Compensation Law of 2004. Even after the adoption by the Parliament (28/4/2005) of the Law determining the methodology for the valuation of the property for compensation, the situation did not change.

A stable legal framework, which creates legal security, is legitimate only if it is perceived as "just" by the population; in the case of property restitution, naturally, the population will be divided into the groups of the pre-1945 owners, the post-1991 owners and the illegal occupants. While the first two groups acquired the land legally and therefore are entitled to protection by the State, the latter may have claims based on falsified or false documents and/or threats to use force. The resolution of historical injustice must be the first step; therefore, any law and its implementation should be accepted by the majority of the pre-1945 owners, who ought to be consulted directly and involved seriously in the legislative drafting process.

However, remedying historical injustices should be kept out of the day-to-day politics and should not create new injustice; nobody who is entitled to protection by the State, because he or she has a valid legal title to property (as opposed to the illegal occupants), should be put in disadvantage or be disappointed in his or her trust in the law. Therefore, the post-1991

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owners with proof of valid documents should be compensated and/or adequate new housing rights should be provided to them by the State.

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## Perception of Lecturer on Intercultural Competence and Culture Teaching Time (Case Study)

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### Abstract

*Of all the changes that have affected language teaching theory and method in recent years, the greatest may be the transformation in the role of culture. This change reflects a broader transformation in the way that culture itself is understood. Culture is listed nowadays the fifth element of learning the foreign language. However, the perception of the professors to include culture as part of their teaching is still vain. This article involves ten English professors to understand their opinions regarding culture, and why they cannot develop intercultural competence during their classes. How culture is served in the classrooms depends from the professors opinions. This research was conducted based on the need to investigate culture teaching in English language in Albania. The data collected show that all the professors perform their lessons based on a curriculum which is limited regarding the culture aspects.*

### 1. Introduction

In the time that we are living and with the increase of people mobility, it is required to prepare students to communicate with individuals of different culture. The idea of teaching culture in foreign language education has been discussed a lot among scholars and academic people, but without making it part of the curricula. Still, a lot of language professors think that culture is part of anthropology and not to be taught by the foreign language teachers. Even though during the foreign language classes are treated different aspect of culture such as: everyday life, information regarding English-speaking countries, but they do not help to develop intercultural competence. "Culture and communication are inseparable because culture not only dictates who talks to whom, about what, and how the communication proceeds, it also helps to determine how people encode messages, the meaning they have for messages, and the conditions and circumstances under which various messages may or may not be sent, noticed or interpreted... Culture is the foundation of communication" (Samovar, Porter, & Jain, 1981) From this you can understand that culture is closely interrelated with language. It is important to keep in mind that culture is not something static but it is process that accompanies us during our life and it helps to give meaning to the words.

A lot of studies have been done regarding the importance of culture and the role of foreign language teachers. One of the most important studies is that of *Sercu's, an international investigation* on foreign language teachers and intercultural competence. This article is focused to find out how much time do the teachers in Albania dedicate to the teaching of culture and language competence and what the objectives of the professors are while teaching a foreign language. By understanding what the professors think will help to see where can be implement any changes in the curriculum.

### 2. Methodology

The methodology of the research discussed is a qualitative one. The questionnaire that I have used is adapted by *Lies Sercu (An international investigation: Section 3: You as a teacher)*. It was completed by ten professors who taught English as foreign language to the students at University in Albania. All the participants have teaching experience more than five years. They were asked to rank according to the importance the objectives in order to understand how much time they dedicated to culture. From the data collected it is quite clear that the linguistic competences are the main important objectives of teaching a foreign language.

### 3. Analysis of Perception of the Lecturer

My purpose in the study was to learn about professors' perception of culture in order to understand whether they are willing to teach culture as general knowledge (facts) or as process to help students to acquire the adequate skills to interpret, analyze and compare on their own. Ten professors were given eight potential objectives to list them according to their importance and the one less important. These eight potential objectives are divided in culture learning objectives, language learning objectives, general skills/language skills.

<b>Culture learning objectives</b>
(1) Promote pupils' familiarity with the culture, and with the civilisation of the countries where the language, which they are learning, is spoken.
(2) Promote the acquisition of an open mind and a positive disposition towards unfamiliar cultures.
(3) Assist pupils to develop a better understanding of their own identity and culture.
<b>Language learning objectives</b>
(4) Assist pupils to acquire a level of proficiency in the foreign language that will allow them to read literary works in that foreign language.
(5) Enthuse pupils to learn foreign languages.
(6) Promote the acquisition of a level of proficiency in the foreign language that will allow the learners to use the foreign language for practical purposes.
<b>General skills/language skills learning objectives</b>
(7) Assist pupils to acquire the skills that will be useful in other subject areas in life (such as memorise, put into words, formulate accurately, give a presentation, etc.).
(8) Promote the acquisition of learning skills that will be useful for learning other foreign languages.

**Table 1- Possible objectives of foreign language education**

70 % of the professors have chosen these two options. Both of these two options clearly show that linguistic competences are the most important ones.

4. Assist pupils to acquire a level of proficiency in the foreign language that will allow them to read literary works in that foreign language.

5. Assist pupils to acquire the skills that will be useful in other subject areas in life (such as memories, put into words, formulate accurately, give a presentation, etc.).

Of course the four skills: speaking, reading, writing, listening are crucial and we are not going to stop it, but it's important to address the fifth skill – culture. The problem is that the Albania students have difficulties in these aspects mentioned and that is the reason why the professors dedicate more time to linguistic competence; they prefer to help the students acquire the skills to be able to communicate in English language.

The objectives that were ranked last are:

3. Assist pupils to develop a better understanding of their own identity and culture.

8. Promote the acquisition of learning skills that will be useful for learning other foreign languages.

Both of these objectives are characterized as cultural and general skills. Since both of them are ranked last by the professors it means these two aspects are not developed by the professor at the university. In fact, if professors do not help students by making a comparison of target and source culture, they won't be able to acquire the skills needed in order to increase their ability to communicate across cultures. It is the professors' responsibility to take the role of informant by

giving information and asking them to show that they know it; to take the role of guide to engage students to make researchers and reach conclusions about cultural information.

#### 4. What do the professors understand with “teaching of culture” under the context of teaching a foreign language?

The other part of the questionnaire has to do with the opinions of the professors about the “teaching of culture”. In the questionnaire they were asked to rank nine possible culture-teaching objectives. They are divided in knowledge dimension, the attitudinal dimension and skills dimension. An estimation of 70% of professors consider teaching culture more in terms of passing knowledge regarding daily life or history, geography, etc.

<b>Knowledge dimension</b>
<i>Provide information about the history, geography and political conditions of the foreign culture(s) (culture/Culture).</i>
<i>Provide information about daily life and routines (culture).</i>
<i>Provide information about shared values and beliefs (culture/Culture)</i>
<i>Provide experiences with a rich variety of cultural expressions (literature, music, theatre, film, etc.) (Culture).</i>
<b>Attitudinal dimension</b>
<i>Develop attitudes of openness and tolerance towards other people and cultures.</i>
<b>Skills dimension</b>
<i>Promote reflection on cultural differences.</i>
<i>Promote increased understanding of students’ own culture (also knowledge of own culture/Culture).</i>
<i>Promote the ability to empathize with people living in other cultures.</i>
<i>Promote the ability to handle intercultural contact situations.</i>

**Table 2. Possible culture teaching objectives**

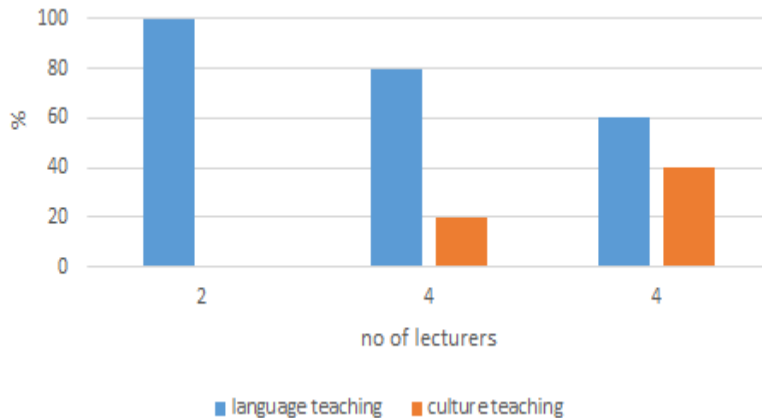
From the answers of the professors we can see that the majority of them ranked first the objective about daily life and second most important objective ranked history, geography and political issues of a foreign culture.

1. Providing of information in relation to daily life.
2. Providing of information on history, geography and political issues of foreign culture.
3. The last ranked options are;
4. Promote the ability to empathize with people living in other cultures.
5. Promote the ability to handle intercultural contact situations.

This means that the professors are more focused on passing knowledge to the students regarding different fields of culture. The main reason why the professors are focused more on these two points is because they want to increase students’ familiarity rather than developing intercultural competence. It is important to keep in mind that if students’ memorize facts of the English-speaking country by heart, they are not going to develop intercultural skills. Students must be stimulated to conduct researches on different cultural topics and to discuss it in class among each other. Professors must give to students extra materials to read and to include culture on the exams, in these way students will be more motivated to conduct researches on their own. By the help of professors, students must learn how to react appropriately in a social situation; describe a pattern in the culture; “explain” a pattern; predict how a pattern is likely to apply in a given situation etc. It is the professors’ duty to increase the students’ curiosity about the target culture and empathy toward its people. This can be done by using different techniques or activities such as: dialogs, role plays, simulations.

#### 5. How do professors plan their teaching hours for teaching of language and teaching of culture

This question is to find out the average allocation of the teaching time. To the professors they were given several options to choose which is shown on the graph below.



From the graph it is clearly shown that the majority of professors are focused more on language teaching. The time they dedicated to culture varies between 20%- 40%. Two professors have chosen the option 100% language teaching- 0% culture teaching; while the other professors have chosen the options 80% language teaching – 20% culture teaching or 60% language teaching- 40% culture teaching. This means that they still hesitate to interrelate culture and language. The following question was if they have the feeling that they would have liked to plan more time for teaching of culture during the teaching classes of foreign language but they have not managed to achieve it. Most of them would like to dedicate more time to culture teaching but at certain extend. The last question of this section was an open question to give some reasons why they didn't dedicate much time to culture. They wrote different things why they couldn't dedicate more time to culture teaching some of them were:

- *Course book restriction*
- *I usually don't have problem managing my teaching plans but there are times that I have to teach the language mostly due to the lack of teaching time*
- *Another reason is that the Albania students encounter lots of difficulties at the English grammar and the examples introduced to them do not have culture elements between the lines.*
- *The curricula program is organized in modules and it does not include culture in it.*
- *I think students may not like learning the culture*
- *It is difficult to teach culture when they are not at a proficient level in English*

Some of the problems they mention in teaching culture are:

1. The curriculum restriction, they have a curriculum to follow and since the hours are limited they don't have time to focus on culture aspects. Whenever they have free hours they would like to dedicate more time to the aspects where students encounter difficulties such as grammar or speaking.
2. Lack of time: Professors need to work extra hours in order to find materials to present to the students since the materials presented in the books are not enough.
3. Another reason presented is that in the beginner or intermediate level, teachers are more focused to develop students' ability to speak and to write the language in the appropriate grammatical way.
4. Lack of students' interest to learn the culture of English-speaking countries. This may be related to the professors fear how to deal with students negative attitudes towards other cultures.
- 5.

## Conclusion

The findings of this study show that professors are aware of the importance of culture in the classrooms, but do not integrate it in the syllabus because of the reasons mentioned before. I think it is important to teach language together with culture and are the professors who should lead the students towards the target culture by taking different roles in the classroom such as that of the informant; coach; co-researcher or guide. It is not difficult for students to learn the vocabulary or grammar of English language, the main difficulty is to be able to form sentence and to communicate within the culture context. Culture needs to be present even at the beginning level of learning a language. If they don't understand the culture of the language they are learning, it will be difficult to communicate or to choose the right words in the appropriate culture context. It is now professors' responsibility to teach the culture while teaching a foreign language and be constantly updated with the changes that occur over time. Teaching culture needs to be integrated in the curriculum of the foreign language.

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## Online Customer Reviews on Restaurants and Expert Opinions: An Integrated Approach

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### Abstract

*In recent years, online customer reviews have been widespread and it has been taken into account in the point of the decision by the people. Resources which create a virtual environment interaction are developing with the user reviews and ratings and it is increasingly gaining importance for both customers and tourism businesses. Customers, who are evaluating food and beverage consumption as an experience and looking at truelife experiences when deciding which experience to lives, are more increasingly using online resources serving sector. These platforms provide the customers the opportunity of dialoguing among them and provide information while they provide feedback for the improvements for the service providers they need to do. Because of these properties, researchers argue online customer reviews and they express that services restaurant could offer and the quality of them could be compared better by using customer feedback. However, customer review system has been criticized. The point critics pointed is the difficulty of verification reviews and deficiencies in impartiality point. An integrated approach is proposed in this study. Online customer judgments assessing the food and beverage business and expert opinions underlie the integrated approach. For this purpose, the data obtained from TripAdvisor website and expert reviews will be integrated with Analytical Hierarch Process (AHP) method. In the study, restaurants which take place in Turkey's biggest tourist areas in four provinces and locating in the top 10 according to customer reviews on TripAdvisor website are evaluated. Then, arithmetical average of the aggregated customer ratings relating to these restaurants and the integration of assessment of experts providing training in food and beverage area are ensured. Consequently, these four provinces' rank is determined by an integrated approach in terms of restaurants.*

**Keywords:** e-WOM, Analitik Hiyerarşi Proses.

### 1. Introduction

In many studies it was found that potential consumers were influenced by comments of other consumers in the decision-making phrase and they see each of the this review as a reference source (Bilim et al., 2013; p.388). For example, according to a survey done by TripAdvisor in 2012 and took place with more than 1700 participants, 64% of the respondents act in their vacation plans according to the review of the website (Civelek, 2013; p.273). According to the reports based on e-transactions, the hundreds of millions of potential tourism customers each year see comment pages as their guide. Studies on consumer e-reviews emphasize that consumer reviews are an important factor on the hotel selection and decision-making (Bilim et al., 2013; p.392-393). Before booking a hotel, customers are visiting 14 different travel sites on condition that looking at least 3 average per site visitors' opinions and they are conducting 9 research related to their travel in search engines (UNWTO, 2014, p.10).

The abstract quality of the food and beverage services, consequently, the high risk perception of the consumer and inadequency of the points providing information to be contacted personally or to reduce the risk perception direct consumers to reviews as e-information sources. Potential consumer perceive online rewieeivs as an expert opinion. On behalf of making inference and evaluation, online reviews are an important reference. In this regard online rewieeivs as a source of information look more convincing than the information in advertising and other marketing tools by consumers. The sites that publish customer reviews direct consumers as a source of information for this purpose. For example, Tripadvisor, which is an international platform germane to tourism and travel, independently gives consumers information they can use in the

selection of restaurants, it also offers orderings on the basis of businesses in the sector. Being in the top positions in the comment pages concerning international arena like these and similar, as well as being a source of prestige, direct consumer preferences at the same time.

However one of the problems with the customer reviews is their credibility. Studies show that businesses provide incentives for being written imaginary (fictional) positive comments about them and being written negative comments for opponent businesses (UNWTO, 2014, p.14).

The purpose of this study is to evaluate online customer judgments evaluating food and beverage businesses and expert opinions in a combination of integrated approach. For that purpose, restaurants which take place in Turkey's biggest tourist areas in four provinces and locating in the top 10 according to customer reviews on TripAdvisor website are evaluated. At the same time, with the survey, expert opinions related to criterias used in evaluating the service and quality of the restaurant in TripAdvisor website were received. Afterwards, the data obtained from TripAdvisor website and expert reviews were integrated with Analytical Hierarch Process (AHP) method.

The study consists of five chapters, including the introduction. After the introductory section, eWOM (electronic consumer reviews) and its relationship with the food and beverage business is assessed under the relevant literature in the second part. In the third part, AHP method by which the data were evaluated and application steps were dealt. In the fourth section, method, analysis and findings are included. In the last section, the results are discussed.

## **2. eWOM (Electronic Consumer Reviews) and Food and Beverage Businesses**

In the past, consumers would refer to the views of other people around them in order to find out his thoughts on a certain brand, product, or business and this case would be known as Word of Mouth in marketing literature. In parallel with the development of computer and Internet technology, personal comments and opinions are being shared in a virtual environment (Pollach, 2006; p.1). This communication which means consumers do not recognize each other over the Internet, they share their comments via consumers is called eWOM (electronic publicity) (Bilim et al., 2013; p.390). In this context, eWOM is; "significant remarks, or product viewed, by prospective, current, or former consumers". eWOM involves comments about product performance, service quality, and trustworthiness passed on from one person to another using an electronic medium (Arroyo and Pandey, 2010; p. 1230).

Today, thanks to the idea of web-based sharing platforms' popularity and proliferation, it plays an important role in online product evaluations and purchase decisions of consumers. These online platforms allows individuals to share their experiences with other people. These communities which are constantly increasing not only provide customers to spread their ideas but also assist the businesses to give their marketing messages by electronic word of mouth communication (eWOM). Online customer reviews for the food and beverage business are very effective. Because there is no possibility of testing of the product before being consumed in the restaurant. An information obtained from an experienced source with an eWOM will also help the customer's decision making (Zhang et al, 2010).

The reasons such as economic developments in our day, globalization, the impact of media on life style, workload, the active women in working life, a request of spending enjoyable time albeit two-hours at the end of a tiring and stressful day, fashion, pleasure and desire to socialize, the development of travel cases, the request of getting food and drinks available which can not be obtained or can not be produced in the home environment (Sarıışık and Hatipoğlu, 2009; p.186) have changed people's eating habits and continue to change. Individuals who meet these needs in a home environment with household before, also meet the needs of eating and drinking outside with the influence of the above reasons today. When consumers consider in terms of the cost they endured and the value they gained, value presentations that consumers expect from the food and beverage business vary from the value presentations which they expected from other product groups. This is because consumers who save time and money to buy the food and beverage of business services want to live the experience without any surprise in negative sense. To avoid any negative experiences, they collect information from various information resources about products and / or services. While this information resources were limited with the information obtained from traditional media and social environment (the reference group) in the past, today sufficient information is presented to consumers in the online environment (Özaslan and Uygur, 2014; p.70).

According to a study conducted by Jeong Jang (2011), restaurants' food quality provide positive eWOM between customers. Service employees are also among the factors that create a positive eWOM. A good atmosphere in the restaurant is another factor contributing to the positive eWOM. The reasonable prices in the restaurants are not contributing to customers on eWOM.

Zhang et al (2010) analyzed customer reviews about food, atmosphere and service quality of restaurants in their research. They have tried to identify the impact of eWOM on the popularity of restaurants in virtual environment. As a result, the density of online customer reviews is directly associated with the virtual popularity of the restaurant (Sarıışık and Özbay, 2012; p.14).

Boulding et al. (1993) draw attention that service quality in restaurants has positive effect on customer behaviors such as loyalty and positive eWOM.

These studies clearly demonstrate the importance of online reviews in the food and beverage sector. As the importance of online reviews increases in terms of customer, the interest, assessments and strategies of food and beverage business are evolving in this direction. Food and beverage businesses, except for the comments for them, can be created important source of information in determination of market developments and the development of competitive strategy by taking into account the company reviews of other competitors in the industry.

### 3. Analytic Hierarchy Process (AHP) Method

AHP has been developed for the solution of complex multi-criteria decision-making problems by Saaty in the 1970s. AHP is multi-criteria decision-making technique which can take into account both objective and subjective evaluation criteria and is widely used (Özen ve Orçanlı, 2013). It is a technique which needs the views of decision-makers in determination of the relative degree of importance on all criteria. Decision-makers compare criteria and sub-criteria using Saaty's 1-9 scale (Table 1). By evaluating all criteria, priority of decision alternatives is obtained (Önder and Önder, 2014; p.21-22).

**Table 1: Saaty AHP Paired Comparison Scale**

Significance values	Value Description
1	Status of both factors' equal importance
3	Status of Factor 1 is <b>more important</b> than Factor 2
5	Status of Factor 1 is <b>far more important</b> than Factor 2
7	Status of Factor 1 is <b>highly significant</b> compared to Factor 2
9	Status of Factor 1 is <b>very highly significant</b> compared to Factor 2
2,4,6,8	Intermediate values of degrees in the above description in the choice between two factors

**Reference:** (Saaty,2008;86)

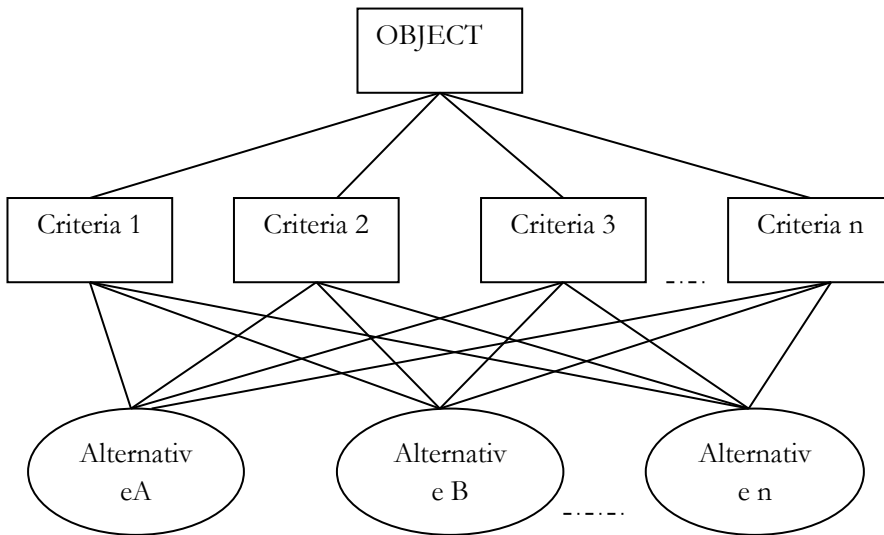
In problem solving with AHP, object (problem) is determined first, then AHP solution steps are implemented starting from the object. Solution phase with AHP operates in the following way (Timor 2011;18, Önder and Önder 2014;23-24);

Step 1: Decision problem is defined and purpose is determined.

Step 2: Necessary decision criteria are set to achieve the objective.

Step 3: Possible decision alternatives are determined.

Step 4: The hierarchical structure of decision problems are created.



**Figure 1: AHP's Hierarchical Structure**

Step 5: Paired comparison of the criteria for each level of the hierarchy and the degree of importance of criteria is determined by taking advantage of eigenvectors.

At this stage, inter-criteria comparison matrix is a  $n \times n$  dimensional square matrix. Matrix components on the diagonal of this matrix takes the value 1. Comparison matrix is shown below:

$$A = \begin{bmatrix} a_{11} & a_{12} & \dots & a_{1n} \\ a_{21} & a_{22} & \dots & a_{2n} \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ a_{n1} & a_{n2} & \dots & a_{nn} \end{bmatrix}$$

Comparison of criteria is done one-to-one and mutual according to importance values that they have relative to each other. In comparison of criteria mutually AHP comparison scale in Table 1 is used. In order to determine the weight of these criteria in integrate, in other words their percent importance distributions, it is utilized from column vectors forming the comparisons matrix and B column vector with **n number** and **n component** is generated. This vector is shown below:

$$B_i = \begin{bmatrix} b_{11} \\ b_{21} \\ \cdot \\ \cdot \\ \cdot \\ b_{n1} \end{bmatrix}$$

In the calculation of B column vector, it is utilized from  $b_{ij} = \frac{a_{ij}}{\sum_{i=1}^n a_{ij}}$  formula.

When the steps described above is repeated for the other evaluation criteria, B column vector will be obtained about the number of criteria. When n number B column vector is combined in a matrix format, C matrix will be formed as shown below:

$$C = \begin{bmatrix} c_{11} & c_{12} & \dots & c_{1n} \\ c_{21} & c_{22} & \dots & c_{2n} \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ c_{n1} & c_{n2} & \dots & c_{nn} \end{bmatrix}$$

Benefitting from the C matrix, percent importance distributions which indicate importance values of the criteria relative to each other can be obtained. For this, as shown in the Formula (1), arithmetic average of the line components composing C matrix is taken and W column vector, called **Priority Vector**, is obtained. W vector is shown below:

$$w_i = \frac{\sum_{j=1}^n c_{ij}}{n} \quad (1)$$

$$W = \begin{bmatrix} w_1 \\ w_2 \\ \cdot \\ \cdot \\ \cdot \\ w_n \end{bmatrix}$$

Step 6: The consistency of the comparison matrix obtained in the previous step is determined.

AHP, with **Consistency Rate (CR)** obtained, provides the opportunity to test the priority vector which was obtained and hence the consistency of one-to-one comparisons which were made between the criterias. AHP attributes the essence of CR calculation to the number of criteria and the comparison of a factor ( $\lambda$ ) which is called **Basic Value**. For calculating  $\lambda$ , first, D column vector is obtained from matrix multiplication of A comparison matrix with W priority vector.

$$D = \begin{bmatrix} a_{11} & a_{12} & \dots & a_{1n} \\ a_{21} & a_{22} & \dots & a_{2n} \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ \cdot & & & \cdot \\ a_{n1} & a_{n2} & \dots & a_{nn} \end{bmatrix} \times \begin{bmatrix} w_1 \\ w_2 \\ \cdot \\ \cdot \\ \cdot \\ w_n \end{bmatrix}$$

Dividing the corresponding elements of D column vector that was found and W column vector, the value for each evaluation criterion (E) is obtained. The arithmetic average of these values (2) gives the basic value ( $\lambda$ ) related to the comparison. After calculating ( $\lambda$ ), **Consistency Index (CI)** can be calculated by utilizing the formula (3). At the final stage CR is obtained by dividing CI into standard correction value (4) called **Random Index (RI)** shown at Table 2.

$$\lambda = \frac{\sum_{i=1}^n E_i}{n} \quad (2)$$

$$CI = \frac{\lambda - n}{n - 1} \quad (3)$$

$$CR = \frac{CI}{RI} \quad (4)$$

If the calculated value of CR is smaller than 0.10, this indicates that decision maker made consistent comparison. If CR value is greater than 0.10, this shows there is a calculation error in AHP or inconsistency in decision making's comparisons.

**Table 2: Random Index (RI) Values**

N	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RI	0	0	0,58	0,90	1,12	1,24	1,32	1,41	1,45	1,49	1,51	1,48	1,56	1,57	1,59

**Reference:** (Saaty and Özdemir,2003; 241)

Step 7: Severity of the alternatives and criteria (weights) are determined. Alternative having the highest weight is the best alternative, criteria having the highest weight is the best criteria.

#### 4. Method of the Research

One of the fundamental principles of AHP is the decomposition. Decomposition states hierarchical configuration of the problem (Saaty, 1986;p.841). The objective, criteria and alternatives are three basic levels of hierarchical configuration. The object of Hierarchical Configuration is identified as the sequencing of the four provinces having most tourist areas in terms of food and beverage businesses with an integrated approach. As the criteria, four criteria used in scoring on TripAdvisor website are used exactly in the study. In importance weighting of these criteria, the views of lecturers, who work at food and beverage section at Beyşehir Tourism Faculty, have been consulted. The views related to criteria of five

lecturers were taken through a questionnaire prepared according to Saaty 1-9 scale. Then, by converting the personal jurisdictions of each decision makers to group joint decision by the geometric mean, weights were calculated in Super Decision program. Customer ratings on TripAdvisor website are included into the calculation as the values taken by the alternative.

The following sequence was followed in the analysis of the study:

1. Defining the decision problem, objectives, criteria and the creation of hierarchical model by identifying the alternatives clearly,
2. Calculation of the average criteria of the Top 10 restaurants according to customer review on TripAdvisor site in the provinces which are determined alternatively,
3. Calculation of the degree of importance (weight) of the criteria by making the paired comparison of the criteria for each level of the hierarchy,
4. Determination of the ranking of the alternatives.

The portion for the analysis of the study is detailed below in accordance with this order.

### 1.1. Defining the Problem Resolution with AHP Method, Objective, Criteria and Creating the Hierarchical Model by Specifying of Alternatives

Decision problems and objectives of the application are "the comparison of the first four provinces having most tourist areas in Turkey in terms of food and beverage services" in the scope of expert assessments and the scores given by the customer. As criteria for analysis, restaurant customer reviews criteria are selected on TripAdvisor site which is an international platform related to tourism and travel. In this context, there are 4 criteria in the decision problem including service, food, atmosphere and value.

In the study, a full round is accepted as awful= 1 point, two full round as bad= 2 points, three full round as mean= 3 points, four full rounds as alpha plus= 4 points, five full rounds as perfect= 5 points which take place under the title of TripAdvisor site score summary. Rounds ,which are half full, are evaluated as  $\frac{1}{2}$ .

As the alternatives, Antalya, İstanbul, Muğla, İzmir provinces are determined as the most tourist areas in Turkey (TUROFED, 2014). Therefore, there are four alternatives in problem resolution. In light of this information, Hierarchical Model of problem Decision was created. Model for the problem is combined with the arrows from top to bottom (Figure 2).

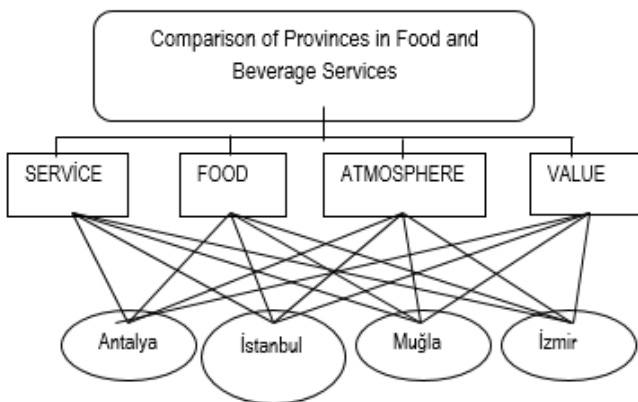


Figure 2: Decision Problem Hierarchical Model

## 1.2. Calculation of Criteria Average in Alternative Cities

According to customer ratings on TripAdvisor website in four provinces having most tourist areas in Turkey, the values in Table 3 were obtained by calculating the arithmetic average of the scores of the restaurants which take place in top ten, according to Service, Food, Atmosphere and Value criteria.

**Table 3: Average of Customer Satisfaction Criteria of Four Provinces**

	İSTANBUL	ANTALYA	İZMİR	MUĞLA
<b>Service</b>	4,87	4,31	4,61	5,00
<b>Food</b>	4,63	4,38	4,77	4,92
<b>Atmosphere</b>	4,42	4,31	4,29	4,69
<b>Value</b>	4,40	4,36	4,69	4,77
<b>General Average</b>	<b>4,58</b>	<b>4,34</b>	<b>4,59</b>	<b>4,85</b>

## 1.3. Determination of Degree of Importance (the weight) of Criteria by Paired Comparison of Criteria for Each Level of the Hierarchy with AHP Method

After criteria averages calculated in alternative provinces, paired comparisons of the criteria (service, food, atmosphere, value) were started. The data used in the paired comparison were obtained by the questionnaire which was prepared by using 1-9 scale of Saaty (Table 1). The questionnaire was filled to 5 lecturers at Tourism Faculty in Beyşehir. Then, the geometric mean of the personal judgment obtained from the survey was calculated (Table 4). Thus, expert review group decision was obtained before paired comparison.

**Table 4: Expert Review Group Decision on Paired Comparison**

Criteria	K.V.1	K.V.2	K.V.3	K.V.4	K.V.5	Geo.Mean.	Common Review	Criteria
<b>Atmosphere</b>	1/5	1/6	1/5	1/3	1/5	<b>0,21</b>	<b>1/5</b>	<b>Value</b>
<b>Atmosphere</b>	1/3	1/8	1/7	1/6	1/8	<b>0,17</b>	<b>1/6</b>	<b>Service</b>
<b>Atmosphere</b>	1/3	1/9	1/9	5	1/5	<b>0,33</b>	<b>1/3</b>	<b>Food</b>
<b>Value</b>	3	1/8	5	1/5	1/6	<b>0,57</b>	<b>1/2</b>	<b>Service</b>
<b>Value</b>	3	1/7	2	1	1/7	<b>0,70</b>	<b>1/2</b>	<b>Food</b>
<b>Service</b>	1/2	1/9	1/9	4	5	<b>0,66</b>	<b>1/2</b>	<b>Food</b>

AHP can be applied in individual and group decision. If the decision is taken by participation of not only one person but a group, the name of AHP with the group deciding is given to this case (Giriner and Çevdar, pp.104-105). One of the commonly used methods when group decision given in AHP is combination of individual judgment which is located in the pairwise comparison matrix. In cases where decision-makers have equal importance in combining of the judgment of a group, geometric mean is the most appropriate method Forman and Peniwati, 1998; p.169, Asma and Bahurmoz, 2006; p.10, Timor, 2011; p.38, Ömürbek and Tunca, 2013; pp. 56-57, Önder and Önder, 2014; pp.35-37, Çelik, 2007; p.74).

If the calculated geometric mean value was between 1-9, compare results were entered into the left side of the questionnaire Super Decision program without making any changes. If the geometric mean was a decimal number, nearest integer value was taken. If the geometric mean value which was calculated for decision makers is in the range of 0-1, "1" value is divided into this value (like 1 / 0,60). If the value is decimal number on account of dividing, it is calculated as "1 / the obtained value" by taking into account the closer integer value. In Table 4, fractional numbers which take place in common review



column field were determined in this way and Super Decision program was included in the calculation in the manner of locating on the right side of the questionnaire form (Ömürbek and Tunca 2013; pp.58-59). After data input, matrix concerning the criteria was created.

Inconsistencies in comparison may result in inconsistency of priority values of the ordering preferences of alternatives. If the inconsistency rate is "0", it shows that decision-maker is completely consistent in his jurisdiction. If this rate is 10% or lower, it is generally acceptable (Hafeez et al., 2002; p39, Forman and Selly, 2001; p.49). As the discrepancy value (0,09914 <0,10) of pairwise comparisons of individual judgment of decision makers is within acceptable limits which was calculated by taking the geometric mean in the study, the value related to the priority vector was adopted as interpreted. In this context, weight values of criteria as a result of comparisons are as follows; Service (32%), Food (39%), Atmosphere (7%), Value (22%). based on the results, the most important criteria in the selection of restaurant is food for decision-makers, the most trivial criteria is atmosphere.

#### 1.4. Determining of Precedence of the Alternatives

As a result, according to evaluation scores given by the customer in the restaurants which were taken into consideration in four provinces and judgment of experts in weighting of the criteria orderings are as shown in Table 5.

**Table 5: Comparison of the Restaurants of Four Provinces in terms of Customer Satisfaction**

	ORDERING IN TERMS OF CUSTOMER REVIEWS	INTEGRATED ORDERING	
MUĞLA	4,83	MUĞLA	0,264
İZMİR	4,59	İZMİR	0,252
İSTANBUL	4,58	İSTANBUL	0,250
ANTALYA	4,34	ANTALYA	0,234

As can be seen from Table-5, general ordering in our study which assesses of judgment of experts with the ordering in terms of the customer reviews on the restaurants which take place in four provinces having most tourist areas in Turkey hasn't changed.

## 5. Conclusion

In recent years, with technology providing opportunity of sharing unlimited information and comments in the virtual environment and increase in people's willingness to get information have attracted attention to this environment. Word of mouth communication which is an important marketing tool has begun to give place to word of mouth communication in virtual environment, reviews of customers and ratings. In tourism industry, the importance of experience consumption rather than product has triggered consumers' to share positive or negative experiences, which they lived, with potential consumers in virtual environments. Research results show that a large number of potential tourists decide to buy or not to buy by evaluating the views of those who has experience in the virtual environment.

As well as being many internet environment where restaurant customers share their experience, TripAdvisor website, which is an international platform where restaurant customers share their experience, is recognized as an important source in academic works. In this context, in four provinces having most tourist areas in Turkey and restaurants which take place in top 10 according to customer scoring in these provinces on TripAdvisor website were evaluated in the study. The criteria used in scoring which was made in TripAdvisor website were used exactly in the study. To determine the weight of these criteria, the weight was calculated in Super Decision program by taking evaluations of lecturers working at Beyşehir Tourism Faculty according to Saaty 1-9 scale. Thus, expert opinion was integrated with customer reviews in the study. Alternative four provincial orderings were obtained by combining weight of the criteria and TripAdvisor website customer score values in AHP technique. It is seen that provinces ordering hasn't changed even when integrated with the judgments of experts in

terms of customer reviews before study. In this context, it can be said that the criticism about the reliability of customer reviews is not valid at least within this study.

This study matters in terms of the use of an approach which integrates eWOM applications in multi-criteria decision-making techniques and expert reviews together. Besides, it will be able to set an example for other works about common review to be determined by geometric mean when there are multiple decision makers in AHP method and how it is to be placed in comparison matrix. Another importance of this study is that restaurant management will be able to get a feedback about the current state of the business by taking advantage of this and similar studies.

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## Figurative Transformation of Free Compound Words into Adjectival Phraseological Units in the Albanian and English Language to be Acquired from the Students

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### Abstract

*One of the crucial features of phraseology is figurative meanings the words get. In this paper it is aimed to see the figurative transformation of similes and metaphors considered as free compound words into adjectival phraseological units in the Albanian and English language. The examples are extracted from the "Phraseological Dictionary of the Albanian language" compiled by J. Thomai, from the English-Albanian Phraseological Dictionary of I. Stefanllari, as well as from the lexical file department of the Albanian language. A special focus is given to the meaning that these phraseological units have and how can they be acquired by the students, in order to have a native like fluency of the foreign language. Phraseological units are very hard to be acquired by the students as their meaning is different (not all the time though) from the words that this phraseological unit is compounded of. In the English language the adjective is one of the most important part of speech that describes, identifies, modifies, or quantifies something (a noun or a pronoun). Thus, adjective are used frequently in all types of discourses and styles. The area where the adjectival phraseological units are commonly used is literature and that is where the figurative meaning is definitely appreciated and emphasised to make it more attractive to the reader and to make one's writings colorful. Hopefully, these adjectival phraseological units will help and will be used by anyone who wishes to write artistically.*

**Keywords:** phraseology, simile, metaphor, adjectival phraseological units

### Introduction

Figurative language makes use of specific words, but it is emphasised that "it is embodied more in phraseological units" (Memisha V. 2002) than in words, as these phraseological units are laden with figurative meaning. Though, for a learner of a foreign language it is quite difficult to understand the meaning of the phraseological units as their meaning is quite hard to grasp. On the other hand it is stated that learning phraseological units makes the learner more confident due to the vocabulary background enhancement. To have and to use an extensive vocabulary background is really important because it shows proficiency. Phraseological units are closely related to a country's culture, history and traditions. Thus making use of phraseological units enriches one's vocabulary as well as the awareness towards the customs, traditions, culture, history, psychology of the people of the target country. For example, the phraseological unit 'Jack of all trade, but master of none' means that a person that is competent with many skills, but is not necessarily outstanding in any particular one. To know the meaning and to use this phraseological unit it means that the person who uses it, knows that it is related to the Elizabethan English. At that time people who knew Latin and English were considered well educated and they employed such phrases. One of them was **Johannes factotum** ("Johnny do-it-all") which was used with the same negative connotation that "Jack of all trades, but master of none" has today.

Nevertheless, another factor is that by knowing phraseological units, makes one feel more self confident in the interaction with foreigners. Phraseological units are part of the colloquial language, as well and as such it is appropriate for the learner of that language to acquire them and use them accurately. Let's consider the phraseological unit "Let's go Dutch" if someone does not know the meaning of this, he/she would say that it means 'let's go to the Netherland', whereas in fact it means 'each person pays for himself/herself'.

Another issue related to phraseological units acquisition is related to the different contexts belonging to various disciplines like pragmalinguistics, sociopragmatics etc.

Danesi (1992) observed how the metaphorical structures of the target language shape the codified concepts and how the conceptual codification reflects the metaphorical structure of the target language (conceptual fluency) have an impact on

the language acquisition. He investigates that deficiency in the metaphorical competence, which is closely related to the culture, presents a great obstacle for the foreign language learners to be fluent to the level of the native speakers. Lazar (1996) emphasises that in the strategies which are used to expand knowledges and to produce figurative language as well as to understand it, includes a 'deduction' process, inference.

Students must be encouraged to discover the figurative meanings, at the same time pedagogical instructions must aim to go beyond the conventional forms, to be more original, efficient and idiosyncretic. Students must be sensitized to know the cultural importance due to the fact that the figurative meanings are assessed from the cultural point of view.

Glucksberg (1996) emphasises the importance of the specific cultural knowledge which is part of the figurative language competence, where the figurative meanings are deeply rooted in culture. Cultural and social values are perceptions and interpretations of the discourse, which are indirectly dominant. For Glucksberg, this kind of dependency on the cultural communicative competence is somehow a serious problem for the students, who are learning a foreign language. A student who learns a foreign language, does not only know two languages, but also must know two cultures. By knowing two cultures they would also be able to acquire the figurative language as well.

Littlemore (2003) comments on the influence of the cultural background and the impact it has when one wants to interpret a metaphor. Furthermore, by observing the competence concept and the its relation with the foreing language learning process, she emphasises the complexity of this competence. She thinks that the cultural competence depends a lot on the cognitive abilities of the individual ( the less advanced is a student in learning a foreign language the poorer is his figurative competence). The context plays a pivotal role in the process of understanding and producing figurative language and especially using figurative devices. Making use of different contexts in different fields enables the students to improve not only the linguistic competence, but at the same time the competence in using the figurative language.

The reason why it is difficult to understand the figurative meaning is because it is difficult to memorize phraseological units and use them appropriately. However, this is even more difficult when the language to be learned is English, as it is an idiomatic language.

The main focus of this paper is to observe this phraseological units, the way they are formed, as well as which are the means used to form them, especially the adjectival phraseological units. These adjectival phraseological units are very useful to be learned because the adjective is one of the main parts of speech in a sentence and replacing the adjective ith an idiom or phraseological units makes the speech, or the writing more interesting and colorful. The majority of adjectival phraseological units are formed by the use of simile and metaphor, thus they deserve a special attention in the process of teaching and learning.

### **Adjectival Phraseological units formed by simile**

According to the definition of Punter (2007), a simile is the simplest form of metaphor where two objects are compared. A comparison in an explicit way compares the similarities, whereas the more advanced forms of metaphor aim to surprise the listener, the reader by omitting the comparative conjunctions (Knowles; Moon 2006: 8). Metaphors and conjunctions have in common the fact that both include 'conceptual (mental) activities (Mac Cormac 1985: 36). The creator of metaphor or simile must bear in mind a combination of referents, and the listener must search for a connection between the referents and must notice the changes between them. For example, if we say "**someone is a fox**" it is a metaphor, but if we say "**he is like a fox**" it is a simile.

Yet, it can be said that there is a little difference between the metaphor and the simile, apart from when they are used in phraseology, where the difference is important. As it is mentioned already, a metaphor is literally impossible or not true; without taking into consideration the behaviour of the person, a human being is always a human being and not a fox. On the contrary, a simile different from a metaphor is literally possible or real, no matter how inconvenient is the comparison. Ortony (1980: 189) arguments that the process of making comparison is of an essential importance in order to understand the comparison. The comparisons are more or less successful or convenient to the degree in which the things are being compared as similar.

A simile is a literary device which is used in comprehensive linguistics, but on the other hand it is even one of the common way of figurative transforming the free word group into a phraseological unit.

Comparing by using simile performs different functions (Fromilhague 1995:88-94). First of all they help us communicate accurately and effectively. Secondly, they function as cognitive means which help us see the world in different ways as they establish an interrelation of similarity with the world that surrounds us. An ordinary comparison, which is estimating and not official, emerges in other types of phraseological units, in the bookish style in different kinds of genres, in order to create "the illusion of the verbal means" (Moon 1998: 267-68). The selections of the units is closely related to the culture and in some cases it creates many lexical-cultural problems. The comparison in the English language becomes more evident by the use of comparative conjunctions like: *like*, *as*:

~ **Like a bad penny** – si paraja e kuqe.

I purposely didn't introduce you to my sister-in-law at the party, because once she gets an entry into anybody's home she keeps turning up **like a bad penny**.

~ **Like a bat out of hell** – si rrufe si plumb, vetëtimthi.

When someone shouted "Fire!", I got out of that house **like a bat out of hell**.

~ **Like a bird** – flutur, flutur e shpejtë.

My new car goes **like a bird**.

~ **Like a bull in a china shop** – i ngathët si buall.

I wish I could mark everything fragile, that's how I feel, trucked in here. Listening to her, I feel **like a bull in a china shop**.

~ **Like a bullet out of/from a gun** – si plumb, si vetëtimë, vetëtimthi.

Well, as soon as I read that bit in the 'Daily Tale' about the Loch Ness Monster being sent in Little Todday and Great Todday I was off **like a bullet out of a gun**. I mean to say, I don't want to miss seeing this monster.

~ **Like a lamb** – si qengj, i urtë si qengj.

He went up to his solicitor's office **like a lamb**, while Mrs. Pettigrew waited in the car below.

~ **As black as coal** – i zi si qymyri, i zi sterrë.

Look at your hands, boy, they're **as black as coal** – you can't come to the table like that.

~ **As busy as a bee** – si bletë punëtore.

The children are **busy as bees**, helping their mother in the garden.

My wife never has time to get bored. She is **as busy as a bee** from morning to night.

~ **As clean as a new pin** – i pastër dritë.

Jim's mother was a big woman, who kept her house as clean as a new pin.

~ **As clear as crystal** – i pastër, i qartë, i tejdukshëm si kristal.

The river ran as clear as crystal and if you watched closely you could now and then catch a glimpse of a trout hovering over the pebbles on the bottom.

~ **As clear as day/daylight** – si drita e diellit.

The matter was **as clear as daylight** and would be disposed of in half an hour or so.

~ **As cunning as a fox** – dinak si dhelpër.

There is a good deal of crooked dealing in the property business but the people involved in it are **as cunning as foxes** and know how to keep just on the right side of the law.

~ **As cold as ice** – akull i ftohtë.

The central heating had been switched off and the room was **as cold as ice**.

~ **As deep as well** – i thellë pus.

'I never knew Harold could handle a boat!' 'There's a lot we don't know about Harold. He's **as deep as a well**.

~ **As easy/simple as ABC** – fare kollaj , fare lehtë, si bukë e djathë.

You will quickly learn how to use this machine; it's **as simple as ABC**.

First lessons in any subject are usually designed to make you think that the whole course is going to be as easy as ABC.

~ **As fit as a fiddle** – si kokërr molle.

'How are you feeling, Tom?' '**Fit as a fiddle**'

I'll tell your parents that you're **as fit as a fiddle** and having the time of your life.

~ **As hard as steel** – i fortë si çeliku.

General discipline and academic achievements improved greatly under the headmastership of Mr.Gray, a man **as hard as steel**, but very just.

~ **As hard as a stone** – i fortë si shkëmb.

I can't do any digging today, the ground's **as hard as stone** after last night's frost.

~ **As heavy as lead** – i rëndë plumb.

When he woke the following morning his throat felt sore and swollen and his limbs **heavy as lead**.

~ **As light as a feather** – i lehtë pendë.

'Can you manage to carry her?' 'Oh, she's **as light as a feather**'.

~ **As meek as a lamb** – i urtë, i butë si qengj.

If he'd thought I would sit there **meek as lamb** while he abused my family, he must have got a real surprise.

~ **As obstinate/stubborn as a mule** – kokëfortë si mushka.

But this is the old thing, though he is impulsive he's **as obstinate as a mule**.

~ **As quick as lightning** – si rrufe.

I didn't mean to let the dog out, but he shot past me, **as quick as lightning**, when I opened the door to the postman.

~ **As quiet/silent/still as the grave/tomb** – i heshtur si varri.

I do miss the children. The house seems **as silent as the grave** without them.

There's no use peering through the letter-box. The place is as still as the grave. They must have forgotten we were coming.

~ **As sweet as honey** – i ëmbël mjaltë.

I can't drink this tea. It's **as sweet as honey**.

She's the kind of woman who'll **be sweet as honey** in your face and as malicious as hell behind your back.

~ **As white as chalk/snow/a sheet** - e bardhë si bora, i bardhë qumësht

The sheets were rough but **as white as snow**.

It was dreadful to see him lying there **white as a sheet** and in such pain.

His face was **white as chalk** when he arrived home from work this evening.

In the Albanian language there is a great number of phraseological units formed by the transformation of the free compound, which have one of their components a comparative conjunction like : *si*, *posi*:

~(Është) **si qen i rrahur (i dëbuar)** (dikush) e ka pësuar një herë keq në jetë dhe nuk ka më guxim e nuk vetëvepron, ngaqë ruhet se mos e pëson përsëri; (është) **ka me një bri; ka rënë nga dardha;**

~(Rri) **si mace e lagur** (dikush) *mospërf.* rri i turpëruar para të tjerëve për shkak se ka bërë diçka të keqe, rri kokulur e pa bërë zë; (rri) **si pulë e lagur**;

~**Shet mend** (dikush) përipiqet të tregohet më i ditur a më i zoti sesa është; është mendjemadh e mburret përpara të tjerëve; **si qeni në qerre**;

~(Del) **si kërraçi para gomarit** (dikush) *tall.* nuk respekton radhën para të mëdhenjve, nuk është i përmbajtur, flet pa radhë; **(del) si mëzi para pelës**; **(del) si boshti para furkës**;

~**S'i zë bytha vend** (diku) *keq. thjeshtligj.* nuk ngulet në punë; është shumë i lëvizshëm, nuk shtrohet a nuk ulet gjëkund;

~(Flet) **si miza në qyp** (dikush). 1. Flet me zë të ulët e mbyturazi, mezi dëgjohej e nuk merret vesh fare ç'thotë. 2. Nuk është i qartë në mendime, nuk e kupton çfarë kërkon;

~(Janë) **si bletë e plotë** rrojnë së bashku, të pasur e të lumtur (për një familje etj.);

~(Ka) **si bletë e plotë** ka me shumicë, është bollëk të mirash.

### Adjectival Phraseological units formed by metaphor

Phraseological units formed by the use of metaphor are numerous. According to Lakoff and Johnson (1980), most of the metaphors have a conventional nature as they are used in every day speech, which means that they are stable phrases that are used by systematically by people. For these scholars the conventional metaphor are created from the culture of a certain country to determine a specific kind of reality. The impact that culture displays in metaphors is obvious and commonplace; it is present in different types of discourses as well as in different functional styles. For Lakoff and Johnson (1980), the meaning of the new metaphors depends and it is assessed partly from the culture and partly from the personal experiences of the user. The appropriate use of the metaphors is not an easy process or something to be copied as an unalterable phraseological unit used by a particular social group, but there is always an individual element for the metaphor's construction which derives from culture, because people are influenced by their personal experience as well from the exposure to different types of social discourses. Meanwhile according to V. Memisha (2008) "The creation of a phraseological units undergoes a process of four phases: free word group, simile, metaphor ( which implies the dropping of the comparative conjunctions), phraseological unit ( the creation of a new lexicalical unit with all the characteristics and functions that its equivalent has; the word)" (Memisha, 2001)

Memisha asserts that " taking into account the lexical materials that we have in our hands , it is observed that during these latest decades, we observe that Albanian language as well is experiencing an enormous metaphorisation phase, which is a tendency acquired by the languages, which have elaborated functional styles. The minimal structures, where this metaphorization occurs ( not metaphorisation in the narrow sense, but as as a inclusive semantic shift) build multiple relation between words which enrich their structures with new semantic valences." (Memisha, 2008)

In the Albanian language it is noticed that by making use of metaphors, multiple meanings emerge according to the similarities in shape, dimension, colors, roughness, be it concrete or abstract; thus, it can be emphasised that this is a way of enriching words with new meanings. In this point of view, the metaphor is displayed as one of the main devices for the formation of phraseological units as well as the most productive one in a certain language. The examples extracted from the phraseological dictionary demonstrate and support this view.

### Adjectival phraseological units formed by the metaphorisation process in English:

~ **Bad egg** – njeri i poshtër, njeri i keq, maskara; njeri i pabesë

Their nephew, who was a real bad egg, got his hands on nearly all the old couple's savings on the pretext that he would buy them a little place in the country.

I would never trust Brown: he is a bad egg.

~ **Big cheese/shot/wheel/wig** – njeri me peshë, njeri me zë, njeri me shumë rëndësi

Here comes the big cheese himself. Have got the red carpet yet?



Make sure you keep friendly with that chap: he's a big shot in the Civil Service.

~ **Cold fish, a** – njeri i ftohtë

I find Frank's company boring: he's a bit of a cold fish.

~ **Dark horse, a** – person (kandidat) pak i njohur njeri i pashaqur

He's a bit of a dark horse: He was earning a fortune, but nobody knew. Whatever the outcome of the election, Mr. Michael Foot-the dark horse- emerges more and more as a figure of moderation.

### Adjectival phraseological units formed by the metaphorisation process in Albanian:

~ **Arushë mali (e malit)** njeri i fuqishëm e i guximshëm; njeri që nuk lodhet kurrë. *Kur i therrët ai Sokoli Halil: / "Ku më je, i thotë, arusha e malit, / Ndihmë do të vijnë agët e Jutbinës. (Folk.). Dalip Karaji, një arushë mali, / I ra asqerit mu te zalli. (Folk.).*

~ **Bagëti e trashë** *shar.* njeri i paditur, i pagdhendur a budalla. - *Fali Zot, bagëti e trashë, nuk dinë ç'bëjnë. (Let. art.).*

~ **Bletë shkëmbi** njeri i padobishëm, që nuk jep fryte në punë; **kalli pa bukë.** - *Ma kanë sjellë një sekretar, po ai bletë shkëmbi, më mirë të mos e kesh. (Pub.).*

~ **Bollë e vrarë** njeri fare i lodhur e i këputur; që s'ka fuqi fare e s'lëviz dot. - *Ku më je, o bollë e vrarë, që s'po të shohim ka ditë? (Ligj. fol.).*

~ **Buf kënete** *shar.* njeri i shëndoshë, i plogët e përtac, njeri i fjetur; njeri i trashë nga mendja. - *Kush qe ai buf kënete që t'i tha këto gjëra? Dyshoj shumë në intelektin e tij. (Let. art.).*

~ **Me buzë të plasur** shumë i dëshpëruar, i pikëlluar; **me shpirt të plasur; me zemër të plasur.** *O moj Shqipëriz' e dashur, / Mëmëdhe, / Të shoh me buzë të plasur, / Si më sheh. (Let. art.).*

~ **Me buzë varur (të varur)** i vrenjtur, i ngrysur, i zemëruar; i pakënaqur e i mërzitur; **gjithë (tërë) buzë; (gjithë, tërë) hundë e buzë; me hundë varur (të varura).** *Përse sot me buzë varur ky Çurçilli, / Këtë ditë kur me gaz këndon bilbili? (Let. art.). Me buzë të varura i rrinte edhe plaka, që më parë e priste me peqe e lepe. (Let. art.).*

~ **Dash me flokë** burrë i shquar, burri më i mirë në një fshat, në një rreth familjar etj.; **dash me këmborë.** - *Shpendi ka qenë dash me flokë në të tanë krahinën e jo vetëm në katundin tonë. (Ligj. fol.).*

~ **Dash me këmborë.** 1. Njeri i zoti e i shquar, i pari ndër të tjerët; **dash me flokë.** - *E ka atë djalë e vogël, dash me këmborë, ai ka për ta nxjerrë në selamet Zenon. (Ligj. fol.).* 2. Kryetari i familjes a i fisit. - *Ti je dashi me këmborë në fis, ç'të na thuash ti do të bëjmë. (Ligj. fol.).* 3. Udhëheqës, prijës. - *Printe para me shpatë në dorë, / Ballë trimash dash me këmborë. (Folk.).*

~ **Derr në kotec (në thark)** shumë i mërzitur (ngaqë nuk kam dalë a nuk kam lëvizur).

- *Kam gjashtë muaj pa dalë, mbeta brenda e u bëra derr në thark. (Let. art.).*

~ **Derr me zile** *shar.* njeri shumë i trashë nga mendja dhe i neveritshëm.

- *More, derr me zile, ç'më vure kështu në kokë? - Mbaje me shëndet! - i tha Kadriu dhe i shkeli syrin. (Let. art.).*

~ **Dhelpër plakë** (e vjetër) njeri shumë dinak, i regjur në hile e dredhi; **skile e vjetër.**

- *Ai, i dashur, ka qenë dhelpër plakë... E vlerësoi gjendjen dhe e ktheu drejtimin e barkës nga perëndimi. (Let. art.).*

~ **Dhi arrakate** *shar.* vajzë që nuk mblidhet në shtëpi, që bredh poshtë e përpjetë; vajzë e egër, e pashtuar në pune a në shkollë; dhi e egër.

*Lushja dhi arrakate ka qenë që e vogël, dy gurë bashkë nuk linte, dhe ashtu mbeti. (Let. art.).*

~Dhi e egër vajze a grua e gjallë a e shkathët, por jo e afrueshme; dhi arrakate shar.

## Conclusions

One of the main features of phraseology is the figurative meanings that the words get when combined in a phraseological unit. The English language is considered as an idiomatic one. Thus, making it more difficult to be learned by the foreigners, due to these semantic shifts that the words acquire when they become part of a phraseological unit. In this paper it has been observed that the majority of the phraseological units are formed by the use of linguistic tropes where metaphor and simile occupy the main part. Nevertheless there are phraseological units which are formed by the use of other linguistic tropes like metonymy, synecdoche etc. In both languages it has been noticed that the words get other meanings apart from the literal one, which as a result enrich the vocabulary with new phraseological units. Phraseological units are important for the students of a foreign language, as it shows a nativelike level of the language proficiency. Hence phraseological units must be part of the everyday learning in order to be acquired effectively and accurately. Both teachers and students must be aware of the importance that phraseological units have and must make it a priority in the teaching and learning activities.

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## Promoting Habits of Reflection and Self-Efficacy through Guided Reflection in an EFL Writing Course

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### Abstract

*Faced with high-stake assessments to document the mastery of the language, foreign language learners often feel a loss of confidence and perceived self efficacy, thus having negative effects on their academic performance as literature suggests. This study set out to look at the impact learner reflections at a university EFL writing course have on self-efficacy beliefs about the writing course and on the attitudes towards reflection in general. Results show that reflection increases self efficacy of the course and students see reflection as a valuable tool.*

**Keywords:** self-efficacy, reflection, EFL writing.

### Introduction

For decades educational psychologists have tried to propose solutions to low academic achievement by going back to the learner and putting him at the center of the process. Since, many learner centered theories and practices have taken the spotlight with the belief that the learner is an active player in the process and has an important role in his own academic journey. Thus, strategies, techniques and methods have been and are being developed to train him/her because many characteristics of a good learner can be taught. One area of interest in learner centeredness is learner beliefs which have preserved its momentum in the field of teaching and learning. For years, researchers have questioned whether self beliefs play a role in academic performance and success. Many studies in education have found that the beliefs students hold about themselves have an impact on their performance. Students who develop positive attitudes about their abilities or as known in literature students with high self-efficacy, are believed to perform better. Self efficacy beliefs are also associated with work related performance in many areas such as business, marketing, technology etc. (Gist & Mitchell, 1992) as well as healthcare and sports.

Reflection on the other hand, ensures deep thinking while combining past, present and future experiences. Reflective thinking makes learning more meaningful and puts it in a broader context. Unfortunately, students at all levels and all subjects seem to struggle with it partly because of lack of direction or models. The purpose of this study is to look at the impact of structured written reflections in the perceived self-efficacy in writing tasks in an EFL writing classroom. The study description and result discussion will follow a general overview of self-efficacy and reflection concepts in education.

### Self-Efficacy

Bandura (1993) describes perceived self-efficacy as "students' beliefs in their ability to regulate their own learning, master academic activities and determine their aspirations, level of motivation, and academic accomplishment" (p. 117). He (1997) reached to the conclusion that students with high self-efficacy persevere longer and search for deeper meaning across learning tasks. Pajares & Schunk (2005) stated that these types of students have higher achievement at school. Bandura (1984) also noted that self-efficacy plays an important role in language learning by fostering or impeding it. Self efficacy differs from confidence in the sense that it is context specific. Therefore we can talk about self-efficacy within a specific activity, task or course framework. Self-efficacy is not a trait you were born with: it can change and be cultivated. Studies about self-efficacy have been carried out in many academic areas such as math, science, and writing and have been associated with positive effects on learning outcomes.

(Klassen & Usher, 2010; Pajares, 1996; Pajares & Urdan, 2006). Schunk (1991) suggested that one of the sources of self-efficacy is learners' past performances. When learners have positive past experiences, their self efficacy seems to go up in subsequent tasks.

## Reflection

Reflection is important today more than ever as we live in the age of instant gratification, opinion, and feedback among the myriad of information only a click away. Dewey is considered as one of the fathers of the definition of reflection and much of the literature written on this topic credits him for his contribution in this area. He suggested that reflective thinking is "an active, persistent, and careful consideration of any belief or supposed form of knowledge in the light of the grounds that support it, and the further conclusions to which it tends" (Dewey, 1910). There are other numerous definitions of reflective thinking, but all agree that it is not a loose, random, uncontrolled act. Rather, it is an active process, often initiated by a puzzle, problem or a need where the learners continuously assess what they know, need to know and consider the tools required for the process. Daydreaming or the "loose flux of disconnected material that floats through our minds" as Dewey puts it, is not "real thinking". Reflective thinking is disciplined, focused and geared towards a conclusion. As such, it can be said that training students to engage in reflective thought is not only an academic undertaking but it is required for action and advancement in the society. "The need of thinking to accomplish something beyond thinking is more potent than thinking for its own sake" Dewey (1910). Reflection helps us use the knowledge we have to make meaning of the new experiences. As Elliot (1943) put it a long time ago "learning and understanding learning processes does not happen maximally through experience alone but rather as a result of thinking about - reflecting on it". In language learning, for optimal learner autonomy Little (2007) suggests three crucial components: learner involvement, learner reflection, and target language use.

Despite the importance of reflection, many students, especially language learners fall short in this area. Teaching styles, culture, and perceived self-efficacy can have a serious impact on reflection. Riedinger (2006) states that to be effective reflective thinking in the classroom needs to be in alignment with the learning objectives and that students should be taught to reflect. Reflection, especially to students from different cultures and backgrounds, is an activity that does not come naturally. Riedinger (2006) warns: "students who are given vague instructions about the goal and objectives of portfolios and reflection, may become confused, frustrated, and resistant to further reflection". Literature suggests two approaches for reflection: unstructured and structured approach (Kidwai, et.al., 2010). The first one provides minimal guidelines and as such it can be challenging for language learners who still struggle with proficiency and getting their message across. The structured approach uses questions or prompts to help the learner focus their thinking in certain areas or aspects of the task. This study embraces the later approach as it was thought to be more suitable for the limited linguistic abilities of the language learners.

## Method

This study employs a quantitative design to try to explore the effects of written reflections on the self-efficacy beliefs about the writing course and on beliefs about reflection as a viable strategy for future use. The added perspective of the practitioner researcher was thought to make data interpretation more thorough and meaningful. Two intact classes were used as a treatment and a control group. The independent variable manipulated in this study was a classroom reflection component and the dependent variable was self-efficacy beliefs.

## Participants

36 students at a writing course in an intensive English preparatory program in a Middle Eastern University participated in the study. All the participants were females aged 17-22 with an equivalent of A2 English level. They were members of two intact classes, each assigned to a treatment group (n=15) and a control one (n=21). These students had to pass another higher level writing course before they moved to their respective majors. Consequently, the stakes were high and students' beliefs and confidence towards writing changed continuously.

## Research Questions

The research questions guiding this study were:

1. How did student participation in written reflection impact their self-efficacy ?
2. How did student participation in written reflection impact their attitudes towards reflection?

## Context of the Study

The course used for the purposes of the study was a writing course designed in the form of a workshop where the writing process was at the center of all activities. As such, it aimed to foster an atmosphere of reflection and autonomy. Multiple drafts were written on different genre stated in the syllabus, with the help of peer and teacher feedback. Unfortunately, the culture of reflection did not embrace all the students. Many were focused on the end result, rather than learning bits and pieces from the process. In these circumstances, the author decided to explicitly cultivate reflection and look into how students' attitudes towards reflection and the perceived self-efficacy would be affected. The two intact classes used for the study belonged to two different semesters with the same syllabus and curriculum.

## Instruments and Procedure

Two instruments (questionnaires) were used in the study. The first one consisted of self- efficacy items about the course (parts of it adapted from Pintrich and De Groot (1990)) and the second one was composed of reflection items about the reflecting process completed only by the treatment group. (adapted from Kirby 2009). The items were scored using a Likert-type scale ranging from 1 to 5.

Participants in both groups were asked to complete the self-efficacy questionnaire in week 10 of the 15 week course. Starting week 2, the treatment group had to complete worksheets with reflection prompts at the end of the first and second drafts for each essay piece required in the syllabus which coincided

with week four, six, nine, and ten. The treatment group completed the "reflecting about reflection" questionnaire at the end of week 14.

## Results and Discussion

### RQ 1

Descriptive statistics for the self-efficacy questionnaire were run and the means were 35 for the treatment group and 31.57 for the control group. To determine whether this change is significant or not, a t-test for independent samples was conducted. The p value was calculated as .0079 which shows a significance between the two groups. However, when calculating the effect size, the Cohen's d was small which indicated a small effect size.

### RQ 2.

Of the 15 participants of the treatment group who wrote reflections on their essays, the majority chose either agree or disagree with the four items in the questionnaire. They agreed that their written reflections made their thoughts more focused and clear (Q 1), expanded their understanding of the topic and essay organization (Q 2), and motivated to review more carefully (Q 3). The majority also agreed that they would like the same reflections to be part of their next writing course (Q 4). The table below

shows the overall results of the student responses for the questionnaire.

Ratings	Q1	Q2	Q3	Q4
SA	20%	27%	13%	33%

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A	63%	60%	67%	53%
N	7%	13%	13%	13%
D	0%	0%	7%	13%
SD	0%	0%	0%	0%

Learners are part of their learning process and their beliefs matter in their success. It is important that they develop positive beliefs in spite of hindering factors. The results of this study are in alignment with literature findings that many learner centered methods in writing instruction such as self-assessment and peer-assessment increase self-efficacy. Because of the consistent results about the effect of self-efficacy in attitudes, persistence, and performance, educators should strive to provide environments that foster it. One of the ways to do it is reflection not only about the task at hand but in connection with the goals that the learner sets and modifies continuously.

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#### Appendix A

##### Reflection about Reflecting Questionnaire

1. Writing a reflection made my thoughts clearer or more focused than they were before.
2. My understanding of the topics and the essay organization grew as a result of writing the reflections.
3. Writing a reflection motivated me to review my essay more carefully.
4. I recommend that the reflection assignments continue next semester in the writing course.

## Determinants of Customer – Perceived Service Quality in the Albanian Banking Industry

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### Abstract

*The purpose of this paper is to identify the determinants of customer service quality perceptions and to develop an instrument to measure the level of service quality in Albanian banking industry. For this purpose we use the BSQ instrument and evaluate whether it can be applied in Albanian banks context. The BSQ items are evaluated and new item are added after an extensive and in depth analysis of the literature review published on bank service quality measurements. As a result of this analysis, a modified version of BSQ was created as a measurement scale of bank service quality in Albania. Data were collected through customer surveys conducted in two major cities in Albania, Tirana (the capital city) and Korca. A structured questionnaire was used in face to face interview with 352 retail bank customers. The questionnaire was formulated using BSQ items and items find from the literature review. The collected data were analyzed through tools such as factor analysis and one way ANOVA. This analysis helped to provide the validity and reliability of the modified instrument. The proposed scale comprises 28 items which spans four dimensions: responsiveness and informing, reliability and security, commodities, effective access. The research findings confirm that the BSQ instrument needs to be modified to the cultural context of Albania. Given the limited research done in measuring bank service quality in Albania this study is a significant contribution to the literature. The instrument developed in this study is important to bank managers for evaluating, controlling and improving service quality.*

**Keywords:** service quality measurement, banking industry, Albania

### 1. Introduction

In the last two decades is reported a large number of research on service quality. There are several reasons for the growing interest in studying service quality. High service quality results in retain existing customer and acquire new ones, reduce costs, enhance corporate image, generate positive word of mouth recommendation and improve profitability (Berry, 1989; Cronin, 2000; Cronroos, 1984; Hurley & Estelami, 1998; Keaveny, 1995; Boulding, 1993; Shemwell, 1998; Kim, 2009; Kang & James, 2004; Reicheld & Sasser, 1990; Rust and Zahorik, 1993). Also, high service quality create a competitive edge for firms and differentiate them in the market. In order to use service quality as a mean in achieving a competitive edge first is necessary to correctly identify the determinants of service quality. In this regard, Parasuraman, Zeithaml and Berry (1985) pointed out that customer rely on a set of criteria or dimension to evaluate and determine the service quality of any business.

Due to cultural and environmental factors consumers of services in different countries have different perception of what service quality is. Understanding what service quality is, identify the factors and dimensions that form the construct, conceptualize and operationalize models to measure it are issues extensively researched. Although the extant literature has done a credible job in advancing the understanding of the service quality construct, the vast majority of this research has been based in western and American markets (Yaprak, 2003). There is no evidence of studying service quality measurements issues in Albania.

Therefore, the purpose of this paper is to build a service quality measurement instrument for banks in Albania. Consequently, examining its item and factorial structure, asses its reliability and validity and deepen the understanding of service quality determinants. For this purpose we use a modified BSQ instrument. Thus, the survey questionnaire used in this study included the scale items from BSQ model as well as additional items from reviewing the bank service quality

literature. In order to determine the relevance of existing instrument to another population the data were analysed using similar techniques used in the BSQ study.

The study's finding will be to great importance to both academic and managers. Given the limited research done in measuring bank service quality in Albania this study is a significant contribution to the literature. The instrument developed in this study is important to bank managers for evaluating, controlling and improving service quality.

The research finding confirms that the BSQ instrument needs to be modified to the cultural context of Albania. The proposed scale for measuring service quality in Albanian banking system comprises 28 items which spans four dimensions: responsiveness and informing, reliability and security, commodities, effective access.

The paper is structured as follows: *first*, we give a background of the Albanian banking industry, present a literature review of service quality definition and measurements models in general and in banking industry in particular; *second* we explain the research methodology used in this study; *third*, results from data analysis are presented and *fourth*, a discussion of results is provided and insights for service quality of Albanian banking industry are highlighted.

### 1.1 Albanian banking industry

Services continue to represent the main share in Albanian economy for year 2013, by 44.6 % of GDP (Albanian Statistical Institution). The financial intermediation sector is perhaps the most important sector of the service industry. It contributes around 2.2% of total GDP in Albania (Albanian Statistical Institution, 2013). These statistics provide a clear picture of the importance of services for Albania economy. Since services are a significant part of the economy it is important to examine the sector in more detail and generate methods and strategies to help its growth.

Albanian banking system is a universal banking system and represent the dominant sector within financial system, managing 94% of the total financial asset (Financial System Stability Assessment - IMF, 2014). Albania has 135 savings and loan associations but these only account for around 0.5% of the financial system (Partners for Financial Stability, 2011). In Albania develop their activity 16 private commercial banks which are mainly foreign owned (13 out of 16 are foreign-owned).

During these two decades, Albania has made important changes towards the creation of a modern banking system. Banks have change their ways of conducting business relying more on technology in service delivery. A lot of technological improvements are made by banks in Albania. This can be proved by the increased number of POS and ATM in the last ten years (from 155 POS in 2004 to 6500 in 2014 and from 93 ATM in 2004 to 820 in 2014), the increased number of banks that offer mobile banking and internet banking since 2005 when this services where introduced (12 banks out of 16 offer internet banking, and 7 offer mobile banking) (Albanian Association of Banks, 2014). Even that the necessary technological infrastructure exists in Albania, the usage of electronic payment system is significantly lower compared with other countries in the region (Beqiri, 2014).

Banks competition is intense and has been strengthened with the introduction of foreign-owned banks as they introduced a diversity of products and services and a high-level technology (Ceca, 2008). Intensification of the competition also came as a result of deregulation, competition from other financial institution and free capital movement. Increased competition imposes banks to choose superior strategy and tactics in order to succeed. Until recently, Albanian banks tried to maintain their competitive standing via aggressive promotion and extensive branch networks (Lleshanaku, A, 2008). According to Lleshanaku (2008) the bank managers interviewed in Albania firmly believe that in order to succeed in the future emphasis must be put on delivering excellent service to customers.

## 2. Theoretical framework

### 2.1 Service quality

The literature on service quality is divided in two concerns: the definition of service quality and the measurement of service quality.

*Definition of service quality:* Service quality is an overall judgment of a service provider and the outcome of the comparison between customers' perceptions and their expectations (Zeithaml, 1988). Service quality can be defined as meeting the needs and expectations of the customer (Smith, 1988). Above unanimity in the definition of service quality remains



elusive the general consensus in the marketing literature is that service quality must be considered from the customer's perspective (Cardozo, 1965; Fiegenbaum, 1982; Schembri & Sandberg, 2002). The arguments that support this point: 1) Customers are the ones who ultimately evaluate the level of service delivered by a service provider (Gronroos, 1984; Zeithaml, 1990; Reeves, 1994). 2) Customer's perception of the subjective factors of service quality can better capture what customer want, in comparison with standard set by service providers that may, or may not be accurate (Takeuchi, 1983; Reeves, 1994). 3) Unlike goods quality, service quality has no objective measures, so firms must rely on customer's perceptions (Karatepe, 2005). A firm in order to compete successfully must have an understanding of customer perception of the quality and the way service quality is influenced (Gronroos, 1984).

*Measurement of service quality:* Consensus as to a universal measure of service quality has not been reached in the literature, and studies that have examined construct measurement issues continue to receive research attention (Roberts, Varki and Brodie, 2003). Questions as to which (or what number of) factors best define the service quality construct (Lloa, 1998; Carman, 1990) and which scale variables should be included (Richard, 1993), continue to be contested.

The SERVQUAL model developed by Parasuram (1985, 1988) is the most cited and applied model for measuring service quality. This measurement of service quality is based on the comparison of the expectations and performance perceptions of customers. Cronin and Taylor (1992) offer a theoretical justification for discarding the expectation portion of SERVQUAL and including only the performance perceptions in the scale (what they term as SERVPERF).

This study adopts the performance only approach for its empirical part for two reasons: First, it is emphasizing that using perceptions scores as in SERVPERF is likely to be more effective and accurate in identifying the overall assessment of service quality (McAlexander, 1994; Cronin, 1992). Also, using only perceptions scores provide superior predictive and convergent validity Cronin and Taylor (1992), especially in the banking sector (McDougall, 1994). Second SERVPERF is more appropriate in measuring service quality in service situation where customers have difficulty in forming precise pre-consumption expectations (Mick, 1998; Zeithaml, 2002). Transition economies have relatively short period of experience with free market service situations, so it is reasonable to believe transition economy customers would have more difficulty in forming precise pre-consumption expectations required for using gap measurement instrument (Mick, 1998; Zeithaml, 2002). Consequently, as Albania is a transition economy it is more appropriate to use a scale instrument that measures service performance. On these grounds, this study adopts the performance perceptions approach for its empirical part.

Despite wide application of SERVQUAL, it has been often criticized by researchers (Karatepe, 2011; Chi Cui, 2003; Avkiran, 1994). They suggest using the model considering industry, culture and country specific features.

To provide a lasting solution to the problem of the unsuccessful measurability of SERVQUAL, researchers agreed on a possible modification of the SERVQUAL model to suit the specific service settings (Bahia and Nantel, 2000; Jabnoun and Khalifa, 2005; Amin and Isa, 2008; Othman and Owen, 2001; Guo, Angus and Hair, 2008; Jabnoun and Al - Tamimi, 2003; Obaid, 2006; Karatepe, Yavas and Babakus, 2005). Bahia and Nantel (2000) modify the SERVQUAL model to build their BSQ retail banking – specific metric. Bahia and Nantel (2000) used a number of the SERVQUAL dimensions and incorporated additional dimensions in order to cover all the facets of the marketing mix. After modification, the dimensional structure of the BSQ scale was based on six dimensions *effectiveness and assurance* (which was composed from six SERVQUAL dimension *competence; responsiveness; credibility; security; empathy; and communication*), *access, price, tangibles, service portfolio, reliability*.

### 3. Research methodology

#### 3.1 Research instrument

In this study we decided to rely on BSQ instrument because it is a standard scale, designed specifically for measuring service quality in banking industry (Petridou, 2007; Glaveli, 2006); cover all the dimensions of the marketing mix in contrast with SERVQUAL model who concentrate only on service/product dimension; was proved to be more reliable than SERVQUAL model.

Existing research models and measures may be inapplicable to other cultures unless the dimensionality of scales and reliability are demonstrated to exist (Douglas, 1983; Hui, 1985). As reviewed in the literature, when BSQ instrument was used in other culture/country both the validity of the factor structure, as well as the stability of the scale items is questioned

(Petridou, 2007). Hence, a generic instrument for measurement of service quality or even one specifically developed for banking industry may not be applicable in its original form.

This paper examines the degree to which a structural model of bank service quality has a similar factor to that of existing BSQ model (Bahia, 2000). In order to determine the relevance of an existing scale to another population the methods of measuring constructs and analyzing data were the same as in the original BSQ study.

The literature review revealed that researchers value that service quality is not a generic construct and have created service quality measurement instrument that are customized according to industry and culture under investigation. In addition to the original BSQ scale, 11 relevant items from literature review and results of the interviews with bank experts were also adapted and incorporated. The literature review provided the theoretical basis for this research and helped in deciding which items to include in the questionnaire. The items were modified, taking into consideration the specific contextual industry, society characteristics and the opinions of bank quality experts. The original items were translated and modified into Albanian, and their content validity (wording and meaning) was checked carefully by two Albanian experts. A pre-test was then conducted with a group of bank customers and minor changes were made to the scale to ensure that questions were no repetitive.

A non-probability sample of Albanian bank customers was deemed the most appropriate sampling method for this study due to an identified hesitancy by customers within transition economies to complete customer surveys in general (Kinsey, 1994). Face to face contact is the most effective method to collect data by questionnaires in less-developed countries (Kumar, 2000).

In determining the size sample the rule of thumb of a minimum sample size of ten times the number of free model parameters (Kline, 1998) was followed.

The researcher selected banks' branches within large cities (Tirana – capital city) and also within small city (Korça) in order to support possible generalization for data collection process within Albania. It was decided that it would be best to interview as they exited the bank branch as the last perception about the level of service quality experienced would be still fresh in their minds. This survey took place during the period of January – April, 2015.

The questionnaire was composed of statements and rating scale. It consisted of three sections. In the first section the respondent were asked to provide their demographic information. The second section was composed of 42 service quality statements. For every statement, we asked the respondents to indicate their level of agreement with the statement using a seven point Likert scale ranging from "1 – strongly disagree" to "7 – strongly agree" based on their perceptions. Finally, the last section was composed of questions asking the respondent to gauge the overall service quality of their bank, whether they were satisfied with the bank' services, whether they will recommend the bank to a friend and whether they have ever had problems with the banks' services.

A total of 380 customers from 13 different banks have been approached from whom 352 correctly completed questionnaires have been obtained. The final structure of the sample is in accordance with the market shares of banks in Albania.

Factor analysis was used to identify the underlying structure of service quality in the Albanian banking industry. For reducing and summarizing the data, a principal component analysis with varimax rotation was performed to keep the factors as independent of each other as possible. To achieve these tasks SPSS statistical software programs was employed. After that, reliability and validity of the scale was checked.

## 4. Results

### 4.1 Demographic profile of the respondents

The percent of females (53.4 %) and male (66.6 %) is quite similar, giving less sampling bias. The dominant age groups were 25 – 34 year (37.2 %) and 25 – 34 year (37.2 %) and 35 – 44 year (29.2 %). The majority were employee (31%), other profession (25%) and civil servant (24.1 %). In addition, 31.8 % of the respondent reported an income level of 40.000 – 60.000 ALL (285€ - 430€); 25.9% reported an income 25.000 – 40.000 ALL (180€ - 285€) and 20.2% reported an income level of 60.000 – 80.000 ALL (430€ - 570€).

The data was checked in terms of appropriateness for factor analysis (test of sphericity and sampling adequacy Kaiser-Meyer-Olkin (KMO) and Bartlett's scores). In this research study, the outcomes of the Bartlett's test confirmed that the sample ( $\chi^2= 11900.511$ ;  $p < 0.001$ ) is suitable for factor analysis.

A principal factor analysis was performed, followed by an orthogonal rotation (VARIMAX). According to Hair (2006), factors with eigenvalues greater than 1 and actors loading with values equal to or greater than 0.5 were retained. The result was a scale composed of 28 items loading in four dimensions or factors. These factor structure explain 66.09 % of the total variance. Table 1 shows the four retained factors and their factor loading.

#### 4.2 Reliability Analysis

As Nunnally (1978) suggested, reliability should be examined whenever new measures are developed. Cronbach's alpha is the most widely used method to evaluate measurement instrument reliability. Referring to Nunnally (1978) the minimum accepted level of Cronbach's alpha in social sciences is 0.7. Table 1 provides an overview of the reliability scores. As can be seen from this table, all the alpha coefficients were above the required level 0.7 ranged from 0.838 to 0.94.

#### 4.3 Convergent validity

According to Peter's (1981) definition, the convergent validity of a construct is proven when the construct which is used to measure perceived service quality in banking industry is measured by two different instruments, both measures must converge. As suggested by Bahia (2000) the relationship between scale scores and a customer evaluation about the overall service quality (OSQ) was examined. To evaluate the OSQ the respondent were asked to choose between the following answers categories: (1) very good quality (2) rather good quality and (3) rather bad quality or very bad quality. The one way analysis and Student-Newman-Keuls (SNK) procedure showed that this association was statistically significant (see table 2). This reflects a good convergent validity of our scale.

#### 4.4 Nomological validity

According to Peter's (1981), the nomological validity of a construct could be proven only if it was possible to empirically validate associations between the focal construct (i.e. perceived quality in banking sector) and other constructs to which it is supposed to be related theoretically. As suggested by Bahia (2000) the associations between scale scores and satisfaction, recommendation and problems with the banks were examined. The respondents were asked to choose one of the following categories (1) very satisfying banking services, (2) services rather satisfying and (3) services rather dissatisfying or very dissatisfying in order to answer to the question whether they were satisfied with the bank's services. The respondents were asked to choose one of the following categories (1) frequently or sometimes, (2) rarely and (3) never in order to answer to the question whether they have ever had problem with the bank's services. The respondents were asked to choose one of the following categories (1) yes, (2) rather yes and rather no or no in order to answer to the question whether they will recommend the bank to a friend. Once again, one way analysis and Student-Newman-Keuls (SNK) procedure showed that this association was statistically significant (see table 3, 4, 5). This indicates a very good nomological validity of our scale.

## 5. Conclusions

The present study strives to uncover the critical determinants of service quality in Albanian banking industry and consequently provides an instrument to measure bank customer perceptions of service quality. The results showed that service quality could be conceptualized and measured as a four-dimensional construct consisting of (1) *Responsiveness and Informing*, (2) *Reliability and Security*, (3) *Commodities* and (4) *Effective Access*. The 28 items making up the instrument are indicators of quality as reported by bank customers since out of the 42 items originally proposed, customers, through their responses choose 28 items in influencing their perceptions of service quality. The 28-items of the proposed instrument consist of 24 items from BSQ model and 3 new items derived from the literature review. The added items were specific for Albanian banking industry. The resulting model differs from the original six dimensional BSQ instrument leading to the conclusion that a simple adoption of bank service quality instrument as it is will provide no reliable results.

(1) Responsiveness and informing – responsiveness include willingness to respond to customer inquiries, needs and incentivensess. Informing include giving information, explain the service (give financial advice) and price (explaining direct

and indirect service fees). Informing is seen as a customer right, a bank duty and responsibility but at the same time as benevolence to provide fair information and fast procedure.

Our results showed that *Responsiveness and Informing* is the most important dimension of service quality followed by *Reliability and Security*, *Commodities* and *Effective Access*. It is very important for Albanian customer to have better information on the offering (good explanations of service fees), term and condition due to poor information flow in Albania as a developing country. Albanian customer evaluate as more important price as a lack or delay of information and discard price in its monetary aspect from the BSQ model.

In high uncertainty avoidance societies like Albania the possibility of failure has to be reduced by handling the problem, therefore responsiveness is very important (Furrer, 2000). Fair treatment is an important factor in Albanian banking system due to negative experiences like frauds and financial systems crisis (Grazhdani, 2015). In collectivist societies like Albania because insisting or negotiating is embarrassing and do not promote harmony (Winsted, 1997) customers expect that employees have to do their best to understand the specific needs of the client (table 1 - BSQ 37 item) and show that they have its best interest at heart. Also, because of collectivism, organization-initiated recovery (Pasongsukarm, 2001; Muller, 2003) should be emphasized.

As Albania is a high uncertainty avoidance society customers prefer to have everything in control therefore constant notification about the recovery process and handling the problem (BSQ 20 - table 1) is essential (Mattila, 2004). So, the item: "bank informs you every time that a better solution appears for a problem" was expected to be a determinant of service quality in Albanian banking industry. Furthermore, for Albanian collectivist customers courteous, formal and empathetic manner recovery behaviors are more significant than compensation (Mattila, 2004).

(2) Reliability and security – include reliability, accuracy, integrity and security elements. This dimension is also very important for Albanian banking customers explaining 20.47% of the total variance. In order to reduce the insecurity associated with the development of Albanian banking industry, manager should insist to deliver exactly the way it is promised. Bank managers in Albania have to improve the communication between advertising departments and employees who come into contact with customers and have to avoid exaggeration in advertisements.

(3) Commodities – include physical facilities, appearance of personnel and environment, physical representations of the service (such as bank statement) and the complete gamut of services. So, for Albanian customers "the complete gamut of services" means a form of commodity. The lack of confidence of confidence might be also "responsible" for the relative importance of the tangible element of service quality in Albanian banking industry. By stressing the bank's tangible elements of the service the credibility and good image of a firm are highlighted (Grazhdani, 2015).

(4) Effective Access – convenient location of service facilities, waiting time to receive the services and effectiveness of service access (no service interruption). In accordance with Glaveli (2006) this dimension is the least important, because of the former political situation in Albania, queuing is something expected.

The service quality measurement instrument developed in this study appears to be reliable, as supported by the internal consistency measured by Cronbach's alpha and valid as supported by convergent and nomological validity testing. Thus this research represents the first known study to develop and test bank service quality construct within Albania. Perhaps the most important conclusions here is that it offers valuable information on bank customers' perceived evaluations that will help bank managers to make decisions as to what is important for customers and what quality parameters they need to consider to keep their customers satisfied. However, this study should be considered merely as a starting point in this area and the instrument developed here is not an end in itself.

The major limitation of this study lies in the fact that the scale construction is based on BSQ model, the existing service quality literature and on bank managers opinions these inputs might not have captured completely the service quality construct for the banking industry. In subsequent replications, primary qualitative research with bank customer should be performed in order to identify and describe as accurately as possible quality determinants for the banking context in Albania.

This research will provide valuable advice for both academics and practitioners in the Albanian banking industry. This paper will help managers to understand and appreciate the most important dimensions of service quality and thus it guides them towards the required improvements. Bank managers can employ the service quality instrument to identify distinct customer clusters or segments with varying perceptions about service quality.

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## Tables

**Table 1: Results of factor analysis**

		Responsiveness and Informing	Reliability and Security	Commodities	Effective Access	
% of variance explained		20.62 %	20.47 %	13.53 %	11.47 %	
Cronbach's Alpha		0.910	0.940	0.873	0.838	
Eigen value						
	Corrected Item-Total Correlation	Factor Loading	F <sub>1</sub>	F <sub>2</sub>	F <sub>3</sub>	F <sub>4</sub>
BSQ 39 bank employees provide financial advice	.767		.785			
BSQ 37 bank employees know what your need are	.771		.732			

BSQ 19 bank inform you every time that a better solution appears for a problem	.720	.722		
BSQ 20 bank contacts you every time it is useful and in your interest	.716	.675		
BSQ 34 bank employees give prompt services and waiting is not too long	.731	.660		
BSQ 38 bank employees explain all direct and indirect service fees	.735	.649		
BSQ 10 no delays due to bureaucratic factors and procedures	.666	.604		
BSQ 2 bank respects and values his customers	.745		.750	
BSQ 21 bank has precision of account statements	.740		.670	
BSQ 1 bank keep your transactions and personal detail as confidential	.704		.664	
BSQ 3 bank has a good reputation	.676		.664	
BSQ 5 bank gives you a complete information about the services to be performed	.728		.623	
BSQ 22 bank has clarity of service related material	.743		.612	
BSQ 7 bank provide its services at the time it promises to do so	.768		.582	
BSQ 32 bank employees instill confidence by proper behavior	.766		.581	
BSQ 6 information of the services to be performed is facile to be found	.726		.542	
BSQ 9 - feel safe and secure in your transactions	.752		.530	
BSQ 8 deliver services as per specification done in contract, advertising, brochure etc	.724		.521	
BSQ 42 bank employees process your transactions without errors	.657		.501	
BSQ 25 have visually appealing physical facilities	.795			.807
BSQ 26 have work environment, which improves effectiveness and efficiency of bank employees	.750			.786
BSQ 24 bank employees and premises appear neat and clean	.713			.730

BSQ 23 the information regarding banking services is visually attractive and facile to understand	.624			.587	
BSQ 27 complete gamut of services	.663			.504	
BSQ 15 sufficient number of ATMs	.767				.838
BSQ 16 the branches and the ATMs are conveniently situate	.706				.796
BSQ 14 sufficient number of open tellers	.638				.639
BSQ 12 no interruption of the service	.574				.545

**Table 2. The relationship between BSQ scores and overall service quality**

ANOVA

**Bank Service Quality (BSQ)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	207.778	2	103.889	121.565	.000
Within Groups	298.254	349	.855		
Total	506.032	351			

**Student-Newman-Keuls technique****Bank Service Quality (BSQ)**

	Overall Service Quality (OSQ)	N	Subset for alpha = 0.05		
			1	2	3
Student-Newman-Keuls <sup>a</sup> :	rather bad quality or very bad quality	28	3.3227		
	rather good quality	200		4.8741	
	very good quality	124			6.0441
	Sig.		1.000	1.000	1.000

**Table 3. The relationship between BSQ scores and Satisfaction**

ANOVA

**Bank Service Quality (BSQ)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	195.879	2	97.940	110.207	.000
Within Groups	310.152	349	.889		



Total	506.032	351			
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**Student-Newman-Keuls technique****Bank Service Quality(CShB)**

	Satisfaction	N	Subset for alpha = 0.05		
			1	2	3
Student-Newman-Keuls <sup>a</sup>	rather dissatisfying or very dissatisfying	43	3.6894		
	Satisfying	196		4.9592	
	Very satisfying	113			6.0768
	Sig.		1.000	1.000	1.000

**Table 4. The relationship between BSQ scores and Problems with the bank**

ANOVA

**Bank Service Quality(BSQ)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	123.250	2	61.625	56.186	.000
Within Groups	382.782	349	1.097		
Total	506.032	351			

**Student-Newman-Keuls technique****Bank Service Quality(BSQ)**

	Problems with the bank	N	Subset for alpha = 0.05		
			1	2	3
Student-Newman-Keuls <sup>a,b</sup>	frequently or sometimes	91	4.2767		
	Rarely	182		5.2604	
	Never	79			5.9589
	Sig.		1.000	1.000	1.000

**Table 5. The relationship between BSQ scores and Recommend the bank**

ANOVA

**Bank Service Quality (BSQ)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	172.835	2	86.417	90.516	.000
Within Groups	333.197	349	.955		
Total	506.032	351			

**Student-Newman-Keuls technique**

Bank Service Quality (BSQ)

	Recommend the bank	N	Subset for alpha = 0.05		
			1	2	3
Student-Newman-Keuls a,b	No or rather no	77	4.0172		
	Rather yes	121		5.0351	
	yes	154			5.8360
	Sig.		1.000	1.000	1.000

## Fight against Organized Crime as One of the Fundamental Conditions for the Integration in the European Union. Albanian Case

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### Abstract

*The Integration of Albania in the European Union Structures remains one of the most important challenges of the Albanian government, since the post-communist period. To become a member of these structures with full rights, the Albanian government must fulfil some conditions and criteria. The main purpose of this paper relates to the analysis of the war against organized crime, as one of the fundamental conditions for the European Integration. The war against organized crime has been chosen as the most important focus because the defined criteria in this matter, regardless the efforts to improve the situation, have not yet given the desired results. Furthermore, it is important to emphasize the fact that lately the representatives of European Union increasingly are underlying in their statements that Albanian governments must document reliable data, regarding the war against organized crime, and they must document sustainability in this direction and give concrete results, because still in the security sector the proper objectives have not been reached. The real issue is not related with the missing of a national strategy in the war against the organized crime, but with the effective implementation and application of this strategy.*

**Keywords:** Organized Crime, Security, European Integration

### INTRODUCTION

The world we are living in is facing many challenges these days, challenges that require a maximal engagement from all the countries in the world, in order that they can fulfil their primary target, the security and the wellness of their citizens. The threat and the challenges that we are facing relate with environmental issues, spread of mass destruction weapons, wars and ethnic conflicts in developing countries, organised crime (including all its dimensions), terrorism etc.

In the point of view of European Union, the enlargement through the membership of other countries, from one side it has been viewed as an opportunity to increase the common security and the cope with these challenges or threats, but on the other side, the acceptance and the integration of these countries brings the European Union closer to these problematic areas. Due to listed reasons the European Union has been showed willing to help the countries that aspire the solidifying of their institutions, economic development and the implementation of European Common Protection strategies in the field of Security.

Regardless the achievements and improvements made in many respects or certain areas, the Albanian society and politics still has much work to do.

Concerning the national Security, it can be defined as “the ability to face with external aggression and to resist against it” (Lucian, 1989: 5). “Security and insecurity relate to internal and external threats, which weaken state structures (such as the territorial ones as well as those institutional) and governmental regimes”. (Ayooob, 1995: 9).

One of its threats relates to one of the most widespread phenomena or occurrence of today's world, organized crime. According to the Council of Europe, with organized crime we understand “Hidden activities made by organized groups of three or more individuals, for a long-term period with the aim to commit serious crimes, through joint action by using intimidation, violence, corruption or other means in order to directly or indirectly assure financial profit or any other kind of profit”. (Council of Europe: 6).

This paper addresses two fundamental issues. The first one concerns with the importance of regional cooperation. The second ones relates to the identification of the elements and factors that prevent the achievement of concrete results in the fight against organized crime. Repeatedly from the senior executives and EU forums has been emphasized that “Albania seriously risks the membership at the European Unison structures, not because of the lack of a comprehensive national strategy against organized crime, but from the lack of effective feasibility and applicability of this strategy”.

In theoretical terms the paper is based on the Copenhagen School, security process. In order to reach the security process, two important stages need to be passed. The first stage concerns the identification of the issue as an existential threat, while the second stage relates to the use of a discourse of political elite with the aim to convince the audience about the importance of taking immediate precautions. In our case, the fight against organized crime is not being considered as a problem and priority that concerns only the Albanian elite, for reaching the objectives related to the membership of Albania at the European Union, either as the increase of national security level as a fundamental obligation of the state towards their citizens. The fight against organized crime is now a problem that concerns also the Albanian society. Increasingly, the Albanian society is becoming aware for the high level of their insecurity, both in individual and community extent, which arises from the different criminal activities. Although, it is still early to talk about a full-scale awareness of our society, we have to mention that there is an increasing pressure against the government, compared to past years.

### **Security in Western Balkan Countries**

Western Balkan countries have been seen from European Union members as very problematic, mostly related to the lack of strong institutions, fragile economic, the inability to control their borders from the penetration of criminal activities and the malfunction of the democracy. These countries, because of the frailty that they represent, are more vulnerable to different criminal activities. As to European Continent, we can say that over the years has suffered an increase of the organized crime, especially after the 90s. Many of the ex-communist countries, after the 90s, faced with the criminality in a large scale. They had to confront with criminal groups who conducted activities like the trafficking in narcotic drugs, the trafficking of human being (for sexual exploitation, illegal emigration, etc) the trafficking of weapons, by converting them in leading furnisher of these traffics for Western European countries. As a consequence it has been created an internal insecurity for these countries that also has affected the European Union and its countries, turning it into a very problematic issue. The regional collaboration, in matters that concerns the borders security and their management, it has been seen as necessary preliminary condition in the road to integration of these countries in the European Union, minding the fact that EU was built under the principle of collaboration. Anyhow, the main responsibility belongs to the Western Balkan countries, because EU is responsible only for counseling, their assistance and their help by providing them the European model of Borders Management and Protection.

### **Albania in the fight against organized crime**

The fight against organized crime constitutes one of the main priorities of the Albanian state's security agenda. Nowadays, Albania is faced with internal and external threats. As far as it concerns domestic policy, Albania faces challenges related to organized crime, illegal trafficking (drugs, weapons as well as human trafficking), natural disasters and terrorism. As far as it concerns foreign policy, Albania is faced with threats related to transnational crime and terrorism, proliferation of weapons of mass destruction, regional conflicts, etc. However, it should be emphasized that Albania shares all the responsibility with regard to all these concerns with its close allies: the European Union, the United States of America, its neighbouring countries as well as other democratic countries with whom Albania shares the same democratic values.

A retrospective on Albania's policy is necessary in order to understand how different Albanian governments in the past years have operated in order to fight organized crime and thus maintain and enhance the state's security. Great emphasis has been placed on regional-cooperation, since this has been seen as an effective way of preventing criminal activities and, thus, as a necessity for enhancing Albania's security policies. Regional co-operation took place in two forms: There were cases of 1) bilateral co-operation and there were cases of 2) multilateral co-operation as well.

To date, the basic document on fight against organized crime has been the "Intersectoral strategy on Fight against Organized Crime, Trafficking and Terrorism" approved by the Council of Ministers of the Republic of Albania in August 2008. It is worth noting that the objectives set in this document as well as the commitments undertaken so far have been in accordance with the obligations deriving from the Stabilization and Association Agreement between the European Union and the Republic of Albania. The strategy documented in this basic agreement concludes that the duties and responsibilities are to be divided between different institutions in Albania, while simultaneously serving the same goal, i.e. achieving positive results in the fight against criminal activities (Intersectoral Strategy on Fight against Organized Crime, Trafficking and Terrorism, 2008: 12-13).

Yet, despite the division of the responsibilities and duties between the different institutions, and even though the main tasks have already been clearly determined, the required necessary level of cooperation and coordination between the relevant institutions charged with the fight against criminal activities has not been achieved. The current Albanian legal framework on the fight against organized crime is not of concern. It rather seems that Albania in fact does have a strong legal framework. However, the main problem remains the rather law and poor level of law enforcement, which has evoked a "climate of distrust" that affects the attitudes of the citizens towards the state and its institutions. In order to understand the reason why a large number of representatives of the European Union in their statements have described Albania's current situation with regard to organized crime as a non-tolerable one, while simultaneously demanding concrete and reliable data on the struggles of the Albanian government against organized crime, it is necessary to understand which objectives have so far been achieved based on this Intersectoral Strategy and which have not been achieved yet. A strategy includes short-term, medium-term as well as long-term goals. An analysis of the strategy shows that while some of the short-term and medium-term objectives have already been achieved, the long-term ones have not been achieved yet. The long-term goal of the strategy consists in "developing a society without threats from organized crime, a society at peace and working to continuously improve the quality of life of its citizens, thus projecting an image of a peaceful country with high security standards" (Intersectoral Strategy on Fight against Organized Crime, Trafficking and Terrorism, 2008: 22). The main goal of the Strategy was that by the end of 2013, the criminal groups operating in Albania would be identified and destroyed. Thus, criminal activity would be minimized to such a point that organized crime would not give reason for concern in the community anymore. Moreover, there would be high levels of security and law enforcement as well as a high level of respect for human rights. Albania's failure with regard to this long-term goal, which is the backbone of the Intersectoral Strategy, questions the country's right to full membership in the European Union.

### Conclusions & Recommendations

The fight against Organized Crime represents one of the most key conditions for the integration of Albania in the European Union. The issue with Albania is not about the lack of a concrete strategy against the Organized Crime, but with the lack of reliable documents that can prove the achieved results so far. The cause for this is not the dearth of a strong legal base, neither the lack of definition of the objectives and responsibilities of respective institutions, rather than the non-realization of the objectives of the responsible institutions and authorities for this process, and continuing with a low level of collaboration and coordination between them. Although the strategy does exist, in order to make it work and fulfil all its aims and objectives, we would need strong institutions, the functioning of the rule of law, a stable economical development, and all these can be reached by a good governance and the common political will.

In these conditions it becomes necessary not only the maximal commitment of all the state institutions but also the full awareness of Albanian society. In order to fight the high level of corruption and criminality in Albania all the society must be involved, because we find ourselves in front of a critical moment, that not only threatens our integration to the European Union, but the most important, it threatens our lives and the well functioning of our state, because it questions the security and the wellbeing of Albanian citizens. To reduce this high level of insecurity it will be necessary to have perseverance and common political will, society pressure, new reforms built by individuals that have the great will and the right motivation to no stop in front of anything, with the only aim of implementing these reforms and the creation of a high level of security.

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## Public Spaces in the Focus of Citizen's Right - Case Study – Urban Spaces Tirana

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### SUMMARY

#### Syndrome of built environment and civil perception

*The article pays attention to solving the problems of natural environments, as well as altered and/or artificial ones taking Tirana as a case study. It reviews the application of practical solutions to everyday problems of environment, where theory, research and application are integrated, but mostly using their unification as the eclectic model in order to show the interaction between man and environment. The article reviews the way we are a product of our environment, our biology or the interaction of both. It shares the way we are affected by physical environment, such as noise and built environment. In addition, it also examines the way we may modify our environment through design principles, such as aesthetics, and the way we change our environment, when we disregard the impact that people and/or elements have in our ecological system. It provides ideas on the impact of micro and macro-environment of Tirana metropolis, including their short-term and long-term effects. Firstly, a historical context is provided and central methods of discipline research are presented. Then, its is presented the position of environment in Tirana, the values, ethics and principles that apply to environmental assessment, models of perception and knowledge, including the way we process and maintain environmental information, and the main theories of man-environment interaction. Then, a variety of environmental impacts, such as: noise, urban design, urban construction (including pollution effects), collection (overpopulation) and city life are examined, as well as the way they influence us. In the end, considerations are given on the way that these principles of psychology may be applied at home, in institutions (i.e. schools), at work and at leisure premises, by concluding with the concepts of the way we may change our attitude which harms environment<sup>1</sup>.*



Beautiful indeed.

### INTRODUCTION

A clean and healthy environment is a part and a parcel of prosperity and quality of life which we want for ourselves now and for our children in the future. The stairs we climb and descend each passing day in

block, the paths of the house, the schoolyard, the green areas beyond the town, etc., need love and care from us, so that environment becomes what we want it to be, with clean air, healthy food, shifted into welcoming space for our civic coexistence. Environmental protection which is presented to us with changes and chances is not only an aspiration of people in order to live in a clean and healthy environment, but we need to know that the costs and the other damages caused by pollution and climate change are considerable.

<sup>1</sup> March 2010, Marin Barleti publishing, Prof. Asc. Sazan Guri, Environmental Science and its basis.

If you see the capital of Albania today in Blloku area, in the downtown and everywhere else, you get astonished with the huge buildings, heavy and large, which have been constructed recently. Beautiful designs of collective buildings, such as Twin Towers, Vodafone Tower, night clubs in Blloku area, luxurious hotels, 10-13 storey buildings in the main roads, if you analyze the urban and environmental cost they produce, it may be stated that separately they are designs in the proper level, but in communion they have no urban cohesion.

It is sufficient a day in terrain to visit neighbourhoods, it is sufficient to observe with an observant eye the groups of buildings, it is sufficient to research with the mind of an expert the residential complexes internally and immediately you will understand that Tirana looks like a huge urban village, pityingly you will accept that Tirana has been developed in constructions, but not according to a stable development, which obliges you to call such works rather fatalities than actual works. Here are the results of indifference from the relevant institutions, but also from the citizen who day after day feel the dust layers, which have been cemented in their lungs and again we continue altogether to destroy the city and ourselves<sup>1</sup>.

At a time when Tirana in the eve of the '90s, was classified as a graceful European city, with quiet square construction blocks (former blloku), with neighbourhoods with characteristic elite villas (surrounding RTVSH), with low blocks of flats arranged with the intuition of the geometer architects of that time (Shallvaret, Pallatet Agimi), with neighbourhoods with typical Tirana houses (Kodra e Kuqe), up to lagjia Vakëf with adobe houses (Varri i Bamit), with roads that have not changed for 200 years (the Great Boulevard). Hence, a city which used to be dominated by greenery comparable with Berlin, where each Tirana resident had 15m<sup>2</sup> greenery. But, where is Tirana heading today? Each resident of Tirana inhales officially 49 kg of dust per year or half a glass per day; each resident inhales 10,000 liters of air, which he believes it is clean, we live in a city where dust has little air, we receive water in portions yet, while the others in other countries drink beer, after we face with policies on air that kill 300 people each year<sup>2</sup>. The fact of the World Health Organization state that there are 4300 additional tumor cases per year, 600 new cases with tuberculosis each year, for 8 persons-women awaiting daily death from breast cancer. Maybe we have neighbourhoods such as Komuna e Parisit with a population density of 1,500 residents/ha and may the so-called lake of Tirana is turning into a huge pool. Nowadays the downtown of Tirana is being served otherwise. Air per hectare – constant quantity which means that such oxygen is not proportionated for maximum 100 people/ha. Several figures which lead to this situation:

#### **Urbanization – public space ratios**

• Tirana city area	40,000,000 m <sup>2</sup>
• Park area	100,000 m <sup>2</sup>
• Sport terrain area	100,000 m <sup>2</sup>
• Leisure area approximately	100,000 m <sup>2</sup>
• Project (design) area	700,000 m <sup>2</sup>
• Forest area	1,000,000 m <sup>2</sup>

#### **Urbanization – public space ratios**

Public space – urban space ratio	1,3 % (Tirana, city)
Green space – urban space ratio	0,5 % (Tirana, city)
Public space – urban space ratio	5,2% (Tirana, including forest)

<sup>1</sup> March 2010, Marin Barleti publishing Prof. Asc. Sazan Guri, Environmental Right (Albanian Environmental Legislation In Comparison To The European Legislation).

<sup>2</sup> June 2008, Marin Barleti publishing, Prof. Asc. Sazan Guri, Environmental Analysis In Urban Works .

## Our concern

There is no ratio between land and construction,

There are no stipulated areas with low density, clean residential areas, common areas, mixed areas, village areas, central area,

There is no ratio between public spaces and concrete areas;

There is no ratio between green areas and grey areas;

There may not and there should be no urban pressure in the areas with high ecological values and national importance;

There may not and there should be no urban pressure in area of ecological crowns and national importance.



## SITUATION

Uncontrolled human activity that is bringing negative changes to our natural environment, in the conditions of deterioration of biological factors in water, air and land and its physico-chemical composition, as well as institutional apathy in the field of environmental protection, which can cause irreversible consequences, brings to our joint attention the need to say "STOP" to the misuse of land and ecological values that are threatening urban environment, simultaneously the health of residents in the city of Tirana<sup>1</sup>.

Albania and Tirana seem to suffer from a nasty social phenomenon, which is not the only case for the country, but that is more serious than in many other countries. From the political viewpoint, this may be called as "lack of respect for the law". More specifically, it should be understood that it is a dangerous selfishness and anti-social behavior towards the people who are not familiar with each other. Albanians are hospitable, friendly people, and this is noticed immediately in the first presentation with them, but their goal is an old Mercedes, big and with oil, which are anti-social consumers of the road space and air pollutants that absorb their fellow citizens. These cars prefer to go through the pedestrian crossing places, may park on pavements, including pedestrians in traffic. They build buildings very few centimeters far from their neighbor, hindering the view and light. The works in the buildings start at 6am on Sunday or listen to loud music at home or late at night, unreasonably argue with other drivers and spit in public places, such a disgusting and non-hygienic gesture, which is known to contribute to the distribution of diseases. Cops drive cars even though the red traffic light sign, challenging the compliance with the rules by other drivers. These features make the Albanian cities such as Tirana and Durres be unpopular and un-civilized, too.

## TERRITORY STATUS

The Urban Study of this area was approved with the decision of the CTR of the Municipal Council, No. 81, dated 29.12.2007, based on the previous decision No. 4, dated 21.11.2006 of the CTRRA. This study will orient the development of this area towards a second urban centre for the metropolis Tirana. It includes the zone near the lake, planning a urban infrastructure, whose priority is the urban development, preserving as efficiently as possible the typical natural assets of this area. Even though the essential principle of the project is the stable development of the area, it has not been designed in harmony with the surrounding, because the fundamental condition for a stable urban development in this area is the necessary support on the principles and the orientations of the Sectoral Strategy for the development of the urban spaces, respecting rigorously the natural surrounding and the biodiversity of the region, preventing the



<sup>1</sup> June 2008, Marin Barleti publishing, Prof. Asc. Sazan Guri, Urban Violations in Tirana.



damages and the destruction of the natural habitats, which are very important. The respective territory has got a special status for some specific sectors and it is included in the forest fund<sup>1</sup>.

## THE RECOGNITION AND THE STUDY OF THE BASIC OPTIMAL PARAMETRES TO LIVE

The recognition and the study of the basic parametres, which provide the appropriate space to a citizen to live in optimal conditions in a residential group, in a residential block, in a residential complex and in a residential neighbourhood, highlighting the construction coefficients, the construction intensity, the coefficient of the green areas (m<sup>2</sup>/inhabitant), etc. constitute the necessity or the first step towards a study which focuses on the probable cases of urban offences in a specific city. Of course, in order for a city to function effectively, its constitutional actors and parts are important, without excluding even the specific economic, social, ecological, cultural policies, where all the actors act in harmony with each other.

*Therefore, the city is a wide concept*

### The urban panning of a certain area in transition

The urban planning is a synthesis and a consequence of the analysis in some different disciplines, such as:

- social, economic, historic and ecological disciplines.
- In the respective case, we notice:
- the violation of the social sphere, where the public surface of the citizens of Tirana is reduced from their living style.
- the damage of the region history, which symbolizes another DNA or a DNA which is in opposition with the urbanization, such as the cases near the centre of Tirana, near the dam at the lake, near the zoo, near the forest, near the botanic garden, etc.;
- the ecological influence, which causes urban pressure on all the above-mentioned zones.

### **Drafting such urban long-term plans requires:**

- qualified environmental analysis, which cannot be provided in the relevant case;
- a long-term prognosis about the demographic, economic and social development.

The relevant project does not change a lot from the other ones carried out so far by individuals or groups of individuals up to a state level, which have caused negative phenomena in the country, in some cases even with serious urban, environmental, economic and social consequences, settling irrevocably populations in constructions without permissions, in some areas which:

- were not studied for urbanization,
- lack an engineering infrastructure,



<sup>1</sup> February 2008, Marin Barleti publishing, Prof. Asc. Sazan Guri, Tirana, disaster or calamity

- are part of the public territories,
- include rivers and lakes,
- have natural and historic values, etc.

**No further than yesterday**, like many other cities in the country which experienced these situations gravely, even Tirana was not prepared to cope with this movement and this new urban development. What about today?! Until yesterday, there was:

- a confusion of the data and information provided by different projects and programmes,
- a lack of the specialists trained with the contemporary concepts in the area of the urban planning.
- a lack of the participation of the citizens in the drafting and approval of the urban studies. **What about today?!**

### **Urban diversity, a new model of Tirana**

Therefore, the drafting of the new general regulatory plans requires:

- a full inventory of information,
- analysis and prognosis with the new contemporary concepts,
- a relatively long period of time at the disposal of the public to participate in order to be informed, until the citizens' consciousness is created so that they are able to make such decisions.

**Therefore, governing is the art** which makes the locomotive-city work, regardless the political differences and the bureaucratic and arbitrary limitations, which requires:

- leadership, imagination, flexibility, community participation, the involvement of the expert and the negotiation abilities<sup>1</sup>.

Nowadays, among the urban strategies worldwide, the **Stable Development** is classified as a life jacket. It has to be considered as the philosophy of the generations, where the first one fulfils its own necessities for a living without spoiling the opportunities and the pleasures the other generation has to get. Therefore, the complete stability of this development would require the efficient preservation and development of three main potential components: the social, economic and ecological components.

### **THE RECOGNITION AND THE CLASSIFICATION OF THE NEIGHBOURHOODS IN TIRANA BASED ON THE IMPORTANCE AND THE VALUE OF THE AREA**

The recognition and the classification of the neighbourhoods of Tirana based on the importance and the value of the zone pursuant to the cultural, historic, touristic landscape, environmental, industrial commercial developments, firstly highlighting the construction areas, whether it is a rural area, central area, a clean residential areas, a mixed residential area, a business area, an industrial area, a preserved area, a management area, and specifying the permitted functions for each of them; all these factors constitute the fundamental condition for the planning of every territory despite its space at a commune, municipality, country or continent level<sup>2</sup>.

<sup>1</sup> October 13 -14, 2009, Prof. Asc. Sazan Guri, Air pollution and urban planning in Tirana (Scientific Referee)

International Conference, Tirana

<sup>2</sup> Tirana 2011, Demography Magazine, Prof. Asc. Sazan Guri, Marianthi Guri, Thoughts about building and urban in Tirana, page 4

The urban development of Tirana, which reached the highest peak of the GDP of country during the years 2002-2008, has required a Urban Plan for a long time, which was achieved by the end of the year 2008. Despite the boom in constructions, which were based on some special projects up to some partial studies, it was found that the neighbourhoods in Tirana have not been recognized and classified based on the value and on the importance of the zone in compliance with the cultural, historic, touristic landscape development, due to the fact that the construction of an entire complex at the hilly area near the botanic garden, is a typical Albanian case, where some constructions similar to palaces overlook the sunrise, meanwhile some other constructions similar to huts cannot see even the sunset, some villas are hidden after the several-storey flats, meanwhile some constructions similar to carcasses conquer the entire area where the poor creatures of the wildlife live. However, they share one common feature: they are all constructed on a tectonic-seismic zone, causing not only insecurity and fear but even urban pollution and why not even psychological, physical, visual pollution up to a grotesque sensation, where the children of the palaces, of the huts, villas and flats wake up and go to bed accompanied with the roar of the lions, wolves, jackals and of many other animals. Is there a similar case in the world where the architects and the decision-makers play games with the laws of nature. These grotesque spectacles of the superposition of the projects with different urban functions would not occur if there was a classification of the urban areas which possess the respective permitted functions such as:

### **1. The development area**

These area would include the regions where the construction in compliance with the contemporary parametres would be encouraged, creating the necessary spaces for all the kinds of the activities and of the functions which are expected to be involved in it, such as multi-family buildings, education institutions, supermarkets which might be separated, attached to or integrated in other objects, restaurants, bars, cafés, offices and administrative institutions, theatres, cinemas, cult buildings, buildings with a recreational character, an area for temporary car parking, underground garages, parks and squares, temporary halls for exhibitions and fairs, etc.

### **2. Management area**

The management areas are supposed to be those regions where interferences in the existing zones are accepted in order to increase the density and the improvement of the living conditions of the citizens. These areas will develop after the assessment of the residential objects and complexes with special values, interfering very carefully an only through the urban studies in the free spaces, reassessing the degraded areas and the ones without any special values for the city, permitting the buildings such as one-family constructions (for example: 1 to 3-storey villas), schools, etc.

### **3. Conservation area**

These areas include the characteristic, city-formatting, historic, cultural, environmental, picturesque and touristic zones of the city. In these areas, no construction permits can be given for the objects and structures which spoil the identity of the area. The existing objects of the zone might be rehabilitated only in their interior part, without damaging their volume, façades and their special architectonic elements. The permission is issued only in the following cases: They have to be one-family buildings, with *permitted functions* such as parks and squares (relaxation spaces, preserving and cultivating the green areas), protected landscapes, places with recreational character (boats, canoe, fishing and camping with the respective services), fountains and water mirrors, sculptures and monuments, parks, zoos, temporary service objects (only with a special permit and with a continuous supervision from the municipality)<sup>1</sup>.

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<sup>1</sup> April 2006, G & Ggroup, 2k Group, Environmental Ministry, The Eia Report And Social Impact For The Urban Master Plan In Ex Chemic Block In Tirana.

#### 4. The industrial area

Constructions with the following functions should be permitted in the industrial area: bakery shops, enterprises of food processing, warehouses and other premises for the trading of fruits and vegetables, clothes factories, enterprises where furniture is manufactured, etc. Under these circumstances, the area near the Lake and the neighbourhoods of many other urban areas in Tirana are not recognized and classified based on the importance and the value of the area in compliance with the cultural, historic, picturesque-touristic, environmental, industrial and touristic development, therefore we are in the middle of a chaos and where their existing values are exchanged with their urban character (the case of the centre of Tirana and of the centre 2 of Tirana). After the request for the transformation from a sportive zone to a residential zone, the Council of the Territory Regulation of the Republic, with the decision no. 4, dated 21.11.2006, passed the change in the Regulatory Plan of Tirana regarding the functional zoning, for the area in the street "Margarita Tutulani", "Sami Frasher" and in the north-western part of the Dam of the Artificial Lake (zone C1 and C2) from a "sportive zone", according to the Regulatory Plan, into "a residential area". Pursuant to the respective decisions of the Municipality and of the CTRRA, the following is the current division for urban construction:

1. **The residential area**, which lies in the north-eastern part and in the south-western part, in both sides of the pine area (**zone C1 and C2**) shall be treated as a residential area with residential buildings. The objects of the residential area will be multifunctional. Commercial and residential premises will be in these buildings. The first floors of the residential buildings are projected to have multifunctional character, for commercial and social activities. The residential objects shall be projected pursuant to all the urban norms. Streets for the service of the fire engines and of the emergencies will be provisioned in the residential area. The construction intensity varies from the value 2.5-3.

2. **The multifunctional object (zone C1/a)** whose destination is a cultural administrative and sportive zone, which is located in the south-western part. The multifunctional object shall include different activities which generate working positions, for example: a centre for fairs and conferences, art galleries, cinemas, theatres, an opera house, sport halls, restaurants, etc. It will be a strategic point with activities not only for the surrounding area but for the entire city of Tirana. The ground floors of the multifunctional object will be connected with the other part of the residential object, with underpassings and pedestrian areas, which will be treated as special elements with a contemporary architecture. As the multifunctional object is close to the Artificial Lake, an architectonic connection with the dam of the lake has been considered, in order for this connection to be used as a boulevard and the inhabitants of Tirana can use this part of their city as a recreational area which offers several activities<sup>1</sup>.

3. **Zone C2.** This area needs a urban development which involves a mix residential and commercial character of the area; the layout of the urban network of the entire area and the introduction to the new standards, creating new urban places, as well as the introduction to the objects with a cultural and recreational character. The zone will be developed as a modern multifunctional centre with contemporary standards, or as a commercial, recreational and residential centre, intermingling the multifunctional spaces with the green areas of the Public Park, with residential towers, with a height of 13-22 floors and with e high tower up to 33 floors and with a big recreational park in the function of the residential towers.

4.

5. **The area of "Garda" and of the Park of Tirana (zone C3).** The construction of the residential objects based on a typical architectonic project will transform this area into a residential complex, connecting it with the existing part of the city. Its position close to the National Park created a direct connection of man with nature. The part of the park near Garda is thought to remain a green area (check the functional zoning). **Zone C5.** This zone up to the ring road will have a residential character with residence intensity 2.5-3. **Zone C4** and the area above the ring road of the zone C5 will be a residential area with a lower residential intensity. The maximal height of the objects will be 3+1. The underground parking spaces throughout



<sup>1</sup> January - May 2009, G & GRegional, Environmental Ministry, Eia on the study of geological, geotechnical and hydrogeological on the administrative area of bërzhit comune and social impact.

the area lie on the entire surface of the property, avoiding the access through the secondary roads of the parking block. The number of the parking posts in this floor shall be in proportion with the number of the inhabitants. There shall also be parking posts for the people who will visit the multifunctional premises (the floors with commercial functions). The development of the area through the Lake of Tirana, based on the project, means its revitalization including even the dam of the lake and the preservation of the development balances, giving priorities to the infrastructure which will fulfill the needs of the community<sup>1</sup>.

## THE IDENTIFICATION ON TERRAIN OF THE URBAN CONSTRUCTION MISMATCHES IN COMPLIANCE WITH THE RULES OF THE CITY PLANNING

Even today, the Municipality gives land for construction but not sites prepared for construction. Which are the reasons that in most of the cases the norms of the city planning rules are not respected during the constructions? Who is responsible for the creation of the infrastructure of the construction site? Do the construction companies or the Municipality have to do this thing? At the moment, in our capital city, all the investors who buy a construction site pay for projects which in most of the cases have not been studied from the city planning perspective, and not only. The construction number during the last five years has rocketed. This is shown by the fact that the previous utility poles, result to be in the middle of the streets these days. Having constructed the block of flats, it is found that there is no free space or a pavement to put the pole. Also, in the boulevard "Gjergj Fishta", there are still buildings positioned in the middle of the bank of Lana River. There are still degraded sites and zones covered with rubbish and nobody notices it<sup>2</sup>.

***The minimal distance of the buildings or of the objects from the side of the street is less than 5 metres***, for streets whose width is up to 7m, not less than 7.5m for streets whose width is 7-15m, and not less than 10m for streets whose width is more than 15m (refer to the photos of the street "Komuna e Parisit"). Pursuant to this part of the rules, taking into consideration even the surveys, we can say that almost everywhere in the residential territories (group, residential block or complex), there are no respective surfaces square metre/inhabitant for the constitutional elements, such as playgrounds for children, surfaces for social objects, surfaces for sportive terrains, organized green areas (parks), streets and squares among the blocks. According to this part of the rules and even to the studies, we can say that almost in all the above mentioned elements which serve for public services, there is no parking service because the public spaces are occupied. On the contrary, the blocks of flats inside the big ring road, particularly the ones with very expensive and with the so called luxurious flats, offer spectacles, with dramatic consequences sometimes, every morning and evening, due to the narrow entrances in the parking spaces. Pursuant to this part of the rules and even to the surveys, we can say that the green areas in the residential area have been substituted with urban works, taking to a trough the standard regulated by the law, meanwhile the green area in the residential complexes is just a zone similar to a park, with few trees and a little greenness, mostly covered with pebbles and with an infertile land.



<sup>1</sup> June – November 2009, G & G Vora Municipal, Environmental Ministry Vora, Municipality Preza Comm. Preza Comm, Bërxull Comm., "Eia on the study of geological, geotechnical and hydrogeological on administrative area of vora and preza and social impact".

<sup>2</sup> 009, Environmental Ministry, G & Ggroup, Eia for the sportive complex in the bubq village and social impact, Bubq

**Regarding the local parks**, it can be said that the ecological balance of approximately 450,000 new residences in Tirana was supposed to have been located on a surface of 7,500 hectares, or the other ecological balance, which determined two trees per inhabitant, nowadays has two change with six trees per inhabitant due to the urban life we live. Regarding this element of the public space, we can say that in Tirana there is an increase of the mini-football pitches or of the terrains for the organization of the sportive games. However, they are not sufficient compared with the current number of the population. In some other cases, due to the international laws, some sportive areas, which are even private, such as the annex of the Stadium "Dinamo", are preserved. According to the survey carried out in the city, it is found that every citizen of Tirana might encounter every day, throughout his life, the violation of this rule, in more than 80% of the new blocks of flats constructed in these last 6-7 years. For example: the 12-floor buildings, which are supposed to be 26m or 30m away from each other, actually are no more than 3-4m away from each other. New blocks of flats are still being constructed. If we refer to their beautiful computerized designs, they pretend to be surrounded with public and green spaces. However, the truth is that they do not have any surrounding free spaces, as they have exploited the entire area for construction, and they do not have even a pavement for the pedestrians. The separating space among them is inconsiderate compared with the number of their floors. In some cases, these buildings have been constructed at the side of the pavements and extend beyond their limits. This fact is not taken into consideration during the calculation of the space among the buildings or from the building to the pavement<sup>1</sup>.

With regard to the console parts of the buildings, there is a law in the city planning rules, which stipulates that: If a building has console parts in more than 50% of its entire surface, they are considered construction surface and they will be calculated in the distance among the constructions. According to the studies in the terrain, it was found that in the area of Farka, this rule has not been respected. The consoles of the balconies of all the flats go beyond the line of the pavement. This area has a steep terrain and the balconies are above the heads of the pedestrians, causing troubles for the normal movement along the pavements. These problems do not belong only to Farka, because the situation is even more serious in the internal streets of the city. In the region of Dajti and Farka, more concretely in their horizontal levels, there are buildings which compete against the laws of nature<sup>2</sup>.

The artificial lake of Tirana is facing the threat of self-drowning, of drying and becoming undesirable for most of the people here in Tirana. At the moment, it has the smallest surface covered with water it has ever had, the lowest volume and consequently its most unpleasant view. Previously, it used to give pleasure and grace to the relaxing park of Tirana. We are finding it impossible to know its values, we are not using it for its beneficial features such as for watering, for rinsing and the dilution of the sewage that comes from Lana. Nowadays, it is full of mud and cannot be cleaned; its ways and mechanisms that supply it with water have been blocked, therefore it can realize the function it was designed for in the '50s. The artificial lake or the big park of Tirana constitutes one of the most preserved areas during the riots of the year 1997 and it still is a sportive and spiritual pilgrimage spot for thousands of people, who go there every morning or evening for physical exercises, for relaxation and for cleaning the filter of the lungs which is dirty because of the polluted and dusty air of the city. This place has got this feature due to the perfect combination of the parametres of the forest with the waters of the lake. Even the citizens themselves accept the fact that when they want to relax they go to the lake or the big park. Actually, it is obvious that man goes to that place where the park and the lake live in symbiosis with each other, where he can find spiritual, physical and mental quietness. But what is happening with the lake? The park is not being well-maintained, but this is not the entire situation; it is deteriorating day by day. Unfortunately, almost all the lakes of Albania have degraded in the similar conditions like the lake of Tirana, with just little water, with lots of mud and with destroyed dams. We are demonstrating that we do not have the decision-makers to administer, we do not have the specialist to lead and we do not have employees



<sup>1</sup> June - November 2009, Prof. Asc. Sazan Guri, Eia for the bërxull administrative unit, G & GBërxull Comune.

<sup>2</sup> 2012, Prof. Asc. Sazan Guri Strategic environment assessment report for the urban plan of Tirana

to maintain the area<sup>1</sup>. We are giving a new dimension to the destruction of the city through the destruction of the artificial lake. We have to think very carefully before undertaking actions to change or to interfere at the lake, because what these actions have already started to show their consequences. However, the worst is expected to come in the future. Albanian nature is wonderful, with climatic features which have been attempted to be realized artificially by other countries<sup>2</sup>. The weather in Albania has the highest amount of the rainfall, increasing the input of the water resources which are represented by several rivers and power plants. We are assisting urban planning in the negative sense. What is occurring at the park and at the hills referred to as the green garland of Tirana? This area does not change a lot from the urban life in Tirana, because it is populated with schools, kindergartens, bars, restaurants, and sometimes people have to avoid the vehicles (more than 100 vehicles pass through the area to go to the school daily), the motorcycles, the fast bikes, and in some cases the air is full of dust, there is rubbish and nowadays there are even high-risen flats located near the green hill. However, they are not in harmony with the quiet life of the animals of the zoo and with the vegetation of the botanic garden. Nowhere else in the world do we find constructions in the national parks and in some special areas of the cities, which are classified as recreational and relaxation spots. In our case, there are constructions without any criteria and the citizens are being deprived from the most minimal conditions of living. There is cement in the city centre, cement in the suburbs, cement in the sandy beaches, cement in the beaches with cliffs, cement in the fields, cement in the hills. City planning does not mean only cement and high-risen buildings. Where are the other elements of the landscape and of the image of the city? Is the overpopulation of the cities the only matter?

### Urban construction near the Lake

This is another issue to be discussed. The streets of the city used to be well arranged. Today, there are only old and new flats without any space among them. These happen in the interior part of the residential complexes. The big buildings of 13 floors are positioned just 3 metres away from each other, meanwhile the norm is: for the 12-storey buildings which are next to each other there should be distance no less than 30 metres. In the area of Fraka, which is an expanding zone, all the buildings have 7 floors. So they do not respect the permitted norm, which is 5 floors. The geological formations cannot support these buildings. Even here, the public space is very small<sup>3</sup>. Furthermore, it is an area under construction. So, the municipality continues to permit the construction of other buildings and the rules are not respected. Most of the buildings in the city have 13 floors and they do not have an underground floor. According to the geological criteria and the stability of the buildings 1/10-1/15 of the height of the building must be under the ground. Is this norm applied in the new buildings? There are electric and telephone cables everywhere in the streets of Tirana. They are in a total disorder. No common solution has been found yet, meanwhile this situation remains threatening for the life of the citizens.



In the boulevard Zhan d'Ark, there are lots of paradoxes such as the extension of the buildings without permission, meanwhile the process of the legalization continues and nobody notices this problem. But where are these extensions classified? Firstly, the most serious issue is the fact that the old blocks of flats have been constructed on the foundations which can support only their initial floors. If other floors are added above, the weight of the building increases and the foundations merge over the time. Also, they are the most unstable and vulnerable buildings during earthquakes and seismic forces. Even the system of the canals is a serious issue for Tirana. If we take into consideration the area near the lake, the region of Farka, it is obvious that it is still under construction and the system of the canals does not function appropriately. However, we cannot justify the fact that the work has started in disorder. Firstly, the canals are dug, the construction site is

<sup>1</sup> 2013, Strategic environment assessment report for the urban plan of Berzhita.

<sup>2</sup> 2006 - 2008, Haskoni Company, Prof. Asc. Sazan Guri, European Commission, Tirana, The ecological alternatives of the movements in tirana in limit the emissions in the air, social and health impact.

<sup>3</sup> February 2004, Isis Sh.A., Prof. Asc. Sazan Guri Inertest study and social and helath impact Of Bërzhitë – Tirana terrace

prepared with the necessary elements and then the work goes on with the foundations of the building continuing with the improvement and the completion of the pipelines in the buildings<sup>1</sup>.

## 12 QUESTIONS WITH RESPONSES FOR 2200 URBAN VIOLATIONS

1. **To the question, if the congestion (overcrowding) in Tirana** may be called, inter alia, a disaster, we would respond with "Yes", because of the way that the territory was captivated, where today and forever, the Albanian humanity will suffer the syndrome of a bread parcel, a urban building, a green plot a high-rise and a public parcel several-storey buildings.

2. **To the question if Tirana constitutes a metropol**, we would respond with "Yes", but it looks like the phenomenon of metropol in the 60s, where people used to go from rural areas to urban areas, meanwhile today it is happening the contrary (Torino, Milan out of 3 million residents, nowadays 1,2 million are living outside the city). The final conclusion is that for the metropolitan space it does not exist the need of a great expansion in order to reach the accommodation of an increasing population. Through the densification process, the city presently cannot provide new residences in the future.

3. **To the question, if there is any place better than Tirana from the urban viewpoint**, we would respond that all the cities of Albania, with the exception of the economic-cultural life are better than it is, from both the urban and environmental aspect. The former garden area of about 40ha at the former exhibition "Shqipëria Sot", is full of concrete due to the high-rise buildings.

4. **To the question, if the model Tirana with high buildings in the center** may be adapted by other cities as well, we would respond: No, in no way; because we would add up the cities with the unprecedented urban picture, where urban concrete buildings like nowhere else in Europe, exceed the tops of church minarets and mosques in the center.

5. **To the question if Tirana constitutes a bad urban model** we would respond without doubt "Yes", Because, again, it may be the only city in Europe, where in the entrance of blocks, the vehicles cannot enter for the collection of family urban waste;

6. **To the question that due to buildings, how many villas have been destroyed and burnt** we would respond that such an ill-fated case because fashionable that before one constructs with "urban permit" one must bust burn and then build. A villager in Ukraine and Macedonia is poorer, but they care about the State;

7. **To the question if the Franch plan has violated law** we would respond that none of the Western studios, which have completed designs for center 1 and 2 in Tirana has dared to introduce such innovation in the downtown of their countries or any other European countries. We remind you that skyscrapers, even though in a limited number, are beyond Danub in Vienna, beyond from Paris downtown, they are missing in Berlin, Budapest, Prague, etc. Liverpool i.e. is presented with 3 business centers, Tirana with 6-8 centers. They say that French towers do not affect the center of Tirana. Maybe a center for them would be called the Franch Towers, if they would be constructed near the monument of Skanderbeg. On the other side, the center of Tirana is a first-class cultural monument, (The center of Tirana became a cultural monument in 2001), where no internal and external interventions are allowed, however several other imply that the protected area allows for intervention. What about the cultural area of a nation, what about the historical asset of a nation, what about the traditional values of a nation, such as the center of Tirana, do they allow intervention?! hence, Tirana is the model of destruction, starting from its very center;

8. **To the question if Tirana has presented the harmonization of private interests with the public ones**; Common properties have become private properties of politicians.

9. **To the question if Tirana has reflected the lack of urban city planning** and urban expert we would respond that, unfortunately, until today there has been no urban design and no urban planning, where each architect may have modelled separately a work, maybe an excellent urban work, but, in complex or in communion with others have offered a bad model; (Compare the urban works in Golem, Tirana where the coffins are hardly taken out from the blocks, sideways. It is well-known that the Contract for the urban city planning of Tirana has been postponed for three years, when it should have been

<sup>1</sup> March 2004, Prof. Asc. Sazan Guri, M. Guri, Geological-engineering study and the project of river inert career exploitation and social impact, Qedaja – Tirana.



the basis of construction works since its very beginnings, particularly after 2000 of the construction boom. Presently, the Municipality has approved the regulatory plan, for which voting has taken place in principle, but this plan is similar to the job after the corn. The bad was done. Centuries are required to repair this model *alla shqiptarçe*. In no case in Tirana, in the territory planned for urban construction, has been established underground infrastructure before construction. However, in all the cases, constructions have been made, then destructions in order to realize the underground infrastructure (hyrotechnical, improvements, telephone, etc.). On the other side the regulatory plan of Tirana gives you the feeling of a plan closer to politicization than to the urban one, where often the greatest politics decides for urban strategies, such as informality formalization;

**10. To the question if Tirana is fed up with buildings** we would respond that it has been excessively fed up, so much as it encourages you to take decisions or at least processes such as Moratorium for stopping such situation, by obliging construction companies for mandatory deviation from construction field for buildings. We can say indeed that we have damaged our nature with our money. Terrible?! Only in the years 1996-1997 we lost 2000ha agricultural land. Today we have more than 20 bread area, 80% of public area, more than 10% green area, more than 90% of sports area.

**11. To the question how tall should the buildings in Tirana be** we can say that Tirana consists of road with a general width of 18-24m. This suggests that building consist of 4 to 6 floors. There are also other strong arguments which show that in Tirana no other very tall buildings be constructed, such as the network of roads cannot deal with the flow of circulation due to such numerous buildings. Usually, the roads consist of two lanes and one lane for parking. For this reason the maximum of the height of buildings should be 6 floors including herein the last floor. This has been applied in many city centers and by the river strip in Tirana, extending in the northwestern part of Tirana up to the industrial area of Bërçull. For example: a path in the old Ottoman roads had 4-6m distance for buildings up to 3 floors. In the area of Yzberisht and Sauk no buildings more than 3 floors should be built.

**12. To the question: what kind of development should Tirana have** we should respond in advance to: what kind of model should Tirana have? *The framework of our capital development should recommend that the city settlements must respond to requests for housing and land use. Given the basic topography such as: lake, hills, mountains, river valleys, plateaus, the existing model and the transport network there can be assessed and identified a preferred option, which combines elements of business with social elements, by simultaneously preserving the natural values.*

## CONCLUSION

1. Nga matrica e interpretuar rezulton se opsioni i dendësimit më të madh është zgjidhja më e lehtë, më pak e kushtueshme dhe më pozitive ndaj mjedisit, nëse respektohet trafiku, parkimi, hapësirat e hapura publike, transporti publik, gjithmonë, nëse gjëndet tokë e përshtatshme.
2. Gjithësesi, kjo duhet të jetë qasje afat mesme, që mund të përdoret (10-12 vjet). Më pas, duhet të vazhdohet ose të mbështetet ose të zëvendësohet nga ndoshta një zhvillim i një skaji periferik i qytetit dhe/ose zgjerimi i vendbanimeve të shtrira në periferi, por sipas modelit qytet kopësht.
3. Ndërkohë që fakti në jetën urbane rezulton se opsioni i tejskajshëm i dendësimit ka ofruar zgjidhjen më të vështirë për qytetarët, sepse po rezulton e kushtueshme dhe negative ndaj mjedisit, mbasi u dendësua trafiku, u mbipopullua parkimi, u asgjësuan hapësirat e lira e publike, u dekurajua transporti publik.
4. Nga qasje afat mesme (që mund të përdoret 10-12 vjet), nuk doli as për qasje afatshkurtër.
5. Kështu strategjia për zhvillimin e vendbanimeve të rajonit duhet të bazohet mbi një kombinim të opsionit - A "**Dendësimi**" me një pjesë të opsionit - C "**Zgjerim i madh i një skaji periferik të qytetit të Tiranës**."

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# Understanding the Neuromechanisms of Consumer Behavior in Advertising Industry<sup>1</sup>

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## Abstract

*The objective is to acknowledge the relevance of the unconsciousness in the consumers' behavior by providing a new point of view based on the innovative findings of cognitive neuroscience. This paper highlights recent studies on emotion, and memory, focusing on their implication in the advertising process. The intention of this paper is to open our eyes to new scientific findings that may well mean a new way of understanding how advertising works, giving a new value to the role of emotion and consciousness. The 21st century gives us the opportunity to look once more at the perspective of incorporating validated scientific contributions based on the new discoveries about brain functioning. This article will build bridges between these scientific results and current advertising practice in a way that allows us to introduce a new point of view which redefines the influence of emotions and its role in the processes of memory, attention, reasoning and decision-making.*

**Keywords:** Consumer neuroscience, emotions, advertising

## 1. INTRODUCTION

This article proposes the methods of neuroscience to understand the consumers' choice and decision making in response to advertisement which further allow the appropriate design of graphics or strategy for neuro marketing. The primary objective is to highlight to a broad audience the prospect of turning to neuroscience biological variables to inform models of marketing and consumer decision making. The research in consumers' decision making has benefitted from the revealed preferences perspective that follows the tradition of focusing on observation on what people actually choose or using questionnaire and interview to get their reasoning for their choice. However, it actually ignores the mechanisms inside "the black box" in which the decisions are made in relation to other additional variables such as stress, intentions, attitudes and memory which facilitates insights in providing context and testable constraints. These biological variables in neuroscience and its interactions with sociological variables adds value to decision making and consumer choice research. Understanding of underlying mechanism that led to the observed choice is crucial so that one is in a better position to understand the consumer loyalty to a brand, understanding of contextual influences which interact with the different neural circuitry that leads to a different choice, and most importantly the influences on choice made by consumer. Such knowledge can be important in many domains such as marketing and advertising industry, legal decisions and medical. Neuroimaging tools in neuroscience yield valuable information for the interpretation

of choice data. Neuroscience helps us to explore the hidden elements of the decision process. The decision neuroscientist might draw on the concept and techniques from neuroscience to inform research in advertisement and marketing.

## 2. Objectives

The objective of this research is to propose the methods of neuroscience to understand the consumers' choice and decision

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<sup>1</sup> This paper has been published at: Journal of Applied Sciences Research, Received: 27 March, 2015; Revised: May 13, 2013; Accepted: May 22, 2013, , JOURNAL home page: <http://www.aensiweb.com/jasr.html>

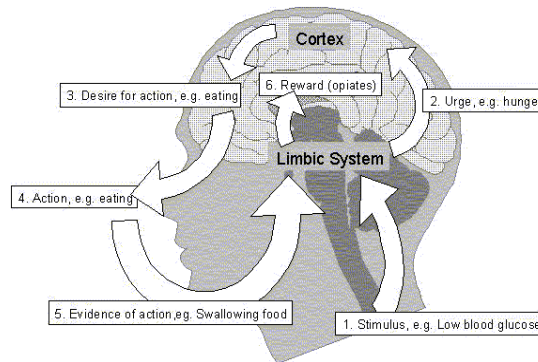
making in response to advertisement which further allow the appropriate design of graphics or strategy for neuro marketing. Understanding the relevance of the unconsciousness in consumers' behavior by providing a new point of view from the innovative findings of cognitive neuroscience will open our eyes to new scientific findings that may well mean a new way of understanding how advertising works, giving a new value to the role of emotion and consciousness.

### 3. Methods

To understand the mental process involved in consumer behavior and advertising, the researcher will first explain associated areas of the brain such as the limbic system where the Amygdala, hypothalamus and hippocampus are located and implicated in the study of consumer behavior in advertisement. This will be followed by the role of emotions and memory in advertisement to provide a more understanding on the consumer behavior and their responses to the advertisement with reference to the synthesis on related research. Finally, suggestions are given on how and appropriate devices to be used for the research.

### 4. NeuroMechanism in Advertisement

Figure 1 : Limbic System



Human behavior is a manifestation of both cognitive and affective processing. Figure.1 above demonstrated the limbic system, Thalamus in the limbic system converts the desire and needs as an urge or motivation to an urge within the cortex. The cortex translates the urge into a desire for something specific. It is from the limbic system that explains the motivational aspect of desire that provides the urges. Very often, the urges have priority and forces other matters aside. The underlying urge becomes the desire or needs from a person's mental state which later translated into actions and steps to satisfy the internal nagging or desire and needs for something specific. The study of emotions has been crucial in advertisement research due to significant role of memory in advertisement. Amygdala within the limbic system motivates the consumer behavior to purchase, hippocampus keeps the memory and experiences of the consumer regarding the products or brand and hypothalamus, a center for the limbic system which is highly connected with the frontal parts of the brain which is responsible for judgement and decisions.

### 5.0 Role of Emotion in Advertisement

Emotion is a process that varies in intensity and exhibits variety of concomitant indices such as physiological changes in heart rate, blood pressure and adrenalin levels. It resides in individuals and is intense enough to elicit "feelings experiences". It produce arousal and attention to the "emotional message" or stimulus as pictured in the advertisement. The commercial message is a vehicle that arouse flow of feelings that most people report as emotional experiences. The advertisers can go beyond the traditional focus groups to tap into consumers' subconscious minds by relying on biometric indicators by using EEG for brainwave activity, heart rate and respiratory to effectively target consumers. This methodology and reliance on scientific evidence goes against the creative 'gut' instinct which led advertising decisions for decades. The

advertiser can make a claim about being 'delicious' to convince the consumers on the chocolate brand advertised but is there any scientific evidence that can make people believe the advertisement. The neuroscience approach would help the advertising industry to persuade with scientifically verified results by measuring the actual pleasure of eating the chocolates. The fastest way is to actually bring a portable EEG device to measure the brainwave activity while eating the chocolate brand they advertised. The pleasure experience can be measured using an EEG and analyzing alpha waves (8–13 Hz), beta waves (13–30 Hz) and theta waves (4–7 Hz). The expected brainwave activity will be alpha waves (8-13 HZ) and the specific brain regions activated will be the nucleus accumbens, part of the limbic system responsible for emotions, pleasure and reinforcement. Take for example an emerging chocolate brand "BeyondDark" in UK that substantiates their claim of "ultimate chocolate feel good treat" marketing campaign using scientific evidence from EEG brainwaves to measure pleasurable feeling, just one chocolate drop elicited a pleasurable feeling of 65. The company collaborates with Birkbeck University and MyndPlay company to provide the EEG headsets and analysed the brainwave data for the study on Measure of Pleasure to create a pleasurable scale to compare how eating chocolate ranked against other common 'pleasurable' activities like finding money, blowing bubbles, and stroking a puppy. The results showed that finding money elicited strongest reaction followed by eating a piece of BeyondDark chocolates and playing with kittens.

## 6.0 Consumer memory

Advertisers might want to implicate on the consumer memory by using comedy, drama and suspense. Happiness, anger and sadness while watching the ads must have left stronger emotional trace on the episodic memory of specific events experienced by an individual. When people watch commercial ads, people tends to process the audio and video events in the ads in addition to their internal physiological states such as thought and feelings. The episodic traces vary in strength depending on the intensity of the person's experience, and the meaningfulness of the information and their understanding. When people are emotionally aroused when watching commercials, it will leave stronger episodic memory than those experience without arousal [5].

Having that feeling embedded in memory, and creating the emotional connection that makes the customer want to return and in fact creating sense of loyalty. The economics behind experience are all around loyalty, recommendation, customer lifetime value. Over time, emotions and their corresponding bodily change(s) become associated with particular situations and their past outcomes. In decision making, most people consciously or subconsciously associate these physiological signals, and their evoked emotions with their past outcomes, and they bias decision-making toward certain behaviors. Evidence from brain scans shows that emotions impinge directly on consumer decision making. That fits with what the psychology of customer experience is about: finding that emotional connection. Other evidence from neuroscience highlights the importance of subconscious and memorable moments. The subconscious processes 200,000 times more information than the conscious mind and processes emotions about 10 times faster than the conscious mind. This indicates the degree of correlations between ad memorization and the degree of affective content within the advertisement. These affective advertising activates the amygdala, and orbitofrontal cortices.

## 7.0 Brief Branding moments

In terms of establishing advertising effects, research has shown that there are certain periods of commercials that are far more significant for the consumer. These are referred to as "branding moments" and are thought to be the most engaging parts of the commercial. It was suggested that the strength of a commercial with regard to its effect on the consumer can be evaluated by the strength of its unique branding moments. Usually, the branding moment are short segments with scene duration lasting longer than 1.5 seconds which have been shown to be more memorable. In 2004, McClure et al conducted a study to investigate the difference in branding between Coca cola and Pepsi. Participants had to indicate which cola they prefer while their brain was scanned. Results showed that when subjects tasted samples of Pepsi and Coke with and without the brand's label, they reported different preferences [4]. Without labels, subjects evaluate both drinks similarly. When drinks were labeled, subjects report a stronger preference for Coke. Coke managed to trigger certain associations in our brain, and simply seeing their logo is enough to make a drink taste better.

Both drinks produced equal activation in the ventromedial prefrontal cortex (VMPC), which is thought to be activated because the taste is rewarding. When the subjects were informed of the brand names the consumers preferred Coke, and only Coke activated the ventromedial prefrontal cortex, suggesting that drinking the Coke brand is rewarding beyond simply

the taste itself. There was also significant activation in the hippocampus and dorsolateral prefrontal cortex when subjects knew they were drinking Coke. These brain structures are known to play a role in memory and recall which indicates the subjects to associate their present drinking experience to previous brand associations. The results of this study suggested that the Coke brand has much more firmly established itself as a rewarding experience. However, in another study by Koenigs & Tranel [3], there are people who are less sensitive to this branding effect: subjects with ventromedial prefrontal cortex damage (an area involved in emotional processing). Unlike their normal counterpart, these patients maintained their preference for Pepsi. The authors conclude that lacking the normal affective processing, VMPC patients may base their brand preference primarily on their taste preference." The VMPC thus act as a gate that let emotional memories affect present evaluations.

Neuroscience adds value to consumer studies and on the other hand consumer research provides real world applications for neuroscience study. When tracking brain functions, neuroscientists generally use either electroencephalography (EEG) or functional magnetic resonance imaging (fMRI)

technology. EEG measures fluctuations in the electrical activity directly below the scalp, which occurs as a result of neural activity. By attaching electrodes to subjects' heads and evaluating the electrical patterns of their brain waves, researchers can track the physiological changes and or intensity of responses such as anger, lust, disgust, and excitement. In 2008, junk food giant Frito lay hired a neuromarketing to look into consumers respond to Cheetos, the top-selling brand of cheese puffs in USA. The consumer researchers used EEG technology on a group of participants, the participants respond strongly to the fact that eating Cheetos turns their fingers orange with residual chees dust. Karmarker cited an articles in August 2011 [2] that the EEG patterns indicated a sense of giddy subversion that consumers enjoy over the messiness of the product. With the data in hand, the company moved ahead with an ad campaign featuring a series of 30 second TV commercial in which the Cheetos mascot, Chester Cheetah, encourages consumers to commit subversive acts with Cheetos. (In one commercial, an airline passenger quietly sticks Cheetos up the nostrils of a snoring seatmate. Problem solved.) The campaign garnered Frito-Lay a 2009 Grand Ogilvy Award from the Advertising Research Foundation.

Research using neuroscience has given two added advantage. Firstly, the ability to show what's going on inside the brain and secondly, the transparency, because showing the results of scientific paper is more believable than giving what perceived to be the correct answers from a survey. The advances in sciences will make baseless advertising claims lose its value and brilliant products and truthful claims increasingly triumph. The two commonly used devices are EEG and fMRI. EEG is portable and can easily record the brain activity with the cap of electrodes sitting on the surface of your head, however the recording did not get to the deep areas of the brain. On the other hand, the fMRI uses a giant magnet, often 3 Teslas strong, to track the blood flow throughout the brain as test subjects respond to visual, audio, or even taste cues. fMRI gives researchers a view into the aforementioned pleasure center. "The more desirable something is, the more significant the changes in blood flow in that part of the brain," But this sophisticated piece of equipment are costly and has few technological limitations. , fMRI requires them to lie very still inside a machine that can be intimidating. EEG allows subjects to move around during testing.

## 8. Conclusion

Most of the neuroscience studies involved brain scanning conducted in medical or technological environment. More research need to be done in supermarkets or shopping mall for consumer decision making. Testing underlying neurophysiological states is difficult because it is unclear exactly how various factors are perceived in the human mind. Consumers reaction and decision making process is not simply a biological variables but interaction between biological and sociological variables and culture. It was proposed that neuroscience adds value to consumer neuroscience research by enhancing ability to make inference beyond the usual variables and paradigms. There are concerns over the value and the potential usage of consumer neuroscience data. The potential for enhanced consumer welfare is certainly present but equally present is the potential for the information to be used inappropriately for individual gain. Currently, Consumer neuroscience research is a compilation of only loosely related subjects that at this point, is unable to produce any collective conclusions.

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## Early Detection of Mild Cognitive Impairment, Dementia and Alzheimer's Using Qeeg

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### Abstract

*This article reports the biomarkers of the Mild Cognitive Impairment (MCI) among the elderly group aged around 60 -75 years old by analyzing the EEG signals recorded by using the quantitative electroencephalograph (qEEG). There is growing evidence that EEG analysis in resting state condition are useful in early detection of neural signatures of Alzheimer's and dementia. EEG findings and analysis shows potential of discriminating MCI, Alzheimer's and dementia. In this research, the purpose is to 1) develop the indexes for each of the EEG bands and sub-bands such as delta (1.5 – 3.5 Hz), theta (3.3 – 7.5 Hz), alpha (8 – 12 Hz), beta 1 (15 – 18 Hz) and beta 2 (22 – 30 Hz); 2) provide reference for early diagnosis; 3) extract and analyze the brainwave pattern of MCI and cognitively healthy group. This study involved 19 channel resting state EEG from a total of 30 subjects, 18 diagnosed as having MCI and 12 cognitively healthy elderly with criteria for inclusion if the mini mental state examination (MMSE) score is more than or equal to 28, based on the age and educational level. Development of qEEG index started by decomposition of EEG by performing Fourier analysis, averaging and normalizing the value from the 19 channels to obtain the z-score. Findings showed promise of utility in early detection of Alzheimer's. Notably, 1) Increases in delta/ theta posterior temporal and prefrontal area i.e.,  $H(6.64)$  vs.  $MCI(26.29)$ ; beta temporal region, 2) Decreases in alpha at sensory motor region i.e.,  $H(0.27)$  vs.  $MCI(0.23)$ .*

**Keywords:** Mild cognitive Impairment, qEEG, Alzheimers

### 1 INTRODUCTION

Early detection of MCI can help in slowing down the memory loss and can maximize the efficacy of treatment in future (Milwain, E. (2000)). Burns and Zaudig (2002) defined MCI as a transitional stage between normal ageing and dementia, and reflect the clinical situations where a person has memory complaints and objective evidence of cognitive impairment but no evidence of dementia. MCI is important in terms of recognising memory loss among the elderly as well as identifying a group of individuals at high risk of developing dementia and who may benefit from preventive strategies.

There is evidence in electroencephalography that alpha, theta and delta band oscillations reflect cognitive and memory performances. The most usual EEG findings are the displacement of background frequency into delta and theta ranges and the decrease or dropout of alpha central frequency (Klass & Brenner, 1995). Pucci et.al (1999) proposed the "alpha" rhythm as a diagnostic AD marker as there is a decrease in the alpha frequency to 6.0-8.0 Hz in mild AD patients. However, none of the research provides a reliable indexes for each of the band as a basis of comparison from the cognitively healthy normals. It is necessary to develop the indexes for each of the EEG bands to indicate the level of cognitive impairment and memory loss among the elderly group.

The main idea of the study is to develop an index as a reference between MCI and cognitively healthy elderly. This study will benefit most to the community as it is a practical contribution to the early detection of cognitive deficit and slowing down the progress of Alzheimers In addition, this is a feasible study- community approached. Therefore, the first aim of this study is to develop an index for each EEG band and sub-band, i.e. alpha, beta 1, beta 2, delta and theta. The second aim is to provide the reference for earlier diagnosis of Alzheimer's diseases and basis comparison to other EEG measures or



different psychological tests. The final aim is to extract and analyse the brainwave patterns of MCI and cognitively healthy elderly group from same banded EEG.

## 2. DEFINITION OF TERMS

### 2.1 Mild Cognitive Impairment (MCI)

MCI is define as a cognitive function deficit in spite of age and education level, but does not interfere the daily activity but in clinical view, MCI is a transition between early normal elderly cognition and late severe dementia and considered different because some MCI sufferers develop dementia (Al- Qazzaz et. al, 2014). Several studies suggest 5 to 20 percent of the elderly have some form of mild cognitive impairment of one form at any one time (Alzheimer's society UK, 2013).

In studies carried out at the memory clinics, 10 to 15 percent of people with MCI went on to develop dementia in each year (Alzheimer's society UK, 2013). Since the number of individual with AD is expected to increase considerable in the near future, reliable treatment and early diagnosis of MCI is critical. Early detection helps in obtaining the maximum treatment before significant mental decline occurs (Al- Qazzaz et. al, 2014).

### 2.2 Quantitative Electroencephalogram (QEEG)

Even though a clinical diagnosis accuracy approximately 85 percent of detection rate is commonly achieved, by a procedure of exclusion after structural or functional imaging tests – including quantitative electroencephalogram (QEEG), laboratory, and psychometric test, there are no consensus on methods to estimate and measure the diagnosis and progression of patients with MCI.

Recent research has demonstrated that QEEG is useful for investigating AD (Leucter, 1993; Babiloni et al., 2004). Topographical EEG power changes are believed to reflect early signs of the cortical atrophy and / or compensatory cortical reorganization during the early stages of the disease. More specifically, it is commonly believed that AD induces enhanced mean power of slow rhythms (0.5 – 8 Hz) and loss of fast (8 – 30 Hz) rhythms.

In the EEG of healthy subjects, recorded in resting condition with closed eyes, usually, the alpha rhythms are mostly distributed in the occipital area; in AD patients, the alpha rhythms increasingly relocate towards anterior areas as the disease progresses. Associated early stages of AD have been linked with an increase of theta activity and a decrease of alpha activity. In a more severe condition of AD, there is an increase in theta and delta activities and vice versa in alpha and beta frequency (Knott et al., 2001; Kwak et al., 2006).

### 2.3 Spectral analysis of EEG

According to a longitudinal study, the mean posterior dominant frequency declined by 0.08 Hz per year over 60 years (Wang & Busse, 1969). There is great evidence in the literature to consider an average alpha frequency of less than 8.5 Hz as abnormal, measured with the patient fully alert. Although posterior frequency decline is usually unspecific and cannot differentiate any particular disorder, it has been common electroencephalographic sign described in many conditions evolving to cognitive alterations, and is frequently encountered in AD individuals (Raicher et al., 2008). Current study reported increase of high alpha frequency power band on the occipital region in MCI subjects compared to normal and Alzheimer's Disease patients.

### 2.4 Power Spectral Density (PSD)

Power spectral density function (PSD) shows the strength of the variations(energy) as a function of frequency. In other words, it shows at which frequencies variations are strong and at which frequencies variations are weak. The unit of PSD is energy per frequency(width) and you can obtain energy within a specific frequency range by integrating PSD within that frequency range. Computation of PSD is done directly by the method called FFT or computing autocorrelation function and then transforming it.

In this context, Qualitative electroencephalogram (Qeeg) measures different brainwaves within the brain where electrodes are placed based on the 10 – 20 system. Qeeg measured the voltage of electrical impulse signal  $\mu V^2$  is propositional to the power of the signal on specific sites on scalp to detect and record the electrical impulses. PSD resulted in the strength of a

signal which is distributed in the frequency domain, relative to the strength of other ambient signals (Oppenheim, A. V., & Verghese, G. C., 2010). Delta and Gamma (30 - < 60 Hz) denoted an adult slow component, which is sparsely represented whereas the Alpha and Beta is a predominate and a fast component wave.

### 3.0 METHODOLOGY

#### 3.1 Subjects

##### 3.1.1 Sample size

For the purpose of this research, sample size estimation and statistical power analysis has been done using Gpow3 software power analysis. Statistical power (P) can be defined as  $P = 1 - \beta$ , where 0.95 or 95% has been set for this conventional purpose and another 5% is a possibility to accept the null hypothesis (Prajapati, Dunne, & Armstrong, 2010). However, it is a must to consider a potential error. Then, with the large effect size (d), then the numbers of the sample would be 35 in each group, (Normal vs. MCI). However, this study involved 30 participants, 18 diagnosed as having MCI and 12 cognitively health normal screened using mini mental state Examination (MMSE) score is more than or equal to 28, based on the age and educational level.

##### 3.2.2 Demographic data

All the subjects recruited in the study were pensioners' age 60 to 75 years old in Sarawak. All experiment protocols had been approved by the local ethics committee. Informed consent were obtained from all participants before recording takes place. The difference in the size of the populations is due to the technical reasons linked to the EEG analysis.

Table 1: Demographic data

Group	N	Age	MMSE
MCI	18 (3 Female)	61.89	24.56
Health	12 (1 Female)	65.17	26.25

##### 3.2.3 EEG Recordings

All recordings were obtained in the morning with subjects resting in the chair comfortably. The EEG activity was recorded continuously from 19 sites by using electrodes set in an elastic cap positioned according to the 10-20 International systems for 25 minutes (Electro - cap International, Inc). Data were recorded with a band- pass filter of 0.3 – 70 Hz and digitized at a sampling rate of 250 Hz (BrainAmp, BrainProducts, Germany). The electrodes skin impedance was set below 5kOhm. The recording lasted 10 minutes, where 5 minutes with subjects eyes open (EO) and another five with eyes close (EC) task. The EEG data of eyes close task were then analysed and artifacts were discarded.

## 4 RESULT AND DISCUSSION

### 4.1 QEEG Patterns of MCI compared to Normal group

After recordings, data during eyes close (EC) were then extracted and analysed. Eyes close task is chosen because it is the best condition, where the minimum noise and artifacts either from muscular or non muscular tension produced. Findings revealed the presence of excessive fast wave activity (beta 1 and beta 2) at the left anterior and central, generally and specifically at point FP1, F3, F7, Fz, C3, T3, T4, and C4). The power spectral density for the five EEG bands were plotted to allow visual inspection of Qeeg patterns of MCI compared to the normal group. Refer to Figure 1,2,3,4 and 5)

Figure 1

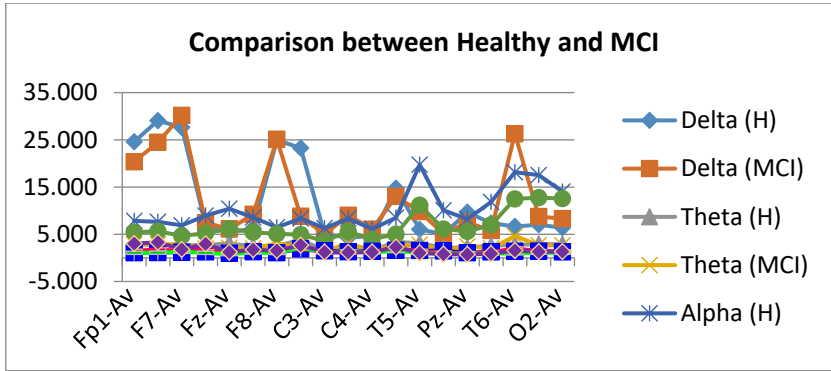
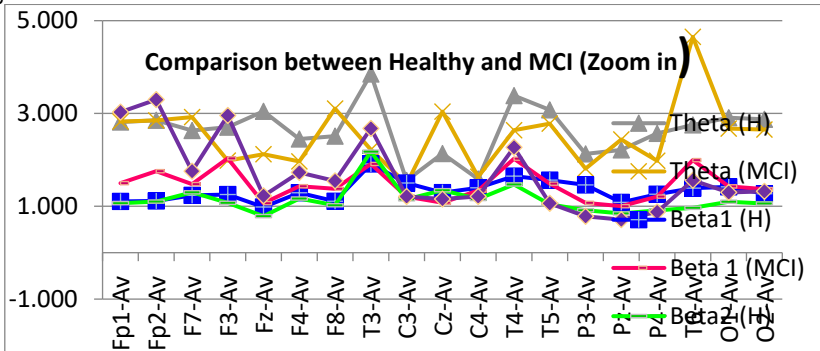


Figure 2

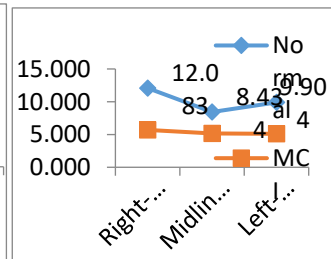
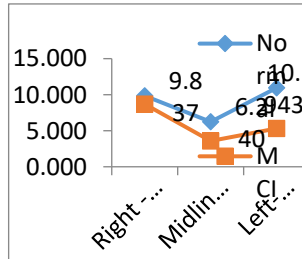
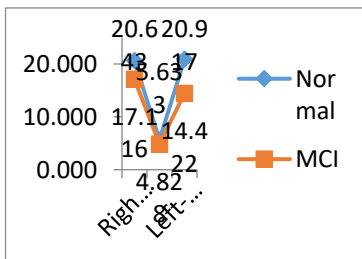


Findings showed promise of utility in early detection of Alzheimer's. Notably, 1) Increases in delta/ theta posterior temporal and prefrontal area i.e., H(6.64) vs. MCI(26.29); beta temporal region, 2) Decreases in alpha at sensory motor region i.e., H(0.27) vs. MCI(0.23) . **Look at Figure 4a, 4b, 4c.**

Figure 3a:Delta Anterior

Figure 3b:Delta Central

Figure 3c: Delta Posterior



**Figure 4a,4 b, 4c**  
**Frequency Bandwith**

Figure 4a:

Increasing Delta/theta at posterior temporal & Prefrontal

Figure 4b:

Decrease alpha wave at Central region

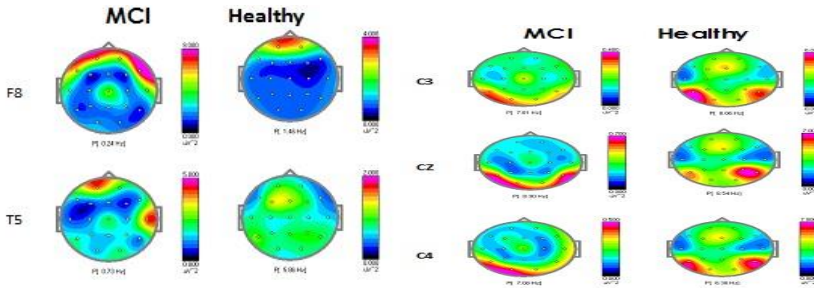
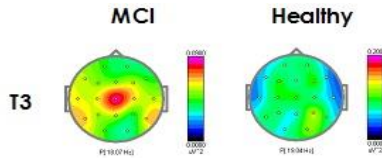


Figure 4c: Increase in beta in Temporal region



4.1.1 Delta wave

Anna Wise, 2004 in her book 'The High Performance Mind' reported that delta wave needed in order to produce hormones i.e human growth hormone. In addition, delta wave can boost anti ageing hormones. Refer to Figure 3a and 3c, Delta wave for MCI is excessively low at the left and right posterior compared to the normal.

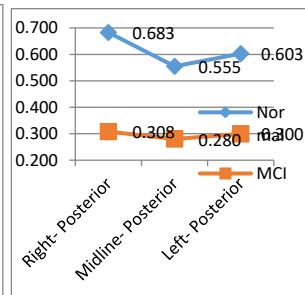
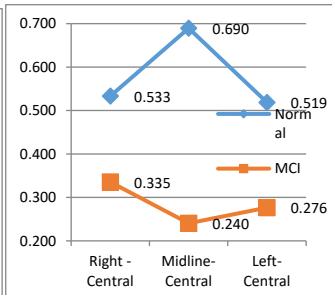
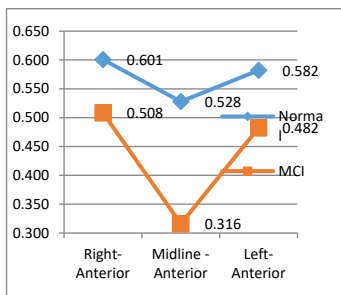
According to Chase, B., an amino acid known as GABA is produces during the sleep and 30% extra GABA is produced for a regular sleeping pattern compared to insomniacs. Many researchers agreed that during the sleep without dream, the dominant wave is delta. Volgushev et al.(2006) reported that the slow wave spread preferentially from anterior to the posterior direction.

4.1.2 Theta wave

Figure 5a:Theta Anterior

Figure 5b: Theta Central

Figure 5c:Theta posterior



Refer to Figure 5a, 5b,5c, there is a significant difference between normal and MCI elderly theta at most region. This is supported by the research done by Prishep, L.S. et al. (2005) reported that alpha and theta mean values is significantly different from left temporo-occipital region compared to MCI. Theta waves is equivalent to the learning process as we can predicted human memory strength by the theta oscillation and medial temporal lobe is vital for learning (Rutishauser, U., Ross, I. B., Mamelak, A. N., & Schuman, E. M., 2010). Theta wave is generated by anterior cingulated cortex which the deficits at the frontal midline and central denoted them as MCI (Al- Qazzaz et al., 2014)

4.1.3 Alpha Wave

Figure 6a Alpha Anterior

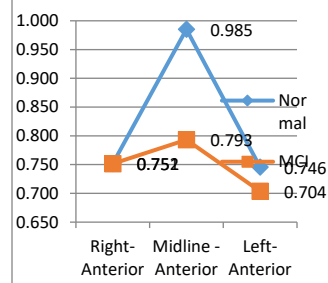


Figure 6b: Alpha Central

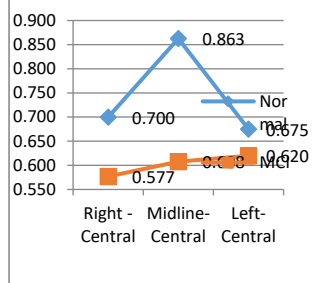
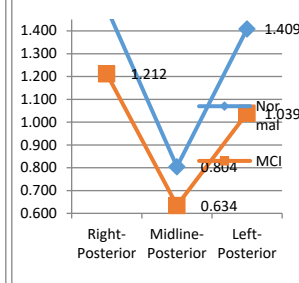


Figure 6c: Alpha Posterior



Obviously, in resting state for normal elderly, alpha will dominate the brain as the eyes were close. But, in this situation, alpha for MCI is reported to be excessively low for MCI compared to the normal at the central region and notable low at the midline anterior (Refer to Figure 6a, 6b,6c). Alpha inadequacy in MCI power density can be supported by Weber, E. which reported that alpha wave worked best for incoming sensory and motor information which is synonym with the sensorimotor rhythm (SMR). Moreover, it is also claimed to disperse from the central region and mostly observed in the posterior region (Al- Qazzaz et al., 2014).

4.1.4 Beta wave

Figure 7a: Beta 1 Anterior

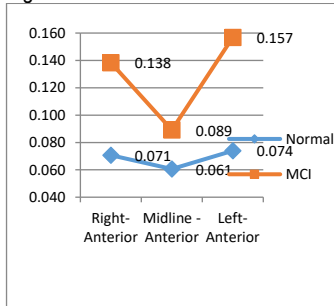


Figure 7b: Beta 1 Central

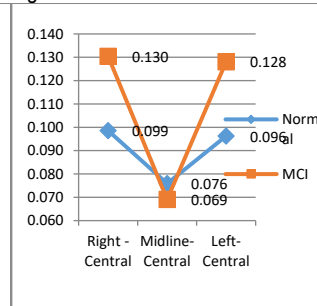
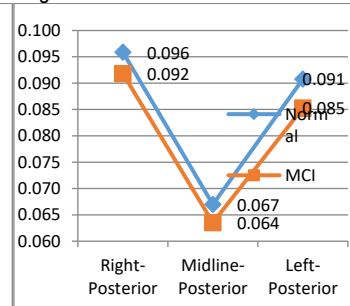


Figure 7c: Beta 1 Posterior



Occipital lobe is located at the posterior region, thus the Beta 1 posterior is not active as the beta wave will slowly disappeared as the eyes close (Refer Figure 7a, 7b dan 7c). Beta 1 anterior and central for MCI is higher than the normal group and it denoted the impairment compared to the normal. Even though beta wave is synonym with attention and concentration, but according Al-Qazzaz et al. (2014) during the resting condition, if the beta wave replaced the alpha, it remarks the cognitive impairment.

Figure 8a: Beta 2 Anterior

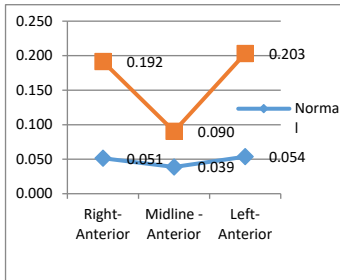


Figure 8b: Beta 2 Central

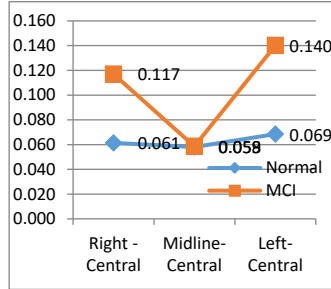
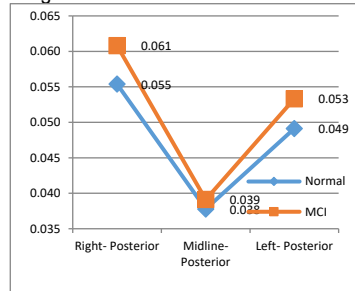


Figure 8c: Beta 2 Posterior



Most researchers reported that beta waves are observed in the parietal and frontal region and this explain the differences showed in Figure 5. The result is more likely for Beta 2, as the high beta is dominant in higher thinking order activity (Refer Figure 8a, 8b, 8c). Delta and theta activity will diminish as people reached their adulthood, whereas those alpha and beta waves increasing linearly as an outcome of cognitive impairment

**5.0 Conclusion**

The observation on Mild cognitive impairment group revealed the predominance posterior slowing rhythmic frequency bands reducing the alpha and beta activities whereas the occipital activity of the alpha and beta band in the normal aging is increasing. The findings showed a predominance distribution of theta and delta power or slow cerebral rhythms for both normal and the MCI. A reduction of delta at the subfrontal regions for the normal and central regions might be related to the cognitive decline at the hippocampal area. Analysis revealed statistically significant slowing in EEG activity of the MCI group. Specifically, there is an increase in delta and theta at the posterior and left temporal region (T6, T5) and prefrontal lobe (F7,F8) among the MCI over the healthy group and increase in Beta 1 and Beta 2 over the temporal regions among MCI group. Moreover, there is a significant decrease in rhythmic alpha frequency at the central or sensory motor region (c3,cz,c4) and posterior region.

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## Neurotechnology for Special Needs Children

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### Abstract

*This paper highlights the use of neurotechnology to improve the brain dysregulation of special needs children giving an example of a case study on autistic children. Neurofeedback Training (NFT) was preceded by objective assessment of brain activity using Quantitative electroencephalogram (qEEG) to identify the abnormalities of the childrens' brain waves. Neurofeedback training were conducted based on relevant EEG findings in relation to the children's medical history and symptoms. Analysis indicate excessive presence of delta wave at the Frontal lobes and posterior regions. NFT were conducted within three months for more than 25 sessions for each protocol starting with Beta training followed by Delta and Alpha protocols. The observations and assessment showed improvement in terms of social interaction and communication and increased Alpha-beta activity in some parts of the brain suggesting improvement in brain regulation.*

**Keywords:** Neurotechnology, Special needs education, Autism

### 1. Introduction

Over the years, various neurotechnologies has been developed to explore more about the mysteries of human brain. It has led to the development and creation of neurofeedback (NFT), quantitative electroencephalogram (Qeeg), magnetic resonance imaging (MRI), functional magnetic resonance imaging (fMRI) and etc. However public awareness about the existence of this technology, particularly among Malaysians is still at low levels compared with other developing country. In developed country, neurotechnology are widely used in helping children with various neurological disorders such as Autism Spectrum Disorder (ASD), Autism Deficit Hyperactivity Disorder (ADHD), epilepsy, learning disability and etc. In neurofeedback training, participants learn how to alter their own brainwave pattern, producing more normal output. The technique has been successfully used to help people suffering from migraines, sleep problem, anxiety, depression, traumatic brain injury, epilepsy, autism and ADHD. Earlier research revealed that neurofeedback prove to be effective treatment in individual with attention deficits and hyperactivity and those with neurological disorders compared to medication. Neurofeedback has shown to enhance neuro regulation and metabolic function. Children with autism and Autistic Spectrum Disorder who completed neurofeedback training attained a 26% average reduction in the total ATEC rated autism symptoms in contrast to 3% for the control group. Parents reported improvement in socialization, vocalization, anxiety, schoolwork, tantrums, and sleep while the control group had minimal changes in these domains (Jarusiewicz, 2002). Neurofeedback has no adverse side effects while psychopharmacological interventions, as well as certain vitamin/mineral supplementation and secretin are associated with side effects. In addition, the therapeutic treatment outcomes of neurofeedback training are maintained over time and do not reverse after treatment is withdrawn (Linden, Habib, & Radojevic, 1995) as in drug therapy, diet therapy, and supplementation with vitamins, minerals, and enzymes. Besides, research findings indicated that effects from the medication show temporary response for the autistic children and those having ADD/ADHD. The results are more consistent and permanent than the other traditional therapies.

### 2. The Case of Autism Spectrum Disorders

#### 2.1. Neurofeedback Training and quantitative Electroencephalogram (qEEG)

Neurofeedback is a non-invasive approach shown to enhance neuroregulation and metabolic function in Autism Spectrum Disorder (ASD) and it is designed to train individuals to enhance poorly regulated brainwave patterns and subsequently implicates on behavioral change through the process of operant conditioning (Coben et. al, 2008). Neurofeedback Training (NFT) was originally pioneered for neurological conditions such as epilepsy and stroke, is now used to treat ADHD, autism,



dyspraxia, learning difficulties and health problems. According to Thompson & Thompson (2009), NFT training is targeted to reduce autistic symptoms such as mirroring emotions, poor attention to the outside world, poor self regulation skills, and anxiety.

In NFT, the activity of brain can be observed by researcher while the ASD children doing the game task to trigger the brainwave. According to Coben et. al (2009), information on brainwave activity were fed to a computer that converts this information into game-like displays that can be auditory, visual, or both. According to Fernandez et. al (2007), the EEG signal was obtained from a lead situated at the site with the most abnormal theta/alpha ratio, referred to linked earlobes. Individuals learn to inhibit brainwave frequencies that are excessively generated (produce negative symptoms); and augment or enhance specific frequencies that are deficient (produce positive results).

Quantitative EEG (qEEG) is the analysis of the digitized EEG sometimes is also called "Brain Mapping". It is an extension of the analysis of the visual EEG interpretation to assist our understanding of the EEG and brain function.

## **2.2. Identification of Brain waves and Neurofeedback Training**

### **2.2.1 Participants**

The ASD group composed of 10 participants diagnosed with ASD, ranging in age from 5-18 years were recruited from Kuching Autism Association Sarawak. The normal group consisted of 6 male participants and 4 female aged 7-21 years were volunteers. Inform consent were obtained from the parents and normal young adults above 18 years of age. The normal individual had no history of neurological disorders or mental illness as assessed through the personal interview, self-report and mental fitness screening profile.

### **2.2.3 Procedures**

The procedure begins when the EEG data were recorded by means of the Mitsar amplifier from 19 electrodes (Fp1, Fp2, F7, F3, Fz, F4, F8, T3, C3, Cz, C4, T4, T5, P3, Pz, P4, T6, O1, O2 sites in the International 10-20 system) with 250 Hz sampling rate in 0.3 – 70 Hz frequency range in the resting eyes opened (EO) conditions. During the recording, participants sat comfortably on a reclining leather sofa. The duration of the recording session was approximately from 10-30 minutes.

The EEG is then stored on a computer. The subsequent steps are to visually inspect the data and remove the artifacts (movement, interference, noise, etc) and compute the fast fourier transform (FFT) providing spectral analysis output to examine for peculiar patterns. The output is then displayed as topographical "map" to identify for differences in cerebral functioning using estimates of absolute and total power.

The spectral analysis for the four EEG bands were imported into Microsoft excels for computation of z scores for each of the measurements used in QEEG such as absolute power ( $\mu V^2$ ), frequency (Hz) and symmetry. The z scores were computed from the mean of absolute power ( $\mu V^2$ ), and to be compared across the different normally distributed sets of data from the international 10/20 system (Fp1, Fp2, Fp3, Fz, Fp4, F7, F8, C3, Cz, C4, P3, P4, T3, T4, T5, T6, O1, O2). The z score is the difference between the mean score of a population and the patient's individual score divided by the standard deviation of the population. The Z value indicates how "deviant" an individual's score is from the mean. In the case of qEEG data, the Z-score indicates whether there is deficient or excessive activity in a given frequency for a given electrode (or group of electrodes). The z score graphs were plotted to indicate a collective impression of the location, degree of deviation and difference of individual's qEEG abnormalities from the normal.

### **2.2.4 Results and discussion**

Findings revealed the presence of excessive slow wave activity (delta and theta) at the prefrontal lobe and Frontal lobe or roughly regions Fp1, Fp2, F7 and F8, and O2 or right posterior regions. The z score graphs for the four EEG bands were plotted to allow visual inspection of QEEG patterns in individuals and children with ASD and compared with normal individuals. (Look at Figure 1(a), (2a), (3a) and (4a) and Figure 1(b), (2b), (3b) and (4b) below)

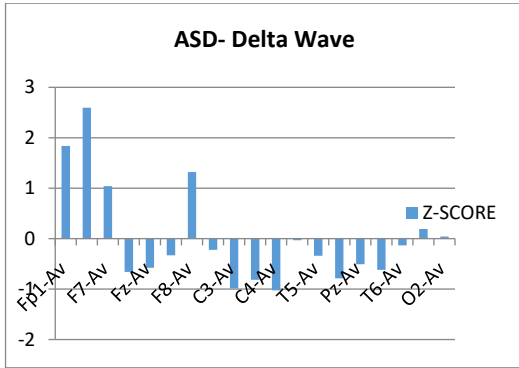


Figure 1 (a)

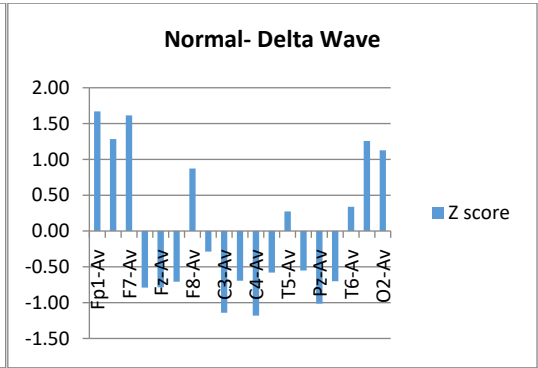


Figure 1 (b)

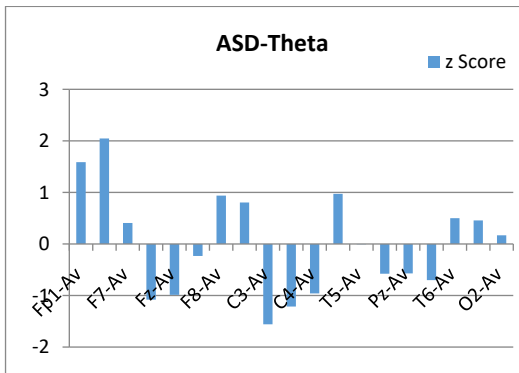


Figure 2 (a)

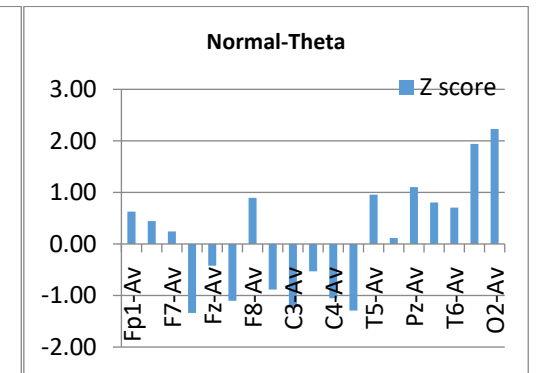


Figure 2 (b)

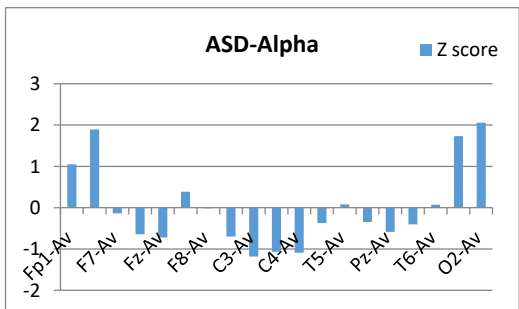


Figure 3(a)

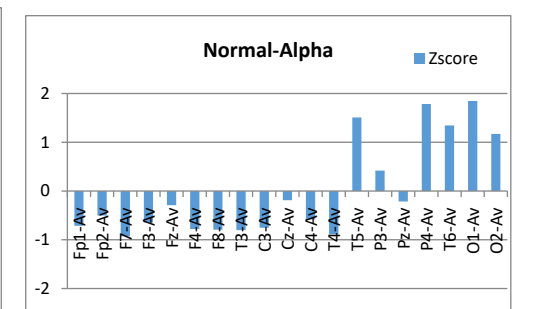


Figure 3 (b)

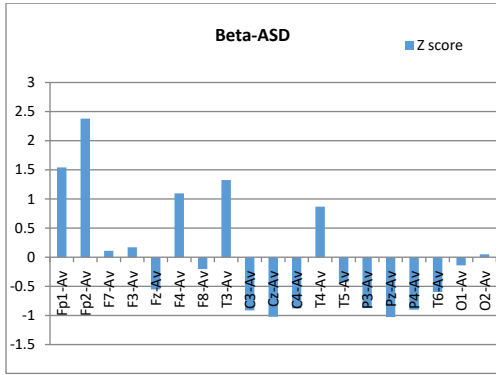


Figure 4 (a)

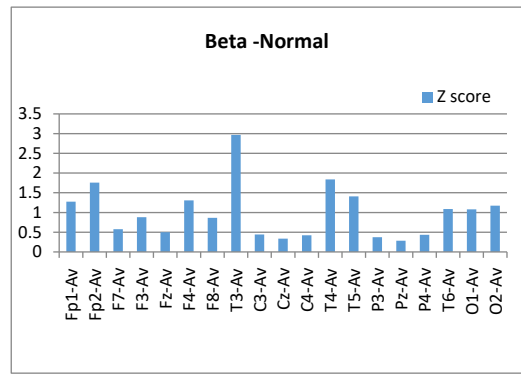


Figure 4 (b)

Figure 1(a), (2a), (3a) and (4a) showed the z scores of ASD children brain waves pattern from each of the points in the international 10/20 system in comparison with the brain waves from Figure 1(b), (2b), (3b) and (4b) from the normal group. Several electrodes are grouped together to designate a region of interest. The regions include electrodes such as ; Left Lateral – F7, T3, T5, Right Lateral – F8, T4, T6, Left Medial – FP1, F3, C3, P3, O1, Right Medial – FP2, F4, C4, P4, O2, Left Anterior (Frontal) – FP1, F7, F3, Right Anterior(Frontal) – FP2, F8, F4 ;Left Central – T3, C3; Right Central – T4, C4 , Left Posterior – T5, P3, O1, Right Posterior – T6, P4, O2, Mid (Midline) – FZ, CZ, PZ.

Below is an example of results from the NFT training from a participant. The participant went through 59 sessions with seven NFT training protocols started with T3-T5 followed by Beta F3-F7, for Alpha CZ-FZ and Alpha P3-P4. ,

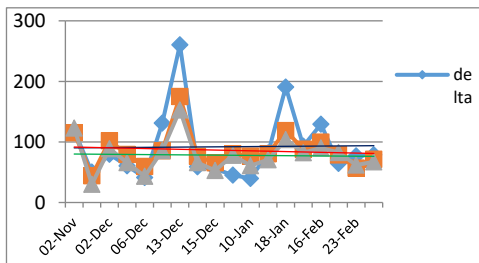


Figure 5 (a) Beta T3-T5 training

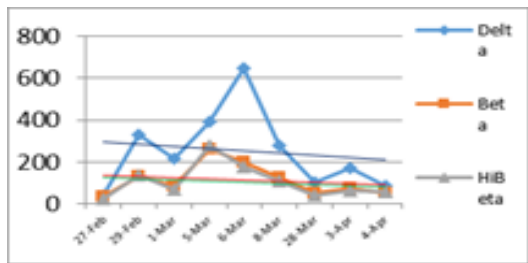


Figure 5 (b) Beta F3-F7 training

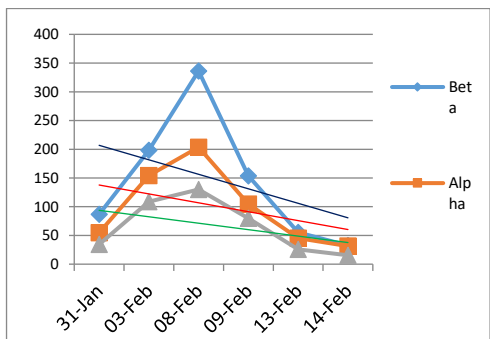


Figure 6(a) Alpha CZ-FZ training

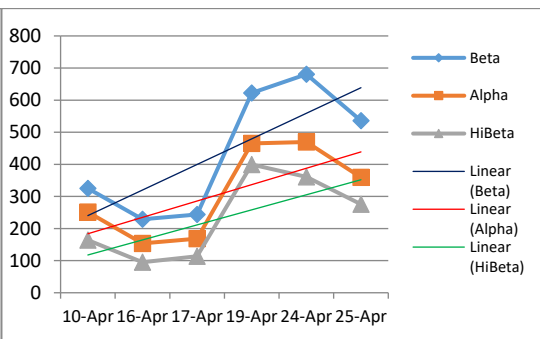


Figure 6 (b) Alpha P3-P4 training

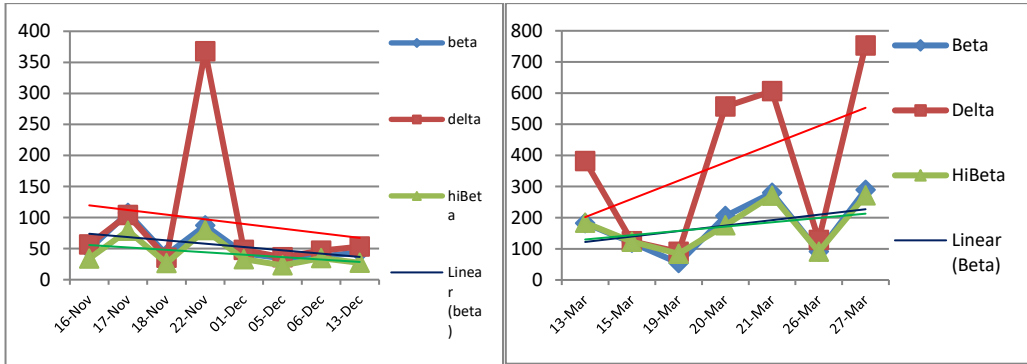


Figure7(a) Average graph for Delta P3-P4 training

Figure (b) Average graph for Delta T3-T4 training

The first training protocol used was Beta Training using bipolar montage followed by Delta and Alpha training. The protocols were analyzed with the hope that the participant will be able to inhibit both Delta and Hi Beta waves. The participant improved in terms of social interactions and significant improvement in his ability to construct simple sentences. The training helps to improve his mood swings and social behaviors which correlates with the increased in Beta at the posterior region and theta activity at central and parietal area.

Maps of EEG power spectra for bandranges:

First QEEG

Second QEEG

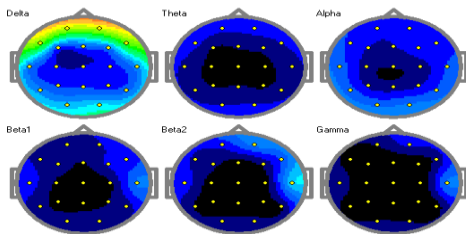


Figure 8 (a)

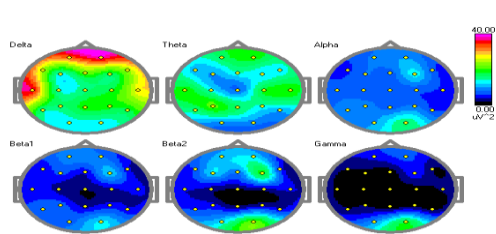


Figure 8 (b)

The above brain topography revealed the increased Alpha-beta activity in most of the brain regions suggesting improvement in the brain regulation,

### 3.0 Conclusion

The purpose of NFT was to improve the brain regulation of children with neurological disorders. The use of NFT with the design of specific training protocol based on relevant EEG findings in relation to the identified symptoms implicates on the brain regulation which may correlates with the improvement in the participants' behavior. Each participant may improved at a different pace depending on the severity of symptoms. Improvement could be seen in terms of social interaction and communication and increased Alpha-beta activity in some parts of the brain as seen in the brain waves from brain mapping and results from NFT training.

**Acknowledgements**

We are grateful to Kuching Autism Association, volunteers and parents for their consent and UNIMAS for their valuable support.

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## Students' Educational and Occupational Aspirations Predicted by Parents' and Adolescents' Characteristics

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### Abstract

*Education plays a significant role in the future of young people. Education is considered as an essential tool that facilitates the decision making process on one's future career. The objectives of this study were to examine whether there are gender differences on students' educational and occupational aspirations as well as whether parents' and young's characteristics predicted students' educational and occupational aspirations during their high school studies. The survey was completed by N=160 where (N=64, 40%) were male and (N=96, 60%) were female students studying in private and public high schools in Tirana and Elbasan known as main cities of Albania. Scale reliability was measured which showed that Cronbach's alpha coefficient is .962. By using a T-test analysis, the results showed that males were not significantly different from females on educational and occupational aspirations ( $p=.88$ ). Multiple regression analysis was conducted to determine the best linear combination of gender, age, parents' educational level, and parents' occupational level for predicting students' educational and occupational aspirations. Results showed that the combination of these variables did not significantly contribute to the prediction of students' educational and occupational aspirations,  $F(4,142)=1.09$ ,  $p=.36$ . Among all variables entered in the analysis, it was found that only parental educational level almost significantly contributed to the prediction where  $p=.056$ . It is recommended that more research need to be done to explore the impact of other family and child characteristics on students' educational and occupational aspirations.*

**Keywords:** education, occupation, aspiration, parents, age, gender, adolescent

### INTRODUCTION

Nowadays, education plays a significant role in the future plans of young people. Higher levels of education have been associated with a higher prestigious profession, higher income and higher standard of living. Especially a prestigious profession has become a trend in contemporary societies. A variety of studies claim that there are many factors that influence adolescents' education and their tendencies to choose a desired profession. Adolescence is a critical period when teenagers are faced with so many options where they have to make their own decision about their future. Through educational processes adolescents gain necessary skills and competencies to decide for their educational and occupational aspirations.

Aspiration is a multifactor concept that can be defined as something from abstract wishes and dreams to the realization of plans and expectations. Aspiration means a great desire to accomplish something high. According to Sirin et al. (2004), aspirations have been defined as the educational and vocational dreams that students have for their future. According to Hurlock (1973), aspiration means a longing for what one has achieved with advancement on it up to the end. Aspirations begin to be shaped in children's early years of life, but they can change depending on the environment and experience. Aspirations have a tendency to decline as children mature in response to their growing by understanding of the world and constraints obligated by earlier decisions and achievements (Mau, 1995). This decline is mainly obvious for those, who face many barriers.

Children see their parents as a great source in shaping their educational and occupational aspirations. The Expectancy-Value Model of Eccles (1993) considers parents as role models, sources of reinforcement, and providers of information,

resources, and opportunities for their children. Research shows that parents play a crucial role in the education of their children and in shaping their educational and occupational aspirations. A great emphasis is given to the role of parents in transmitting their self-perceptions to their children's core ideas and mentality in shaping their future career. Parents serve as role models in shaping children's perceptions for their future in terms of their education and profession. According to the developmental theory of Super (1990), family greatly influences the way how children develop their self-concept and career maturity. Other studies also indicate that there is a close relationship between parents' perceptions on their children's academic achievement and adolescents' self-concepts of such achievements (Alexander, Entwisle & Bedinger, 1994; and Eccles & Harold, 1991). Halle and his colleagues claim that: "Parents' expectations for their children's eventual educational attainment have been related to children's own educational expectations and self-concepts, as well as to their actual academic performance" (Halle, Kurtz-Costes, & Mahoney, 1997; Phillips, 1987).

The objectives of this study were to examine whether there are gender differences on students' educational and occupational aspirations as well as whether parents' and young's characteristics predicted students' educational and occupational aspirations during their high school studies. The research questions included in this study are as following: 1) Are there gender differences on students' educational and occupational aspirations? 2) What is the relationship between parents' characteristics and the adolescents' educational and occupational aspirations? 3) What is the relationship between adolescents' characteristics and their educational and occupational aspirations?

The hypotheses are as following: 1) There are significant gender differences on students' educational and occupational aspirations; 2) There is a significant relationship between parents' characteristics and the adolescents' educational and occupational aspirations; 3) There is a significant relationship between adolescents' characteristics and their educational and occupational aspirations.

## 2. LITERATURE REVIEW

### 2.1. *The Influence of Parental Characteristics on Adolescents' Aspirations*

Aspirations have a variety of theoretical perspectives on their development and their influence on adolescent's perspectives. According to Strand and Winston (2008) there are two broad groups of factors that may affect aspirations in the first place: social dimensions and personal dimensions. The social dimensions focus on family background and resources and the second dimension focuses on the child's characteristics. According to social dimension, the level of education achieved by one's parents has been shown to be an essential indicator of educational perspective. Some studies show that parents with lower incomes and lower levels of education may perceive education beyond compulsory level to be beyond their reach and therefore reduce their aspirations (Sewell & Hauser 1980; and Teachman 1987).

Research shows that parents play a crucial role in the education of their children and in shaping their educational and occupational aspirations (Croll 2008; Halle, Kurtz-Costes, & Mahoney, 1997; Wentzel 1998). A great emphasis is given to the role of parents in transmitting their self-perceptions to their children's core ideas and mentality in shaping their future career. The Expectancy-Value Model of Eccles (1993) considers parents as role models, sources of reinforcement, and providers of information, resources, and opportunities for their children. Additionally, children see their parents as a great source in shaping their perceptions for their future education and profession and in conceptualization of their educational and occupational aspirations. According to the developmental theory of Super (1990), family greatly influences the way how children develop their self-concept and career maturity. Croll (2008) claims that parental education, social class, and income, all approximating parental socio-economic status (SES), strongly influence young people's career dreams. Parenting practices, their beliefs, goals, and expectations about their children greatly influence adolescents' educational and occupational aspirations.

Wentzel (1998) claims that parental achievement values, expectations for their children's academic achievement, and parental efficacy were independent positive predictors of parents' aspirations for their children. Other studies also indicate that there is a close relationship between parents' perceptions on their children's academic achievement and adolescents' self-concepts of such achievements (Alexander & Entwisle, 1988; Eccles, 1991).

Several studies show that parents' expectations for their children's eventual educational attainment and parental involvement have been related to children's own educational expectations and self-concepts, as well as to their actual academic performance (Halle, Kurtz-Costes, & Mahoney, 1997; Phillips, 1987). Thus, research highlights the fact that

parents' engagement in their children's education also signify big influences on children's educational aspirations, consequently more involved parents have children with higher educational aspirations (Astone & McLanahan, 1991; Kao & Tienda, 1998; Schneider & Stevenson, 1999).

## 2.2. *The Influence of Adolescents' Characteristics on Aspirations*

Adolescence is a critical period in terms of many transitions and developments that occur in one's life. According to Bandura and his colleagues, that is a period when adolescents among many other changes that occur rapidly in their life, they also start developing aspirations about their future which is related with positive features and outcomes, including self-efficacy and value-expectancy beliefs (Frome, Alfeld, Eccles, & Barber, 2006). Developmental theory is one among many other theories which analyzes and explains aspirations. The crystallization of aspirations during adolescence and the impact of aspirations on career achievement pursue developmental stages that attempt to match one's occupational self-concept with suitable occupations (Gottfredson, 1996; Gottfredson & Becker, 1981). Analysis and reflection about developmental nature of educational and occupational aspirations are important for several reasons. They are essential in assuring a better theoretical grasp of the role that aspirations have in determining career-related decisions made in the future by adolescents. Knowing about developmental trajectory in adolescence and what mostly influences youth, is seen as crucial for choosing the right occupational field.

Another theory which supports the importance of choice in educational aspirations is rational action theory. According to this theory, it is argued that the educational decisions made by young people are based on logical assessment of the educational options available to them, their costs and benefits, and perceived probability for development and success (Breen & Goldthorpe 1997; and Goldthorpe 2000). Understanding and analyzing how the students' aspirations are related to their personality, interests, achievement, and socio-cultural factors is crucial in making clear how educational aspirations result in different educational outcomes.

As previously mentioned, another group of factors that may affect adolescents' aspirations in the first place are personal dimensions (Strand & Winston, 2008). The personal dimensions focus on students' perceptions of their own attributes. What are seen as key terms in here are: psychological health and self-esteem. Aspirations for an adolescent are the main source of motivation and progress. They reflect what someone would like to achieve rather than what they think they will achieve. Research also shows that there is a significant correlation between high motivation, excess energy and high aspirations (Sewell & Hauser 1980; and Teachman 1987).

According to Gottfredson (1981, 2005), children develop their occupational aspirations through a process of circumscription and compromise in regard to their interests, social status, perceived skills and gender. As children grow into adolescents, their personal identities and external environment shape their occupational aspirations. During adolescence, there is a developmental path of being involved in the construction of a vocational identity to reaching an achieved one (Skorikov & Vondracek, 2007). Findings of a study show that adolescents who are committed to a career path are more likely to show positive adjustment and wellbeing (Hirschi, Niles & Akos 2011). Many studies show that high school students all over the world are usually faced with a dilemma in making a career choice decision in their lives (Bandura, Barbaranelli, Caprara & Pastorelli 2001; Issa & Nwalo 2008; Watson, McMahon, Foxcroft & Els 2010). Super (1969), indicated that adolescents are in a crucial stage of "exploring" and "crystallizing" their occupational options. Decisions made in this stage of life are crucial for upcoming years in the future. According to American School Counselor Association students have competence in career decision making (ASCA, 1997). Since students find it difficult to make the right decision about their career, they need the assistance of the school counselor to facilitate this process. One of the school counselors' roles is to inform students properly by influencing positively with their guidance to help them accomplish the mission of enhancing student choices.

Another fundamental factor that affects students' occupational and educational aspirations is their academic achievement. Students with high academic achievement generally show high educational attainment (Sewell & Hauser, 1980). These students are seen as highly motivated about their future education and occupation.

## 3. METHODS

### 3.1. *Sampling and procedure*



This study was conducted to provide a broader understanding of how different factors may influence adolescents' educational and occupational aspirations. As shown in Table 1, a total of 160 high school students where (N=64, 40%) were male and (N=96, 60%) were female participated in this study.

Table 1

*Distribution Categories by Gender*

Distribution	Frequency	Percent
Male	64	40
Female	96	60
Total	160	100.0

The questionnaires were distributed to the students of three private (N=80, 50%) and three public (N=80, 50%) high schools in two main cities of Albania: Tirana and Elbasan. Participants were from 10th (N = 37, 23.1%), 11th (N=63, 39.4%), and 12th (N=60, 37.5%) grades as shown in Table 2.

Table 2

*Distribution Categories by Grades*

Distribution	Frequency	Percent
10	37	23.1
11	63	39.4
12	60	37.5
Total	160	100.0

Prior to the application of the questionnaire, the students were provided brief information about the aim of the study, they were assured confidentiality and they were thanked about their willingness to participate in this study. They were also told that they can terminate their participation at any time. The survey took about 20 minutes to be completed during after school time in a classroom environment.

### 3.2. Measurement tool

A close-ended survey was used to obtain information about the family background, students' characteristics and educational and occupational aspirations of the students. The items of this survey were forced choice and a five-point Likert type scale (from 1="strongly agree" to 5="strongly disagree") was used to measure the respondent's level of agreement with the statements related to educational and occupational aspirations. The statements included in the questionnaire were clearly stated and aimed at obtaining the needed information about the students' opinion related to educational and occupational aspirations. The questionnaire consisted of two parts where the first part included demographic information related items and the second part consisted of 28 items about students' educational and occupational aspirations.

### 3.3. Scale reliability

For the internal consistency and reliability, Cronbach's alpha was measured, which is a method of estimating internal reliability. As shown in Table 3, Cronbach's alpha coefficient is 0.960 for all the items. Cronbach's alpha coefficient shows that the scale has a high reliability.

Table 3

Scale reliability

Reliability Statistics	
Cronbach's Alpha	N of Items
.960	28

### 3.4. Measures

Educational and occupational aspirations. Educational and occupational aspirations is an important variable predicted by academic achievement. It is considered as a crucial component in academic achievement motivation. Occupational aspirations are the thoughts and goals that students form for their future occupation. Education and occupation oriented aspirations were measured with a close-ended questionnaire including items that measure educational aspirations such as: "I would like to pursue a Master's degree or a PhD" and "Education is very important for my future life" and other items measuring occupational aspirations such as: "I strongly believe in my career success in the future" and "It is important to me that I work in a job that my parents approve of." The answers ranged (from 1="strongly agree" to 5="strongly disagree").

Parental characteristics. Parents are considered as fundamental in children's perceptions of their educational and occupational aspirations. Parental educational level has an impact on children's aspirations. Johnson et al. (1983) found that mothers' and fathers' educational level and fathers' occupational status were positively related to their children's adulthood occupational status. There are positive relations between parents' levels of education and parents' expectations for their children's success (Davis-Kean, 2005). Parental educational level was measured by asking the students about their mothers' and fathers' educational level through these options: 1. High school diploma, 2. University bachelor's degree, 3. Master's degree, 4. PHD. Mothers' and fathers' occupation as well may influence children's aspirations. Parents with prestigious professions may encourage their children to aspire for such professions. This information was obtained by asking the respondents about their mothers' and fathers' occupation through these options: 1) Unemployed, 2) Retired, 3) Working in public sector, 4) Working in private sector, and 5) Owning a business.

Child characteristics. Demographic information was collected including: age, gender, grade of studying, and type of school.

## 4. RESULTS

The data were analyzed by using SPSS 21.0 and descriptive statistics were used to describe the sample. The data were analyzed using the independent samples *T*-test of SPSS for windows to compare the level of agreement of items measuring educational and occupational aspirations, and to check if the differences between the mean values of the test variable for one group differ significantly from the mean value of that variable for the second group with regard to gender.

The results from the *T*-test analysis showed that there are no significant differences between male and female students on their educational and occupational aspirations where  $t=-.04$ ,  $(df)=158$  and  $p=.88$ .

To look at the relationship between parental and child characteristics multiple regression analysis was conducted. The aim of using this statistical technique was to determine the best linear combination of gender, age, parents' educational level, and parents' occupational level for predicting students' educational and occupational aspirations. Results showed that the combination of these variables did not significantly contribute to the prediction of students' educational and occupational aspirations where  $F(4,142)=1.09$ ,  $p=.36$ . Among all variables entered in the analysis, it was found that only parental educational level almost significantly contributed to the prediction where  $p=.056$ .

## 5. DISCUSSION AND CONCLUSIONS

This study was conducted to reveal more about the factors such as parental and child characteristics that influence adolescents' educational and occupational aspirations. Aspirations for an adolescent are the main source of motivation and

career development. Parents are considered an essential source in guiding and supporting their children toward their educational and occupational aspirations.

Research shows conflicting findings with respect to gender differences especially in occupational aspirations (Patton & Creed, 2007; and Powers & Wojtkiewicz, 2004). This study found no significant differences among male and female students on their educational and occupational aspirations. In line with our findings, other studies also show that there are no sex differences on students' aspirations (Kao & Tienda, 1998). However, some findings of previous studies show that male students aspire more about their education and career. The reason behind this may be the under-representation of girl students in educational settings (Danziger, 1983; and Wall, Covell & MacIntyre, 1999) Contrary to this result, some studies showed that girls aspired to higher levels of education and careers that required more education than did boys (Howard, Carlstrom, Katz, Chew, Ray, Laine, Caulum, 2011; and Mau, 1995). Moreover, Patton and Creed (2007) found that male high school students were more likely to aspire to professional occupations and girls to semiprofessional occupations. Additionally, ethnic minority studies show that both males and females encounter many barriers toward their education and career (McWhirter, 1997).

The findings of this study revealed also that parental and child characteristics did not significantly contribute to the prediction of students' educational and occupational aspirations. However, results showed that only parental educational level almost significantly contributed to the prediction of students' educational and occupational aspirations. Previous studies show that parents from higher socioeconomic status report higher educational and occupational expectations for their children than parents from lower socioeconomic status (Eccles, 2006; and Schoon 2010). Parental expectations may also be higher for adolescents who do well in school, whereas they may be lower for those who have poor school performance (Mau & Bikos, 2000; and Schoon, 2010).

According to the findings of previous studies, child's academic achievement is among the most important factors that influence educational and occupational aspirations. Thus, students with high academic achievement generally show high educational attainment (Sewell & Hauser, 1980). Contrary to expectations, the results showed that the relationship between parental education level and occupation and students' educational and occupational aspirations was not significant. Since it is well-established in the literature that adolescents are more under the influence of the peers in many aspects, thus, many of their developmental areas such as the development of aspirations may be under the influence of their peers as well (Felsman & Blustein, 1999; and Kracke, 2002).

This study comes along with some limitations. Firstly, the measurement tool we used had a high reliability. However, there could have been included a higher number of items to grasp a deeper understanding of adolescents' educational and occupational aspirations. Next, only self-reported questionnaires were used in this study. There could have been used parent-reported and teacher-reported questionnaires about their role and function they have once these children start shaping such aspirations. Lastly, since Albania is diverse in terms of the regions of the country, more schools from other cities as well could have been included in the study.

Regarding these limitations we suggest that more research is needed to be conducted on this topic in the future. A further investigation should be conducted to grasp a deeper understanding of the factors affecting students' educational and occupational aspirations, and the role of parental characteristics on students' choices for their future career. Policymakers of pre-university education should pay attention to both the role of the school and the family in shaping educational and occupational aspirations of the students. Next, scholars of this field should focus in the parent-child relationship, student-teacher relationship and peer relationship to create a better understanding on what influences students' educational and occupational aspirations.

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## Social Care in the Modern Living of the Old People

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### Abstract

*The old people are specific category of the population and they have common desires, interests, needs, lifestyle, attitudes, but in some way they are different in their origin, place of living, religion and economic statute. The old people as members of this specific category have a common sense of category. It is very important to emphasize that during the process of aging, the old people must be socially integrated, but due to different conditions they sometimes could be segregated, feeling unequal, even to be humiliated. This condition in the American literature is called "ageism". The main aim of this research paper is to acquire knowledge for the conditions and needs in terms of social care in the modern living of the old people, primarily the need of organized approach to the appropriate services, because the decreased capacities of the psychophysical opportunities of the old people complicate the independent living. The basic methodological approach is performed dominantly by descriptive-analytical method. In the frameworks of this research are also included the analyses of the relevant existing regulation (strategies, declarations and ect.) as well as plans for promulgating acts, programs and projects in the near future. Basic instrument for receiving data is the questionnaire with leading interview for the old people. The results received from this research lead us to the need of presenting the prior problems and prior old people groups for urgent acting, finding right approaches for caring of this, in important percent, present population. It is expected that the findings received from our research will serve as particular contribution in successful organization and realization of the contemporary social care of the old population in Republic of Macedonia.*

**Keywords:** social care, old people, needs, conditions, quality living

### Introduction

The old people represent a specific category of the population who share common desires, interests, needs, lifestyle, attitudes, but at the same time they are different in origin, place of living, religion and economy status. The old people, as representatives of this group, have common sense of category.

The group belonging is characterized by establishing bigger or smaller, stronger or weaker mutual relations, which usually can be realized in the needs or various activities relations, appropriate to the adult characteristics. Within the smaller old people groups, there is also a role and function division as well as activities and tasks division in general. According to these relations we can say that the satisfaction from the life is realized and reflected which leads to aspirations motivation in order to found solutions for quality life improvement.

It is important to emphasize that in the aging process the old people must be socially integrated, but because of various circumstances they must be segregated, feel unequal, or even humiliated. This condition of the old people is called "ageism" in the English Literature.

Considering the aging as a dynamic biological process leads us to realize the fact that the old population is not homogenous. Also, it is globally considered as the longest period of the human life. In this term the old people care is neither possible to be investigated nor realized, only at a global level. Although the age factor in not the only criteria for aging, also there must

be investigated the whole situation the old person is involved in. Related to this we considered as important in this paper to present the characteristics of the age periods in subordination with the social, cultural and physical characteristics. There are many types of aging periodization, depending on the division condition.

According to the gerontologist criteria there are at least 3 logical periods of aging:

- Early aging period from 56-68 years
- Late aging period from 69-78 years
- Deep aging period which starts from 79 years and lasts till the end of the life.

The gerontologists accepted this periodization due to the biggest percent of the old population, the psycho-physical activities of the old people. This type of periodization is basis for further studying and projecting of the social care of the old people according to the gerontologists. On the other hand, the demographers represent the position that the old people can not be considered as a homogenous group taking into consideration the majority of the demographic characteristics which the old people poses. According to the demographers' criteria the old people are grouped into two big categories: young old and old.

Young old are the old people from 60-75 years. Led by the basic criteria that are usually independent to carry out daily activities, have the capacity and opportunity to actively engage in the social life as well as opportunities to help the others, especially in the primary family, from which they draw. This aging period of the old people, in terms of the social aspect must be sized to large number of activities for benefit not only of the old people but also for the important needs of the community. During this period, the old person can not be the only beneficiary of the social services, but may provide social services in all sectors of the society.

The second group of the old people according to this categorization is the old people above 76 years till the end of their lives, and it is characterized with gradually decreasing of the social, work and health capacities of the individual. Recently we are witnesses of the modern achievements in the medicine, technology, home services which influence the removing of this age border regarding this category. Regarding the life in the family, as a basic cell of the social living, it also could be a subject of old people periodization. Within this criteria the aging according to the life cycle of the family is divided into three period as: period when the children leave the family, period after the children's leaving (empty nest) and period when one of the parents stays alone.

The period when the children leave the family, usually is between 45-59 years of the parents and it is called "middle aging". In the foreign literature this period has specific characteristics because by leaving the family in a large amount are decreased the family contacts, and due to that the need of mutual support and help. In our region, according to the practice as well as the theory, is shown that usually the family is left by getting married, but the relations between them are direct, close, cooperative, and before everything emotionally responsible.

The aging period starts from 76 year and above and it is characterized by excising need of bigger dependence of the older members from the services of their children or the social care forms of the country. The social care of the old people is a global phenomenon, with a wide-ranging character firstly of the family members, they originate from, as well as the family community, neighbor support, the care of the religious community to which they belong to, but above all to the direct social protection of the state.

### 3.1 Old people services in the society

Baverige, (New Comer 2002) in the social state system, call the social services as " the fifth element", which shows that this way the old people care plays a dominant role on the society. Alfred, I.Kahn (New Comer 2000) defines the social services as a non-financial assistance that directly or indirectly increases the opportunities of the old people to function in the society. The term social care covers both the formal and informal services, not only those which are the legal responsibility of the state services, but also the services organized by independent agencies and self-help groups, the private sector, as well as the appropriate care of the family and the civil society directed towards the mitigation prevention and direct care in the social functioning (Johnson and Shwarts 1994) of the old people. Social services are closely related to material services respectively by supporting the old people and focus on improving their financial position (pensions, welfare, health insurance). Besides the above-mentioned financial services for social care, " the social services are focused

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on completeness, non-financial actions, activities, programs and measures which are taken or provided by the state institutions as well as the private (profit and non-profit) institutions and individuals in order to promote and improve the physical, social, psychological and health capacity of the individuals or groups of old people" (Bornarova, 2004). Led by the region criteria for giving services, we can divide three social services category:

1. Social services offered in the old person home
2. Social services organized by the services and institutions of the local community
3. Social services which are of institutional character on a national level

The social services directed into taking care of the old people are not only distinguished by the level of the environment they are realized, but also differ in the types of activities they realized (social, health, educational, recreational, etc.). Social services within the social care are implemented by appropriate organizational structure which is based on functionality, staffing, financing, methodical implementation and thematic preoccupation.

The social care at home implements the following dominant services such as:

1. Services for assistance and care at home
2. Services for hoe adapting a home based on the old people needs
3. Home maintenance services
4. Home food distribution services
5. Nursing home services

In terms of the social care of the old people within the local community can be organized these dominant social services that greatly emphasize the social care as follows:

- Daily care centers
- Clubs for old people
- Social centers
- Social Services Management
- Transportation services Regarding the social care with institutional character on a national level we can distinguish institutions with dominant social activities and institutions with dominant activity for specialized health care for the old people. Within this group are included the following institutions:
- Homes for the old people
- Shelter for the old people
- Specialized residential communities
- retirement villages, retirement homes
- regions with organized help for the old people
- Temporary multi functional shelters
- Food provided homes for the old people
- Common housing for old people
- Guardian family adoption
- homes for the old people care
- Geriatric hospitals
- rehabilitation centers



- Hospitals for acute diseases
- Hospitals intensive treatments
- Hospices - care institutions before the end of life

The social care in modern living of the old people mainly implies the need for an organized approach to the appropriate services because of the reduced psychophysical capacities of the old people make more difficult the independent living.

The quality and complexity of the social policy and social protection of the old people care is primarily assessed in terms of the social services. The social policy and social protection in Republic of Macedonia can not ignore the care for the old people because as we all know, our country is one the countries where the old population from year to year needs to be provided favorable conditions for adequate care. Despite the systemic approaches to the social policy and social protection in the old people care, necessarily are included all segments of the social living, so only then we can talk about social care. Although the services providing basically is closely linked, in every term of the word, by material goods, funding in general, still an important role is realized by the traditional approaches to the old people care. Basically the services for the old people should have a long-term character, aimed at meeting the social, health, psychological and personal needs for various degrees of power of the old people in order to ensure a dignified and quality life.

In our research we decided to investigate the conditions and challenges in the modern living of the old people, primarily in terms of the modern living in Macedonia. By studying the social care of the old people we mean organized and spontaneous forms, measures and activities that reflect the quality of life of the old people. In that respect they are conditioned by the place of living of the old person, the availability of the services and institutions for care and protection (clubs, centers, counseling, nursing and retirement homes), education for life and information technology, legal legislation and so on.

In the investigation are included 600 participants above 60 years old with stratified example in appropriate relation by age and gender, place of living (Skopje, Kumanovo, Kicevo and Strumica) and ethnicity, and at the same time the example is designed based on the institutions where the investigation is completed as: in the premises of the registry ambulances (280 participants, respectively 47%), clubs and daily centers (155 participants respectively 26%), retirement homes (60 participants respectively 10% of the sample) and nursing homes, state and private (105 participants respectively 18%). In the research are inquired 600 old people older than 60 from the both genders.

## 1. Services

The modern way of living decreases the scope of the traditional relation with the old people by the family, against the legal obligations and duties. More and more, the modern living conditions impose the need of including the state in many forms of the social care. Respecting the need of the old people to live in their own home (as long as possible), we considered as important to investigate the types of services which are realized in the old people's homes in terms of their availability and accepting by the users. The data of this need investigation is presented in Table 1.3 Age and gender of the old people and the types of services. Basic indicators of the services for the old people are: addition to cash compensation for assistance and care of another person, help at home (Red Cross, etc.), private service engagement, service delivery of food and transportation. The results gained and the answers of the old people are presented in table with numbers and percents, and also in diagram for more clear view of the proposed indicators. In the table we can see that the biggest percent of the old people (100%), from Skopje use the public transport as a service. In that direction it is very important to emphasize that this step of the country is accepted with a great pleasure by the old people, not only to use the free time, but also to complete some personal everyday needs, duties and etc.

This pleasure the old people express not only in mutual discussions, but can be seen from their smiling faces when riding the bus. In terms of other services we can notice that financial compensation for care of another person with 22.22% and private service engagement with 16.16% in a relatively small percentage are represented in the lives of the old people.

However it is important to emphasize that despite the large need of the old people for help at home is very poor realized mostly by short projects of the civic associations. A possible reason for the difficulty of the implementation of this service lies in the poor information and preparation of the old people to accept this form, because basically they are often suspicious and reluctant to accept a stranger into your home, even for their direct benefit. A serious problem of the old people in the second, and even more in the third age group is the need for grocery shopping and preparation of daily meals.

Table no.1.3 Age and gender of the old people and types of services

Old people by age and gender											
Types of services		60-69		70-79		over 80		Total		Total	
		M	F	M	F	M	F	M	F		
		f			f		f		f		f
		%			%		%		%		%
	Add. to cash comp. for assist. and care of another person	5	10	15	25	35	20	55	55	110	22,22%
		1,01%	2,02%	3,03%	5,05%	7,07%	4,04%	11,11%	11,11%	22,22%	
	Help at home	2	3	12	15	8	8	32	26	58	11,71%
	0,40%	0,60%	2,42%	3,03%	1,61%	1,61%	6,46%	5,25%	11,71%		
Private service engagement	0	3	23	28	12	14	35	45	80	16,16%	
	0%	0,60%	4,64%	5,65%	2,42%	2,82%	7,07%	9,09%	16,16%		
Service delivery of food	0	0	3	0	4	5	7	5	12	2,42%	
	0%	0%	0,60%	0%	0,80%	1,01%	1,41%	1,01%	2,42%		
Transportation	104	110	105	80	38	58	247	248	495	100%	
	21,01%	22,22%	21,21%	16,16%	7,67%	11,71%	49,89%	50,10%	100%		

So far, in our country does not find useful and immediate, massive, reliable delivery of groceries and eating in the homes of the old people.

Although several supermarkets realized preparation and sale of ready meals (which is a positive step), we find that from one side it is still expensive for the low pensions of the old people and on the other side the facilities to purchase such products are distant from the place of living, and it makes it more difficult for the old people to access them.

Statistic indicators of the sample

Symbols	$\chi^2$	C	N
Values	10,128	0,248	165

Statistic indicators of the theoretical values used for the investigation

Symbols	Df	P%	theoretical $\chi^2$
Theoretical values	4	5	9,49
	4	1	13,28

The  $\chi^2$  size and intensity of the contingency show that there is a significant statistical relation between the old people and the types of services offered.

Within these stores are included the delivery services to home consumers, but the scarcity of food and the percentage required for delivering food to prevent the old people use this form of service. In terms of this presentation we can conclude that despite the high demand for these services are not enough realized in the life of the old people and require serious efforts from the government and NGOs for directly strengthening the old people in the realization of this form.

## 2. Institutional accommodation

We considered as important to investigate the conditions and challenges of the modern living of the old people in terms of institutional accommodation in an institution. Despite the fact that the old people do not find very attractive the institutional accommodation, we considered that it is necessary to show the condition in order to realize the future plans for appropriate care of the old people.

In Macedonia, the number of institutions for accommodation of the old people is not satisfactory as well as the services and the direct work with the old people in order to overcome this problem. Recently, on the institutional accommodation market, raises the number of private retirement houses, but during our investigation we found out that they are too much commercialized and inappropriate regarding the real conditions and needs of the old people, so that often they are forced to care only old people with higher level of disability and their stay very quickly ends fatally. These challenges for the institutional accommodation of the of people, we think that should alert not only the state institutions (primarily the Ministry of Labour and Social Policy), but also by a sub systematical approach to find and solve more appropriate methods for this population in the country.

During the investigation of the old people accommodated in a retirement house, it was showed that in Skopje this form is very attractive, which is due to the good equipment (bar in Skopje) from one side, and the relatively economic viability, especially those of the overhead costs. Although it should be emphasized the need cited by the old people in terms of availability of forms and programs, as meeting the services as well as in terms of leisure time and accommodation. There is no retirement house which can offer directly organized access to the institutions for the needs of the old people, providing opportunities for educational activities that are supposed to enrich the service quality.

Table no. 2.1: Age and gender of the old people and the institutional accommodation

Old people by age and gender										
Institutional accommodation		60-69		70-79		above 80		Total	Total	
		m	f	m	f	m	f	m	f	
		F		F		F		F		f
		%		%		%		%		%
	Public Institution	9	9	13	15	6	7	28	31	59
		1,5%	1,5%	2,16%	2,5%	4,6%	1,16%	4,66%	5,16%	9,83%
	Private retirement house	7	5	9	13	4	8	20	26	46
		1,16%	0,83%	1,5%	2,16%	0,66%	1,33%	3,33%	4,33%	7,66%
	Retirement house	0	12	16	20	5	7	21	39	60
	0%	2%	2,66%	3,33%	0,83%	1,16%	3,5%	6,5%	10%	
Total	16	27	38	48	15	22	69	96	165	
	2,66%	4,5%	6,33%	8%	2,5%	3,66%	11,5%	16%	27,5%	
	43		86		37		165			
	7,16%		14,83%		6,16%		27,5%			

1. The statistical data are presented with N (the total number of participants in the research N=600)

P- the total number of respondents in the current table P = 165

p- the total percentage of the respondents in the table = 27,5%

Q- the total number of respondents not taking part in the table =435

q- the total percentage of participants not taking part in the table (this statistical analyzes is analyzed in a table with less than 600 respondents) =82,5%

2. Analyzes by age categories where:

N- the total respondent number = 600

n- the total number of category 3

I B n1=28

II B n1=20

III B n1=21

n2=31

n2=26

n2=39

N=600 P=165 p=27.5% Q=N-M Q=600-165=435

q=100%-27.5%=72.5%

Med = 60 (retirement house)

The retirement homes in the other cities of Republic of Macedonia, including those that were the subject of our research, do not accomplished the conditions for normal living of the old people, so we guess that is due to inappropriate decisions for property and maintenance between the Association of pensioners of R. M and the Pension and Disability Insurance.

In Macedonia there are four nursing homes as the state institutions in Skopje, Kumanovo, Bitola and Prilep. The small number of such institutions, and also the small capacity, except in Skopje, often conditioned to initiatives and proposals for building greater number of institutions, which we suppose to increase the quality of care for this category of the population.

In the last decade, primarily influenced by the need of accommodating the old people in the institution, in terms of the need of greater care are also open private nursing homes. Due to inadequate support by the legal regulation these institutions until recently have been declared as companies, which resulted with the absence of the appropriate standards for housing and care as well as inadequacies in the opportunity for professional control, from one side and on the other there were created opportunities for some of them to gain unreal and big profit in terms of finance for the accommodation in the house. From table no.2.1: Age and gender of the old people and institutional accommodation, we can see that despite the relatively high cost of housing and the small number of offered institutions, there is the need for bigger and more current accommodation. From the presented data we can conclude that the most represented are the old people accommodated in retirement homes, 60%. However the most recent initiatives and decisions of the Ministry of Labour and Social Policy put the situation under control.

Regarding the socio economic conditions we can conclude that there are many problems and partly resolved forms and approaches in the care of the old people, affecting the challenges in the future to get down to serious resolving of the direct approaches in accommodating this significant number of present population in the social life in Macedonia.

### 3. Services in dominant socio-health function

The aging in its objective length is a long period in the human life, which is characterized by a gradual reduction of labor, social, mental and physical activities which result with health disorders and health problems. These conditions disable the man to live independently and depending on the level of their own vulnerability, there are needs for accommodation in health institutions. Such institutions are homes for the old people, ie geriatric hospitals, rehabilitation centers, hospitals, public health services and so on.

- Homes for the old people care serve for accommodating the old people in terms of medical staff care, due to continuous chronic disease, or disable eye function, Alzheimer's or Parkinson's disease, when due to adequate health threat are not able to take care of the daily health prevention and proper hygienic care.
- The Geriatric hospitals are institutions which mainly provide medical service for people with hard or disabled movement and with certain acute and chronic diseases, as well as a mental health disorder. These people need to be provided with comprehensive health and Nursing care with more active presence of nursing staff. Despite the important role of nursing staff also actively are involved therapeutic services and social services- primarily with active involvement of a social worker.
- The rehabilitation centers provide short-term or long-term services directed to appropriate rehabilitation in order to return to the old person part of the former level of physical and social functioning and to enable better quality living. Because most rehabilitation centers are short-term character, the institutional staff and the social workers

have an important role in helping the old people, as well as helping the family to adequately accept the old person after leaving the center.

- Hospital care in the final phase of life of the old person- Hospice. These homes basically have health character, with a dominant care, which enables the old person to submit easily the pre death trauma. Also, important function of these hospitals is the work with the family members or relatives of the old person in order to accept easily the pre death agony, the care in those moments and the death.

The services for the old people are the basis of the social protection, since it refers to those old people who due to various circumstances (economic, social, health) are not able to independently care of themselves. This form is a basis of the humanity towards the old and helpless people and it releases a message to all people to maximally contribute in improving the modern life of the old people. The services as the most dominant form of care for the old people have a flexible character, with more dimensional character as for the modern development of science, engineering and technology in this domain, as well as in economic terms, ie the capacity of the state and social care in general, the level of the social form of communication of the person with the family and relatives and the level of development and availability of the health services. However we must emphasize that despite the multiplicity of forms of social services within the social care for the old people there must not be neglected and should be given a dignified place to the role of the family and relatives in the forms of cohesion as a priority task of the social services. The family has been and will be the basic nest of the society where the individual feels safe and protected regardless of the age and the adults' features.

## Conclusion

The services realized in the home of the old person person such as: helping the old person, a private service engagement, service delivery of food, public health nursing, are amenities that facilitate the own home living. However the survey also showed that they are represented in a relatively small percentage. Possible reasons for the difficulties in the services implementation can be enumerated in the insufficient organization of social care, insufficient information for direct work with the old people by the governmental and NGOs for accepting, because basically the old people treat with distrust and suspicion the unknown person in the home.

The old people with physical and mental disabilities (regardless the age category), basically are left to the conscience and responsibility of the social care. Within the institutional treatment it is necessary to be completed the categorization in terms of physical and mental disabilities of the old people and the institutional services. Within these parameters it is needed to be adopted appropriate regulations in order to allow a successful treatment, and thus greater accessibility to these institutions.

The conditions of the modern living of the old people despite the partially realized forms and approaches to the care are generated by a significant number of problems and needs that are challenges in order to find direct access to the care of this significant percentage of the present population.

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## A Current Overview of the Anatolian Bathroom Culture and Equipment in Terms of Design

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### Abstract

*Physical hygiene has been of importance since the existence of human being. Human being has tried to solve this problem as the problems of nourishment, housing, making life easy against nature, and making life meaningful. Human being has developed an important culture for thousands of years. Human being learning how to make a fire in the Stone Age (Neolithic age) started to worship smoke and water vapor. Human being believed in purifying with vapor or smoke. We see that people started to allocate space to bathing areas in their residences after they began permanent settlement. <sup>1</sup> Thanks to the obtained findings, we know that they produced solutions to wet spaces and established transportation systems for clean and waste water. We see the first examples of those in Ancient Egypt, Mesopotamia, and in Hittite in Anatolia. We see that spaces functioning as "bath rooms" or bathing places in gymnasiums in Ionia and Greece were converted into multipurpose social building societies in Rome; and they came to be "bathhouses" having social function and forming bathhouse cultures in Seljuk and Ottoman cultures. At the present time, general bathrooms (bathhouses) lost their importance and acquired new usage functions and approaches. They are one of the absolute must units of the spaces, particularly of residential spaces. They are special and elaborate spaces where the individual prepares himself for the day. Surface covering of bath spaces is ceramic. It is natural that equipments of special and elaborate spaces are also special and elaborate, which is the case at the present time. It has many dimensions from quality safety to aesthetical variety; and these phenomena are main problematic side of design of bath space, its materials and equipments.*

**Keywords:** Bathroom culture, tradition, design, bathroom tiles.

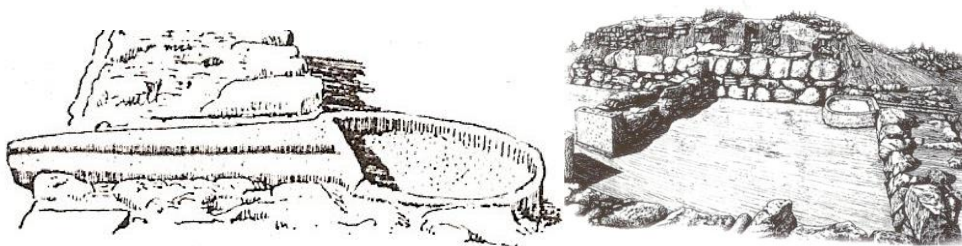
### INTRODUCTION

Today, design phenomenon takes precedence over production and is a determining key element. It does not matter where a product is manufactured, but by whom it is designed. The main point in design is to create what is different and new, or to bring new different dimensions to a known product. There is a need for a set of data for the mental action to create depictions in the design action requiring creativity. Such data is also closely related to know development process of the product to be designed from the past and cultural heritage it has created. We can see this relationship when we look at the "bathroom culture", the subject matter of this Article, through today. We will try to present them in the following explanations. These explanations will demonstrate how user habits, social values (beliefs, understanding of everyday life, human relations, communication, etc.), changing tastes and ideas, technical difficulties or technological solutions are reflected in design. We understand that the water culture begins with human and water is used for cleaning purpose when we look at the history of mankind. (Abbasoğlu 2003). It is a fact that different bathing cultures have evolved in different regions of the world. Japan, Finnish, Indian bath cultures are those of significant cultures that we can so readily remember. We find concrete evidence in ancient cultures that water is used for cleaning. It is known that civilizations, such as Mesopotamia, Egypt, Anatolia, which forms the basis of today's modern civilization, have built washing places and washing cultures. The "bath" phenomenon in Anatolia where we live on and which has formed our vertical culture and in the Aegean civilizations of the first age civilizations, which are the continuation of Anatolia, created that unique, magnificent Roman bathing culture. The "bath" phenomenon in the Roman culture which covered the Mediterranean Sea as an inland sea and spanned through the surrounding regions turned bathing into a social institution with sports, games, entertainment and social events in addition to bathing only, spread widely and created an extremely beautiful architecture, decoration and visual plastic works (sculpture, relief, relief, mosaic, etc.). (Yegül 2006) Roman washing places were structured as spaces serving new social needs in the washing priority in the Islamic world in the Middle Ages. They have disappeared for some reasons in Europe where such places were built and developed in the same period. The Seljuk and the Ottomans have brought new dimensions to the "bath (hamam)" phenomenon of the Turkish culture that made its presence felt in Asia Minor and the Middle East in this period. This contemporary bathing culture has also provided contributions to the modern bathing culture in terms of individual and collective bathing. Today's bathing culture has reached the dimension of resting, preparing one

itself to the day from the idea of bathing for "health and beauty" starting from the 19th century. Accordingly, "bathrooms" have taken their place in human life as an indispensable part of the new housing concept brought by urbanization.

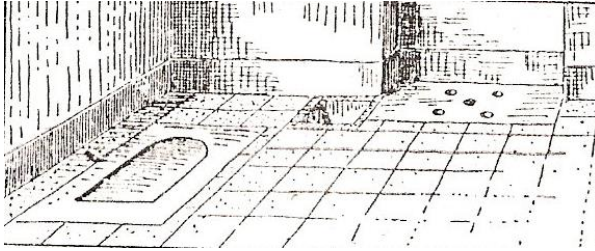
### BATHING CULTURE IN ANATOLIA IN THE FIRST AGE

Concrete findings related to the traces of bathroom culture in Anatolia are found in Hittites who lived in 2000 BC, despite its known history of above ten thousand years as suggested in the excavations made in Şanlıurfa/Göbeklitepe and Diyarbakır/Çayönü. Bathing and water cult in the Hittite culture is nested with Hittite beliefs. This inevitably was reflected in their daily lives and architecture. It is forbidden to attend religious ceremonies without bathing bodily in Hittites. Sacrificing ceremonies begin with bathing. There are documents evidencing that kings and queens who rule religiously wash their hands. It is forbidden to eat votive foods without washing hands and not to wash hands after eating. As it is understood, bathing is a tool also for mental, spiritual purification besides physical cleaning. This is why they have bathroom spaces in their buildings and structures. Arguments that there are bathroom spaces inside building units of temples are suggested. For example, there is such a bathing room in Boğazköy. The base of the room was coated with waterproof mortar. Similarly, waterproof mortar with gravels was used in the bathing room in Tarsus Gözlükule Mound. A stone chute was made for discharging waste water and this stone was sloped accordingly to discharge water from the structure. This chute was connected to the waste water pit again with a chute stone and then, to the city's sewage system by ceramic pipes. Clean and waste water channels were built separately in the Hittite architecture. Small channels were made of earthenware pipes, while large stones were made of stones with overlay method. Large channels were made for the purpose of discharging rain and contaminated waste water. (Darga1985) Another settlement with a bathing room is Tilmen Mound. There is a bathing basin, made of basalt stone, in the room five of the palace structure of Tilman Mound, placed at the bottom of the eastern wall. The basin has a drain channel made for the waste water (Picture:1). The basalt drain stone sizes 3.50x1.70x0.45m. This monolithic basin (bathtub) weighs about seven tons. The channel curved onto the stone for discharging water used during bathing carries waste water across the wall and delivers to the waste sewage outside the building. (Duru 2003) There are five bathing rooms also in Aslantaş Mound

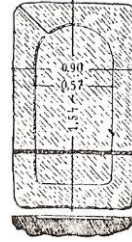


Picture :1. Drain pipe and bathroom space where drain pipe is installed (Tilmen Mound).

The room size about 5.50 m in width and 6.90 m in length. Picture: 2. illustrates the bathroom. There is a block bathtub stone with one side oval-shaped in which bronze tubes are placed. A similar stone block is found in the bathroom in Tel Halaf which can be seen in (Picture: 3). One of this type of bathing tubes was found in Zincirli. It sizes 62 cm in width and 115 cm in length and is cast-legged, flat-high with one side oval as it can be seen in the base stone in (Picture: 5.) Findings of the Hittite culture in the Northern Syria are richer. The bathing rooms here are larger. Base-embedded stone slices, basins, even a few, water containers, benches and special floorings for lavatory can be seen. Traces of bronze bathtubs embedded in the waterproof base are found. There is a set of resting rooms in the bathing places and sofas and benches for resting in the rooms. Bathing tubes are seen as oval

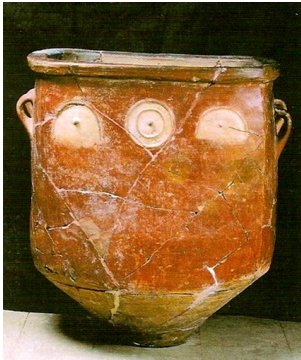


Drawing :1. Palace bathroom in Aslantaş Mound. Aslantaş



Drawing: 2. Floor covering stone. (Tel Halaf)

ceramic containers in the Hittite culture. These containers are the bathing means for ordinary houses outside the palace. Their lower parts were made conical to be buried in the ground. The upper parts are of rectangular prism-shape, while the base parts are conical. These containers are in such sizes that a man can fit in sitting, and these containers have a seat inside. There are handles on the both surfaces facing one another in the containers. These handles provides cleaning of the containers and discharging waste water inside. Picture 3 shows a ceramic bathtub found in İnandiktepe. Picture 4 shows another ceramic bathtub found in the Anatolian colonies of the Assyrian civilization, ruled in the South Anatolia and the Southern Mesopotamia in the 7th century BC. These bath-tubs are functionally similar to the Hittite ceramic bath-tubs, but they differ formally. Their mouth and body parts are oval-shaped. There are no seats inside these bathtubs. The likes of this type of bath-tubs were found in the Urartian palace bathrooms. As it can be understood from the above explanation, waste water from bathing is given to the city's sewage system. Waste water taken out of the building through ceramic pipes is directed to the sewage system and then carried outside the city walls through the sewage system. Drawing 1 shows the Hittite channel system.



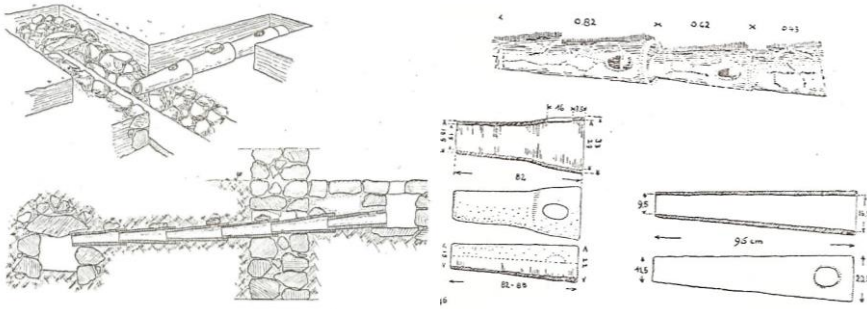
Picture: 3. Bath-tubs İnandiktepe.



Picture: 4. Bath-tubs from Assyrian trading colonies

Clean water was brought to the cities through another channel. Clean water pipes were made of ceramic in various sizes. These ceramic pipes measure 0.60 m to 0.96 m in length and 20 to 22, 11 to 15 cm in diameter (Drawing 3). Similar bathroom spaces and waste water conveyance channel system are also seen in the Urartu civilization, ruled in the 9th to 8th centuries BC. The Palace Bath in Van-Yoncatepe is the oldest known example to this. The bathroom sizes 6.80x11.50 m and in addition, has a cold pool measuring 1.70x2.03 m. The



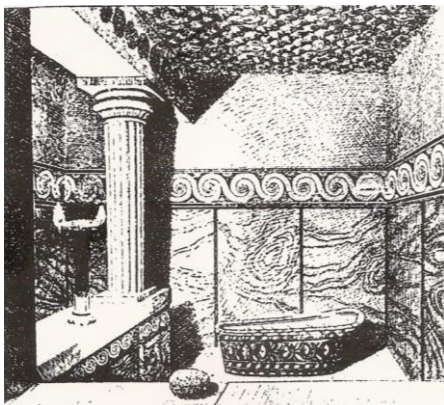


Drawing 3: Hititian waste water channel systems and forms, measures of channel pipes.

ceiling height is quite low compared to the overall structure of the palace, which measures 1.65 to 1.70 m. That the height of the bathroom ceiling is low is intended to achieve and maintain heat easily. The bathroom was heated by earthenware portable grills. There is a bathtub and base-embedded pool in the bathroom. The size of the pool is 2.30x3.60 m and the depth measures 40 to 50 cm. A bathtub was placed in the corner near to the cold bath of the bathroom. It was placed in a space opening to a terrace measuring 17 to 18 cm in height and sizing 1.10x1.75 m. Dimensions of the bathtub are 120 cm in length, 82 cm in width and 48 to 50 cm in depth. It is an earthenware bathtub, resembles the bathtubs in the period of the Assyrian trading colonies and has discharge holes which is why washed in stagnant water. (Picture 4). There are also brazen bath-tubs in addition to the earthenware bath-tubs. There are two examples of the brazen bath-tubs in the Anatolian Civilizations Museum in Ankara. They formally resemble bathtubs seen in the Minoan civilization. Wet floors in the bathroom were tried to be made of compressed clay. (Belli 2003)

### BATHING CULTURE IN THE AEGEAN CIVILIZATIONS IN THE ANCIENT PERIOD

Bathing culture, an important element in the Aegean civilization, is seen in the Minoan civilization in the island of Crete between 2000 and 1550 BC which coincides with the same period with the Hittites in Anatolia. There is also a bathroom in the famous Knossos Palace, in addition to many other sections. Picture 4 shows the bathing room in the Palace and the room's equipment. Picture:5. shows a ceramic bath-tub. It is earthenware, oval-shaped sunken from the both sides, has a wider mouth comparing to its lower part and handles on the both sides with its interior and exterior surfaces are ornamented. It dates back to 1400s BC. In addition to these deep bath-tubs, there are also those shallow bath-tubs with/without legs.

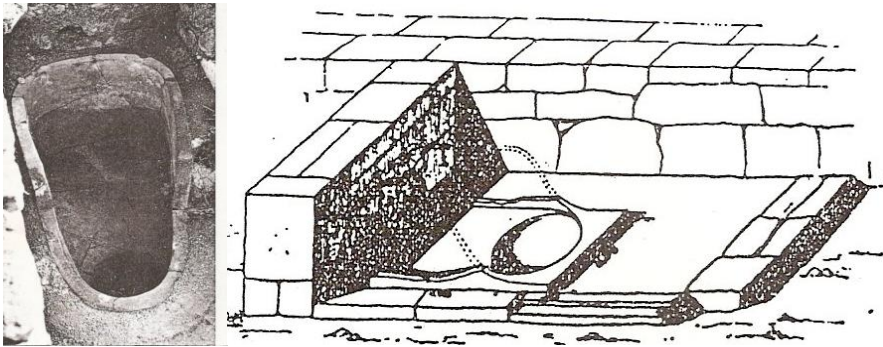


Drawing :4. Knossos palace bathroom



Picture: 5. Ceramic Bathtub in the in Minoan civilization Crete from 1400s

The Cretan civilization in that period also made waste water channels to discharge bathing and toilet water. No sufficient concrete information is available about the bath culture in other Aegean islands and the Greek peninsulas until the 7th century. It is seen that bathrooms in the new structure style started from the periods of the 7th century have been adopted as well. We begin to see bathroom spaces from the periods in which single room houses (megarons) have begun to develop into structures with a front section, courtyard and multiple rooms. Bathing scenes, bathing materials and bath spaces are observed in the surviving archaeological sites and on the visual materials. According to an opinion, bathtubs in the Greek and Ionian civilizations have developed with the turning of fountains in the public domain where children, young people and athletes were bathing into water basins with little depths. (Abbasoğlu 2003) Overtime, these water basins have turned into a system in which people have bath dousing and entered into the spaces. It is known that bathtubs have been used in Anatolia, Mesopotamia, Egypt, and Crete for many centuries. It is not possible to ignore that these bathing cultures, bathing supplies, spaces and equipment have had influence on the Ionian and Greek bathing cultures. Bathrooms were found in house structures in the city of Olympos situated in the Northern Greece. Floors and walls of the rooms were plastered with waterproof plaster against moisture. Bathtubs found here are similar to the bathtub found in



Picture :6 Ceramic bathtub, Delos

Drawing :5. Bathroom space assembly Priene.

Delos. (Yegül 1994) A ceramic bathtub different than the one we see in Knossos was found in the bathroom space, dated 7th century BC, in the island of Delos. It mentioned also in Homero's poems that these bathtubs are easy to use. Wood and marble materials were also used for the construction of the same bathtubs. Terracotta bathtubs were used wide-spread in that period. There were also metal bathtubs. There are different types of bathtubs in which a man could bath in a comfortable way. They are usually oval shaped, lower parts of some of them are flat. The part against which one leans its back when sit inside the tub to bathe is a little higher in some of them. The part against which one leans its back is a little higher and there are seats in some of them. There is a concavity in the part for feet. The side parts allocated for sitting were given a little more width so that a man could fit in. This part forms the above-ground section of the bathtub buried in the bathroom floor. This height and width must be intended to prevent flowing and splashing of water. The bathtub descends from the point where knees start when sit and remains below ground level. Drawing 2 shows how the bathtub is placed with two bathtub findings in Priene. This bathroom space measures 1.82 m x 1.62 m. (Cevizoğlu 2003) This type of bathroom spaces and equipment in Anatolia have been found in İzmir –Bayraklı ( Smyrna ), Tarsos, Larissa ( İzmir Menemen-Burguncukale ).



Picture :7. A current view, Smyrna.



Picture: 8. Repaired bathroom. Smyrna.

Çekmece- İstanbul, Bergama, Klozomenai (Izmir-Urla). Of these, those in Tarsos and Symirna are interesting. The dimensions of the bathroom in Tarsos are 2.06 m x 2.85 m. The ceramic bathtub in the space measures 0.60 m x 0.90 m. Also, a small rectangular *water basin* was found in the Tarsos bathroom space. Bathing culture in the west coasts of Anatolia is richer in terms of bathroom spaces, bathing materials and infrastructures. Significant findings related to bathroom spaces and materials were found during the excavations carried out in Smyrna (Bayraklı-Izmir) which was one of the most important centres in that period. Picture 8 and 9 shows the bathroom space found. It approximately measures 155x170 cm. A ceramic bathtub that was almost intact with a bathing-seat inside was found in that room which was



Picture: 9. Repaired bathroom space. Smyrna.

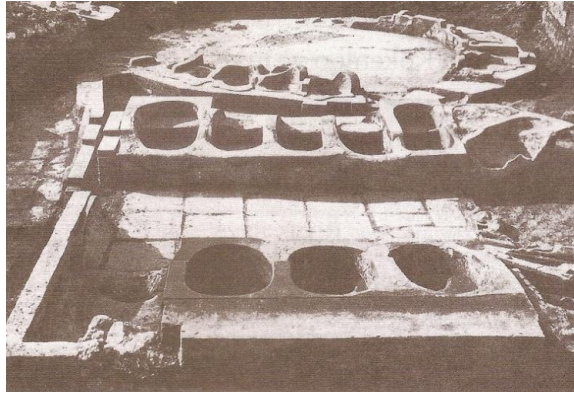


Picture: 10. Waste water assembly. Smyrna.

1.20 m in length. This bathroom space, dated back to the 7th century, was used in the 6th century. Floor of the space was made of clay, while the walls were made of stones. Niches on the walls may have been built to put lighting tools and bathing equipment. This *bathtub* was placed by being buried under the floor of the space accessed descending four steps. There is another similar bathtub dated back to the 6th century other than the above-mentioned bathtub. The bathtubs have holes to discharge waste water in the hollow in the legroom of the bathtub which shows similarities with those in that period. These holes were generally connected to sewers as with almost all of the examples found in Anatolia which were connected to sewers. Picture 10 shows the sewer in Smyrna. Examination of samples of the relevant bathtubs reveals that running water has been used for the bathing action. The bathtubs do not have the form and function to allow entering in, filling water and bathing. One of the typical characteristics of these bathtubs in Anatolia and the Aegean civilizations of the ancient period is their ornaments on both lateral surfaces of the bathtubs. They are ornamented with relief or coloured soil. Picture 11 shows a piece of the bathtub found in Klozamenia. The piece ornamented with relief. Border of the bathtub found in Smyrna was ornamented with paint.

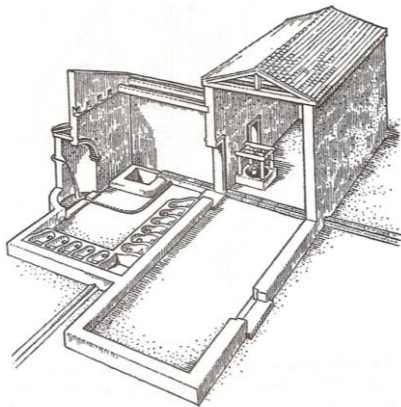


Picture: 11. Bathtub surface decoration.

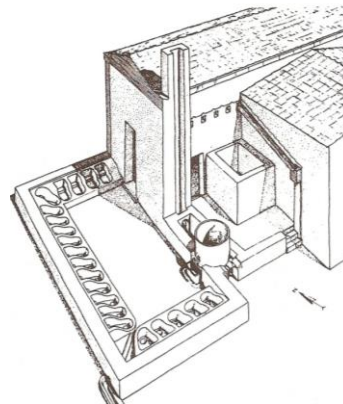


Picture: 12. Primitive bath, Gala-Sicily, 4th century BC. Klozomania

Some of these terracotta bathtubs have borders. (Cevizoğlu 2003) These borders both provide protection for the bathtub against physical impacts and enable the person bathing to hold in terms of use. Bathroom spaces, seated bathtubs in the Aegean civilization have been used also in gymnasiums which were public areas outside houses. These areas primitive baths for public bathing with public bathtubs compared to today. They are also called *Greek baths*. Picture 12 shows the remains of a Greek bath built in Sicily in the 310s BC. Gymnasium baths are seen from the 7th century BC. These baths allow bathing with cold water and do not have a heating system in their first periods. Heating system and using hot water was began in the 4th century BC and afterwards. It has been found out that underfloor heating system (hypocaust) was used particularly in the 2nd century BC and afterwards. A large number of seated bathtubs were placed in a closed space and located inside the same building complexes with gymnasiums in the first examples. Picture 5 shows a gymnasium bath built in Olympia in the 500s BC. No heating and hot water system is available in this bath. Water was provided through the water well inside the building which did not have seated bathtubs and waste water channels inside.



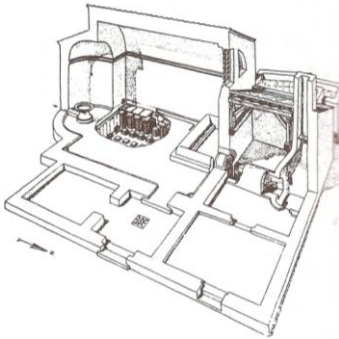
Drawing:6. Greek bath, 5th century BC. Olympia.



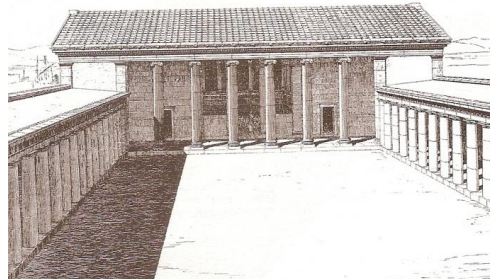
Drawing: 7. Greek bath, 4th century BC. Olympia.

Bathtubs in the bath placed adjacent to each other in the shape of letter "L" measure 0.60x1.20 m. The bath has an open air pool measuring 16x24 m. Heating of the space was made using metal or ceramic grills and producing vapour by pouring water over hot stones. Water was provided through the well and used cold. Wet floors were plastered with waterproof plasters. It is seen that stones have been used also in wet areas in the following periods. Marble-coated wet floors, which we see in the Roman and Turkish baths, have been used. However, these are not made in the form of plaque-covering technique. (Yegül 1994) The technique covering with marble plaques has been used in the Roman age. Picture 6 shows that a system for using hot water has been established. As shown in the Picture, seated bathtubs were arranged in the bathroom and the hot water boiler was placed to be heated outside and used in the bathroom section. The boiler is made

of metal. Each of these bathtubs measure 0.55x1.07 m and there are twenty one bathtubs. Picture 7 shows a gymnasium bath again built in Olympia in the 100s BC. It is the fourth phase of this type of baths. An underground heating system (hypocaust) was established for the building besides the hot water system. There is an apse section in this bath. Apsé is one of sections used in the Roman baths very often. The underground heating system was built by placing bricks in size of 25x25 m or 30x30 m on top of each other and a solid bath floor was obtained by building columns with the height of 0.80, 0.85 m and covering tile tables of 0.55x0.70 m over the columns. Heat was passed through the gaps between the columns and thus, the floor was heated. (Yegül 1994) The same method was used in the Roman Baths. The bathroom in the house of Consul Attalos, located in Bergama in the Hellenistic period is an example of underground heated residential baths. These baths used by athletes to bath in the Aegean civilization have been a pioneer of the well-known Roman Baths.



Drawing:8. Greek bath, 100th century. Olympia



Drawing: 9. Miletus palestra, 2nd century BC

That the Roman baths have become magnificent structures is also associated with the development of waste water and clean water systems. Picture 15 shows the hot pool section of the Roman bath, and Picture 16 shows the manhole grill collecting waste water of the sport area of the Roman bath and nested water channel carrying clean water. These are water channels made of terracotta pipes and carved stones. Water was carried to fountains, pools and water baths through these pipes. Baths in the Sicilian villas in the Roman period and baths in the terrace houses in Ephesus are significant samples. Baths in the Sicilian villas have a different structure in terms of heating. These baths have a wall-heating system. The heating system (stove) in the villa's kitchen was designed based on the principle of heating the adjoining bathroom at the same time. Wall-heating bathrooms which were common in the countryside in the central Italy had sweat rooms, bathing rooms and some of them even had dressing rooms. Another bathing tool besides the bathtubs in Anatolia and Aegean in the ancient periods is high standing wide and shallow bathtubs called *perirhanterion* or *louterion*. These bathtubs are known with two different names. They are named by the form of bathing action. If bathing is made sprinkling water symbolically for religious purposes, it is called *Perirhanterion*, and if it is made pouring water



Picture: 13. Roman bath life.



Picture: 14. Roman bath, Perge-Antalya.



Picture: 15. Roman bath. Side-Antalya.



Picture: 16. Roman bath manhole and water channel. Side-Antalya.

in the literal sense outside for religious purposes, then it is called *louterion*. They are not different from each other formally, just their names change by their purposes of use. They can be found in temples, gymnasiums and bathroom spaces. They are similar to today's sinks in terms of function. They are made of marble or terracotta. They are a shallow tub resembling a sphere with an upper part cut. The feet section is adjacent to the tub or can be separated from each other. It is somewhat like a column with cylindrical body expanding towards the lower part. Their sizes differ; however, they generally measure about 70 to 80 cm in height and around 70 to 80 cm in diameter. However, there are *perirrhantierions* of 1.90 m to 2.00 m in diameter made of marble differently. (Cevizoğlu 2003) A similar sample has been found in Ephesus. Picture 17 shows the vase picture showing the bathing scene. Picture 18 provides general information about how cleaning was made in the bathtub and how was the cleaning action. It is clear that bathing was made by sprinkling water which indicates that it was used for religious purposes, and this is a *perirrhantierion*. Picture 18 shows the leg of a standing bathtub (*perirrhantierion*) found in Smyrna-Izmir in the 6th century. The leg was ornamented with embossed adornments as seen in the picture. They can be ornamented or plain as with in the seated bathtubs. The leg measuring 0.70 m in length is terracotta and was made using the embossment trailing technique in which a mythological subject was described. It is plain as with in the figurine found in Delos as it can be seen in Picture 19.



Picture:17. Bathtub

Picture:18. Bathtub (*perirrhantieria*) Smyrna.

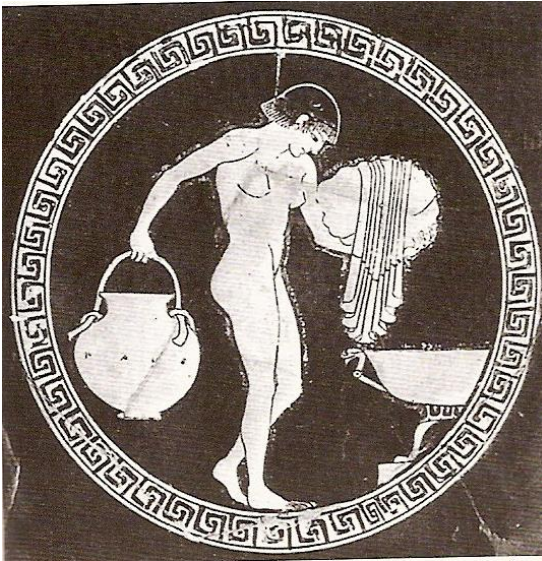


Picture:19. *Louterion* figurine, 500 BC. Delos,      Picture:20. *Louterion*, Xanthos-Likya-Antalya

There are also other samples in Antalya Archaeological Museum which are renovated, ornamented and non-ornamented and ceramic. The leg and body in the sample made of terracotta material seen in Picture 20 separate parts. There are decorations on the edges and inside the tub. It is a very

shallow tub as shown in the picture. In addition to traditional decorative motifs used for ornaments of these bathtubs, narratives by which traditional, religious and social issues were processed as embossed pictures. Picture 18 shows such an embossed picture. The embossed ornaments in Picture 18 are mythological ornaments concerning belief. This is why it is considered to be a *perinhanterion*. There are findings indicating that ornamentation in these embossed ornaments has been made using the trailing technique in general. Picture 20 shows trailing ornaments on the edges. Greek vase pictures are enlightening also about the bathing

culture as with in many areas of the Greek culture. They took many areas of life as a subject matter and processed in these pictures, as well as the bath phenomenon. Our observations on these pictures suggested that bathtubs were an important tool. We also observe on the pictures that there were bathtubs made of stone, marble and bronze materials, besides those ceramic ones. Picture 19. shows a woman preparing for bath and carrying a tub. She holds a water pan in one hand and her clothes in the other hand. It is understood that the bathtub in the picture is metal. While bathing action was portrayed in Picture 20, we see a woman carrying bathing water in Picture 21. and a bathing scene and women carrying their clothes again in Picture 22. Picture 14 illustrates a religious bathing in a standing shallow bathtub (*perinhanterion*). Different bathing scenes were illustrated in this picture.



Picture :21. Vase image, 500 BC.



Picture: 22. Vase image, 500 BC.



Picture:23.Vase image, 500 BC.



Picture: 24. Vase image, 500 BC.



## CONCLUSION

Current overview of bathroom spaces and equipment in the ancient periods has revealed that they have brought evolutions extending up to the present in bathing culture. The need for bathing and equipment appropriate to this need has attempted to bring spatial solutions. The common feature in almost every period is that bathing carries religious, intellectual and social dimensions together with the need for physical cleaning. Mostly, the religious dimension has been more effective. That bathing became a necessity in religious, social context has led to the creation of bathing rules, customs and tradition. When we examine today's religious dimension of bathing action, we see that the phenomenon of bathing and religious purification exists today as well. Bathing action after sexual intercourse in which we observe in the Greek culture in the 7th century also exists today in many beliefs. (Abbasoğlu 2003) The rule not to pray without bathing (ablution) resembles the ritual of bathing before religious ceremonies in the first age civilizations, for example; the rule of not to attend religious ceremonies, not to eat sacrificial meat without bathing in the Hittites, the rule of washing head and body in religious holidays in the Mesopotamian civilization and the rule of bathing before religious ceremonies in the Greek civilization. Moreover, there is a rule of washing religious statues (idols) before religious ceremonies which was carried out by priests during religious holidays. "Bathing cubicles" in the Ottoman culture were built for this purpose. They even built portable baths and bathing cubicles in the army system. There are very ergonomic *bath* and *bathing cubicle* tents right next to dining hall, dormitory tents. Picture ... shows an Ottoman army bath. Bathtubs, pools, standing bathtubs inside the structural integrity of the Greek temples serve this purpose. They are also referred to in Homer's epics. The ritual of bathing the deceased in the ancient Greek civilization is for religious purposes. Associating bathing with health and adding a health dimension to bathing in the



Western Anatolia and the Greek bathing cultures besides physical and spiritual purification has led to building baths for athletes and caused the public bathing culture. This is the feature that is still used today, particularly in the Turkish baths. The need for purification related to spiritual and physical health has had influence on the formation and creation of bathing equipment and spaces also in formal context. We observe that bathroom spaces in buildings in the Hittites and the Minoan civilization in Crete of the Aegean islands of the Bronze Age civilizations and in the Anatolian coasts, the Aegean islands and in Greece from the 7th century onwards are same as with in today's houses. They were taken their places in houses, sports fields and temples. Bathing was accepted, respected pursuant to cleaning and beliefs and spaces related thereto were designed in these civilizations, which formed the basis of the contemporary civilization (the Western civilization). Civilizations in the European geography have fallen out of step with the traditional bathing culture after the Roman civilization until the end of the 19th century and the beginning of the 20th century due to religious conservatism. A period that has lasted hundreds of years without toilet, bathroom, sewer system, and this period has dealt with health problems, epidemics.



Picture: 25. Roman bathing space. Ephesus-Izmir.



Picture: 26. A current bathroom. Catalogue.

Fairly large areas were allocated for bathroom spaces in the Hittite palaces and temples and in the Urartian palaces measuring 5.50 X 6.90 m and 6.80X11.50 m, respectively. Bathroom spaces of that size in houses of course were not available. Bathroom spaces in such houses were the spaces where ceramic bathtubs of sizes in which a man could fit by sitting were placed. The bathroom spaces that we see in the ancient period after the 7th century are of sizes in which bathing equipment can fit. For example, these bathroom spaces are of sizes 182 x 162 cm in Priene, 155 x170 cm in Smyrna and 206 x 286 cm in Tarsos. The dimensions of these bathroom spaces are close to the dimensions of bathroom spaces in today's residential houses. The Roman civilization founded after Hellenism and on the political geography of its cultural heritage has benefited from these bath cultures. The same places were used in the Roman period, for example, the house and bathroom space of Consul Attalo was used also in the Hellenistic period and turned into a bath by equipping with a heating system in the Roman period. Other samples have been observed also in Priene and other centres. The bath found in a Roman villa Aliağa (Antioch) - Izmir measures 3.30 m x 4.30 m. There are many ruins of baths of about these sizes in the terrace houses in Ephesus and they provide more robust information about bathroom spaces. Picture 23 shows the ruins of a bath in one of the terrace houses in Ephesus. Waterproof plasters and marble masses were used for moisture problems in the bathroom spaces in these periods. The bathroom space in Crete Minoan was built of stones completely, while waterproof plaster gained importance in the Hittites. Waterproof plaster was used in the bathroom spaces in Greece, the Islands and the Aegean coasts from the 7th century to the 1st century BC. Marble was used in bath structures for sports purposes.



Picture: 27. Water (clean or dirty) plumbing in Roma. Picture: 28. Bathroom space hot room. Ephesus, Izmir.

We understand that a solution has been sought for moisture problem when we examine these structures. They produced not only waterproof plaster, but also solutions for issues such as bathroom usage equipment and discharge of waste water. The Hittites carried waste water to waste pit through drain pipes and then to main channel through ceramic pipe channels and kept waste water away from their immediate surroundings. The waste water problem in Greece and Anatolia in the ancient periods was solved with the help of channels between the 7th century and 1st century BC, but drain pipe stones and storage reservoirs used by the Hittites were not used and waste water was directly connected to channels through ceramic pipes. This method was continued also in the Roman civilization. Picture 27 shows a water pipe laying with ceramic pipes. No sewage system was used in cities in the European countries after the end of the Roman period to the mid of the 19th century. That cities in the European countries grew with the social pushing of the industrial revolution and problems resulting from waste water became insurmountable has made the use of sewage systems necessary. Despite this situation in Europe, the bathing culture in Anatolia has developed continuously and has lasted for thousands of years, has developed the *Turkish Baths* which also exist today and has led to beautiful architectural structures that are still being used. Sewerage system has not existed all the time. Waste water is carried through channels also in our day. Wet spaces were provided with marble plaque coverings instead of marble blocks from the Roman civilization. We see these examples again in the terrace houses in Ephesus. Picture 28 shows marble coverings on the floor and side walls in the bath ruin. Given that bricks, stones and soil mortar as binding agent were used for the walls, it must be admitted that they implemented marble to wet and hot areas successfully. We also observe mosaics in wet areas, particularly in baths in Rome. In addition to the innovation of covering marble to wet areas, they developed the technique and culture of *heating the space* which has extended up to the present and created the concept of *bath*. Picture 28 shows the furnace (floor heating) section of a house bath with its base collapsed. The bathroom base was placed on the columns formed by baked cylindrical tablets. Picture 25 shows how the base was placed, what kind of material was used, how marble covering was implemented on the floor and walls. Hot air heated the floor and space of the bath by circulating around these columns. Roman baths were mainly floor-heated, but they also implemented the wall heating system. Wall heating was achieved by passing hot air through terracotta brick pipes. These bricks were square or round. They were interlocking bricks like terracotta water pipes and connected to chimney. It is known that the wall heating system has been used in Turkish baths by passing hot water

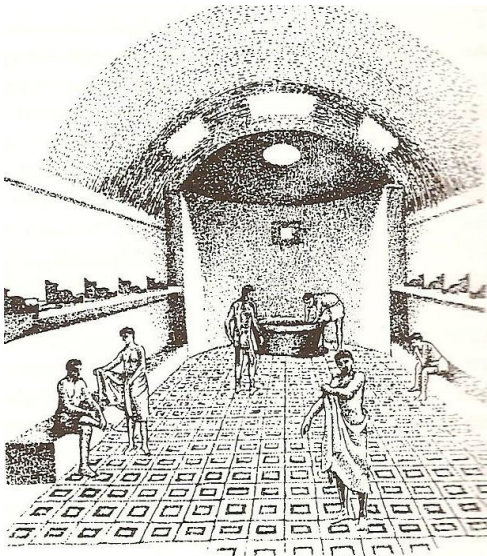


Picture :29. Kubar Abat bath and tiles.

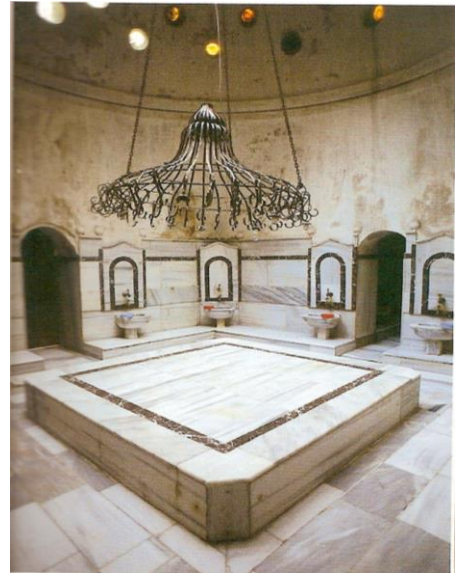


Picture: 30. Jean-Leon Gerome Turkish bath image-1870

through pipes. Today's heating systems offer diversity with the opportunities provided brought by technology. Hot water and a hot environment is achieved in baths with the help of stoves in the simplest term. Floor heating, radiator heating and so on systems are used. The discovery of heating system has turned bathrooms into places used not only for bathing and cleaning, but also for pleasure, entertainment and rest. The adding of heat and marble covering to the Hellenistic bathing spaces has led to the creation of the famous *Roman baths*. Roman baths are holistic structural units suitable for public and bathing functions. Wet places in Turkish baths reaching today were mostly coated with marble as with in Roman baths. Their floors and side walls are the sections that could directly absorb moisture. Picture 28 shows these sections. The heating system in these baths is the same. Heating is achieved by circulating hot water underground. There is also the practice of covering wet areas with ceramic (tile) implemented in Turkish baths, but it is not common. Ceramic coverings were implemented for interior side surfaces in palace and public baths in the Seljuk era. Hunat bath in Kayseri that is still in use is a sample to that. We understand from the ruin findings that tile covering has been used in the interior of the bath in Kubad Abad Palace. Picture 29 shows the ruins and details of the findings of tiles implemented. Tiles were implemented in the Ottoman baths from time to time. Tiles implemented in the Turkish baths can be observed in miniature paintings and paintings of foreign artists. (Picture 30). Many tiled baths in Bursa and Istanbul have reached today. That tiles used in the Seljuk and Ottoman baths could not reach today, in other words, could not be used in baths widely must be due to water absorption properties of tiles. The reason for this is that tiles absorb moisture in wet areas and as a result, they fall from surfaces due to physical factors resulting from swelling of the body and differing expansion. This fall occurs both in glazes on tile surfaces and interior walls on which they are coated. Today, floor and wall coverings are used for wet floors. The reason for the use of floor and wall coverings today is that science and technology has reached data necessary for the use of these materials. The main key properties of floor and wall coverings are that their



Picture :30. Interior of Roman bath, hot room.



Picture: 31. Turkish bath, Çukurcuma bath Istanbul.

water absorption percentages are low, they are solid, resistant to acids, chemicals, pressure and sudden hot and cold shocks. Ceramic coverings in the Seljuk and Ottoman periods were used also for decoration purposes besides being a solution to wet places which in a sense is consistent with the use of contemporary surface coverings. Bathroom spaces that we see that they have existed since ancient times could never have the opportunity of decoration as in today. Today's floor and wall coverings are rich also in terms of ornaments besides their technical competence. Colour, texture, motif and so on ornaments can be implemented on covering elements. Such practices create fashion and become one of the factors determining the competition between manufacturers in that sector. Baths in the Turkish culture have always existed in a section of houses of rich families as in Romans, except for public baths. Apart from this, Turks have developed *bathing*

*cubicles and lower stone base spaces* for ghusl (full ablution) purpose. These were implemented a kind of base stone, called *çağ taşı*, for protection against wetness and their side walls were covered with waterproof plaster.

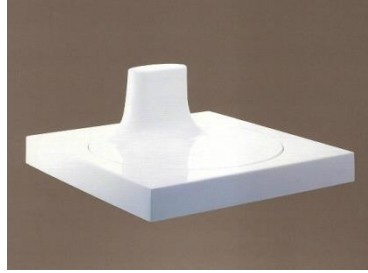


Picture :32. Bathing cubicle in Çakırağa Mansion and a *lower stone base* in Kayseri.



Picture: 33. Bathtub (marble, Ephesus, Izmir), one of bathtubs used today.

If there is no such a base stone in the building, then, of course, waterproof plaster is used. *Bathing cubicle* is a place with an area enough for a person can bath. They were usually built inside rooms. A section of *lower stone base spaces* is open. The section up to shoulders when sat is covered. Today, bathing action is limited with spaces allocated in residential houses due to new housing and new requirements, obligations.



Picture: 34.A bathing seat in Harem section in Topkapı palace, and a current seated bathtub design.



Picture: 35. Louterion (marble-Perge-Antalya) and a ceramic sink used today.

We demonstrate that bathing in the Hittites in 1800s BC was taken mostly by sitting in a running water. Areas with floors plastered with waterproof plaster, bathing area with stone basis and mostly terracotta bathtubs were used as bathing tools. However, bronze bathtubs were also found. We see ceramic bathtubs in the Minoan civilization in Crete in the same period. Ceramic bathtubs used between the 7th century and 1st century BC are not the type of bathtubs in which water was poured and bathing was taken sitting in standing water. They are of such a design in which bathing was taken with running water sitting inside and minimized water flows during bathing. This type of bathtubs are available also today. Today's bathtubs allow for bathing with standing water as well as running water by sitting inside. In addition, the function of these bathtubs are not limited only to bathing action today, but they also offer functions such as resting, pressurized water, soapy water, massage. Picture 34 shows a marble bathtub from the Roman period and a polyurethane bathtub in the present time. This marble bathtub measures 163x65 cm with a depth of 35 cm. Due to the necessity to compete with different formats, polyurethane bathtubs are produced in different colours and forms since it is easy to form the polyurethane material. *Louterions*, *prietherions* which we could consider as sinks today were used in Rome for the same purpose, while basins, ewers and several fountains were used in the Turkish culture. These cleaning tools were primarily used for cleaning purpose and for religious purposes in the second place in the Turkish culture. Today, sinks are indispensable elements applied to walls of contemporary bath or toilet spaces or applied desktop. Picture 35 shows a Roman-era marble *louterion* and a sink which serve the same function today. In addition their formal similarities, they are also similar in physical strength. The marble *louterion* is resistant to harsh and instant hot-cold changes. The sink both has the same features with *louterion* and features that *louterion* does not have. These are the features such as resistance to abrasion, acids and chemicals and being bacteria-free. The features that we have mentioned as different are those features added to contemporary sinks by science and technology. The ancient period bathing culture has been examined in terms of spaces, tools used and solutions produced for them. We have endeavoured not to stray away from the essence of the matter in comparisons with today. For example, information about the Roman or Turkish baths have not been given much in detail.

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## The Analyses of Albanian Budget Expenditure

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### Abstract

*Public expenditure efficiency has been an issue of concern for many researchers. Studies have shown that public budget of the developed and developing economies is not optimally allocated and managed. Anyway, discrepancies are found between both economies. This paper aims to investigate and critical analyze the allocation of public expenditure in the Republic of Albania. In addition, it provides some relevant comparison of the performance indicators among Albania, regional countries and OECD states. Data provided by the Ministry of Finance and Open Access Data are evaluated by considering the functional classification of the budget expenditure. Results of this study suggest that Albania spends more on social protection and social security, and less on education and health compared with the average of the EU countries and OECD countries. In addition, inefficiency of the public sector is discovered. This research recommends the necessity in the improvement of input allocation by using 70 percent less resources to achieve the same amount of public output and consequently contributing positively on fiscal consolidation.*

**Keywords:** analyses, albanian, budget, expenditure

### 1. Introduction

Albania is experiencing the transformation phase for more than 23 years. The importance of the public and private sectors on the economic development has being augmented significantly. Although the increasing role of the private sector on allocation of resources and GDP contribution, it is found evidence that public sector plays a major part on money distribution. According to Curristine (2009) a significant portion of monetary values is distributed and redistributed through the public sector, which in different countries, ranges from 25-60 % of the GDP.

Government plays a major role on the development and progress of the country since it by has the legal right and financial tools for attracting a substantial portion of the income from the private sector through the taxation system. It is also its responsibility for the public expenditure efficiency, which consists on the use of resources so as to maximize the production of public goods and services. According to Verhoeven et al., (2007) , an economic system is said to be more efficient than another (in relative terms), if it can provide more public goods and services for society without using more resources.

There are a lot of reasons that emerge the importance of analyzing the public expenditures conducted by the government. Firstly, the public sector economic activities, carried out by the government, have a specific character and do not submit to the same rules compared to those of the private sector function. The main principle governing private sector economic activities is "voluntary exchange", which according to Adam Smith (1776) makes it possible for all to win. Since the activity of government is not based on voluntary exchange of services provided, then the analysis and transparency of costs conducted by the government is not only a necessity, but also the only way for the public to understand what the activities and services offered and provided by the government are. Secondly, the analysis of government expenditure is important to be conducted in order to give a clear view on how these expenses are financed. Public expenditures could theoretically be financed through taxes, loan and by printing of new money. All three of these ways have different impacts on the economy of a country, and that is the reason why this analysis is necessary. Thirdly, analysis of public expenditure is a

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necessity to identify the cost of the services provided by the government. Cost analysis, i.e. of government efficiency is particularly necessary during the process of decentralization, where, given the principle of subsidiarity, the efficiency of the governing levels is a basic criterion to decide on the distribution of functions between local and central government. Finally, expenditure control is an important process for controlling bureaucracy. Analysis of the public sector in different countries has proved that in a situation where public control lacks, over public finances, then the growth of the budget expenditure is encouraged, in order to keep the administration, reducing at the same time the quantity and quality of public services derived directly from the public (Dhori Kule, Oltă Milov, 2008).

This research aims to analyze Albania's Republic Budget for the period of 2006-2013 in order to highlight and evident its main focus among different functions. The main objectives of the study are:

- to identify the importance of the public expenditure analyses on economic development of a country;
- to review and analyze the existing literature on the efficiency of public expenditures;
- to conduct a detailed analyses of the Albanian public expenditures based on the period 2006 – 2013 and to make relevant comparison among Albania, countries in the region and OECD states.
- to draw some conclusions and policy implications with regard to improve public expenditure effectiveness.

## 2. Literature Review

Efficiency of public spending has been studied extensively in recent years, particularly in relation to general expenditure, education and health. Efficiency is the relationship between resources used and the maximum possible goods and services produced by this amount of resources. Clements (2002) noted that about 25 percent of expenditures for education are abused in EU countries, while best practices are observed in OECD countries. Alfonso et al., (2005) conducted a research on public expenditure efficiency of the 23 member countries of the OECD (Organization for Economic Co-operation and Development). They constructed seven semi- public performance indicators. Authors discovered inefficiency of the public expenditure and argued that these countries could have increased the results by 11.6 percent using the same resources. However, it is pointed out that inefficiency is closely as well related with other factors beyond government control, such as the average economic level of the families and level of parental education. In 2010, this study is enriched by extending the analysis considering the new member states of the European Union (EU). Alfonso et al., found that countries with small public sector (public expenses less than 40 percent of GDP) tend to be more efficient. Results demonstrated that efficiency varies substantially among EU member states, which in turn means that there is a great potential for savings. The results of these studies are limited regarding the tools used to measure the performance and the influence of exogenous factors beyond the control of public authorities.

Verhoeven et al., (2007) evaluated the efficiency of expenditure on health and education in the G7 countries, and suggested measures to be undertaken in order to increase the efficiency, including careful planning and personnel management, reallocation of costs to outputs cost-effective, and implementation and enforcement of the regulatory framework.

Spinks and Hollingsworth (2009) utilized the evaluation techniques without parameters to determine the relative technical efficiency of health expenditure among the OECD member countries. They used an output-oriented Data Envelopment Analysis (DEA) to measure the technical efficiency of the health systems using the latest data available on infant death and life expectancy as health outcomes. Their results showed that technical efficiency varies across these health systems and this translates into potential savings of resources. The average efficiency scores for all health systems were 0.98 for life expectancy at birth and only 0.821 for infant mortality. More than half of the health systems in the sample were technically inefficient in 2009 for both outputs. They found that 30% of national health systems were technically efficient for both outputs.

Taking advantage of the availability of new indicators, Sopek (2011) has undertaken a research on analyzing the efficiency of public spending on education in Croatia using the PISA scores<sup>1</sup>. Author suggests that Croatia has still room for improving the efficiency of its system.



Despite the large body of foreign literature studied the efficiency of public expenditure, there is still a lack analyzing this topic recently in Albania. Centre for Research and Development (CRD) conducted a research in Albania aimed to analyze the performance of Albanian public expenditure for the years 1993-2003, according to the economic and functional classification<sup>1</sup>. Results of this study demonstrated a discrepancy between economic development priorities and planned expenditures for priority areas such as education and health. Health was found to be the sector with the largest difference for available funds, compared to other developed countries. In addition, some deficiencies in the costs for central administration budget line were noticed in the budgetary planning in 2005. The planned expenditures for central administration were resulted to be about 30 percent less than the costs actually incurred during 2003, which could create anomalies in the functioning of central institutions activities during the budget implementation. Furthermore, some deviations were discovered among facts and plans, especially in the economic costs and unemployment assistance for the years 1999-2002 (up to 101 %), housing for 2000 (642 %), order and security for the years 1999 and 2000 (up 113 percent) etc. These deviations are explained by a periodic lack Parliament supervision of the expenditures and as well as the low capacity for managing the state budget by the respective ministries. Finally, compared to the years 1999-2001, it was observed an improvement of the planning and monitoring of implementation of the state's budget for 2002 and 2003.

### 3. Methodology

This research assesses the efficiency of the budget expenditures in Albania for the period 2006 - 2013. Efficiency is measured by making use of indexes and performance indicators provided by the Ministry of Finance and Open Data Access. The analysis is based on the functional classification of public expenditure which intends to show the direction where public funds are spent. This classification includes "code" and "function", as follows:

01. General Public Services
02. Protection
03. Order and Public Safety
04. Education
05. Health
06. Insurance and Social Assistance
07. Recreation, Culture & Religious Affairs
08. Energy
09. Agriculture, Forestry, Fishing & Hunting
10. Mineral Resources
11. Transport and Communications
12. Other Commercial Services
13. Other expenses

Comparative technique and ground theory are utilized. The comparative study is useful in order to compare the indexes and the priorities sectors among Albania, countries in the region and OECD states. In addition, this comparison will be valuable to examine any lack or deficiency in the Albanian budget allocation and management.

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<sup>1</sup> *Economic classification* of budget expenditures serves to indicate the purpose of Use of revenues, as such, they do not show where they are spent, but the economic direction of the expenditure budget, is on seven classes: Current Expenditures, Staff, Interests, Operating Expenses & Maintenance, Subsidies, Social Insurance Costs, Local Government Expenditures, Other expenses, Capital Expenditures (Law no. 9936, dated 26.06.2008 "On budget system management")

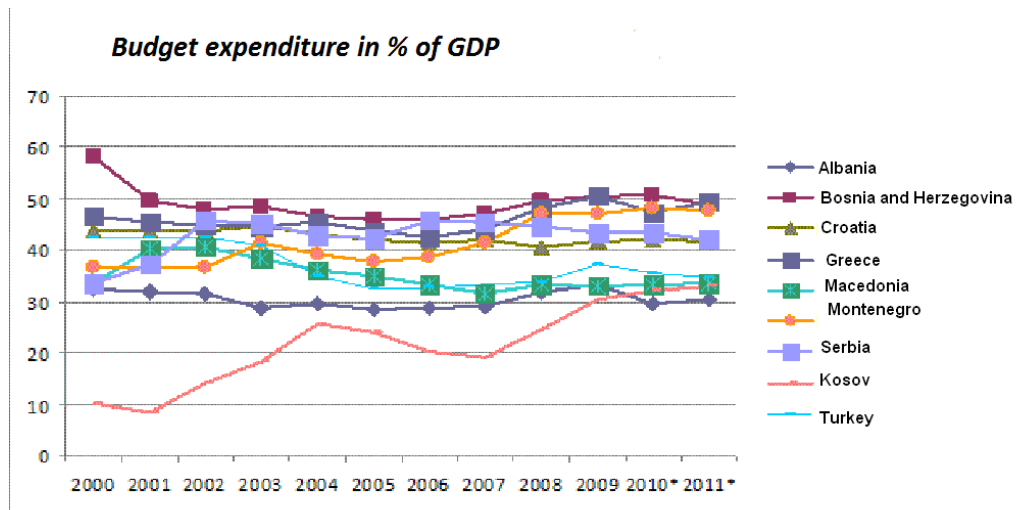
#### 4. Data Analyses of the State Budget

The analysis of expenses by function is very important because in this way can be explained which were the sectors where that the budget funds are directed. This is ultimately because the public is primarily interested to know where and in what sectors budgetary funds are spent. Likewise, the expenditure analysis shows where and how the funds are spent and how the political priorities are established to support specific sectors and with the achievement of these priorities. The expenditure analysis by function, through indicators expressed as a ratio to GDP, also serves to determine fairly and precisely the objectives for the coming years. This is because accurate prognosis cannot be conducted if the history of budget expenditures in prior periods is not available. Finally, the analysis of expenses by function is important to compare the level of expenses incurred in Albania with that of the developing countries or with equal or higher development.

##### **Budgetary expenditures of Albania compared with regional countries**

The line chart below provides information about the budget expenditure in percentage of GDP for Albania and region countries. As it can be seen from the Figure 1, Albania has the lowest expenditures to GDP in the region. Meanwhile, ranked in first place is Greece (50.4 %), followed by Bosnia and Herzegovina (50 %), Montenegro (47 %), Serbia (44 %), Croatia (42 %), Turkey (37 %), Macedonia (33 %) and Kosovo (31 %).

**Figure 1: Budget Expenditure of the Region in % of GDP, Source: ODA, 2014**



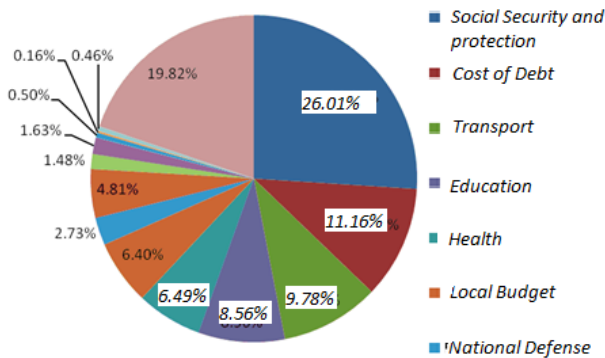
The country with the greatest budget expenditure reduction of over the last decade is Bosnia and Herzegovina, while the country with the largest increase is Kosovo.

##### **Public Expenditure by Functional Classification**

In order to analyze the expenditures by function we are using indicators that reflect the expenses in relation to GDP and in absolute form. As it can be seen from the "Map", in 2012, the function of "Social security and Social Insurance" continues to absorb most of the Albanians money. The amount allocated was 105.7 billion, in other words, 26.01 % of the entire budget. Compared to 2010, this feature has been increased by 7 %. In the second place, but with a significant difference is the use of "Transport" with 48.8 billion or 11.16 % of the budget. Compared with a year ago this feature has been increased very slightly, with about 500 million.

Figure 213: State Budget 2013 according to the Functions Source: Ministry of Finance, 2014

### State Budget 2013 Allocation



The third function funded by the states budget, is "Debt". The amounts paid for the interest of the domestic and external debt for 2011 is 47.8 billion. It means that Albanians are paying more interest than investment in roads, or the education system, health and so on. This item absorbs 11.7 % of total expenditures and has been steadily increasing since 2007, with five milliards each year. "Education" and "Health" remain constant by about 10 % and 8-9 % of the budget, while the "Defense" level is 5.2 %, deepening further the gap with "Order and Security". That means more money for the national security than for the internal order and the police. Despite the advertisement of Agriculture as a high priority to the development of the country, its budget does not exceed 2 % of the State's Budget. "Culture" is positioned worse, and it also includes Tourism within. Only 3.4 billion or 0.83 % of the budget is allocated to Cultural Heritage, Museums, Forts that are demolished or archaeological parks of Albania. This amount is included within the budget for tourism development, which is at 0.06 % of the total budget.

#### Comparison with OECD countries

All OECD member countries consume most of the budget for social security, with the exception of South Korea and the United States. South Korea spends most of its budget on economic issues and U.S. on healthcare. Both countries spend less on social security compared to other OECD<sup>1</sup> countries. Health expenses are the second priority leading after social security among member countries of the OECD. A well-organized health system helps increase the efficiency and productivity. This is an area where inefficiencies cause significant cost for economy. Expenditure on health, in percentage of the total budget is among the three main priorities for all countries, with the exception of Hungary in which it is ranked the fifth. In Korea, Netherlands, Poland and Sweden these expenditures are ranked the fourth. Ireland and U.S. pay 21 percent of their budget on health, while Japan and Iceland 19 %.

Poland lies at the other extreme, spending only 10 % of the budget on health. Hungary, Greece and the Netherlands spend 11 percent. Education is the third and among the foremost priorities of the OECD countries. Long-term investments in education and human capital play an important role in maximizing productivity.

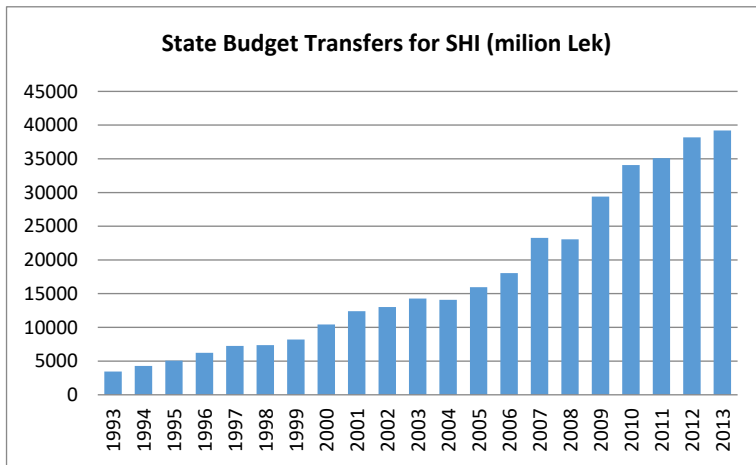
Healthy economies tend to invest a large share of GDP in building human capital. Investment in education and training contribute to further growth and innovation. Education is one of the five priorities for every country, but in Denmark, Iceland, South Korea and New Zealand it is ranked in second place and it is ranked in the third for Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, UK and USA, and in the fourth and fifth place for other countries. Iceland and New Zealand allocate 19 percent of the budget on education, more than any other country, Canada 18 percent, South

Korea and the U.S. 17 percent of the budget. Greece stands at the lowest level with only 7 percent of the budget allocated to education, Germany 9 percent, Italy 10 percent, and eight other countries about 11 percent.

#### *Expenditure on the functioning of Social Security and Social Defense/Protection*

Expenditures on social protection for families with low income and unemployment payments are funds which express the re-allocation of the state budget. Transfers to the Special Fund of Social Insurance of the State Budget are calculated as the difference between income from social security and social insurance expenditures. A large part of this amount is used to cover the deficit in the social insurance scheme, which itself suffers from insufficiency of contributions collected to cover pensions distribution. For this reason, social insurance subsidy is becoming a constant problem. Also, through transfers from the budget to the SHI (Social and Health Insurance), the state realizes a part of its policy for additional payments to certain individuals, which are outside the insurance scheme.

Figure 3: State Budget Transfers for SHI, Source: Ministry of Finance, 2014

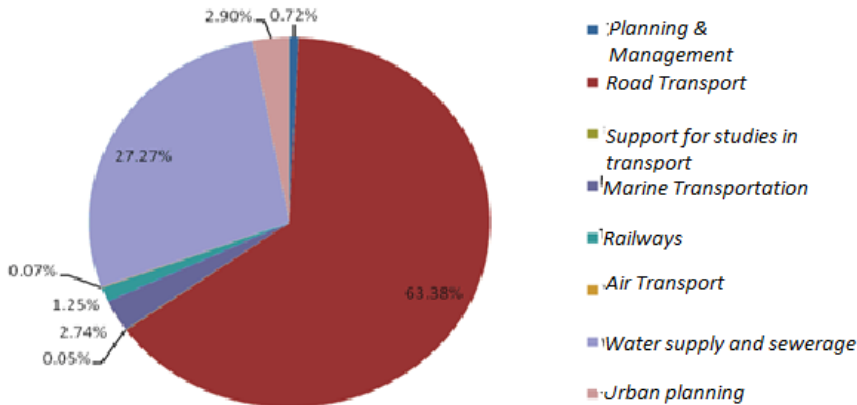


#### **Expenses for Transport and Public Affairs**

Transport and communication are key factors to the economic development of a country. In the market economy conditions, transportation and communication are essential elements that have an impact on reducing the costs of the economic transactions and in the sustainable development of the country, especially in the development of rural suburban areas of a country. In Albania, the need to support this sector during the transition period has been a necessity because of the fairly low level and backwardness Albania inherited in the field of transport and communications in general. The distribution of the budget in percentage for the function of "Transport and Public Affairs" for 2013 is as follows

**Figure 4:** Distribution of the budget in Percentage for the "Transport and Public Affairs" Function 2013, Source: Ministry of Finance, 2014

## Transport and Public Affairs



As it can be seen from the table, most of the budget for "Transport and Public Affairs" is allocated to the national road network (65.68 % of the 2013 Budget). Among the major investments that have been made in this direction in the recent years are the following:

- Construction of Rreshen-Kalimash road 60 km, with four lanes and a tunnel about 6 km, which cost around 520 million Euros, or 50 % of the Albanian Government funding. The rest was funded by commercial loans. (finished in 2009)
- Construction of Milot-Rreshen road, 26 km, (part of the corridor Durrresi - Kukesi- Morina), funded from the World Bank & F.OPEC (USD 35 million) and the Government of Albania (finished in 2009)
- The construction of the Fier- Levan - Vlore road, 43 km, about 101 million euros (finished in 2010).
- The construction of Fier- Levan - Tepelena road, 71 km, (about 70 million), (finished in 2010).
- Build parallel secondary roads in Rrogzhina-Lushnja- Fieri interval, 2.8 billion (year .2009 – 2012)

The second priority of this function is the construction and maintenance of Water Supply and Sewerage. This has absorbed about 23.8 percent of the 2013 budget. The water supply and sanitation sector is characterized by a poor management and its decentralization has not given the expected improvements. Incomes have been rising from year to year, but the subsidy continues to be necessary to keep it functioning, at a time when the sector could have been profitable.

Income of Water Supply and Sewerage Sector (WSSS) in 2010, has experienced a high increase, with about 50 % more than in 2009. The amount of subsidy in 2010 was 1.8 times higher than the previous year. If we examine the subsidy / income ratio a decrease would be noticed, by 40 % in 2008 to 22 % in 2009, but again 2010 is accompanied by a further increase, taking the ratio to 42 %.

## 5. Conclusions and Recommendations

Albania has the lowest expenditures to GDP in the region. Meanwhile ranked in first place is: Greece (50.4 %) followed by Bosnia and Herzegovina (50 %), Montenegro (47 %), Serbia (44 %), Croatia (42 %), Turkey (37 %), Macedonia (33 %) and Kosovo (31 %). The analysis of public expenses for public functions showed that the priorities of our country have been different compared to OECD countries. All OECD member countries spent most of the budget for social security, except of South Korea and the United States. Health expenses are the second priority leading after social security among the member countries of the OECD. Expenditures on health, as a percentage of the total budget are the third main priority for all countries, except for Hungary (fifth place), and Korea, Netherlands, Poland and Sweden (fourth). Ireland and U.S. devote 21 percent of total expenditures in health while Japan and Iceland 19 %. Poland lies at the other extreme, spending only 10 % on health expenditure, while Hungary, Greece and the Netherlands spend 11 percent. "Transport and Public Affairs" are ranked the second, with about 10.64 % of budget funds in 2013. Compared to 2012, this function has decreased by 7.8

%. Meanwhile, "Education" and "Health" remain respectively at the levels of 8.96 % and 9.8 %, approximately the same as in the previous years. Education is the third among the foremost priority for OECD countries. Countries with healthy economies tend to invest a huge weight of GDP in building human capital. Education is one of the five priorities for every country. Denmark, Iceland, South Korea and New Zealand ranked education in second place, and Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, UK and USA in the third place. Greece stands at a low level in this direction with only 7 percent of the allocated budget, Germany 9 percent, Italy 10 percent, and eight other countries about 11 percent.

One of the most emergent needs that are recommended in this paper is to improve the quality of education in order for the system to be similar and approximate to the EU standards. Albania is more in need for a skilled workforce, equipped with the competencies, knowledge and skills to hand the work, which cannot be won only with the primary education system. Persistent gaps in the educational outcomes of secondary and higher education would constitute a limiting factor for the future economic prospects of the country. Organic Budget Law was a necessity to reflect changes made to the operation and the separation of powers, as well as the design and implementation of the budget. Public Investment Management is an important element of expenditure reform. The planning funds for investments suffers from two problems: the fragmentation of funds in many objects, as well as the investment for many years in the same object without a clear idea of the cost of this investment. Often these funds are used for purposes other than those for which the funds were created, or are created to hide the transactions from submission to parliament or the public becoming a source of corruption.

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## State of the art of VET systems in Albania and Kosovo - Observations and Comparisons

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### Abstract

*Like many other countries in the world, South East European and Balkan countries are experiencing a changing economic and social context, tinged by the effects of globalization, that includes rapid technological change, economic interdependence, a move towards free market economies, international migration movements, increasing calls for public accountability, and aspirations to active citizenship. More than ever, VET systems are expected to fulfill a dual role in supporting sustainable development. Their economic role is to support growth and competitiveness by providing relevant and high-quality skills; their social role is to contribute to inclusive societies by educating young people and enabling adults to gain additional skills, and by providing them with the key competences and values needed to ensure their employability and active citizenship. The countries selected to be introduced in this document are Albania and Kosovo. We will have a close look in their socio-economic and political backgrounds by sketching their dynamics, good practices as well weaknesses and challenges, priorities and future aspirations. They have both similarities, common aspect and correlations with each other, as well as specific contexts, individual features and differences. For example Albania is a post-communist country and similarities are to be found in terms of former centralization and planned economies with a former Yugoslav country like Kosovo. The last one is consider post-conflict country and despite that, has also inherited several common features from the previous common system yet particular in its national backgrounds. Albania is a candidate country for EU accession, Kosovo have submitted its official request to become such. The common walk that both countries have done or will still do towards the EU Integration and their efforts for enhancing the role and effectiveness of VET remains the main subject unifying them.*

## 1. EU policies and objectives on VET

### 1.1 VET emerging in the context of European Community

Historian Hermann Heimpel claims that what makes Europe so European is that its history, is the history of nations. However, this perception of nations as the building blocks of European history acknowledges that they not only established themselves during their gradual development processes but also depended on their relationships with one another as productive partners and competitors (Zernack, 1994; p. 17).

The most influential factor governing the genesis of vocational training systems for the working masses is undoubtedly the Industrial Revolution or the general industrialization of the European nations. It not only triggered far-reaching economic and technological change, but also profoundly altered the structure of society, social interaction, lifestyles, political systems, types of settlement and landscapes<sup>1</sup>.

Education systems are as varied as the histories of European States. They have inscribed within them the various different paths to modernization taken by the different States. Most significantly, it is the divergences in national labor markets and forms of labor-market regulation that ensure the continuing particularity of education and training systems. Each of the

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<sup>1</sup> Cedefop publication: Towards a history of vocational education and training (VET) in Europe in a comparative perspective. Volume I - The rise of national VET systems in a comparative perspective Proceedings of the first international conference October 2002, Florence. p 17.



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national systems remains unique. 'But at the same time they show distinct regional affinities, most notably in the German-speaking States, Mediterranean States and Nordic States.

In Western Europe the emergence of EC/EU social policies has had further consequences for VET in Member States, while, at the same time, existing education and training systems have presumably influenced the shaping of EC/EU policies.

First provisions on vocational training in Europe are to be seen in the Treaty establishing the European Coal and Steel Community (ECSC), signed 1951. Later on in 1957 the Treaty of Rome paved the road to greater developments of VET policies in the united Europe. The next section provides a more thorough look on these developments.

## 1.2 Policy overview of VET in the European Union<sup>1</sup>

### Treaty of Rome (1957)

This treaty established the European Economic Community (EEC). Although the six Member States acknowledged that a common VET policy would contribute to harmonious development of national economies and the common market, it was only in 1963 that the European Council laid down how it wanted to reach this common policy. They then established the *Advisory Committee for Vocational Education (ACVT)*, in which the social partners obtained a special role.

Until the mid-eighties, VET policy was limited to a series of non-binding resolutions. The *European Centre for the Development of Vocational Education (CEDEFOP)*, however, was created in 1975 to promote the exchange of information and the mutual comparison of training standards. In addition, a series of promotion programs were launched: COMETT, ERASMUS, PETRA I and II, LINGUA, FORCE, EUROTECNET, and Helios I and II.

### Treaty of Maastricht (1993)

In 1993, the now twelve Member States signed the *Treaty of Maastricht*. Concerning the policy the consequences of the Treaty was the application of the principle of subsidiarity to European VET: This principle means that action at EU level will be taken only if it is more effective than taking it at national, regional or local level. Each Member State is still responsible for the organization and the content of its own VET. Hence the European VET policy is of a supportive nature. The 1995 Commission White Paper: 'Teaching and learning – towards the learning society' specifies this. To turn policy into action, funds became available through the Leonardo da Vinci I (1995 – 1999) and II (2000 – 2006) programs for VET.

### The Bologna Declaration (1999)

Twenty-nine countries confirmed in Bologna their willingness to strive towards a European space for higher education. The most important undertakings are that every country commits itself to basing its higher education on the bachelor's-master's system, transparency and the start of the introduction of a system of quality assurance.

### The Lisbon Strategy (2000)

The next important milestone was reached in Lisbon. European leaders – the EU now had fifteen Member States – expressed their ambition to make Europe the most dynamic and competitive region in the world. To achieve this requires a well-educated and highly versatile labor force. Knowledge is evolving at an increasingly rapid pace, and people must keep up with this evolution throughout their lifetimes. To reach their goals, European leaders decided to apply the open method of coordination. This approach gives more leeway to European leaders to take their own initiatives and to achieve the objectives at an unequal pace.

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<sup>1</sup> Section 1.2 compiled based on sources: [www.ec.europa.eu](http://www.ec.europa.eu); [www.cedefop.europa.eu](http://www.cedefop.europa.eu); Lipinska, Patrycja, Schmid, Eleonora, Tessaring, Manfred, Zooming in on 2010 – Reassessing vocational education and training, Cedefop.

The open method of coordination consists of four elements:

- to formulate guidelines for medium and long-term objectives;
- to fix qualitative and quantitative indicators and benchmark topics;
- to translate common guidelines into national policy objectives;
- to assess activities periodically as a mutual learning process.

**Important results achieved since 2002:**

- Europass: a single framework for transparency of qualifications and competences. The *European Qualifications Framework* (EQF) was adopted by the European Parliament and Council on 23 April 2008. The EQF will relate different national qualifications systems to a common European reference framework. The EQF will cover all educational sectors, general and vocational, and all education sectors. Most European countries are developing or revising their qualifications frameworks to be compatible with the EQF.
- In April 2008, a Commission proposal for a Recommendation on a *European Credit System for VET* (ECVET) was adopted. This system will facilitate the recognition of knowledge, skills and competences gained by individuals in different learning environments or through periods of VET abroad.
- In April 2008 a Commission proposal for a Recommendation on a *European Quality Assurance Reference Framework* was adopted. It is designed to support Member States to promote and monitor quality improvement in VET. It provides a common basis for further development of quality principles, reference criteria and indicators.
- Council Resolution on strengthening policies, systems and practices in the field of guidance throughout life, which brings a coherent approach to this topic across education and training sectors at Community and national levels.
- Council Conclusion on the identification and validation of non-formal and informal learning endorse a set of common European principles to help develop confidence and trust in this rapidly emerging sector.

As well as a means to drive the Lisbon agenda forward, VET policies are affected by the socioeconomic challenges Member States encounter in their attempt to increase Europe's competitiveness worldwide. Significant demographic change with serious impact on social cohesion, sectorial changes, fast-evolving technologies, globalized production and distribution processes constitute some of these challenges that call Europe for immediate action.

## 2. VET systems in Albania and Kosovo

### 1.1 Albania

#### Profile

Capital: Tirana  
 Population: 3.194.417 (2009 – INSTAT Albania)  
 GDP per Capita PPP: 8.373 (2009 - World Bank - WDI database)  
 Employment rate 15+, Total %: 46 (2009 – ILO, Kilm database- Trends Estimation Model (TEM))  
 Youth employment rate 15-24, Total (%): 32.7 (2009 - ILO - Kilm database- TEM)  
 Compulsory education: 9 years  
 Gross enrolment ratio in secondary education (%):72.36 (2009 - UNESCO)  
 Vocational and Technical education in upper secondary (ISCED 3) (%): 16.31 (2009 - UNESCO)  
 Students/Teachers ratio in secondary (%): 14.66 (2009 - UNESCO)  
 Enrolment in technical/vocational programmes:  
 Vocational training as % of upper secondary enrolment: 15%

## Socio-economic context

Albania lies in Southeast Europe situated in the western part of Balkan Peninsula bordering Ionian and Adriatic Sea on the south and west, Greece, FYROM, Montenegro and Kosovo.

After experiencing 45 years of isolation, political repression and poor economic development under the communist regime, the country is currently struggling with the long transition process of overcoming the past and building a new and stable democratic system. During the past 19 years of democracy, Albania has experienced large political, institutional and socio-economic changes.

**Albania is a demographically young** and ethnically homogeneous country. Albania is demographically one of the youngest countries in Europe as a result of its relatively high birth rate. However, Albania's population has been declining steadily since 1990 and stood at 3.19 inhabitants in 2010 (INSTAT). According to the same official source life expectancy is 76.6 years and the current average population age is 32.2 years. Unemployment rate is officially estimated 13.52% (2010) although other reliable sources such as ILO-KILM 2008 estimations indicate 22.7% unemployment rate in Albania<sup>1</sup> which is quite above compared to EU average (7%). According to the same source, Albania shows high activity rate (59%) and good women employment rate (34.4%) compared to other countries in the region but this is mainly due to the large agriculture activity in the country (58% of the Albanians employed in the agricultural sector).

The capital Tirana, is the country's largest city, with close to 800.199 inhabitants in 2009 (ibid) more than three times as many as in 1990 (250.000). Compared to other countries in the Western Balkan region, Albania is ethnically relatively homogeneous, with 95% of the population being Albanians. The rest are Greeks, (3%), and Aromanians (Vlachs), Roma, Serbs and Macedonians, who together account for the remaining 2%<sup>2</sup>.

Official estimations of the Albanian Ministry of Labour Social Affairs and Equal Opportunities (MoLSAEO),<sup>3</sup> state that since 1990 around 1.1 million Albanians have emigrated out of the country on a either temporary or permanent basis. The reasons for migration often include poverty, the lack of jobs, low income and poor working conditions in Albania, as well as political instability linked to lack of prospect for rapid positive improvements of the living conditions in the country. Emigrants tend to be young, male and better educated (IOM and Government of Albania, 2008). Preferred migration destinations include Greece (50%) and Italy (25%) because of their proximity and traditional cultural links, as well as the USA, UK and other European countries (25%). Besides considerable external migration flows, there have been high levels of internal migration. People migrate from the poor mountainous or rural areas in the northern or northeastern part of Albania to the capital and coastal areas, primarily Tirana and Durrës. Internal migration affects males and females alike (Dragoti, 2008<sup>4</sup>). Brain drain is another concern of Albanian government(s) during the past years. It is estimated that around 20% of Albanians, who have attained tertiary education have left the country.

**The Albanian economy** is based on free initiative and per capita incomes today are almost twenty times higher, than they were in 1992<sup>5</sup>. Since 1990 Albania has managed to achieve remarkable levels of economic growth. With a GDP per capita of EUR 2.785 (estimate for 2008), Albania acquired lower-middle-income country status. Officially estimated real GDP growth rates averaged 7% a year during the period 1998–2008, the highest in the region. Migrants' remittances are an important contribution to the economy, making up around 9% of GDP (Bank of Albania, 2010) which is well decreased compared to earlier years due to global crisis. Foreign direct investments (FDIs) have been at moderate levels for a long time, reflecting relatively low levels of integration into the global economy. However, the past few years have seen a considerable change in this respect. In 2007 the level of FDIs was 6.2% of GDP, around 88% higher than in 2005 (Ruli,

<sup>1</sup> ETF- Human Capital and Employability in the 14 countries of the Union for the Mediterranean, Informal background paper to the Union for the Mediterranean – Euromed Employment and Labour High level Working Group Meeting, Brussels 26-27 November 2008, P 14

<sup>2</sup> Albania Review of Human Resources Development, ETF 2010, p 15.

<sup>3</sup> National Strategy of Migration 2005-2010, Strategy of Reintegration of Returned Albanian Citizens 2010-2015

<sup>4</sup> Albania Review of Human Resources Development, ETF 2010, p 15

<sup>5</sup> Albanian National Strategy for Development and Integration 2007-2013, p 9, March 2008.

2008). This was mainly as a result of government efforts to continuously improve the business climate, the privatization of public enterprises, the extension of public–private partnerships and the implementation of the “Albania 1 Euro” initiative. The interest of foreign investors has increased, primarily in the areas of energy, mining, banking, tourism and infrastructure (Council of Ministers, Republic of Albania, 2008).

Albania is a member of several United Nations and European Organisms<sup>1</sup> and since 2009 member of NATO. Albania's biggest aspiration for the future is its full integration in the European Union. This is an ongoing process and relationship between Albania and the EU marked by extensive cooperation and support given by the EU in different sectors. Albania is an official candidate for accession to the European Union since June 2014.

### **VET System**

Public expenditure on education fell from 3.7% of GDP in 1996 to 2.5% in 2001 reaching an all-time low percentage (World Bank, 2006b). Since then it has been increasing once more, reaching 3.2% of GDP in 2005 and 3.5% in 2008. While this figure represents a major improvement, it is low compared to those for other fast-growing economies. It is also below the government's own target of 5% of GDP. Education as a percentage of the state budget declined from 11.4% in 2005 to 10.8% in 2008. Secondary VET receives the smallest share at 5.9%<sup>2</sup>. Secondary education is severely underfunded, and this affects VET in particular, for which the budget made available does not reflect real costs. However, while the share allocated to general education has risen slightly over the past two years, the share for VET has again been reduced. Thus, the total budget allocated to VET in 2010 remained below the target planned in the Strategy for Pre-university Education 2008–13 (MoES, 2008b). Due to the financial and a complexity of reasons, VET clearly lacks attractiveness and appreciation. The rate of enrollment in VT education in the upper secondary according to 2009 UNESCO estimations is 16.31%.

Currently there are 41 VET schools operating in the country instead of 308 in 1990. This is explained by the lack of demand for vocational education after the change of the political system as well because of the large offer as well demand in attending higher education in Universities, particularly easily offered as an opportunity to the students by the newly flourished private universities in Albania during the past 7 years.

**The Guiding philosophy** of the VET Albanian system is still more driven to general education with no remarkable focus on employability and no systemic orientation to the labor market. The latter issue has however gained more discussions and awareness by local policy makers and actors in the past years, mostly agreeing that the better orientation to the labor market and the cooperation with the private business is of vital importance for the long run of VET in Albania. European standards, guidelines as well models play though a decisive role. The Albanian Qualification Framework in light of the EQF has already become part of the binding VET policies, though a concrete implementation has not taken place yet.

**The Inputs** influencing the VET are generally also not favorable factors for quality assurance of vocational education in Albania. VET Schools are in general poorly equipped, and teaching is mostly theoretical. Teacher entitled to offer practical training has usually only theoretical background and lack practical experience. Beside the many challenges of the vocational schools (Ministry of Education and Science) there is a sharp division in the institutional and functional basis while offering Vocational Training by the Vocational Training Centers (VTCs) under the responsibility of Ministry of Labor. In practical terms in the case of Albania there is no direct organization, linkage and cooperation among the two VET sub-sectors.

**The Learning process** is mainly school-based. Private enterprises have usually just a marginal function, in the best cases often only as providers of internships. Even these examples are fragmented and not systematically organized in all 41

<sup>1</sup> World Trade Organisation (WTO); South East Europe Cooperation Process; Organization for Co-operation and Security in Europe (OSCE), Council of Europe (COE).

<sup>2</sup> Data refer to the 2010 state budget for education according the Albania Review of Human Resources Development, ETF 2010, p 25.

schools. VET system is currently financed by the public funds only with no other parties contributing for or having a playing an important role in the system.

**Outputs.** Albania has the lowest level of VET participation in the upper-secondary education compared to other countries in the region of 16.31%. This is again an issue addressed and recognized by both local actors and international donors acting in the country.

The Albanian VET system clearly belongs to the category of the bureaucratic school model. As a synthesis of the above mentioned steps one cannot discuss about coherent and effective transfer of learning in the employment and labor market and **outcomes** generated by the system. The concept of Career Guidance is being piloted in selected VET school by contribution of German donor project and introduced in all compulsory education system. It is still young in its offspring and a clear system of career paths doesn't yet exist. Periodical tracer studies are lacking and therefore can't be brought based evidences on the employability of VET graduates. A tangible fact is that the role VET systems should in principle play as engine of greater economic and human resources development has still a long way to go in the case of Albania.

## 1.2 Kosovo

### Profile<sup>1</sup>

Capital: Prishtina Population: 1.8-2.2 Mio (official estimation ) GDP per Capita PPP: 6.600 USD (2010 est.) Unemployment rate %: 45.4 (2010 Republic of Kosovo) Employment rate 15+, Total (%): 1805000 (2009 - World Bank - WDI database) Youth employment rate 15-24, Total (%): 23.2 (2009 - Republic of Kosovo) Compulsory education: 12 years Gross enrolment ratio in secondary education (%): not available Vocational and Technical education in upper secondary (ISCED 3) (%): 56 (2010 Republic of Kosovo) Students/Teachers ratio in secondary (%): 7.5 (2009 - Republic of Kosovo "Results of the labour force survey 2009")
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### Socio-economic context

Kosovo is situated in southeast Europe between Albania, FYROM, Serbia and Montenegro. Kosovo after the World War II was one the autonomous provinces of former federal Yugoslavia. After decades of struggling and war conflicts for gaining its independence, Kosovo is officially starting from 17<sup>th</sup> of February 2008 the newest independent state in Europe and wider.

According to official estimation of the Kosovo government, the total number of **population** is about 2.2 million, among ethnic Albanians comprise 88%, ethnic Serbs 7% and other ethnic groups 5% of the total population.

Kosovo has the youngest population in the region and a population that is growing faster than any other in Europe. Around 32% of Kosovo's population is under the age of 15, with only 6.5% over 65 years of age.

Kosovo has emerged from the **post-conflict and transition** phases, and its first efforts at nation building have focused on establishing its legal, regulatory and institutional frameworks. Its economy has managed only very modest growth; it continues to be uncompetitive (IMF, 2010). The informal ('grey') sector of the economy is a serious problem in Kosovo and represents up to 50% of the economy.

<sup>1</sup> Kosovo country data compiled based on source: (1)Kosovo Education Strategic Plan 2011-2016, Republika e Kosovës, Ministria e Arsimit Shkencës dhe Teknologjisë; (2)Torino Process 2010, Kosovo under UNSCR 1224, ETF.

Kosovo remains one of the **poorest country in Europe** with a GDP per capita of €1,760 (World Bank, 2010). Remittances and pensions from abroad, form a significant source of income for Kosovars in general, and Kosovo Albanians in particular.

Kosovo has one of the highest **unemployment** rates in southeastern Europe. According to Public Employment Service (PES) data, approximately 45.4% of the population is unemployed. The problem of unemployment in Kosovo is characterized by high rates among young people (for the age group 16-24), among women and very high levels of long-term unemployment and higher unemployment in rural than urban areas. Out of the total number of registered unemployed two thirds are considered as un-skilled and out of the remaining one third, half (approx. 60,000 job seekers) are considered semi-skilled or with out-dated skills which means with major skill deficits and skill mismatches.

The socio-economic and demographic background described above indicates several important issues related to human capital in Kosovo which have a big impact on education and employment policies and related expenditure throughout the system. In this context, the education and training system, labor supply and labor demand also require an appreciation of general economic growth patterns, changes in trade and investment, regional markets, the role of the informal economy, and the new nation's initial steps on the road to European Union membership.

### VET System

In the last two years the Government of Kosovo, and particularly its Ministry of Education and Science and Technology (MEST), have taken major steps towards developing a unified education and training strategy, covering areas such as initial VET, adult education and non-formal education. A key initiative supporting systemic reform is the introduction of the sector-wide approach in the education sector and the drafting of the Comprehensive Strategy for Education 2011–2016<sup>1</sup>.

VET in Republic of Kosovo serves a high proportion (56 %) of the upper secondary student population. This is seen as an opportunity to increase relevance and impact of the sector in the lives of young people. Even though not adequately represented in the public budget, it has received over one third (38%) of the total development partner support in education.

All upper secondary vocational education programs of the MEST are classed at ISCED Level 3. The Ministry, through the division of Vocational Education has under its auspices 57 vocational schools which are spread in 26 main towns of Kosovo, in 6 main regions.

**The guiding philosophy of VET** system in Kosovo and all the other relevant elements building the system such as **input, learning process** etc. are currently subject of major reforms and transformation. With respect to quality and attractiveness of VET the large school-based system with little interaction with the business world continues to be the norm. The quality and provision of professional skills is low. The attractiveness of the VET system to both individuals and enterprises is currently quite limited, owing to its 'bad' image and very limited resources and capacities.

Current reforms involve improved access for VET, integrating the new modular curricular system for all streams and profiles in schools, providing more coherence between market needs and profiles and streams offered in VET schools, the development of the *National Qualifications Framework (NQF)* in compliance with the European Qualifications Framework as well as accrediting and licensing VET training programmes progressing. Management capacity is being enhanced at all levels of VET with the intention to build a systematic approach to training of VET teachers.

Primary and secondary education in Kosovo is mainly public, though the participation of private education is growing. Public secondary education is financed by public funds transferred to the municipalities. At present the VET sub-sector has no specific budget line in the Ministry of Education budget. Good practices are already done in cooperation with donors for a significant number of students, whom has been given opportunity to carry out the practical part of their schooling in various production companies or services practical training. This co-operation is expected to increase further in the years to come.

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<sup>1</sup> Source; Kosovo Education Strategic Plan 2011-2016

VET centers of competence are planes to be constructed/transformed as a key initiative to raise the attractiveness and prestige of VET.

As per its **output, transfer and outcomes** for individuals, VET currently does little to upgrade skills, support gainful employment, foster active citizenship and personal development, or promote equal opportunities on the labor market. For employers, critical skills mismatches and shortages hinder Kosovo's economic competitiveness.

Alongside these gaps, the lack of active involvement by social partners in the steering and management of the system remains a major issue for the VET system, even though some employers' organizations and trade unions occasionally take part in policy discussions. The reactivation of the CVET represents good, although insufficient, progress on this front.

Overall reforms are in progress, but Kosovar authorities themselves emphasize that there is still great scope for improvement. They are aware and admit also in the policy documents that the capacities and institutional culture of policy evaluation are not up to the declared strategic goals. Administrative capacity for policy making in the public institutions remains one of the most serious concerns weaknesses. The policy-making process is distorted even more in an environment, such as Kosovo's, in which there are many international donors and aid agencies, all of whom, though well-intentioned and committed, have their own views on what to reform in the given sector and how to do it.

We should not forget that Kosovo must be seen as a post-conflict transition country with aspirations to European integration. For decades the education and training system has experienced deep crises and post-conflict traumas, where the logic of planning first and then implementing evidence-based policies is displaced by the need to tackle urgent issues, such as getting students into schools, reducing shifts from three to two (and ideally to one) and ensuring that all students have textbooks.

As stated in the Kosovo Education Strategic Plan 2011-2016, consequently the process of policy making cannot be anything else but both rational and non-linear.

### 3. Observations, comparisons and conclusions

Both reviewed countries are affected by globalization, technological changes and recent economic crisis in particular. While demographic changes and population aging is already a European feature, countries like Kosovo sign the youngest and a fast growing population in Europe (only 6.5% over 65 years). This fact rises at the same time more concerns in terms of employment and risk for higher unemployment rates (especially for youth and women) which is quite high in Kosovo. Migration and brain drain is another phenomena affecting negatively the demography and the human resources in particular Albania.

From both countries it is evident that education particularly VET and better employment, are key determinants of social and economic development and social cohesion. Employability remains the key word for a healthy interaction between education and training systems and labor markets.

Technical vocational education and training (TVET ISCED 3) exists in both countries, the levels of participation vary: Kosovo have a good to high enrolment in TVET, while Albania has the lowest enrolment in the region (16%). The link between TVET and the labor market is also very weak in Albania. In any way Albania seem to have the lack of attractiveness and of good image for VET linked to its prestige and quality. Many VET students especially in Albania continue to higher education after being graduated in a VET school.

Both countries in their national policies, express high ambitions for the role of vocational education and training, in supporting growth and employment. They both have made and are still doing efforts to reform the VET system, to adapt governance models, modernize qualifications and curricula, create professional institutions to support the change processes and, and have a better and systemic link with the private sector.

However, these reforms have not yet had a large-scale impact on the quality of VET. Both Albania and Kosovo are plagued by limited budgets and weak institutional capacities that leave public education sector unable to guarantee quality and sustainability particularly in VET system, and confront the shared challenges of high youth unemployment, large informal sectors and the global economic crisis.

Career guidance is weak in terms of coverage and systematic approach throughout Albania and Kosovo. In both countries, despite the different starts and stages public opinion is that VET needs to be better aligned with the needs of learners and enterprises.

Continuing vocational training as a core element of adult learning still shows deep gaps and low percentages in particular in the western Balkan non EU countries. In general the main scope of reforms in has been secondary VET, with little consideration being given to post-secondary or higher VET.

Donor organizations have made important contributions to education reform including VET reform in both countries. EU is one of the most active donors in this sector considering the fact that both countries are pre-accession or candidate countries and EU assistance is an additional political incentive for alignment with the principles of EU policies Other together important contributors in the region are the World Bank, and bilateral organization including GIZ, KulturKontakt, Swisscontact, USAID, CIDA etc.

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## Excessive Credit Growth – An Early Indicator of Financial Instability

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### Abstract

*This article discusses the issue of excessive credit growth, which is generally considered as an early indicator of financial and macroeconomic instability. It focuses methods that should be used in order to evaluate if the level of credit growth is excessively enough in order to start applying "countercyclical capital buffer", a macro prudential tool proposed in the new regulatory framework of Basel Committee on Banking Supervision. Analysis focused in Central and Eastern European countries experiences with credit growth approach before the global financial crisis, show that the HP filter calculation proposed by the Basel Committee is not a suitable indicator of excessive credit growth for converging countries. A broader set of indicators and methods based in economic fundamentals of each country should be employ to determine a country's position in the credit cycle.*

**Keywords :** excessive credit growth, Basel regulation, countercyclical capital buffer

**JEL code :** G01 , G21

### I. Introduction

Basel Committee on Banking Supervision (BCBS, 2010a) has introduced an important macroprudential tool with aim to dampen the potential procyclicality of capital regulation. It introduced "countercyclical capital buffer" as an instrument to protect banking sector from periods of excessive credit growth, as a source of systemic risk. The use of this instrument means that in good times banks will create a reserve capital, which than will be used to moderate contractions in the supply of credit by banks in times of recession.

Before the last global financial crisis broke out, many countries from Central and Eastern Europe have recorded a boom in lending to the private sector, driven by many factors relating to both demand and supply side of credit market. Although the credit growth in these economies started from very low level, the rate of growth raised many concerns about how sustainable such a growth in medium term and whether it poses significant risks to the stability of the financial sector.

This paper aims to explore on the experience of the Central and Eastern European countries with credit expansion and how they may use the methods proposed by the Basel Committee. It strives to answer the question that what level of the countercyclical capital buffer these countries might have had, if regulation on the creation of capital buffers had existed before the crisis. Rationale for this analysis is to determine how suitable the Basel Committee methods for calculating excessive credit growth are for CEE countries. Given different characteristics of countries, the Basel Committee allows national regulation to exercise discretion and use different methods for setting the countercyclical capital buffer. Using a method that estimate the trade-off of private credit level using economic rudiments maybe a sustain alternative for such countries.

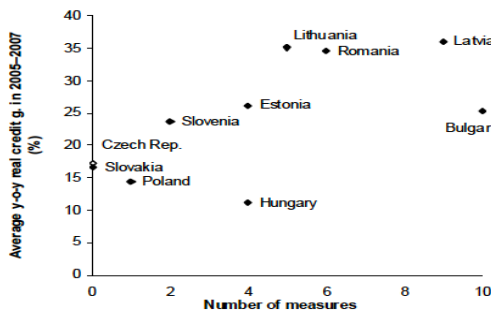
The rest of the paper is structured as follows. The section two focuses risks associated with excessive credit growth expansion, describes the situation of a such issue in some EU countries before the crisis and examines the meaning of counter cyclical buffer as proposed by Basel Committee. The next section discusses the way to determine the equilibrium of credit level. The conclusion attempts to summarize the results of the analysis and formulate recommendations for the national authorities responsible for macroprudential policy.

### II. Excessive credit growth

The rate of credit growth in many transition economies in Central and Eastern, before the last financial crisis has attracted the attention of many studies over last years. This study has tried to discover determinants of such of trend of lending, but also to identify which should be its optimal level (Brzoza-Brzezina, 2005; Egert et al., 2006; Enoch and Otker-Robe, 2007). The lending growth pace to private sector in these countries was high enough to raise concerns about whether this trend was simple an approach to converge to the average credit levels to advance countries, or whether the excessive level of credit growth poses a risk to macro economic and financial stability (Hilbers et al., 2005).

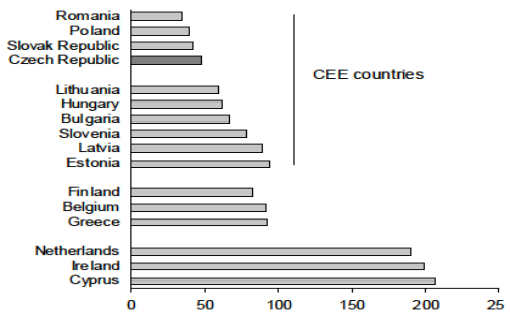
In order to take under control the future raise of credit growth, the central banks and supervisory authorities in some countries introduced some measures and tools for limiting future credit growth. These tools generally included monetary policy tools – increases in official interest rates or reserve requirements, regulatory measures – increase risk weights on selected loans, restrictions on loan-to-value and/or debt-to-income ratios, tighter regulation of large exposure, and also administrative restrictions on credit portfolio growth. Based in a study of IMF, the number of different tools used to limit credit growth in individual countries was correlated to a large degree with credit growth rate. While the number of measures might not be the best proxy for the degree of policy intervention, it merely serves as a reliable indicator of policymakers' effort (Figure 1 and 2) .

**Figure 1**  
**Credit growth and number of tools applied to limit credit booms**



Source: IMF, national authorities' websites

**Figure 2**  
**Private credit ratios in selected EU countries**  
(as % of GDP; 2007 Q4)



Source: IMF IFS, authors' calculations

Discussing about the effectiveness of these tools, it is difficult to assess their effectiveness, due to their implementation just before the eruption of global financial crisis. The decline in credit growth observed at that period maybe has reflected the economic contraction and reduced demand for loan. The studies focused on the effectiveness of those tools and measures conclude that they were ineffective and the excessive credit growth should be limited only in a very limited way during a good times (Kraft, 2005; Herzberg, 2008).

The figure 2 shows that the stock of credit in many countries of CEE near the crisis year was relatively low, in comparison of EU countries. The private-credit-to-GDP ratio in countries of the region had reached typical levels of some euro area countries. Under such conditions, are they showing excessive credit levels?

It is a wide consensus between academics and regulatory standard settings that excessive credit growth threatens financial and macroeconomic stability in many ways. The credit support consumption, the high increase in business sector loans stimulate aggregate demand beyond the potential of output and cause the economy to overheat, with effects on inflation, current account deficit, interest rates and real exchange rate. (Bakker and Gulde, 2010).

Over a rise phase of economic cycle, lending institutions have very optimistic expectations on future borrowers' ability to repay debts, hence they increase the supply of credit, undertaking high risks. A specific of lending in CEE countries was lending in foreign currency, due to lower foreign interest rates. This increases further the risks for the banking sector, because if the domestic currency depreciated, the credit amount in domestic currency rises, debt services costs go up, and foreign exchange risks turns into credit risk. In many cases, the primary measure targeted primarily at reducing growth in

foreign currency loans. In cases where the credit boom was financed from foreign sources, the domestic banking sector faced the risk of having insufficient balance-sheet liquidity increases.

IMF study of 2004 estimates that more than 75% of credit booms were followed by banking or currency crisis. This is consistent with existing studies in the field of early signals, according to which excessive credit growth can be considered one of the most reliable indicators of future problems in the banking sector (Borio and Lowe, 2002; Borio and Drehmann, 2009; FSB 2008; Drehmann et al., 2010)

Basel III regulatory framework for banks has proposed several tools for reducing the pro-cyclical behavior of the banking sector. One of the key tools is proposal for banks to create countercyclical buffers during credit booms. Such buffers, expressed as a percentage of risk-weighted assets (RWA) and covered by high quality capital (Tier1, or even core Tier1) would be set by the regulator within the range of 0% to 2.5%.

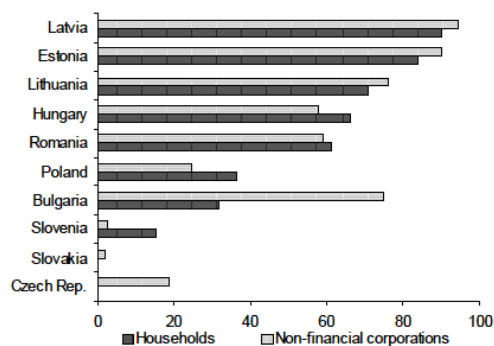
As a guide for the setting of the buffer, the Basel Committee is proposing to use and regularly publish the difference between the current private credit ratio as a percentage of GDP and its trend value estimated using the HP filter (the "credit-to-GDP gap"). However, regulators may also use other methods to calculate the trend and other variables, such as the prices of various relevant assets and credit conditions. In bad times, this capital buffer would be "released" in order to slow any fall in the credit supply and thereby reduce the procyclicality of the financial system. The capital buffer would start to be created when the credit-to-GDP gap exceeded two percentage points. If the gap reached 10 percentage points or more, the buffer would reach the aforementioned maximum of 2.5% of RWA. For gaps of between 2 and 10 percentage points, the buffer would vary linearly between 0% and 2.5%. For example, for a gap of six percentage points the buffer would be 1.25% of RWA (see Figure 4).

For cross-border exposures, the buffer set by the regulator in the foreign jurisdiction would apply. For cross-border banking groups, the capital buffer would be applied on both a solo and a consolidated basis.

**Figure 3**

### Shares of foreign currency bank loans

(as of end-2009; as % of total loans to given sector)



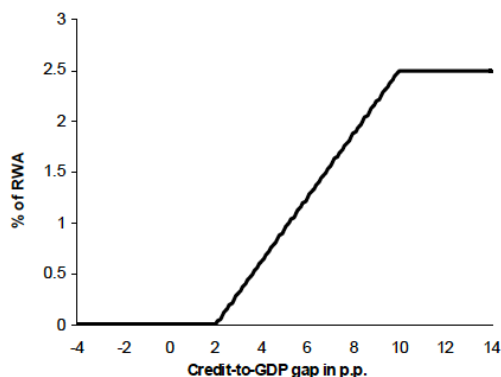
Note: Slovak Republic and Slovenia were already members of the euro area in 2009, so their foreign currency loans comprise currencies other than EUR.

Source: ECB

**Figure 4**

### Countercyclical capital buffer

(% of RWA as function of credit-to-GDP gap)



Source: CNB

During the discussion phase within the Basel Committee that a simple filtering technique would in many cases not necessarily lead to reliable estimates of excessive credit, so the final version of Basel III (BCBS, 2010b) gives regulators considerable discretion to set the buffer. The need of other relevant indicators for identifying risky episodes highlighted other studies, as credit-to-GDP alone may not be sufficient (IMF, 2011). The primary aim of the buffer, however, is not to restrict credit growth, but to create a capital reserve to give the banking sector greater protection from sudden changes in

the credit cycle. At the same time, the Basel Committee documents emphasize the complementarity of this buffer with other macro prudential tools (BCBS, 2010b, p. 5), such as various limits on key indicators of borrowers' ability to repay loans (the loan-to-collateral and loan-to-income ratios).

### III. Equilibrium credit level

In order to determine the level of credit growth that is excessive and might pose a threat to the financial sector, traditionally is used the statistical of Hodrick-Prescott (HP) filter, which obtains the trend form the time series. By comparing the actual credit to GDP ratio with its long trend obtained by HP filter we can than estimate weather or not the credit level is excessive. Hilbers et al.,(2005) consider a credit-to-GDP gap of greater than five percentage points to be an indicator of excessive credit in the economy.

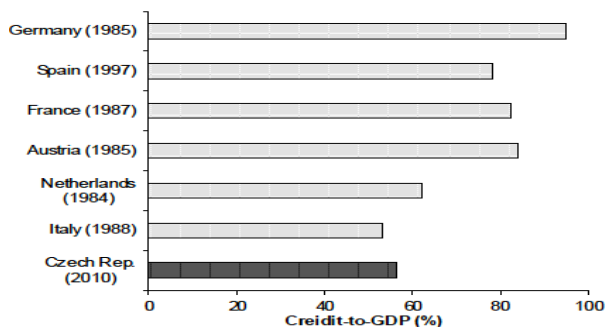
Although the HP filter method is used quite often to determine trends in macroeconomic variables, it does have its drawbacks. A time series trend is dependent to a significant extent on the length of the chosen time series and the calculation is very sensitive to the smoothing parameter ( $\lambda$ ).

The main criticism of the HP filter technique, however, is that it does not take into account economic conditions that affect the equilibrium stock of loans. An alternative method is to estimate the equilibrium private credit level in relation to key economic variables (such as the level of development of the economy measured in terms of real GDP per capita).

This method says that if GDP per capita – as a proxy for the standard of living of an economy is the main and only economic fundamental, all countries with the same level of development should have a similar equilibrium credit level. Poorer countries should have a lower equilibrium credit level than wealthier countries. A positive linkage between the credit-to-GDP ratio and the economic development of a country is referred to as financial deepening ( Terrones and Mendoza, 2004). A comparison of bank loans as a percentage of GDP for selected euro area countries in years when they were at a similar level of economic development indicates, in contrast to the HP filter findings, that the credit ratio for some countries are below the level consistent with its economic level (see Figure 5).

Figure 5

#### Credit-to-GDP ratios for a similar level of economic development



Note: approx. 22 500 GDP per capita in PPP constant 2005 international \$ as Czech Rep. in 2010.

Source: IMF IFS, WB WDI, authors' calculations

Other economic fundamentals besides the above-mentioned GDP per capita should also be considered as factors influencing the equilibrium credit level in a particular country, and a suitable econometric model should therefore be employed.

One of the questions associated with the new Basel III rules is whether the requirement to create a countercyclical capital buffer would contribute to the creation of capital reserves in the CEE countries which experienced significant problems in

their banking sectors during the global financial crisis.

The setting of the framework for countercyclical buffer decision rule will not be straightforward for authorities in countries with limited length of times series. Still, these authorities will probably need some discretion and expert judgment for setting the threshold that triggers countercyclical buffers, since analysis based on the short historical data may not be sufficient.

Another specific issue related to the countercyclical buffers is also correct timing for its release. This is an important but still unsolved problem, as determining accurate timing will influence the meaningfulness of the proposed regulation as it determines to which extent it will prevent the supply of credit being constrained in time of economic distress. As a result, proper conditioning variables, which could guide to release of capital, must be identified, since credit-to-GDP ratio may be lagging indicator. Different set of proxies can be used, for example banks' charge-offs, non-performing loans, or information from bank lending surveys about tightening of credit standards, however, recent analysis also shows, that expert judgment will be necessary (Drehmann et al., 2010).

## Conclusions

This paper discusses about excessive credit growth in Central and Eastern European countries, in the terms of suitability level as the input needed to calculate the countercyclical capital buffer introduced by the Basel Committee on Banking Supervision (BCBS, 2010a). The BCBS has recommended the use of an excessive credit indicator based on the Hodrick-Prescott (HP) filter technique as a guide for setting this buffer.

For CEE countries in particular, rapid credit expansion may simply mean convergence to values typical of the advanced countries, and not excessive borrowing. The paper suggests as an alternative for calculating excessive credit growth level, methods that better reflect the evolution of the country's economic fundamentals. Also, a broader set of indicators and methods should be employed to determine a country's position in credit cycle.

With regard of macroprudential policy regime, the analysis of this paper suggest that countercyclical buffer is one of the main instruments, but the national authorities can not rely in a single indicator only, they have to apply judgment and analytic analysis to identify the position of the economy in credit cycle with respect to economic conditions.

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## The Analyses of Albanian Budget Expenditure

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### Abstract

*Public expenditure efficiency has been an issue of concern for many researchers. Studies have shown that public budget of the developed and developing economies is not optimally allocated and managed. Anyway, discrepancies are found between both economies. This paper aims to investigate and critical analyze the allocation of public expenditure in the Republic of Albania. In addition, it provides some relevant comparison of the performance indicators among Albania, regional countries and OECD states. Data provided by the Ministry of Finance and Open Access Data are evaluated by considering the functional classification of the budget expenditure. Results of this study suggest that Albania spends more on social protection and social security, and less on education and health compared with the average of the EU countries and OECD countries. In addition, inefficiency of the public sector is discovered. This research recommends the necessity in the improvement of input allocation by using 70 percent less resources to achieve the same amount of public output and consequently contributing positively on fiscal consolidation.*

### 6. Introduction

Albania is experiencing the transformation phase for more than 23 years. The importance of the public and private sectors on the economic development has being augmented significantly. Although the increasing role of the private sector on allocation of resources and GDP contribution, it is found evidence that public sector plays a major part on money distribution. According to Curristine (2009) a significant portion of monetary values is distributed and redistributed through the public sector, which in different countries, ranges from 25-60 % of the GDP.

Government plays a major role on the development and progress of the country since it by has the legal right and financial tools for attracting a substantial portion of the income from the private sector through the taxation system. It is also its responsibility for the public expenditure efficiency, which consists on the use of resources so as to maximize the production of public goods and services. According to Verhoeven et al., (2007) , an economic system is said to be more efficient than another (in relative terms), if it can provide more public goods and services for society without using more resources.

There are a lot of reasons that emerge the importance of analyzing the public expenditures conducted by the government. Firstly, the public sector economic activities, carried out by the government, have a specific character and do not submit to the same rules compared to those of the private sector function. The main principle governing private sector economic activities is "voluntary exchange", which according to Adam Smith (1776) makes it possible for all to win. Since the activity of government is not based on voluntary exchange of services provided, then the analysis and transparency of costs conducted by the government is not only a necessity, but also the only way for the public to understand what the activities and services offered and provided by the government are. Secondly, the analysis of government expenditure is important to be conducted in order to give a clear view on how these expenses are financed. Public expenditures could theoretically be financed through taxes, loan and by printing of new money. All three of these ways have different impacts on the

economy of a country, and that is the reason why this analysis is necessary. Thirdly, analysis of public expenditure is a necessity to identify the cost of the services provided by the government. Cost analysis, i.e. of government efficiency is particularly necessary during the process of decentralization, where, given the principle of subsidiary, the efficiency of the governing levels is a basic criterion to decide on the distribution of functions between local and central government. Finally, expenditure control is an important process for controlling bureaucracy. Analysis of the public sector in different countries has proved that in a situation where public control lacks, over public finances, then the growth of the budget expenditure is encouraged, in order to keep the administration, reducing at the same time the quantity and quality of public services derived directly from the public (Dhori Kule, Oltă Milov, 2008).

This research aims to analyze Albania's Republic Budget for the period of 2006-2013 in order to highlight and evident its main focus among different functions. The main objectives of the study are:

- ✓ to identify the importance of the public expenditure analyses on economic development of a country;
- ✓ to review and analyze the existing literature on the efficiency of public expenditures;
- ✓ to conduct a detailed analyses of the Albanian public expenditures based on the period 2006 – 2013 and to make relevant comparison among Albania, countries in the region and OECD states.
- ✓ to draw some conclusions and policy implications with regard to improve public expenditure effectiveness.

## 7. Literature Review

Efficiency of public spending has been studied extensively in recent years, particularly in relation to general expenditure, education and health. Efficiency is the relationship between resources used and the maximum possible goods and services produced by this amount of resources. Clements (2002) noted that about 25 percent of expenditures for education are abused in EU countries, while best practices are observed in OECD countries. Alfonso et al., (2005) conducted a research on public expenditure efficiency of the 23 member countries of the OECD (Organization for Economic Co-operation and Development). They constructed seven semi- public performance indicators. Authors discovered inefficiency of the public expenditure and argued that these countries could have increased the results by 11.6 percent using the same resources. However, it is pointed out that inefficiency is closely as well related with other factors beyond government control, such as the average economic level of the families and level of parental education. In 2010, this study is enriched by extending the analysis considering the new member states of the European Union (EU). Alfonso et al., found that countries with small public sector (public expenses less than 40 percent of GDP) tend to be more efficient. Results demonstrated that efficiency varies substantially among EU member states, which in turn means that there is a great potential for savings. The results of these studies are limited regarding the tools used to measure the performance and the influence of exogenous factors beyond the control of public authorities.

Verhoeven et al., (2007) evaluated the efficiency of expenditure on health and education in the G7 countries, and suggested measures to be undertaken in order to increase the efficiency, including careful planning and personnel management, reallocation of costs to outputs cost-effective, and implementation and enforcement of the regulatory framework.

Spinks and Hollingsworth (2009) utilized the evaluation techniques without parameters to determine the relative technical efficiency of health expenditure among the OECD member countries. They used an output-oriented Data Envelopment Analysis (DEA) to measure the technical efficiency of the health systems using the latest data available on infant death and life expectancy as health outcomes. Their results showed that technical efficiency varies across these health systems and this translates into potential savings of resources. The average efficiency scores for all health systems were 0.98 for life expectancy at birth and only 0.821 for infant mortality. More than half of the health systems in the sample were technically inefficient in 2009 for both outputs. They found that 30% of national health systems were technically efficient for both outputs.

Taking advantage of the availability of new indicators, Sopek (2011) has undertaken a research on analyzing the efficiency of public spending on education in Croatia using the PISA scores<sup>1</sup>. Author suggests that Croatia has still room for improving the efficiency of its system.



Despite the large body of foreign literature studied the efficiency of public expenditure, there is still a lack analyzing this topic recently in Albania. Centre for Research and Development (CRD) conducted a research in Albania aimed to analyze the performance of Albanian public expenditure for the years 1993-2003, according to the economic and functional classification<sup>1</sup>. Results of this study demonstrated a discrepancy between economic development priorities and planned expenditures for priority areas such as education and health. Health was found to be the sector with the largest difference for available funds, compared to other developed countries. In addition, some deficiencies in the costs for central administration budget line were noticed in the budgetary planning in 2005. The planned expenditures for central administration were resulted to be about 30 percent less than the costs actually incurred during 2003, which could create anomalies in the functioning of central institutions activities during the budget implementation. Furthermore, some deviations were discovered among facts and plans, especially in the economic costs and unemployment assistance for the years 1999-2002 (up to 101 %), housing for 2000 (642 %), order and security for the years 1999 and 2000 (up 113 percent) etc. These deviations are explained by a periodic lack Parliament supervision of the expenditures and as well as the low capacity for managing the state budget by the respective ministries. Finally, compared to the years 1999-2001, it was observed an improvement of the planning and monitoring of implementation of the state's budget for 2002 and 2003.

## 8. Methodology

This research assesses the efficiency of the budget expenditures in Albania for the period 2006 - 2013. Efficiency is measured by making use of indexes and performance indicators provided by the Ministry of Finance and Open Data Access. The analysis is based on the functional classification of public expenditure which intends to show the direction where public funds are spent. This classification includes "code" and "function", as follows:

01. General Public Services
02. Protection
03. Order and Public Safety
04. Education
05. Health
06. Insurance and Social Assistance
07. Recreation, Culture & Religious Affairs
08. Energy
09. Agriculture, Forestry, Fishing & Hunting
10. Mineral Resources
11. Transport and Communications
12. Other Commercial Services
13. Other expenses

Comparative technique and ground theory are utilized. The comparative study is useful in order to compare the indexes and the priorities sectors among Albania, countries in the region and OECD states. In addition, this comparison will be valuable to examine any lack or deficiency in the Albanian budget allocation and management.

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<sup>1</sup> *Economic classification* of budget expenditures serves to indicate the purpose of Use of revenues, as such, they do not show where they are spent, but the economic direction of the expenditure budget, is on seven classes: Current Expenditures, Staff, Interests, Operating Expenses & Maintenance, Subsidies, Social Insurance Costs, Local Government Expenditures, Other expenses, Capital Expenditures (Law no. 9936, dated 26.06.2008 "On budget system management")

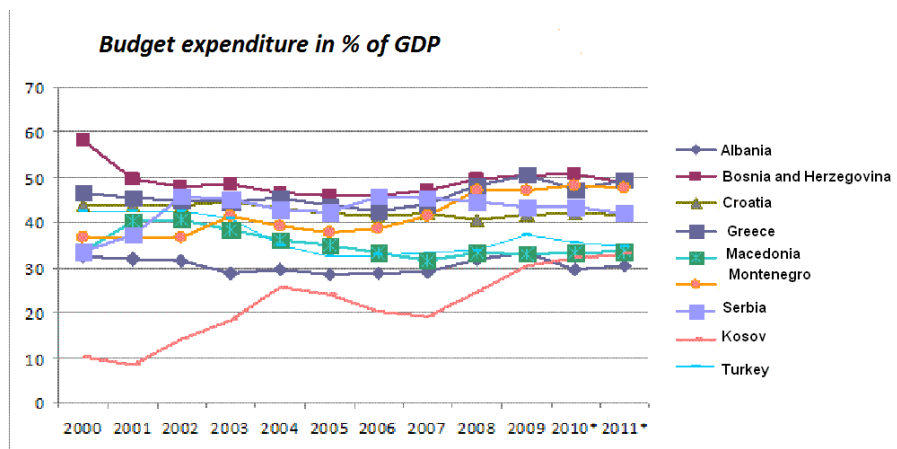
## 9. Data Analyses of the State Budget

The analysis of expenses by function is very important because in this way can be explained which were the sectors where that the budget funds are directed. This is ultimately because the public is primarily interested to know where and in what sectors budgetary funds are spent. Likewise, the expenditure analysis shows where and how the funds are spent and how the political priorities are established to support specific sectors and with the achievement of these priorities. The expenditure analysis by function, through indicators expressed as a ratio to GDP, also serves to determine fairly and precisely the objectives for the coming years. This is because accurate prognosis cannot be conducted if the history of budget expenditures in prior periods is not available. Finally, the analysis of expenses by function is important to compare the level of expenses incurred in Albania with that of the developing countries or with equal or higher development.

### • *Budgetary expenditures of Albania compared with regional countries*

The line chart below provides information about the budget expenditure in percentage of GDP for Albania and region countries. As it can be seen from the Figure 1, Albania has the lowest expenditures to GDP in the region. Meanwhile, ranked in first place is Greece (50.4 %), followed by Bosnia and Herzegovina (50 %), Montenegro (47 %), Serbia (44 %), Croatia (42 %), Turkey (37 %), Macedonia (33 %) and Kosovo (31 %).

**Figure 1:** Budget Expenditure of the Region in % of GDP, Source: ODA,2014



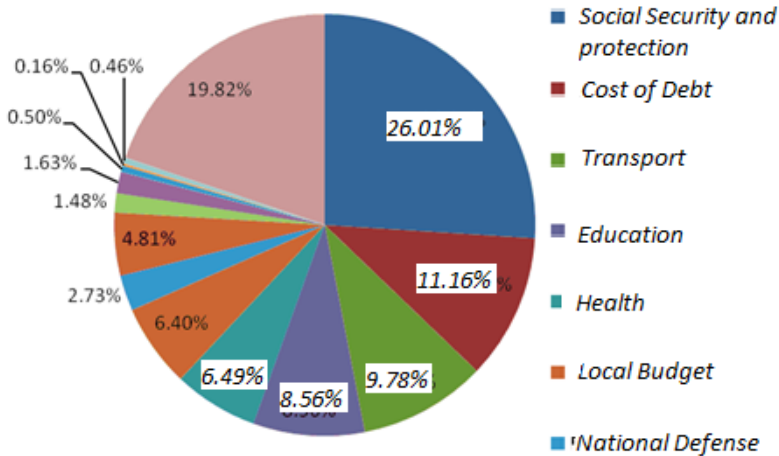
The country with the greatest budget expenditure reduction of over the last decade is Bosnia and Herzegovina, while the country with the largest increase is Kosovo.

### • *Public Expenditure by Functional Classification*

In order to analyze the expenditures by function we are using indicators that reflect the expenses in relation to GDP and in absolute form. As it can be seen from the "Map", in 2012, the function of "Social security and Social Insurance" continues to absorb most of the Albanians money. The amount allocated was 105.7 billion, in other words, 26.01 % of the entire budget. Compared to 2010, this feature has been increased by 7 %. In the second place, but with a significant difference is the use of "Transport" with 48.8 billion or 11.16 % of the budget. Compared with a year ago this feature has been increased very slightly, with about 500 million.

Figure 214: State Budget 2013 according to the Functions Source: Ministry of Finance, 2014

## State Budget 2013 Allocation



The third function funded by the states budget, is "Debt". The amounts paid for the interest of the domestic and external debt for 2011 is 47.8 billion. It means that Albanians are paying more interest than investment in roads, or the education system, health and so on. This item absorbs 11.7 % of total expenditures and has been steadily increasing since 2007, with five milliards each year. "Education" and "Health" remain constant by about 10 % and 8-9 % of the budget, while the "Defense" level is 5.2 %, deepening further the gap with "Order and Security". That means more money for the national security than for the internal order and the police. Despite the advertisement of Agriculture as a high priority to the development of the country, its budget does not exceed 2 % of the State's Budget. "Culture" is positioned worse, and it also includes Tourism within. Only 3.4 billion or 0.83 % of the budget is allocated to Cultural Heritage, Museums, Forts that are demolished or archaeological parks of Albania. This amount is included within the budget for tourism development, which is at 0.06 % of the total budget.

### • Comparison with OECD countries

All OECD member countries consume most of the budget for social security, with the exception of South Korea and the United States. South Korea spends most of its budget on economic issues and U.S. on healthcare. Both countries spend less on social security compared to other OECD<sup>1</sup> countries. Health expenses are the second priority leading after social security among member countries of the OECD. A well-organized health system helps increase the efficiency and productivity. This is an area where inefficiencies cause significant cost for economy. Expenditure on health, in percentage of the total budget is among the three main priorities for all countries, with the exception of Hungary in which it is ranked the fifth. In Korea, Netherlands, Poland and Sweden these expenditures are ranked the fourth. Ireland and U.S. pay 21 percent of their budget on health, while Japan and Iceland 19 %.

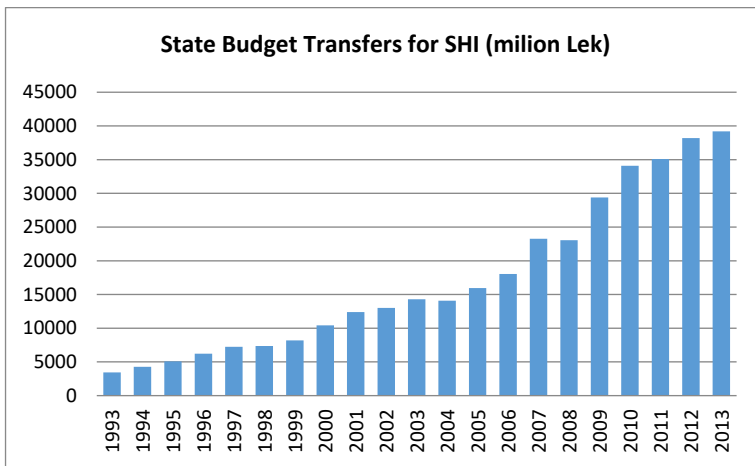
Poland lies at the other extreme, spending only 10 % of the budget on health. Hungary, Greece and the Netherlands spend 11 percent. Education is the third and among the foremost priorities of the OECD countries. Long-term investments in education and human capital play an important role in maximizing productivity.

Healthy economies tend to invest a large share of GDP in building human capital. Investment in education and training contribute to further growth and innovation. Education is one of the five priorities for every country, but in Denmark, Iceland, South Korea and New Zealand it is ranked in second place and it is ranked in the third for Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, UK and USA, and in the fourth and fifth place for other countries. Iceland and New Zealand allocate 19 percent of the budget on education, more than any other country, Canada 18 percent, South Korea and the U.S. 17 percent of the budget. Greece stands at the lowest level with only 7 percent of the budget allocated to education, Germany 9 percent, Italy 10 percent, and eight other countries about 11 percent.

- *Expenditure on the functioning of Social Security and Social Defense/Protection*

Expenditures on social protection for families with low income and unemployment payments are funds which express the re-allocation of the state budget. Transfers to the Special Fund of Social Insurance of the State Budget are calculated as the difference between income from social security and social insurance expenditures. A large part of this amount is used to cover the deficit in the social insurance scheme, which itself suffers from insufficiency of contributions collected to cover pensions distribution. For this reason, social insurance subsidy is becoming a constant problem. Also, through transfers from the budget to the SHI (Social and Health Insurance), the state realizes a part of its policy for additional payments to certain individuals, which are outside the insurance scheme.

Figure 3: State Budget Transfers for SHI, Source: Ministry of Finance, 2014

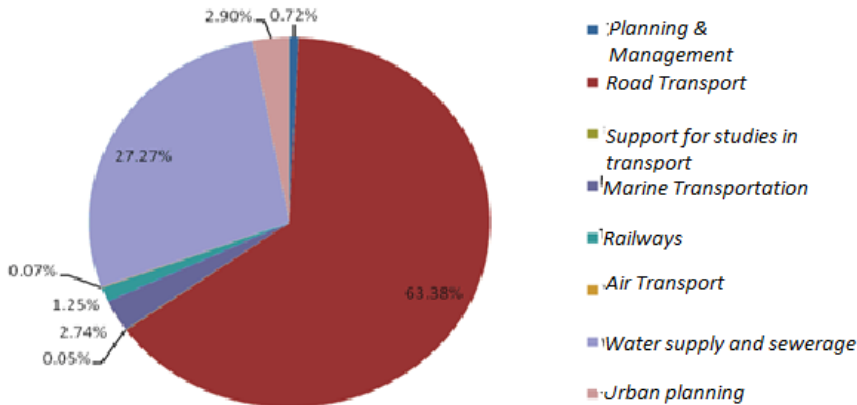


- *Expenses for Transport and Public Affairs*

Transport and communication are key factors to the economic development of a country. In the market economy conditions, transportation and communication are essential elements that have an impact on reducing the costs of the economic transactions and in the sustainable development of the country, especially in the development of rural suburban areas of a country. In Albania, the need to support this sector during the transition period has been a necessity because of the fairly low level and backwardness Albania inherited in the field of transport and communications in general. The distribution of the budget in percentage for the function of "Transport and Public Affairs" for 2013 is as follows

**Figure 4:** Distribution of the budget in Percentage for the "Transport and Public Affairs" Function 2013, Source: Ministry of Finance, 2014

### Transport and Public Affairs



As it can be seen from the table, most of the budget for “Transport and Public Affairs” is allocated to the national road network (65.68 % of the 2013 Budget). Among the major investments that have been made in this direction in the recent years are the following:

- Construction of Rreshen-Kalimash road 60 km, with four lanes and a tunnel about 6 km, which cost around 520 million Euros, or 50 % of the Albanian Government funding. The rest was funded by commercial loans. (finished in 2009)
- Construction of Milot-Rreshen road, 26 km, (part of the corridor Durrresi - Kukesi- Morina), funded from the World Bank & F.OPEC (USD 35 million) and the Government of Albania (finished in 2009)
- The construction of the Fier- Levan - Vlore road, 43 km, about 101 million euros (finished in 2010).
- The construction of Fier- Levan -Tepelena road, 71 km, (about 70 million), (finished in 2010).
- Build parallel secondary roads in Rrogozhina-Lushnja- Fieri interval, 2.8 billion (year .2009 – 2012)

The second priority of this function is the construction and maintenance of Water Supply and Sewerage. This has absorbed about 23.8 percent of the 2013 budget. The water supply and sanitation sector is characterized by a poor management and its decentralization has not given the expected improvements. Incomes have been rising from year to year, but the subsidy continues to be necessary to keep it functioning, at a time when the sector could have been profitable.

Income of Water Supply and Sewerage Sector (WSSS) in 2010, has experienced a high increase, with about 50 % more than in 2009. The amount of subsidy in 2010 was 1.8 times higher than the previous year. If we examine the subsidy / income ratio a decrease would be noticed, by 40 % in 2008 to 22 % in 2009, but again 2010 is accompanied by a further increase, taking the ratio to 42 %.

## 10. Conclusions and Recommendations

Albania has the lowest expenditures to GDP in the region. Meanwhile ranked in first place is: Greece (50.4 %) followed by Bosnia and Herzegovina (50 %), Montenegro (47 %), Serbia (44 %), Croatia (42 %), Turkey (37 %), Macedonia (33 %) and Kosovo (31 %). The analysis of public expenses for public functions showed that the priorities of our country have been different compared to OECD countries. All OECD member countries spent most of the budget for social security, except of South Korea and the United States. Health expenses are the second priority leading after social security among the member countries of the OECD. Expenditures on health, as a percentage of the total budget are the third main priority for all countries, except for Hungary (fifth place), and Korea, Netherlands, Poland and Sweden (fourth). Ireland and U.S. devote 21 percent of total expenditures in health while Japan and Iceland 19 %. Poland lies at the other extreme, spending only

10 % on health expenditure, while Hungary, Greece and the Netherlands spend 11 percent. "Transport and Public Affairs" are ranked the second, with about 10.64 % of budget funds in 2013. Compared to 2012, this function has decreased by 7.8 %. Meanwhile, "Education" and "Health" remain respectively at the levels of 8.96 % and 9.8 %, approximately the same as in the previous years. Education is the third among the foremost priority for OECD countries. Countries with healthy economies tend to invest a huge weight of GDP in building human capital. Education is one of the five priorities for every country. Denmark, Iceland, South Korea and New Zealand ranked education in second place, and Ireland, Luxembourg, Netherlands, Norway, Portugal, Sweden, UK and USA in the third place. Greece stands at a low level in this direction with only 7 percent of the allocated budget, Germany 9 percent, Italy 10 percent, and eight other countries about 11 percent.

One of the most emergent needs that are recommended in this paper is to improve the quality of education in order for the system to be similar and approximate to the EU standards. Albania is more in need for a skilled workforce, equipped with the competencies, knowledge and skills to hand the work, which cannot be won only with the primary education system. Persistent gaps in the educational outcomes of secondary and higher education would constitute a limiting factor for the future economic prospects of the country. Organic Budget Law was a necessity to reflect changes made to the operation and the separation of powers, as well as the design and implementation of the budget. Public Investment Management is an important element of expenditure reform. The planning funds for investments suffers from two problems: the fragmentation of funds in many objects, as well as the investment for many years in the same object without a clear idea of the cost of this investment. Often these funds are used for purposes other than those for which the funds were created, or are created to hide the transactions from submission to parliament or the public becoming a source of corruption.

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## The Impact of Waste Management in the Macroeconomic Performance

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### Abstract

*Public attention to solid waste management has increased dramatically over the past decade in Europe because of the fact that the economic development has had its impact in consume. This increase in consume has affected to the production of different waste and therefore the necessity to manage them through different necessary policies of each country. Currently, Albania is a potential candidate country to be part of European Union. With the assignment of the Stabilization-Association Agreement, in 2006, the government undertook a series of commitments, where some of them are relative to taking into consideration the environment values during the decision-making process, in line with the sixth Action Program for the Environment, 2002. This paper provides an overview of recent trends in solid waste and management and the related public policy issues, in some cases combined with the economics literature related to this issues, in Europe and in particular in Albania. The main issues that will be treated in this paper are the public policies in Albania for solid waste and management. Is Albania completely ready for their management or not yet? The first part of this paper will give a theoretical overview of solid waste and of the ways used for their management as well as the economics literature related to the issues of the paper. A literature review will describe the recent trends in solid waste in some of the countries of European Union that have undertaken a lot of waste management policies and that have taken economic profit from this industry. The second part of the paper will focus in the Albanian case. Taking into consideration that Albania is a potential country to be integrated to European Union, we have commitment to complete also the waste management, in the framework of environmental issues. Also a very important part will focus in the impact of this issue to GDP growth of the country. In the end we will focus in some conclusions and also in recommendations about these important issues.*

**Keywords:** *solid waste management, macroeconomic indicators, public policies, GDP growth.*

### 1. INTRODUCTION

Increase of consume as an effect of economic developments despite the financial crisis, has affected the production of different waste and therefore increasing the necessity to manage them through different policies in different countries in Europe. This is an issue that affects all people around the world, independent from origin, ethnicity, color and faith. Altogether, the European Union produces up to 6 billion tonnes of waste every year (Eurostat, 2015). This amount has its impact on the environment, to say a huge impact on it, as well as in economy. Nowadays, we are creating a large amount of complex mix waste including plastics, precious metals and hazardous materials.

This article gives a theoretical overview of solid waste and solid waste management in general as well as recent trends of solid waste and their management in European Union. The second part gives an overview of solid waste management in Albania, the third part gives some evidences of how solid waste management has affected the macroeconomic performance. The last part gives some conclusions and recommendations.

### 2. THEORETICAL OVERVIEW OF WASTE, WASTE MANAGEMENT AND RECENT TRENDS IN EUROPEAN UNION

This section gives a theoretical overview of solid waste and solid waste management in general as well as recent trends of solid waste and their management in European Union.

#### 2.1 Theoretical overview of waste and waste management

##### Definitions and classifications

The first Framework Directive on Waste (75/442/EEC) in 1975 gave the first definition of "waste". Its Article 1 defines waste as "**any substance or object which the holder disposes or is required to dispose of pursuant to the provisions of national law in force**". Defined in that manner, lead to different definitions of waste in each Member State, a situation that changed in 1991 with the revised Framework Directive on Waste(WDF) (91/156/EEC) .According to this WDF as well as



Directive 2008/98/EC waste is defined to as 'any substance or object which the holder discards or intends or is required to discard'. Solid waste is the material generated from various human activities and which is normally disposed as useless and unwanted.

### **Classification of solid waste :**

- municipal waste : includes waste resulting from municipal activities and services such as street wastes, dead animals, market wastes and abandoned vehicles;
- residential waste: solid wastes that originate from single and multi-family house hold units. These wastes are generated as a consequence of house hold activities such as cooking, cleaning, repairs, hobbies, redecoration, empty containers packaging, clothing, old books, paper and old furnishings;
- commercial waste: included in this category are solid wastes that originate in offices, wholesale and retail stores, restaurants, hotels, markets, warehouses and other commercial establishments;
- garbage: term applied to animal and vegetable waste resulting from the handling, storage, sale, cooking and serving food;
- rubbish: is general term applied to solid wastes originating in households, commercial establishments and institutions, excluding garbage & ashe;
- institutional waste arise from institutions such as schools, universities, hospitals and research institutes. It includes wastes, which are classified as garbage and rubbish, as well as wastes, which are considered to be hazardous to public health and to the environment;
- ashes: are the residues from the burning of wood, coal, charcoal, coke and other combustible materials for cooking and heating in houses, institutions and small industrial establishments;
- bulky wastes: bulky household wastes, which can't be accommodated in the normal storage containers of households. For this reason they require special collection;
- street sweeping: applies to wastes that are collected from streets, walkways, alleys, parks and vacant lots;
- dead animals: applied to dead animals that die naturally or accidentally killed;
- construction and demolition wastes: are the waste materials generated by the construction, refurbishment, repair and demolition of houses, commercial buildings and other structures;
- industrial Wastes: are the discarded solid material of manufacturing processes and industrial operations;
- hazardous wastes may be defined as wastes of industrial, institutional or consumer origin which because of their physical, chemical or biological characteristics are potentially dangerous to human and the environment. In some cases although the active agents may be liquid or gaseous, they are classified as solid waste because they are confined in solid containers;
- sewage wastes : the solid by-products of sewage treatment;
- biomedical/hospital waste: is generated during the diagnosis, treatment, or immunization of human beings or animals or in research activities in these fields or in the production or testing of biological;
- plastics.

### **Waste management**

According to Wikipedia, **Waste management** is the "generation, prevention, characterization, monitoring, treatment, handling, reuse and residual disposition of solid wastes". There are various types of solid waste including municipal (residential, institutional, commercial), agricultural, and special (health care, household hazardous wastes, sewage sludge)." Waste management constitutes a procedure that should preserve sustainability, while the efficiency of the technologies should in any case insure social acceptance, environmental protection and economic viability (Marconsin & Rosa, 2013; Hanan et al 2013; Morrissey & Browne, 2004).

### **Waste legislation**

Waste management is largely regulated by legislation and policy implemented at the municipal level:

The Waste Framework Directive, revised in 2008, streamlines waste legislation, incorporating rules on a number of issues such as the management of hazardous waste and waste oils.

Other pieces of EU waste legislation:

- The Regulation on waste shipments aims to ensure the safe shipment of all types of waste, including hazardous waste;
- The Packaging and Packaging Waste Directive sets standards for the design of packaging and lays down specific targets for the recycling and recovery of waste packaging;
- The EU's Landfill Directive and the Waste Incineration Directive set standards and limits for the release of pollution into the air or into groundwater;
- The End-of-Life Vehicles Directive sets rising re-use, recycling and recovery targets and restricts the use of hazardous substances in both new vehicles and replacement vehicle parts;
- Waste Electrical and Electronic Equipment (WEEE) legislation lays down collection, recycling and recovery targets for electrical goods;
- The Directive on the Restriction of Hazardous Substances in electrical and electronic equipment restricts the use of hazardous substances in electronics;
- The Batteries Directive sets collection, recycling and recovery targets, thereby ensuring their proper waste management;
- Legislation also targets specific waste streams such as sewage sludge, batteries, polychlorinated biphenyls and polychlorinated terphenyls (PCBs/PCTs).

### **Methods of Waste Disposal:**

**-Landfill:** is the most common used method of waste disposal and it mainly consists on burying the waste in the land. It eliminates the waste odors and dangers before placing them into the ground. But we are facing with the lack of space available to use landfills. The Landfill Directive obliges Member States to reduce the amount of biodegradable waste they landfill to 35% of 1995 levels by 2016, which will significantly reduce the problem of methane production. In addition, methane gas must be collected in landfill sites and, if possible, used to produce energy. EU legislation on landfilling is making a big difference. Thousands of sub-standard landfill sites have been closed across Europe and the amount of municipal waste put into landfills in the EU has fallen by more than 25% since 1995.

**-Incineration/Combustion:** is a method in which municipal solid wastes are burned at high temperatures so as to convert them into residue and gaseous products. This process is also known as thermal treatment where solid waste materials are converted by Incinerators into heat, gas, steam and ash. Incineration is something that is very in countries where landfill space is no longer available.

**-Recovery and Recycling:** Recovery is the process of taking useful discarded items for a specific next use. Recycling is the process of converting waste products into new products to prevent energy usage and consumption of fresh raw materials. Recycling is the third component of Reduce, Reuse and Recycle waste hierarchy.

## **2.2 Recent trends of waste management in European Union**

Waste represents an enormous loss of resources such as materials and energy. Managing and disposing them can lead to serious impacts in environment. Even though, countries of European Union continue to improve ways of managing waste, they still lose a significant amount of metals, wood, glass, paper, plastics. According to Eurostat, people in European Union use 16 tonnes of material per person per year, 6 tonnes of which become waste.

Nowadays, European Union waste management policies aim to reduce problems caused in environment and health of waste generation and the long term goal is to avoid waste and use unavoidable waste as a resource. The target is to recycle more and to ensure resource efficiency and the sustainable growth of European economies.

European Union objectives:

- To reduce the amount of waste generated;
- To maximise recycling and re-use;
- To limit incineration to non-recyclable materials;
- To phase out landfilling to non-recyclable and non-recoverable waste;
- To ensure full implementation of the waste policy targets in all Member States.

### **Waste generation in European Countries**

Main amount of waste in European Countries are generated from activities such as: Mining and quarrying, Manufacturing, Energy, Construction, Other Economic activities and households.

According to data of Eurostat, April 2015, in 2012, the total waste generated in the EU-28 by all economic activities and households amounted to 2 515 million tonnes; slightly higher than in 2010 and 2008 (2 460 million tonnes and 2 427 million tonnes) but lower than in 2004(2 565 million tonnes); this is as a result of the financial and economic crisis. As shown in Table 1, there were considerable variations across EU-28 Member States in 2012, both in the amount of waste generated and in the activities that mostly contributed to waste generation(Eurostat, 2015)

63 % of the total waste generated in European Union was mineral waste. Member States that had higher shares of mineral waste were those countries that were characterized as having sizeable mining and quarrying activities. These countries are Bulgaria, Finland, Estonia, Sweden and Romania and / or construction and demolition activities such as Luxembourg. These two activities accounted for 3.0 tonnes out of a total of 3.2 tonnes per inhabitant of mineral waste, equivalent to 93.5 % of the total mineral waste generated across the European Union in 2012.

Country	Total	Mining and quarrying	Manufacturing	Energy	Construction	Other economic activities	Households
Belgium	67630	115	17736	1314	24570	18891	5004
Bulgaria	161252	141083	3009	9533	1033	3841	2755
Czech Republic	23171	167	4376	1063	8593	5739	3233
Denmark	16332	18	1610	893	3867	6216	3727
Germany	368022	8625	56596	8050	197528	60752	36472
Estonia	21992	9355	4121	6258	657	1156	436
Ireland	13421	2025	4599	396	366	4379	1657
Greece	72328	47832	4183	12259	813	2383	4859
Spain	118562	22509	14594	5772	26129	28333	21224
France	344732	2477	21431	2100	246702	42024	29996
Croatia	3379	5	425	108	682	968	1191

Italy	162765	720	34142	3615	52966	41708	29613
Cyprus	2086	218	98	2	965	353	451
Latvia	2310	2	396	133	8	558	1213
Lithuania	5679	26	2551	29	419	1477	1177
Luxembourg	8397	131	509	2	7079	426	249
Hungary	16310	91	2991	2872	4038	3638	8681
Malta	1452	45	9	2	1041	201	155
Netherlands	123613	179	14115	1342	81354	17758	8854
Austria	34047	51	3636	622	19471	6247	4020
Poland	163378	68035	31135	20706	15368	18809	9324
Portugal	14184	243	3188	422	928	4672	4731
Romania	266796	223293	6029	9043	1325	22638	4647
Slovenia	4547	14	1345	1069	535	941	641
Slovakia	8425	311	2516	1046	806	2090	1657
Finland	91824	52880	14531	1011	16034	5635	1734
Sweden	156367	129481	6218	1852	7656	6967	4193
United Kingdom	241922	24044	13596	4965	100230	71580	27506
<b>Total</b>	<b>2515110</b>	<b>733980</b>	<b>269690</b>	<b>96480</b>	<b>821160</b>	<b>380390</b>	<b>213410</b>

**Table 1. Waste generation by economic activities and households in European Union for 2012(thousand tones)**

**Source: Eurostat, April 2015**

### **Waste management in some Member States of European Union**

Waste management in European Union is based on:

- waste prevention;
- recycling and reuse: waste that cannot be recycled or reused should be safely incinerated with landfills, used only as a last resort;
- improving final disposal and monitoring.

All these methods need monitoring in order not to cause several environmental problems.

Eurostat collects under the Waste Statistics Regulation comprehensive data on waste generation and treatment from EU Member States and European Economic Area countries. After the fifth report in June 2014, data are available for the period 2004-2012. The Waste Statistics Regulation data are increasingly used as a basis for indicators to monitor waste generation and management in the EU<sup>1</sup>.

<sup>1</sup> The sustainable development indicators are part of a set of indicators used to monitor the EU sustainable development strategy. This strategy and its seventh environment action programme — the General Union Environment Action Programme to 2020 'Living well, within the limits of our planet' (Decision No 1386/2013/EU) — set the objectives, amongst others, of turning Europe into a resource-efficient,

In 2010, total waste production in the EU amounted to 2,5 billion tons. From this total only a limited (albeit increasing) share (36%) was recycled, with the rest was landfilled or burned, of which some 600 million tons could be recycled or reused. In 2012, some 2 303 million tonnes of waste were treated in the EU-28; this includes the treatment of waste imported into the EU and the reported amounts are therefore not directly comparable with those on waste generation (Eurostat, 2015).

This paper will give an overview of waste management in some of the countries, member state of European Union such as Bulgaria, Poland, Slovenia and Romania with data of 2012 taken from Eurostat.

Table 2 shows more information regarding the types of waste treatment operation such as : Recycling, Energy Recovery, Backfilling (is the use of waste in excavated areas for the purpose of slope reclamation or safety or for engineering purposes in landscaping), Incineration, Landfilling. Significant differences could be observed among these European Union Member States concerning the use they made of the various treatment methods. For instance, some Member States had very high recovery (other than energy recovery) rates such as Slovenia and Poland, while others favored waste disposal such as Bulgaria and Romania.

**Table 2. Waste treatment in Bulgaria, Poland, Slovenia and Romania, 2012 (in million tones)**

Country	Recycling	Energy Recovery	Backfilling	Incineration	Landfilling	Total
Bulgaria	61	0	0	5	13323	13390
Poland	1158	2	0	143	132	1435
Slovenia	48	5	1	9	13	75
Romania	116	166	0	136	103	521

Source: Eurostat, April 2015

### Bulgaria

From the table, it can be seen that in Bulgaria more amount of waste are landfilled rather than using recycling, energy recovery, backfilling and incineration. It has also the great amount of waste treated. Bulgaria is among the member-states with close to the average level of recycling in recent years. The reasons are the insufficient facilities for recovery of biodegradable municipal waste. From table 1, we can see that the great amount of waste is generated from mining and quarrying.

The waste management policy and legislation in Bulgaria aims at implementing the relevant EU directives, regulations and decisions in this field. National framework is built in the changes in European waste legislation which aims even higher level of protection of the environment and human health, as well as the transition from waste management to sustainable management and efficient use of resources. According to this it is expected:

- to have additional restrictions for landfill of waste;
- specific provisions for reduce consumption and prevent waste from polythene;

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green, competitive, low-carbon economy. The intention of EU policy in this area is to further tackle the unsustainable and inefficient use of resources and to improve waste prevention and management. These issues were addressed in the evaluation of the thematic strategy on the prevention and recycling of waste (COM(2011) 13 final) and the final assessment of the Sixth Community Environment Action Programme (COM(2011) 531 final).

- restrictions for incinerators of waste which can be recycled;
- introduction of higher recycling targets for municipal waste, especially for plastic waste,
- introduction of quantitative targets for waste prevention, especially for plastic, municipal /food and hazardous waste;
- higher goals for preparation for reuse and recycling of packaging waste.

Land filling remains the main method of waste disposal in the country. Construction waste Bulgaria has prepared a strategic plan for management of construction waste for the period until 2020, where specific targets for reuse, recycling and recovery of construction waste were set. The amount of construction waste generated is reduced in recent years. The majority of construction waste has a high potential for recycling and recovery. There will be a beneficial impact from increasing the capacity of the competent authorities by providing appropriate training including presentation of good practices of other EU member-states in issuing permits for production target groups for Bulgaria in terms of the hierarchy of waste management. Projects of scientific-research teams and businesses for studying and solving specific problems on hazardous waste should be supported under Priority Axis "Technology Development and Innovation" of Operational Programme "Competitiveness and Innovation 2014-2020".

## Poland

Poland is the second state that has the great amount of waste treated after Bulgaria. The amount of waste recycled is bigger than waste treated with energy recovery, backfilling, incineration and landfilling. From table 1, we can see that the greater amount of waste is generated from mining and quarrying as well as Bulgaria. According to Eurostat, a growth of municipal waste has been observed from 2009-2012 but its rate has been far below the rate of growth in consumption.

The first Polish law concerning waste management came into force on 1 January 1998 and another important act regarding cleanliness and order in municipalities came into force on 1 January 1997. The main piece of legislation relating to waste management is the 27 April 2001 Act on Waste (Journal of Laws 2007 No. 39, item 251, with amendments). There have been three National Waste Management Plans. The latest National Waste Management Plan, adopted in December 2010, sets objectives and tasks for the period 2011-2014 and outlines perspectives for 2015-2022. These objectives include:

- increasing the percentage of recovery (especially the recycling of glass, metals, plastics and paper);
- favouring the practical application of the waste management hierarchy;
- and minimising the storage of waste.

## Romania

Romania, is the third country with the large amount of waste treated where the amount treated with energy recovery is greater than the other amount of waste treated. From table 1 we can see that the greater amount of waste is generated from mining and quarrying.

There are several strategy documents in place, including the National Waste Management Strategy, the National Waste Management Plan (developed in 2004), the Regional Waste Management Plans for the eight Romanian regions (issued in 2006) and the Report on Environmental Quality in Romania. There are also regulations for municipal, hazardous and non-hazardous waste, and packaging waste. The development of the legal framework is only part of the solution for the problems that Romania faces in terms of waste management. It is also necessary to foster private sector investment in waste management infrastructure, strengthen the authorities' ability to enforce waste legislation and develop waste charging systems.

By 2020, Law 211/2011 aims to re-use and recycle at least 50% of the overall weight of domestic waste and at least 70% of the weight of non-hazardous waste produced from construction and demolition activities (reference)

Romania has also transposed the Landfill Directive into national legislation through Government Decision 349/2005.67 There are transitional periods for full compliance with certain types of landfills: 2013 for non-hazardous industrial waste; and 2017 for municipal landfills.

### Slovenia

And the last is Slovenia with the great amount of waste recycled. Waste management in Slovenia is mostly based on the Environment Protection Act (adopted in 2004), the Decree on the Land filling of Waste (adopted in 2006), the Decree on Waste (adopted in 2011), Regulation (EC) No. 1013/2006 on Shipments of Waste and the Decree on the Implementation of Regulation (EC) No. 1013/2006 on Shipments of Waste. Environment targets for waste management in Slovenia have been harmonized with the EU targets. The volume of waste generated in Slovenia is growing annually, with more than 7 million tones of waste being generated each year. The recovery of waste is improving.

## 3.SOLID WASTE MANAGEMENT IN ALBANIA

Albania is a potential candidate country to be part of European Union. With the assignment of the Stabilization-Association Agreement, in 2006, the government undertook a series of commitments, where some of them are relative to taking into consideration the environment values during the decision-making process, in line with the sixth Action Program for the Environment, 2002. Therefore, Albania has recently adopted laws in compliance with the European norms and legislation.

### 3.1 Legislation framework

Current legislation on this issue:

- Law no.10 431, 9.6.2011 "On the protection of environment";
- Law no.10 463, 22.9. 2011 "On the integrated waste management " which transposes the Waste Framework Directive (2008/98/EC);
- DCM No. 798, date 29.09.2010 "On the approval of the regulation "On the hospital waste management";
- DCM No. 175, date 19.1.2011 "On the approval of the National Waste Management Strategy and National Waste Management Plan" ;
- DCM No. 178, dated 6.3.2012 "On incineration of waste" ;
- DCM No. 52, dated 11.7.2012 "On landfill of waste";
- DCM No. 177, dated 6.3.2012 "On packaging and their waste" ;
- DCM No. 866, dated 4.12.2012 "On batteries, accumulators and their waste" ;
- DCM No. 705, dated 10.10.2012 "On the administration of End of Life Vehicles ;
- DCM No. 765, dated 7.11.2012 "On the approval of rules on separated collection and treatment of used oils" 5. n/a 6. n/a 7;
- In process 4 regional plans: Gjirokaštër, Kukës, Berat, Fier. This plan includes the period 2012 – 2025.

### 3.2 Current situation and the National Plan of waste management 2010-2025

Solid waste administration in Albania is currently decentralized and mostly municipal. In the main part of the cities, accumulation and transportation of waste to landfills, most of the time not conform to the norms, is made by private companies contracted from municipalities. The rural areas are not yet covered by waste management services and they deposit a large amount of waste in rivers or in the streets. As a conclusion, the responsibility for urban waste collection lies with the local authorities. Two thirds of the municipalities contract private companies with public tender and their contracts are of 3-5 year duration(UNECE, 2012). The collected waste is transported without pre treatment to landfills or disposal sites. There are constructed some landfills complying with environmental standards in some regions, in others they are still in process of construction or commissioned.

The level of waste generation is low in comparison to other European Countries and the current level of waste management especially municipal waste management( as the main part of waste in Albania are municipal) is at a low level. The volume of MSW in Albania has been steadily increasing in recent years. So MSW generated in total is about 825.000 tons/year (2012) or about 266 kg/capita/year, from which the organic matter in nationally level constitutes 47,36% and in total the percentage of biodegradable matter is about 62,3% [2], and in 2013 is 1.039.455 tons MSW and the amount of inert waste is 293.361 tons(International Journal of Science Technology & Management, Volume No.04, Special Issue No.01, February 2015).

**Table 3. Waste generation according to districts in Albania for the year 2013**

District	Population	Annual amount Tons/capita	Annual amount Urban waste /tons	Annual amount Solid waste/tons
Berat	230764	0.209	48353	18050
Diber	177974	0.186	33178	16080
Durres	282600	0.191	54129	4597
Elbasan	285878	0.239	68461	28900
Fier	501002	0.325	163214	14566
Gjirokaster	103732	0.364	37862	44672
Korca	376562	0.206	77846	8162
Kukes	116061	0.148	17232	6700
Lezha	210748	0.312	65910	15945
Shkodra	339072	0.195	66453	12510.5
Tirana	1030508	0.328	308926	48751
Vlora	368514	0.265	97891	74432
Total	4023415	0.224	1039455	293360.5

**Source : Ministry of Transport and Infrastructure**

As it is seen from the table 3, District of Tirana generates the greatest amount of urban waste, District of Vlora generates the greatest amount of solid waste. This is explained by the large number of population and the economic development.

The implementation of National Waste Strategy and the National Waste Management Plan 2010-1025 has made some improvements. Within this National Waste Mangament Plan, Albania has started the development of new regional landfills, in compliance with the EU environmental and sanitary standarts of European Union. Local waste management plans focus on the collection of waste, including waste separation and recycling arrangements. In order to best manage waste at a strategic level in Albania, the country has been split into 12 waste areas, based on the geographical boundaries of the existing regional administrative districts. In addition, the affairs of these waste areas will be managed by an overarching body - the 'Waste Area Group' - consisting of local and regional stakeholders. Based on the implementation of the National Strategy and Plan for waste management in Albania, new landfills have been constructed and a few more are in the planning process.

Situation of current regional landfills:

- Solid waste management of Tirana(Sharra)



- Landfill of Shkodra, Bushat
- Landfill Rreshen
- Landfill Bajram Curri
- Landfill Korca
- Landfill Bakaj, Saranda

NWMP 2010-2025 consists on 3 operational phases of 5 years each. The objectives are:

- Recycle/compost 25 % of municipal solid waste by 2015
- Stop the increase of municipal waste produced
- Recycle/compost 55 % of municipal solid waste by 2020
- Reclamation of energy from 15% of municipal waste by 2025

These objectives will be implemented through:

- The national Waste Plan: To increase the amount of waste collected by local authorities that is recycled/composted to 25% by 2015, to increase the amount of waste collected by local authorities that is recycled /composted to 55% by 2020;
- The regional Waste Management plans;
- The local waste management plans.

The main target is a change in the practices used until now for waste management, It is aimed to reduce landfilling to 30%, with 70 % recovery by recycling/composting/conversion to energy.

#### 4. IMPACT OF SOLID WASTE MANAGEMENT IN MACROECONOMIC PERFORMANCE

There exists a close relation between economy and environment. The waste sector rather than having negative environment impact, it needs also to contribute to the economic sustainability, by opening new enterprises, therefore new and more jobs but also cost savings for waste disposal by minimizing the amount of residual waste. In order that waste management have positive contribution to the economy it needs funds and investments for infrastructure, services as well as equipment. The costs to provide waste management services typically amounts to around 3-15% of a city's budget or 0.1 to 0.7% of per capita GDP ( International Solid Waste Association, June 2013). If there would be no effective ways to manage waste the impact of this in economy would be negative. European Union is aiming to become a "recycling society" by supporting a greener economy. This means more efficiency and improved security of supply( given by the Europe 2020 Strategy adopted by the European Council in June 2010). Over the past few decades the amount of solid waste has grown alongside growth in Gross Domestic Product (GDP). Waste management presents an opportunity, not only to avoid the detrimental impacts associated with waste, but also to recover resources, realise environmental, economic and social benefits and to take a step on the road to a sustainable future.

The selection of the applicable waste treatment method among the variety of technologies should take into consideration local market characteristics and the existence of potential off-takers in the vicinity of the facilities, in order to enhance the feasibility of investments (Rentizelas et al. 2014), as well as to minimize environmental burdens (Andrea 2015). Investing in waste management is expected to generate economic, social and environmental benefits such as :

natural resource and energy saving;

creation of new businesses and jobs affecting gdp growth;

compost production supporting organic agriculture;

energy production from waste;

reduced GHG emissions;

contributions to equity and poverty eradication.

Regarding job creation, workers working in this sector whether formally employed or self-employed are the agents of change as they have great values in climate policies and social value-added. The most important sector in creating employment is recycling. This sector creates a source of income for workers who have poor background or low levels of education. The pollution from many below-standard waste treatment and disposal facilities directly impacts populations living close to these facilities. It has been observed that hazardous waste dumps and incinerators are mostly located in the poorest neighbourhoods, both in developed and developing countries (Wapner 2002). Investing includes considerations of these equity and poverty issues. Investing in greening the sector is not only about building facilities; it also includes the formalisation of the sector so that workers receive training, health protection and benefits, and a fair compensation for their labour.

Regarding Albania, according to the National Plan of Solid Waste Management 2010-2025, the building of 12 regional landfills will cause profits from the economies of scale. According to this plan, the municipalities that will manage waste can cooperate together, and this will lead to the fact of reducing individual costs as well as to have an increase in higher service standards. Investing in these landfills in Albania should create opportunities for new jobs in this country and therefore increase the welfare of the people, increase consumption by increasing as well as the GDP of the country.

## 5. CONCLUSIONS AND RECOMMENDATIONS

Nowadays, European Union waste management policies aim to reduce problems caused in environment and health of waste generation and the long-term goal is to avoid waste and use unavoidable waste as a resource. Some Member States had very high recovery (other than energy recovery) rates such as Slovenia and Poland, while others favored waste disposal such as Bulgaria and Romania. Solid waste administration in Albania is currently decentralized and mostly municipal. The implementation of National Waste Strategy and the National Waste Management Plan 2010-2025 has made some improvements. Within this National Waste Management Plan, Albania has started the development of new regional landfills, in compliance with the EU environmental and sanitary standards of European Union. In general, waste management has improved. The waste sector rather than having a negative environmental impact, it needs also to contribute to the economic sustainability, by opening new enterprises, therefore new and more jobs but also cost savings for waste disposal by minimizing the amount of residual waste.

What is needed:

- additional national and regional instruments are necessary to achieve targets;
- plans need to be complemented with additional initiatives to establish better recycling infrastructure or divert waste away from landfills;
- the way in which policy instruments are combined may be more relevant than the total number of instruments;

Recommendations for Albania:

- Implementation of Waste Management Plan 2010-2025
- Creating administrative structure in national and local level
- Enhancement of the public for selecting and accumulating urban waste
- Fostering the cooperation between local authority, interest groups, civil society, private businesses
- Ensuring full information from experts regarding waste management
- Implementing different projects of low cost

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## European Identity Issues in the Era of Globalization

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### Abstract

*Globalization is already an uncontested process nowadays. Its impacts have affected areas such as: economy, politics, geographical territorial boundaries, identity and national interest, style of life, customs and traditions. Thinking about globalization, the European Union is one of the proper indicators of free circulation of goods, people, products and services. In this context, EU member states are not just a unity of states who share benefits such as single market, currency, space, common civilization values and identity but also a division when it comes to questions related to national interest and national state model and role, sovereignty and ideological issues that some member state are such in obsolete manner attached to them. This paper will examine identity issues within the frame of European Union, in particular not implicitly the unifying factors such as art, culture and history but the divergences that stems from the fact of a single policy for a joint European national interest and speaking in one voice. Ultimately, as the globalization process continue to expand how possible will be to still cultivate culture diversity beyond national frames and extend national identities within a European dimension.*

**Keywords:** EU identity issues, globalization, diversity, common/shared values, multiculturalism

### Introduction

The European Union is sustained by a wide range of values. There are also different perceptions from the public and different layers of society regarding the values that hold together the countries of EU.

*"From the standpoint of the majority of European citizens, the European Union is, above all, either a conglomerate of nations that have come together and created a Single Market and a single currency, or an ensemble of states who share the same technological and economical ambitions, rather than an entity formed on the basis of shared values and of a common European identity."(Patriou-Baltes 2013)*

This paper aims to examine first identity issues within the EU context, concentrating on divisive and unifying elements, and also on key factors affecting the EU countries in not having a common European identity, especially nowadays in light of the globalization process. Seeing it from a constructivist approach, systems of beliefs and ideas or shared values within the EU, as foundational features, have influenced the social and political activity and behavior of the EU member states to a certain degree, but these countries seem to have remained in a liberal or neo-liberal context in relation with one another or with other "partners"<sup>1</sup>. Some EU countries still set their pre-defined interests such as: national sovereignty, state geopolitical and strategic interests, as priority criteria for cooperation with allies and other partners (deferred also by a sort of natural rational egocentrism). The analysis that follows is focused on how these countries stand together according to some norms or values which set the foundations for further cooperation and help establish joint institutions, while preserving their identities and state strategic interests. In this context, according to a neo-liberal approach "states certainly join in building collaborative structures and maintaining functional international institutions, but their identities and interests are shaped or constructed not in any way through their social interaction"(Reus-Smith ; 235). EU as a great family of nations with the pros and cons, internal divisions and political and economic fractions still continues to work for the proper functioning of this engine, but recently focusing more on internal issues rather than on policies of enlargement. On one side, when examining internal issues one may notice the divisions within the union, which derives from a lack of solidarity and a continuous pursuit of national interest, and as a consequence leads to the lack of a common European identity. In this prism, a common European identity would mean an identity supported by values beyond those of cultural and historical of an individual state plan level. On the other side, when examining policies of enlargement one can notice that most of the focus is put on the political, economic criteria and state-building capacity of the aspiring countries, which on one hand seek

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<sup>1 1</sup> The term "partners", is used in this case as a reference for the countries that aspire to join the EU.

to bring these countries closer toward the EU space by exerting normative power through functional duties, but on the other hand this process is an indicator of the EU's lack of capacity to absorb new countries, due to the economic crises, overload, slow bureaucracy, coordination skills, sluggish management and inability to speak in one voice within the EU. Besides these, the dual approach regarding new countries to join the EU shows skepticism of a certain degree to accept nations with "different"<sup>1</sup> identities within their space. In addition to the challenge of constructing a common European identity, EU is also far from perceptions of a multi-ethnic federal state guaranteed by the constitution, which would have the capacity to harmonize economic and financial policies of member countries (Habermas 2006,78). Coming back again to the constructivist approach one may notice how the globalization process in empirical way, requires the application of new insights and the ability to create an overlap with some pre-existing preferences of individual countries. The old operational way of doing and thinking needs to be displayed in reformulation of new circumstances about a common EU identity and interest and about acceptance of diversity within this context of closer social interaction. This issue requires a common will of all member states to a new reformulation of norms and institutionalized ideas by seeing and envisioning events in the light of globalization, to expand the space for new actors and multicultural elements. This is another major challenge for the EU, which is still far from accepting multi-ethnicity and multiculturalism in principle and practice, to achieve further steps to the constitution and to the United States of Europe.

### **Identity and values of Europe, unifying or dividing principles?**

Nowadays, although there is a great awareness regarding diversity among people of different countries, and also how closer globalization brought us to people or phenomena from all kind of races, cultures or identities, the tendency to pursue national interests is still very strong. This probably happens because nation states have already been created long ago throughout different historical phases, and have independently built their own economy, culture, politics, and also developed their own language that characterizes them. They have even been in competition with other countries concerning a variety of issues and values.

Affirmed nations in international relations that have already created their national brand and image inside and abroad, continue to build and develop their national interest, regardless of the community they are part of, as happens in the case of the European Union. There has been an essence to bind together the EU countries to each other in the framework of the EU, which had to do with a common heritage and a common civilization. In that way these values created the node to connect the countries that belonged to the EU together, at least, until 1973 at Copenhagen Summit. After the Copenhagen Summit, in the other summits and enlargement waves that followed, it fell silent with the European identity issue, switching on political criteria, economic issues and the ability to meet EU obligations. The criteria were set upon the specifics of those countries to which negotiations for EU accessions were opened. Although various criteria were set in the following summits, the essential criteria of civilization and European culture still remain strong indicator for the European future of a country that aspires to join the EU, that means that in principle seen by an essentialist perspective, identity issues (in this case European legacy of values) have brought together a group of states to create the European Union. It is absolutely important to have a national identity and a unified culture within the nation or the state because it is where the success of a country depends, but on the pan-European level and in the era of globalization the excessive pursuit of national identity and national interest and the redundant promotion of some European identity specific values, has led to a slowdown of the process towards a strong and unified Europe. In a word, the vision of Charlemagne for the EU values that hold together a group of EU countries and some old concepts and points of view such as: liberal, neoliberal, nationalist, etc., which have continued until the 20th century, have now become a sort of barrier for a Europe of the 21st century. EU states shrinking in their own national interest have created a gap in decision-making, in division of responsibilities and there is a notable lack of solidarity to overcome common challenges. Unfortunately this crisis from the lack of a unified European identity is accompanied by an ongoing economic crisis which leads to further division between the countries of the Union, giving the impression like the EU is divided into blocks.

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<sup>1</sup> European identity is supported by European art, culture, citizenship, common education for all EU members. In fact, the idea of this common identity was first established by Charlemagne's (also known as Charles, the Great) political project known as the "[renovatio imperii](#)", which represented a synthesis of the four perceived European values: the Teutonic ideal of freedom, Roman law, Christian faith and Greek philosophy. (By DR. LOREDANA PATRUTIU BALTES 2013)

These days beside the fact that phenomena of diversity and multiculturalism increase, one must have in consideration that the global environment is always changing in continuity. In this context EU needs to act as global actor, able to take responsibilities but also to deal with a new environment full of uncertainty. Therefore the EU must solve issues on the basis of identity and much further of multiculturalism, such as to unify, to speak in one voice in the global arena, to strengthen within, and to awaken and enable its absorptive capacity for countries wishing to join the EU. Precisely the issues of identity and of belonging are issues that initially created the EU locomotive, but nowadays, the world is making great strides towards unification and globalization, for that purpose different identities and cultures should be accepted to thrive in tolerance and diversity with each-other. This would be the kind of system (albeit the great challenges to overcome) that would lead EU forward, likewise has led the US forward.

### **The existing challenges affecting the construction of a common European identity, beyond national levels.**

Globalization has brought people of different cultures or ethnic groups with different composition into an almost uncontrollable flow. How long we want to answer the question of how we should live with these people, whose identity, religion or ethnic composition is different from us, we actually live with them and life flow of globalization has put us with them in the same path. Phenomena such as migration, free movement of people, aspiration of new member states to become part of the EU, different ethnic groups fighting for their rights in various democratic societies are issues that transcend national boundaries and challenge national identities. In addition to these uncontrollable trends, governments of EU countries and beyond or political leaders must precede and adjust in a constructive way the policy making in favor of these issues, as long as we are living with the current intense and rapid phenomena, which are likely to become increasingly present and inevitable in our life. According to Francis Fukuyama the whole European project was founded on an anti-national identity basis and there was a belief that there would be a new universal European identity (Fukuyama 2012). Going on with his point of view, old identities like for instance: being German, Dutch, and Italian or French never lost popularity or disappeared in a political/institutional level. The influx of immigrants and the growth of immigrant communities that shared different values contributed for these old identities to be more problematic. The author gives great examples on what basis or pillars these identities are created taking in consideration the case of France, Germany, Holland and Britain.

*“French national identity is, in one sense, the least problematic because there is a single republican tradition coming out of the Revolution, a tradition that is secular - that treats all citizens equally. In many respects, the French concept is the only viable one for a modern society that grounds citizenship not in ethnicity, race or religion, but in abstract political values to which people of different cultures can adhere. French national identity is very much built around the French language. In many ways, the French are closest to the United States in having a set of political values at the core of their identity.*

*The German case is very different. German national identity evolved very differently from France. The process of German unification required definition of German-ness in ethnic terms. Ndërk So, legally, their citizenships law was based on the legal principle of jus sanguinis, up until the year 2000. The Germans have changed their practice now, but the cultural meaning of saying "I am German" is very different from the cultural meaning of saying "I am French" (Fukuyama 2012).*

He follows on with the case of Dutch and British identity, considering them as problematic, for they own” features and characteristics”<sup>1</sup> Without mentioning further cases by the author, these are concrete examples of how national identities were constructed by countries that are part of the EU. These countries indeed face the main challenges to bring national identities into a sub-national level, to overcome or fundamentally review some already institutionalized norms and one can clearly see how differently these states have created their own relations with multiculturalism and migration policies. However, likewise Delanty tries to demonstrate “that the ideal of European unity has not, in fact, been an alternative to the

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<sup>1</sup> According to Fukuyama in Holland, national identity has always been defined by the pillarization (verzuiling) of Dutch society: its division into Protestant, Catholic and Socialist pillars. These pillars are relevant to communities in Holland. They tolerate people as long as they do things over there, but not in my community. While In Britain, there was a belief that pluralism meant you have to respect the autonomy of individual immigrant communities; the government had no role in actively trying to integrate them into a broader British culture.

nation-state, either in theory or in practice. In fact Europe is a function of the nation-state, which has also fostered the nationalism of the region. As a concrete entity Europe is meaningless without the nation-state. (Delanty 1995) These facts are true, as noted in the present reality, but the implementation and the integration of great project such as the EU, requires the construction of a new collective European identity which does not tend to eliminate old identities and multiethnic cultures and religions but on the contrary tends to harmonize and balance them in the spirit of freedom, human rights and tolerance. A Europe that would give to its citizens dignity, equality and integration and a role in this great community of countries would be the new Europe that people aspire. Maybe it is not a fair analogy, but we should take the example of the Roman Empire, when Emperor Caracalla's edict to give Roman citizenship to all free citizens or inhabitants of the empire at the time was one of his principal achievements, but the Roman Empire at that time was in its final throes. The European Union project is a reality that overlaps the nation-state, importing from the nation state values and features that can enrich this reality. Nation-states of the EU are the cornerstones that contribute to the EU enrichment by sharing their values. In a speech by Klaus Welle, Secretary General of the European Parliament, in Strasbourg, 2013, he spoke in favor of the European identity construction. He mentioned that how long we belong to each other, our commitment in support of the European Identity construction should start and "at the same time, we need to actively engage to support and create that European identity. It is not that the facts are not there, but we also need to start thinking of our own history not just as national history but also as joint European history". (Welle 2013) Analyzing Welle's phrase, "we belong to each-other, should not only be relevant for the countries that are within the EU, but we belong to each other how long Europe will continue to expand toward countries and people with different or similar cultures and traditions that aspire to become part of this big EU community. EU is undergoing toward a post national identity and governance era. "A post national identity would therefore involve a commitment to cultural pluralism based on post-national citizenship which would be relevant to Muslims as well as Christians and other world religions' atheists, east and west Europeans, black and white, women as well as men". (Delanty 1995)

### **The imagination of Europe on demand of globalization process**

The Globalization process has challenged the role of the national state; although some EU countries still shrink at the state level interest as shown still clear by some political discourses and realities. EU has recently undergone through division or disintegration phases and the rise of extremists and right wing side have increasingly contributed to this. If Europe has meaning, the latter is a political program (Strath, 2000:14), "therefore it brings advantages in to the methodological aspect, to think of Europe not as something given but as a process and not as something that it is but as something that aims to be." (Sulstarova 2011) The dynamics that occur within the EU today call for a mission or a common political project and abandonment of ideological issues. A joint political initiative would require the extension of these identities from national levels at post-national contributing levels, beyond language, traditions or national cultures. This act requires great political will to construct common ideas and plans beyond already formed or given national realities. A successful EU in a long run, on demand of globalization process, should overcome crises and challenges that basically come from the lack of a common identity, solidarity and reciprocity and should set foundations for multiculturalism and diversity. These are approaches far from the reality that EU is living today, because Europe "that has become predominant today is very much one of exclusion and not inclusion" (Delanty, 1995). These are issues that require openness and capacity to provide solutions to political and social divisions in a way to achieve unity held under ethnic and national diversity.

*"Europe needs a sense of meaning and purpose. We Europeans are the heirs of a civilization deeply rooted in religious and civic values. Our civilization today is being enriched by its openness to other cultures. What we need now is a humanistic perspective. Daily and systematically, our economic and social system must recognize the primacy of human dignity. It must ensure that all our citizens have genuine access to liberty, inter-personal communication, culture and spiritual life (Prodi 2000)".*

### **Conclusions**

There are important challenges and cases which indicate significant crises originated from the level of common identity, values, solidarity and culture within the EU. These challenges shows that the EU needs to mature in many directions as well as to awaken its absorptive capability.

1. The Greek crises, such a debated case recently, strongly represents one of the weakest points in the European project. More than an economic crisis, it is a crisis in the EU management showing that the federal-institutional governance would be of imperative importance for the EU.

2. Leaving the Western Balkans on the periphery of its attention because of the internal endless transitions of this region but also because of the EU absorptive capability is another great weak point in the EU project. With the motto "we accept countries with consolidated democracy and economy to join because we don't want problem in the house" EU more than an open project seems to be going inertness.

3. The case of Turkey shows another EU weak point. Turkey continues to be perceived by the EU block as having a rather large population. The prejudices go until the point to perceive Turkey as the first Muslim country to join in the EU and that gives a sense of particularity. Turkey still represents a rather big country for the absorptive capacities of the EU. Although strong member of NATO, Turkey remains outside the EU for many reasons or perceptions from within the EU, which are culture, traditions, history, and religion that look different from "Christian Europe" in principle.

If a Greek exit would have happened wouldn't be clear in to what scenario EU could end up. "A return to a divided Europe of nation-states, the development of a static 'Fortress Europe'<sup>1</sup>, or the development of a 'Wider Europe' (the latter less possible in this case) with positive relations with countries to the East, including Russia (Miall 1993; Miall 1994b). The first version would resemble to a Europe of great nation-states founders and other small European states acting as satellites or influence zones of other countries like at the times when Europe operated divided into blocks. Instead the international politic environment would need a Europe of peace, a role model for the aspiring countries and regions and a Europe acting vigorously globally, so a wider Europe in this case. At the moment "the European project is characterized by two opposing trends: one which emphasizes the importance of national identities and the right to difference; and the other that advocates the right for a common identity and to a universal culture." (Patrutiu-Baltes 2013) As soon as it would be decided upon these trends (having in consideration the fact that globalization urges for the second one), it would help EU to be a determinant factor in world politics, it would benefit to the enlargement policies and Russia would have a different approach toward EU. There are scholars who believe that a common European identity would virtually be impossible because of the ideological, linguistic differences and different identities formed in different ways, but EU project has failed until now to construct a common identity on the basis of other values. "The EU policy-makers have never attempted to construct an identity with solidarity, equality and justice being the core values. Nor is there a major external threat that could foster unification of different peoples in the region." (Svitych 2013)<sup>2</sup> The world politics is following the constructivist trends, so going back to obsolete ideologies will leave on hold an EU process precisely because of these arguments. "European History has been a common history and European identity has been present for a long time already, despite all conflicts and differences. (NIZNIK 2000) The new context created by Europe's Integration is initiating the process of reconstruction of national identities. (Still there NIZNIK 2000) The EU policy makers should operate according to this context and the above mentioned trends. Meantime the European motto "united in diversity" and aspirations to a common European or supranational identity, as well as the expectations for Europe to take an active role globally in the future can be realized taking into account that "collective identities are social constructions" (Sulstarova 2011) The challenges the EU is facing today, at some point will need to respond to this global actuality and therefore the issue of constructing a common identity and accepting multiculturalism will require quick policy adjustments and solutions. At the moment these issues remain still envisioning

<sup>1</sup> The term is usually used for the protection of regimes in Europe from the asylum seekers and refugees. 'Fortress Europe' thesis (Geddes 2000; Luedtke forthcoming) argues on a theoretical level that Member State cooperation on asylum and refugee matters has fostered restrictiveness through processes of 'venue shopping' (Guiraudon 2000; 2001), 'securitisation' (Huysmans 2000; Kostakopoulou 2000; Bigo 2001) and the legitimisation of 'lowest common denominator standards' (Guiraudon 2001; Lavenex 2001). On an empirical level, aspects of EU asylum and refugee policy have been criticized for undermining the rights of asylum seekers and refugees through the establishment of restrictive EU laws in areas such as 'safe third country' policy, detention and return policy. (according to Eiko Thielemann<sup>1</sup> and Nadine El-Enany<sup>2</sup>; The Myth of 'Fortress Europe': The (true) impact of European integration on refugee protection; Paper to be presented at Fourth ECPR Pan-European Conference on EU Politics, 25 to 27 September 2008, University of Latvia, Riga, Latvia

<sup>2</sup> the Svitych article is a proposed response to Fukuyama's article "the challenges for a European identity". Svitych tries to challenge Fukuyama's standpoint by contrasting EU identity with that of the soviet Union  
Svitych A. 2013, Why European Identity Will Never Work: Case Study 'EU Vs. USSR', <http://theglobaljournal.net>



matters within the EU, until that critical point will come, to turn the EU countries finally toward a supranational attitude or approach.

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## The Miscommunication between Media and the Civil Rights Organizations in Albania, and the impact in the Albanian Society

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### Abstract

*It many organizations and projects in Albania whom work to facilitate the communication between the media outlets and the Civil Rights Organizations that ad operate in the country, however there is still much to be desired. As most studies uphold the main point of this communication is to serve as a dual conductor between the reality the society as a whole perceive and the accuracy that the media has in the describing this reality. In the conditions of a perfect world the media would show the way the reality is by being impartial and the society will get the main source of information for this reality by this impartial judge, however we do not live in a perfect world. In actually it's the communication between Civil Right Organizations and the Medias whom shape the perceptions of the society regarding reality and the way it is changing or need to change, especially in transitory countries. What happens instead is the fact that since civil rights organizations are relatively new in Albania society, most of the time they are ignored by media or quoted as an afterthought, and this whole missing communication between this two parties impact the society in not being able to make a division between the reality and the perceived reality, concluding in misunderstanding and a further isolation in the old traditions and mentality not trying to conform with the new ideas. This paper is a research in this regard. It's not very detailed and it shows a general picture of the situation and only deal with the main aspects of the problem, however is a beginning which shows the great impact all forms of communications, even the ones that don't happen have in the everyday life of people, and how much it can make them live in the past or a miss perceived reality.*

**Keywords:** Communication, Media, Civil Rights Organization, Media reality, Real life reality, Albania.

### 1. Introduction

It is easy to misunderstand the communication which is necessary between the media and the civil organizations because most readily the main issue that comes to mind is that the media empower the civil organizations. And this is mostly true in the countries which have an established democratic system. However in the post communism countries such as Albania or in the countries which have a post dictatorial government but have experienced a certain degree of "reformed]" communism such as Kosovo this issue take a whole new meaning. The good relation between the two that we can find in the countries with a long established democracy is missing totally or is very partial. I am taking in examination the respective countries that I mentioned before because the contrast is somewhat very big and visible.

Of course this is a very wide area to explore and in no way I can represent in a few pages a whole area of study however I am trying to make visible a general picture of the situation. Since media is the main factor that establish the relations between citizens and the other institutional agencies that provide order and solution through the empowerment of laws<sup>1</sup>, it stand to reasons that the relation between media and Civil rights organizations should be very tight.

However even though this is a reality in countries with established democratic systems in regards to the countries with a dictatorial past the relation is the reverse. Most generally in these countries you will find the beginnings of the Civil rights organizations, and they still struggle to get a positive response from the citizens whom rights they upheld, and in most of these countries they try to get the attention of the media. Meanwhile the reverse should be true. Is this a direct negligence of the media of the post dictatorial countries or is it a miss organization on the behalf of the Civil rights communications? Or is this a combination of the two with the added factor of the missing tradition for this part of communication that should exist in the democratic societies?

The answer to these questions are attempted to be answered below.

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1. David Walls, *The Activist's Almanac: The Concerned Citizen's Guide to the Leading Advocacy Organizations in America*(Simon & Schuster/Fireside, 1993). ISBN 0-671-74634-0.

## 2. The purpose and objectives of the study

The object of this study is to demonstrate that the miscommunication that exists between Media and civil rights organisations is due to a missing tradition in Kosovo and Albania of the civil organisations and their role in society.

## 3. Research question, hypothesis and methodology of the study.

This work is a description of the situation that is still developing in Albania and Kosovo in 2011-2014, and the impact that is making the total miscommunication in Albania and the partial one in Kosovo, that exist in the above mentioned countries, between media and civil rights organizations. The different data was collected through different sources, mainly statistical ones which are detailed in more depth in part fifth.

3.1. Our working hypothesis is: Is the missing tradition of the existence of civil right organizations in post dictatorial countries that fuel the miscommunication between Media and Civil rights organizations?

### 3.2. The importance of this research

Even though it is still a matter of debate the impact that media has in the establishing the democratic institutions in post dictatorial countries its basic function in solidifying them is a well accepted fact by the expert of the communication. Since the most of the communications in this kind of society is mainly supplied by the media, its actual role in enforcing<sup>1</sup> or neglecting the different structures in a democratic society is very important. This data add to the general studies in a new point of view, by showing how the missing of tradition of Civil rights organisations is impacting the general picture of the reinforcement of the still fragile democratic institutions. The data obtained from the field and different sources and are processed under the program SPSS Advanced Statistics

## 4. Civil Societies in Albania and Kosovo.

It's interesting to study this part of the history because of the findings. As well known in democratic countries the civil rights organizations were part of the society and actually have a very great impact, especially in the matters that impact not only the actual generation but also the ones to come such as environment or women rights, to make an example. However the same is not true in the countries that come from dictatorial government. As a matter of importance we need to specify that Kosovo shows a more progressive situation in the existence of Civil rights organizations due to the nature of the government established in this country, and the civil rights organizations. While Albania has a history of total isolation impacted only by the local government and as such even the primary forms of civil rights organizations, which mostly consisted in workers syndications and were totally under control of the central power of the government, Kosovo due to the peculiar situation that it had, which finalized with the war of Kosovo, has a more active one and shows a more inclination to the citizens awareness regarding the civil rights organizations then Albania. And is this contrast that help in showing the difference that tradition has in the establishing the ways of communication between media and civil rights organizations.

## 5. Media and Civil rights organization communication in Kosovo and Albania

Even though this two countries show a general lacking of the communication between media and civil rights organizations the situation, as mentioned before, it is not the same. In the case of Kosovo the society as a whole show more awareness in the Civil rights organizations then in Albania. A more detailed data is showed below in the analyses; however as a preliminary example we can cite the coverage that media present in the two countries.

In the case of Albania protests or pacific reclamation of civil rights organizations rarely happen and even more rarely are covered by the media. In Albania the main manifestations and almost always are with a political nature not as civil rights organizations, and this kinds of manifestation are always covered extendedly by the media, some times even at the cost of broadcasting just that and nothing else for hours. In Kosovo in the other side, even though there are political protests and

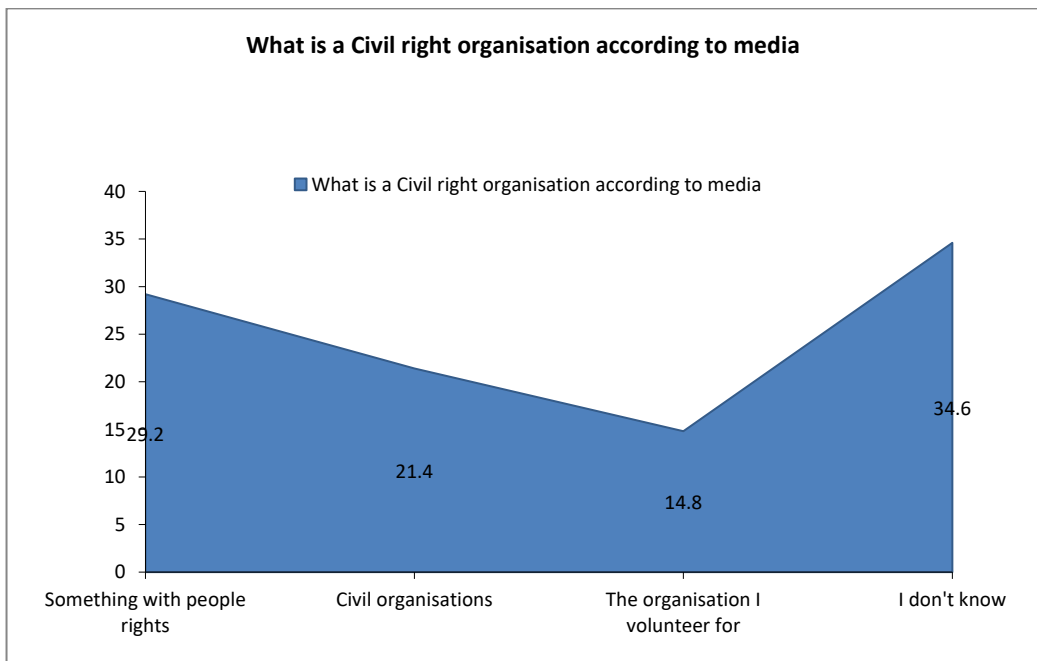
2. Brian Martin. *The Whistleblower's Handbook: How to Be an Effective Resister*, (Charlbury, UK: Jon Carpenter; Sydney: Envirobook, 1999). Updated and republished 2013 as *Whistleblowing: a practical guide*, Sparsnäs, Sweden: Irene Publishing.

manifestation, and they are covered extendedly by the media, but on the other side the media covers the protest and manifestation of other civil rights organizations also.<sup>1</sup>

Below is the data collected by different statistical source as pronounced before in Albania, Kosovo and international ones whom have published different data in 2011-2014, that deal with this part of the reality.

## 6. Analyses, Data Interpretation

According to the information we have received from the different statistical sources in Albania shows that 29% of the population has superfluous knowledgeable of civil rights organizations due to media, while 21% knew of them because of having lived outside the countries, as 15% of them knew because they were active members of a civil rights organization, while according to data shows that 35% of the populations have no idea what the role of civil rights organization. The data clearly shows that the main part of the population in Albania is either ignorant or not know enough regarding the civil rights organizations, or just know it as a definition.



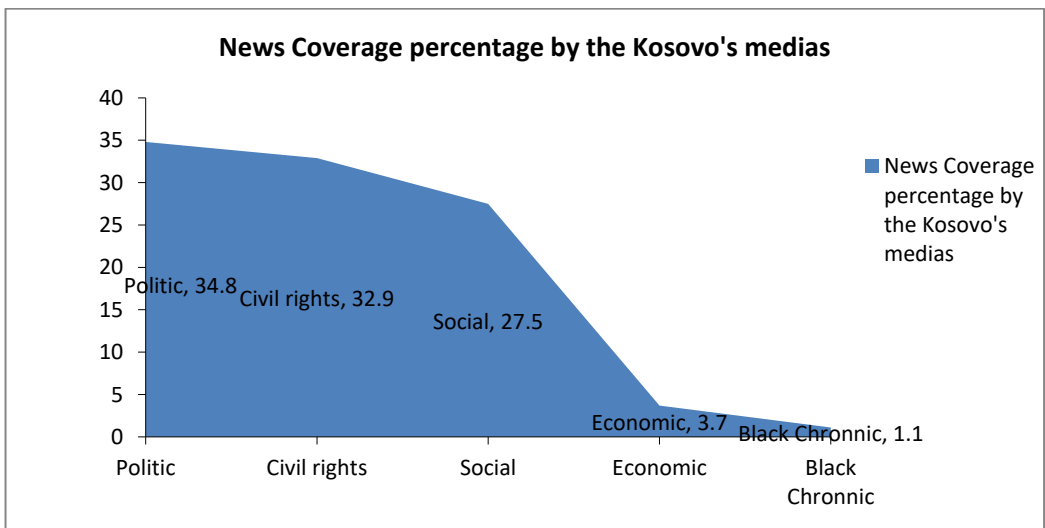
Meanwhile the statistical data obtained by the Kosovo data shows a whole different picture, 36 % knew the exact definition of a civil right organization and could name at least for of them in their countries,<sup>2</sup> while 31% of them were participants in different basic ones and members. There was also 25% that had a superfluous knowledge of what they were. Only 8% of the general population, according to the statistical data showed that had no idea what the civil organizations were. As it can be clearly seen the main point of the reasoning that we have followed shows that people are more aware in Kosovo regarding civil rights

<sup>1</sup> Junco, R., Heiberger, G., & Loken, E. (2011). The effect of Twitter on college student engagement and grades. *Journal of Computer Assisted Learning*, 27(2), 119-132..

<sup>2</sup> , EUROSTAT, Enlargement countries - statistical overview 2011-2014



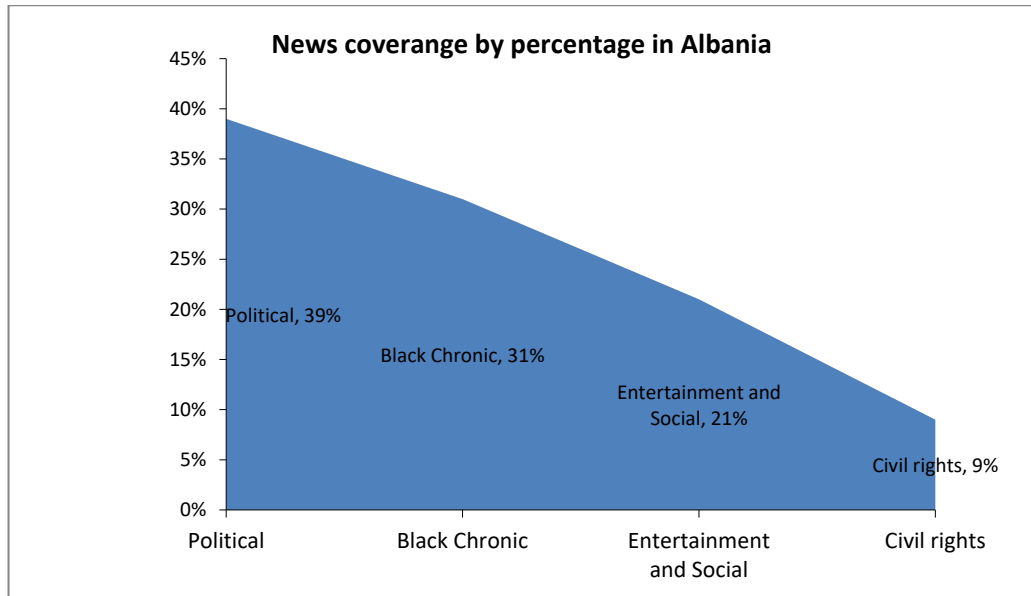
Another interesting data that the statistics show is how the media in Kosovo and the actual communication that it has with<sup>1</sup> civil rights organizations impact the general picture of the perceptions of the society regarding them is the following: political coverage 35% followed civil organization news or interviews 33% and 28% social news coverage economic news coverage is 4% and less importance attaches to black chronic news 1%.



Now the same the statistical data in news coverage by media in Albania show a whole different picture: 39% of the news has political dedication, 31% is dedicated to black chronic news, 21% is entertainment and social, and 9% is the percentage dedicated to civil rights organizations. We believe that the actual data is more or less exact due to the fact that there had

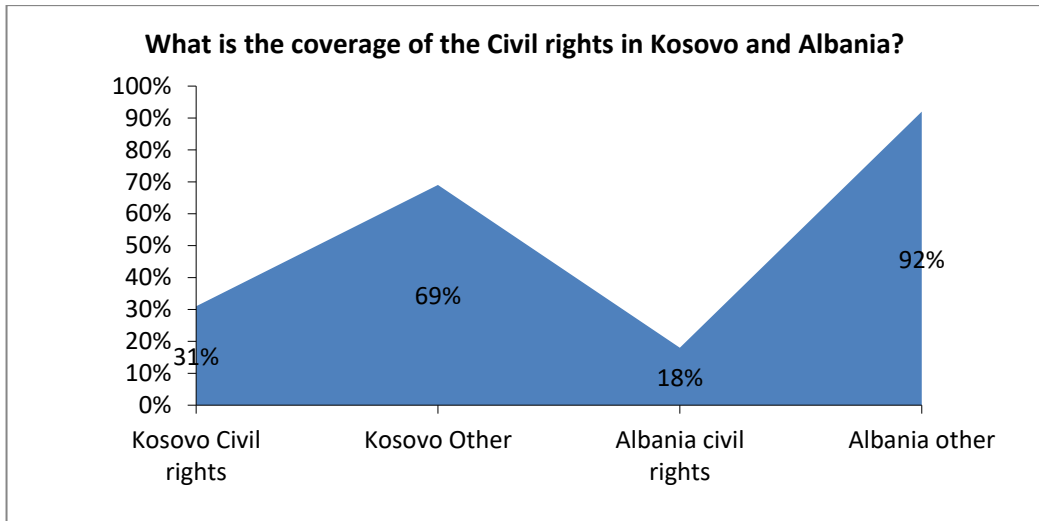
<sup>1</sup>, EUROSTAT, Enlargement countries - statistical overview 2011-2014

been since the statistical data is provided not only by the Media institute of Albania but also by different international organizations such as USAID and UNDP, statistical publications



To back up the above data below is a graph of the information taken from the Institutes of statistics of Albania and Kosovo, the institute of Media and the Gallup institution in highlighting the data how much importance the media in the respective countries show to the civil rights organisations and how much to the rest of the news excluding the political area. For Kosovo 31% of the information were dedicated to the civil rights or related interviews and 69% to the other areas, while in Albania the percentage dedicated to the civil rights news was 18%, and the rest of the news importance excluding politics was 91%.<sup>1</sup> This clearly show how the media is much more aware in Kosovo to the importance of the civil rights then it is in Albania<sup>2</sup>.

<sup>1</sup> Junco, R., Heiberger, G., & Loken, E. (2011). The effect of Twitter on college student engagement and grades. *Journal of Computer Assisted Learning*, 27(2), 119-132..



## 7. Conclusions

I believe the above data speak for itself as follow the general view offered by different statistical data of different organizations I believe that it show clearly that the in post dictatorial totally isolated countries the media suffer a more severe miscommunication with the civil rights organizations then the ones that even though come from a dictatorial countries have gone thru a less severe isolation.

As the main conclusions we can cite

- The media has a direct impact on the establishing of the communication with civil rights organizations
- Media is responsible for the lacking awareness of the citizens regarding civil rights organizations.
- Media need to be supported to establish the communication ways with the civil rights organizations in countries of extreme post dictatorial background.

As stated in the beginning this is a research field which can be examined more and the above study is just a general view of the situation, however even this general view doesn't show a very nice picture of the collaboration and communication between media in port dictatorial countries and Civil rights organizations.

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## The Albanian-Greek Relations Following the Sea Border Issue

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### Abstract

*The paper seeks to explore the Albanian-Greek relations following the sea border dispute analyzing Albanian political elite's discourse. Throughout the history various and complex issues have determined the relations between Greece and Albania, which sometimes have caused tension and disputes between them. The two countries have been on a dispute on the sea border issue because the Albanian Constitutional Court nullified the 2009 mutual agreement signed by previous Albanian and Greek governments due to territorial integrity violations. More than five years later the two countries have not settled the maritime borders yet. This study concentrates on depicting the relations between two countries after this episode happened. It question: how this issue affected the relations among two countries? The main claim of this article is that a new issue of concern is detected in the bilateral relations, such as exclusive economic zones issue. The exploration of economic exploitation zones in the Ionian Sea urges for the delimitation of maritime borders between two countries, and therefore the renegotiation of "sea agreement" is inevitable in near future. Methodology used to conduct the analysis is discourse analysis.*

**Keywords:** Albanian-Greek Relations, Sea Border Dispute, Political Elite's Discourse, Discourse Analysis.

### Introduction

Bilateral relations with Greece represent an important aspect of Albania's foreign policy. Greece is a neighbor country as well as a strategic partner of Albania. Throughout the history various and complex issues have determined the relations between Albania and Greece, which sometimes have caused tension and disputes among two countries. Despite the mutually declarations to develop close and friendly relations among them, the diplomatic relations have been marked by conflict and different approaches on some relevant bilateral issues. The most important issues that continuously raise concerns between two countries have been the Law of War, the Cham issue, Albanian migrants in Greece, Greek minority in Albania, and more recently the maritime borders.

Since April 2010 the two countries have been on a dispute for not reaching a mutual deal on the sea border issue. On April 27, 2009, Albanian and Greek governments signed the 'Agreement for the Delimitation of the Albanian-Greek Continental Shelf and Maritime Zones', known for the public as 'Sea Agreement'. One year later the Albanian Constitutional Court nullified the agreement due to territorial integrity violations. The agreement was reached after less than two years of very confidential negotiations among governments of the two countries. The signing of the agreement was followed by unprecedented public objection by Albanian experts, academicians and opposite political parties who claimed that the agreement has caused substantial violations of Albanian border. Regarding the short time and very confidential negotiations as well as the content of the agreement, the negotiation team was faced with a public backlash, which claimed that negotiations have produced an irreconcilable deal with national interest of Albania. It was Socialist Party, former opposite party, which brought the agreement before the Constitutional Court. On April 15, 2010 the Albanian Constitutional Court nullified the agreement due to 'procedural and substantial violations of the Constitution and the UN Convention of the Law of the Sea'.

Given the fact that the delimitation of maritime borders has not been settled yet and 'sea agreement' is still an issue of concern between political elites of two countries, is valuable to investigate the construction of meaning attached to this issue in political discourse. The purpose of this study is to shed light on the Albanian-Greek relations following the sea border dispute analyzing political elite's discourse. The main questions are: how this event/episode affected the relations among two countries? In a broader context this study concentrates on depicting the relations between two countries after this episode happened. The main claim of this article is that a new issue of concern is detected in the bilateral relations,

such as exclusive economic zones issue. The exploration of economic exploitation zones in the Ionian Sea urges for the delimitation of maritime borders between two countries, and therefore the renegotiation of "sea agreement" is inevitable in near future.

## METHODOLOGY AND THEORETICAL FRAMEWORK

Methodology used to conduct the study is discourse analysis. To investigate the evolution of the political elite's main arguments and positions on the sea agreement, I rely on discourse analysis. Foreign policy has generally been out of the object of study of discursive approaches due to its focus on ground theories of International Relations and hence [that is why] the discourse was not considered as an important tool of analysis. But in the last decades there has been an increase of studies that connect foreign policy with discourse analysis and they are becoming part of research agendas of many theoretical approaches such as the constructivism, post-structuralism and the critical theory.

The theoretical framework of this paper is based on the constructivist approach of Foreign Policy Analysis, combined with Critical Discourse Analysis. More specifically the European branch of constructivism is often prescribed as post-positivist or interpretative and that considers language to be a structure of meaning that makes possible specific actions of foreign policy. The interpretative constructivists analyze the historical conditions and social discourses that make possible the change in "the foreign policy behavior" (Hopf, 2002). The scholar Demirtas Bagdonas notes that "policy makers articulate their policies (present certain policies as a part of a general policy orientation or articulate the need to move away from traditional policy), and as such discourse analysis is the best mean to study the ideological templates constructed in foreign policy discourses" (2008: 52).

This study applies a discursive approach. Studies based on discourse analysis use language as an instrument that methodologically involves the process of reading and text interpretation of different speeches. Discourse analysis is based on the analysis of meanings of special concepts that structure and articulate what the actor is saying. According to Titscher et al. (2000:32) one of functions of texts is representation, through which we achieve to distinguish group or situational features that is object to analysis. The methodology applied for this article is Critical Discourse analysis, based on works of N. Fairclough, R. Wodak and T. Van Dijk. Based on Weaver's idea (2004: 198) on discursive approaches, this article treats CDA both as a methodology and as a theoretical approach. By analyzing "discourse/ language as a social practice" (Fairclough & Wodak, 1997), it can facilitate the understanding of main themes/ issues of political discourse regarding the relation between two countries. Specifically CDA "is focused in the ways how discourse preserves, confirms, legitimates, reproduce and challenges power and dominance in society" (Van Dijk, 1988:953), and it also stresses out "how power relation are exercised and negotiated in discourse" (Wodak, 1996). According to Fairclough power within the discourse has to do with the dominant signifiers, who control and oblige the contribution of less powerful signifiers (Fairclough 1989: 46).

This article analyzes a group of texts, mainly declarations and speeches of high representatives of state and government of both Albania and Greece. This corpus of materials includes declarations held by state representatives in official bilateral meetings, agreements or any public appearances. Hence, a certain question emerges: Why we should focus on political elite's discourse? As many other political situations or actions, a major part of diplomatic activities happens in a discursive level and a detailed analysis of these practices does not only help to understand these practices but also explore the possible consequences in foreign policy. The study covers the period 2010 [after the nullification of agreement by Albanian Constitutional Court]-2015.

## DATA ANALYSIS & FINDINGS

More than five years later the issue is still pending and continuously brought up in bilateral meetings of high representatives of both governments. While two countries depict each other as friend, neighbor, strategic, partner, ally, ect., they have been sending different signals on the agreement. Based on a survey conducted by AIIS on Albanian-Greek perceptions "almost half of Albanians mention that the priority number one issue if that of borders, with 49 percent of the answers" (Cela & Lleshaj, 2013:22). This result makes sense referring the powerful media resonance that 'sea agreement' has gained over the years. The extent and intensity of media coverage on this issue has depended widely on the effect it provoked in the public opinion about potential consequences if the agreement shall be ratified. The picture emerged from media coverage

has a strong negative portrait of 'sea agreement' assignment by the Albanian government. The headlines referred to agreement have depicted its negotiation on behalf of Albanian government as "sea was donated", "Albania gave sea away to Greece", and "sea was sold to Greece". The above 'negative' picture immediately raised concerns and called the policy makers out for renegotiation of agreement.

After the agreement was nullified by the Albanian Constitutional Court, Albania and Greece experienced another 'frozen' phase in the diplomatic relations among them. The Greek government reacted immediately rejecting the decision and therefore increasing the pressure on Albanian government for future ratification of agreement. In this context, a discourse of hostility between Albania and Greece has been constructed. While Albanian political elites aim to renegotiate the sea water agreement, Greek political elites have been steadily demanding for the implementation [ratification] of it despite the court decision. To put in Wodak's words, this is the case of "exercising power relation through discourse" (1996), were the Greek government as a 'dominant signifiers' (Fairclough, 1989) pressure the "less powerful signifiers" [Albanian government]. The dominant discourse of Greek political elites was that Albania would be unable to [obtain candidate status] start accession negotiations with the European Union without ratifying the agreement. Greece steadily has been using the "carrot and stick" methods as means of pressuring Albania regarding bilateral issues, by imposing itself as an important actor in relation to Albania's EU integration. On the July 15 the Greek Foreign Minister, Nikos Kotzias, has visited Tirana. Avoiding the discussion of sea agreement's issue, he noted that "Albania is a strategic partner, a strategic country and neighbor. God has sent us to live together in this area...we want to be as much as possible creative in preparing Albania's EU integration. I am very persistent towards international projects because everything that happens in the Balkans should include Albania. We have a policy of integration and not leaving out..." (Kotzias, 15 July 2015).

The dynamic within the Albanian political elite's discourse have been more nuanced and complex regarding the issue. It was the Socialist Party itself who brought it before court. "We should put an end this state of limbo, with conflict potential" expressed Rama, the head of the Socialist Party, in his request to the government of that time for the renegotiation of the maritime border agreement with Greece. After the Socialist Party came in power, in August 2014, Albanian foreign minister, Ditmir Bushati, asked the state prosecutor to launch an investigation against high officials involved in negotiations and signing the sea border agreement. In despite of that Albanian government emphasize the need to renegotiate the agreement it is mixed with incoherent statements. It is unclear if there is any renegotiation of the maritime border yet, on what conditions, because high officials have made contradictory statements. Given the fact that Greece refused to renegotiate the terms of an agreement, lately the high officials of both governments have articulated the option of addressing the dispute to an international tribunal. But, both countries have knowledge that for the moment is not profitable for none of the states.

While the maritime borders have been at the centre of the dispute between two countries, another important issue has emerged. The debate over the sea border issue and maritime zones unfold another important issue between two countries such as potential oil exploration in the waters of the Ionian. The unsuccessfully efforts for delimitation of the continental shelf and other maritime zones were followed by another disagreement between two countries about economic exploitation zones in the Ionian Sea. After the Greek side has started search for oil in the Ionian Sea, the Albanian media published a map claiming that it was published by the ministry of Energy of Greece, which suggested tenders for oil exploration even in the areas for which the agreement between Albania and Greece on the sea border was annulled. In the following days the Albanian Ministry of Foreign Affairs handed over a protest note to Athens, due to the lack of transparency for the maps and oil researches in the disputed area. This represents another issue of concern between two countries, which reveals the need for a new maritime border deal.

## CONCLUSIONS

The overall of relations between Albania and Greece has been problematic. Since April 2010 the two countries have been on a dispute for not reaching a mutual deal on the sea border issue. More than five years later the issue is still pending and continuously brought up in bilateral meetings of high representatives of both governments. After the nullification of the "sea agreement" by the Albanian Constitutional Court, Greece have refused to accept the court decision and therefore refused to renegotiate the terms of an agreement. Greece steadily has been using the "carrot and stick" methods as means of pressuring Albania regarding the border issue, by imposing itself as an important actor in relation to Albania's EU integration. Given the fact that Greece refused to renegotiate the terms of an agreement, lately the high officials of both governments have articulated the option of addressing the dispute to an international tribunal, although both countries have

knowledge that for the moment is not profitable for none of the states. The unsuccessfully efforts for delimitation of the continental shelf and other maritime zones were followed by another disagreement between two countries about economic exploitation zones in the Ionian Sea. The main claim of this article is that a new issue of concern is detected in bilateral relations, such as exclusive economic zones issue. The exploration of economic exploitation zones in the Ionian Sea urges for the delimitation of maritime borders between two countries, and therefore the renegotiation of "sea agreement" is inevitable in near future.

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## Touristic Infrastructure Development in the Context of Increasing a Town Space Attractiveness

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### Abstract

*The topic of the paper is an attempt to find a research tool in order to find the answers to questions about the proper directions of development of tourist infrastructure and functions in small towns. How to define the relationship between the existing natural and cultural values and needed touristic infrastructure? Where are the best areas in town for the implementation of tourist infrastructure? With what planning tools it is possible to forecast the possible barriers of development? The students of the Faculty of Architecture at Poznan University of Technology were trying to find the answers to these and other questions were and there is presented the outcome of this research.*

**Keywords:** touristic functions, city space attractiveness, sustainable development

### Introduction

According to the author, tourism as a function stimulating towns and cities development is one of the few economic brands which have a high ratio of profitability (at relatively low costs can be achieved large profits), and further, while retaining the relative political stability, touristic functions provide a steady demand for manufactured goods. However, so as to bloom local economy and improve the quality of residents life, it is necessary to preserve the principles of sustainable development.

Sustainable development of tourism depends on a number of factors: tourist attractiveness of the city, uniqueness and location values, high quality of services, availability, socio-economic potential, as well as a holistic and integrated approach to planning development of touristic reception city. The fulfillment of all the conditions may seem impossible, but it is needed to consider all of them within programming renewal and development projects. Cities with tourist attractions but without a well-developed services and transport accessibility, as well as cities that have only excellent position in relation to major transportation hubs, have a chance to benefit from the development of tourism.

A special type of touristic development is spa tourism. Wellness and spa functions can perform invigorating role not only in terms of patients recovery, but also in spatial and economic meaning. The condition is prudent management of urban and natural environment, protection of local identity and control of the intensity of tourist traffic. Protection of cultural heritage in spa city concerns preservation of historic architecture, which significantly creates the city image, local traditions and regional identity as well as unique non-material cultural goods like customs, cuisine, crafts. Restitution and incorporation of historical buildings into touristic infrastructure is needed so as to expose the uniqueness of location and all the characteristic elements within functional and spatial structure of the city. These specific and meaningful landmarks define and highlight the character of the reception area.

The proper use of existing natural and anthropogenic values and existing social potential is a huge challenge, but also an opportunity to improve the economic situation, quality of life and spatial attractiveness of the city, not only for present but also future residents. For many cities, especially those of small size, development of touristic function is an important opportunity to improve the condition of the socio-economic and spatial attractiveness.

Sustainable development of tourism is about promotion of different functional offer and profiles, with tourist infrastructure development which is in accordance with protection of spatial and cultural values. However, achieving economic stability, ensuring the attractiveness of land and meeting social needs in small cities should be associated with the need of preparation and implementation of long-term and multilayered development plans. Identification of strengths and

weaknesses of existing spatial, social and economic situation is crucial in terms of defining possible targets and enabling division into separate phases the development programme. The key importance of spa tourism development is reasonable and wise management of space and programming of spatial planning in accordance with sustainable development rules.

### **Legislation tools and participatory planning in the context of increasing town attractiveness**

The local plan as an act of local law, is considered as an essential tool for defining the manner of managing the key areas for the development in towns and cities. It is the only document in Polish spatial planning law that has a real impact on spatial changes and spatial order. The act describes a series of activities related to the preparation, voting on and implementation of master plan. The aim of master plan is in particular the determination of: functional and spatial destination of indicated areas, introduction of new functions into developing fragment of a city space, the principles of management so as to provide and maintain spatial order, the protection of natural and anthropogenic environment, cultural heritage and cultural values preservation, definition of contemporary public space design rules, parameters and indicators of building and other forms of land development, the principles of expansion and reconstruction of technical infrastructure and communication system, rules of sharing and merging real estate, detailed rules on security actions within risk areas for mining damage, floods, landslides, etc.

The master plan should specifically and unambiguously define the framework of the planned spatial and functional transformations of a city space. Too general regulations conducive to the formation of investments contrary to the principles of spatial order. It must therefore be stored in such a way that its interpretation is closest to the intentions of the plan ideas and aims. It must be remembered that all planning documents are being drawn up for over many years and so there must be provided a proper level of generality and flexibility within formulated postulates and decisions.

In addition to the issues associated with master plans preparation, a separate group of questions consists of the statutory provisions on the need for the socialization of planning process as well as an analysis of the effects of the master plans implementation. It is particularly important for architects and urban planners to understand the needs of city users and the economic consequences of the planned transformations. The protection or maintenance of spatial order is the most important task of planning, regardless of the scale and size of the city.

This means harmonizing the often conflicting needs and thus to minimize conflicts. In terms of the social aspects it is crucial to ensure that all the city are provided with the same possibility to take advantage of spatial situation and values at the same level. There is also a need to eliminate the negative phenomena of segregation and exclusion, to ensure the protection of the public interest and private rights of ownership and to overcome unjustified disparities in living conditions. The economic aspect should enable economically efficient use of space and ensure appropriate conditions for the functioning of all operators and users.

Unfortunately provisions of the spatial planning law in terms of social participation significantly limit the real influence of stakeholders. A mechanism for receiving and considering comments on the plan is not conducive to reliable diagnosis in the identification of existing or future social conflicts arising from the often divergent interests of different groups. This in turn often leads to irrational management of spatial and financial resources. Such phenomena does not contribute to spatial order protection and to rational use of resources in accordance with sustainable development rules.

The study of good examples of legislative solutions in force in Europe confirms that the first phase of master plan preparation always becomes a priority, since it ensures the universal recognition of the provisions of plan. There is a wide range of instruments to carry out a public consultation in which social participation has a real impact on the planned changes. All kinds of workshops, joint development concepts, urban games and other forms of activities integrating various interest groups are supposed to be soft but significant tool within a process of promoting participatory planning solutions. Public acceptance of planned development and alterations ensures cost reduction not only during the design and implementation but above all during long-term implementation and realization.

### **Case study – introduction of spa offer to Międzychód city. Cooperation between practitioners and researchers**

One of the good examples of taking advantage of scientific knowledge and expert opinions in urban planning practice is the cooperation of the Department of Urban Planning of Poznan University of Technology, Faculty of Architecture with the

Municipality of Międzychód. The problem which was reported to professionals was interesting but quite complicated. City of Międzychód was the first city in Wielkopolska region trying to obtain the status of a health resort. In the period 2004 - 2014, a series of architectural studies and urban planning research were conducted. The first phases of cooperation were mainly related to the sphere of analytical investigation of existing spatial situation, valorization and forecasting. Undertaken activities aimed at existing spatial values inventory and development potential assessment.

The next stages were to determine key areas - both those with growth potential and those with a negative impact. At the same time the architectural concepts comprising the renewal of historic buildings of the most important frontages along main streets of the city were prepared. Unfortunately, there was a lack of long-term revival and development programming. Since the project was not included in any integrated program for seven years less than 10% of the buildings were renovated and regained its former splendor.

Then the main guidelines for tourism development and new functions introduction were defined so as to prepare a basis for the master plan alterations. The task that has been entrusted to scientists, was about the identification and verification of decisions of master plan and critical analysis of the current document. The aim was to test the provisions of the plan in force in relation to key areas in the context of the development of the spa functions and to make necessary adjustments. As a result the new master plan was established, which is now in force. Now, along with the master plan decisions, there is a better protection of existing spatial values – both natural and cultural ones, and the possibility of spa functions development in accordance with sustainability rules.

According to the adopted methodology, the study has been preceded by a vision of the terrain and analysis of the development strategy of the spa in Międzychód. This enabled the adoption of appropriate assumptions to develop several variants of spa development concept and designation of key areas. To achieve the maximization of profits from the planned investments there was proposed a system of key areas connection with the use of existing public spaces within a city. This solution increases the efficiency of the development owing to the principle of synergy of programming and realization of all investments.

There were not only researchers but students as well involved into cooperation between Municipality of Międzychód and Poznan Faculty of Architecture. During academic year students were preparing their proposals of spa functions development in Międzychód with the reference to master plan decisions. In this way, students had an opportunity to face real problems such as: finding the right formula for maximum integration of newly introduced investments into existing urban structure, maximizing the profitability of parcels in accordance with the spatial order rules, obtaining the highest possible standards of living and minimizing the cost of urban infrastructure modernization and development in terms of new functions introduction.

The main aim of the cooperation was to work out an expert study indicating the possible opportunities and barriers of spa spatial development. The additional aim was to establish a tool to collect votes and opinions about planned investments of the local community. The cooperation resulted in preparation of a shared document in the form of EXREF Doc. and a set of boards with graphic part of development proposals. It was done owing to the use of work in cloud method and in that way it was possible to collect opinions about presented spatial solutions. The outcomes of the work were presented at an official exhibition of at Poznan University of Technology with the participation of Międzychód Municipality representatives.

The last action in favor of spa functions development in Międzychód was the collaboration within preparation of a phased investment strategy. As part of creating the spa brand and a new image of Międzychód city there are some soft actions proposed in the so as to promote educational projects and hard ones, related to the implementation of certain investments. The most important investments accentuated in the strategy are: construction of water bottling plant "Międzychodzianka", Spa and Wellness Park - as the most important area of spa facility in the current park of Lake City, the infrastructure of mud treatment services, communication and technical infrastructure. In addition to spa buildings there is planned to extend the offer of existing sport facilities with hotel and training complex.



Pic.1. Identification of antropogenic and environmental resources is a basis for creation of strategy of sustainable development of spa tourism in Międzychód city. Conception made by author.





Pic.2. Research and design work were prepared in different scales, and were prepared by researchers and practitioners with the participation of students of the Faculty of Architecture of Poznan University of Technology (P.Kluj, D.Woltyński). Conception made by author and other researchers (R.Graczyk, D.Pazder).

The citywide investments are planned to be complementary to spa offer. They are proposed so as to increase the attractiveness of public space within a city. There are planned: a complex of tourist services, broadening of cultural and commercial offer, modernization of Market Square, Kosciuszko Square, Old Mill and Passage linking Lake City with the Old Port at Warta river, restoration and activation of historic buildings through the introduction of new services, construction

of a riverside hostel in the Old Port and complex of spa parks with pedestrian and bicycle lanes and the construction of urban fragment of an international Bicycle Route R1.

## Conclusion

Implementation of ideas and design works aiming at creation and promotion of the first spa of Międzychód city in Wielkopolska region is an important development opportunity for entire county. Construction of hotels, boarding houses, sanatoriums, recreational and sports centers and the provision of treatment services and hospitality, is a project of key importance for expanding the local labor market offer and increase of inhabitants' quality of life

Promotion of a healthy lifestyle and leisure and spa offer development in a city of Międzychód, in accordance with the principles of a snowball economic rule, can initiate the development of private enterprises as complementary offer. The introduction of new functions, new architectural and infrastructural investments can positively affect the physiognomic image not of a city but entire region as well.

The impact of realization of the project in economic dimension may include western regions of Poland and even go abroad to the territory of Germany. In the past eight years, the Municipality of Międzychód, within a process of preparation for spa functions development has already organized many investments that cost over EUR 25 million. Considering either dynamics of the transformation, aspirations of a city, or taking into consideration endogenous and exogenous conditions, it is concluded that the spa offer and tourism development can result in many fruitful activities and undertakings in spatial, social and economic aspects. Creation of the brand product under the name of Spa Międzychód is a venture not only by all means desirable, but also necessary to maintain the trend of development in peripheral areas of the region.

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## Analyzing Energy Security and Sustainable Development in Southeast Europe from a Multidimensional Approach

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### Abstract

*Energy plays a vital role in the sustainable development of a nation and regions as well, thus affordable and reliable energy supplies are crucial for this development. South East Europe countries are characterized from high energy dependence and face several difficulties in guaranteeing a sustainable development. Only an integrated approach, which combines all the dimensions of energy security, can be a successful way for nations to guarantee their energy security and sustainable development. The scope of this paper is to analyze energy sector and sustainable development in Southeast Europe, with a focus on economic, social, environmental and geopolitical dimension of energy security. The methodology used for this paper combines energy security approach and Regional Security Complex Theory, with a focus in Regional Energy Security Complexes. Energy sector in this region is characterized by a problematic energy infrastructure, low system reliability and low efficiency, energy dependence and lack of diversification of energy sources, all elements with a direct impact on energy security. The data used for this paper are based upon the data of World Bank, International Energy Agency, International Monetary Fund and United Nations.*

**Keywords:** Energy Security, Sustainable development, Southeast Europe

### Introduction

Sustainable development and energy security are two of the most important topics nowadays. Many efforts are being put to develop a society which ensures harmony between environment, society and economic growth. In this aspect, energy plays a vital role in the sustainable development of a nation and regions as well, thus affordable and reliable energy supplies are crucial for this development. South East Europe countries are characterized from high energy dependence and face several difficulties in guaranteeing a sustainable development. The linkage between energy security and sustainable development is a matter of great importance, thus the scope of this paper is to analyze energy security and sustainable development in Southeast Europe from a multidimensional approach. This paper focuses in the SEE6 countries, which includes Albania, Bosnia and Herzegovina, Kosovo, F.Y.R Macedonia, Montenegro and Serbia. This area is composed from states that have different problems and opportunities as well, but energy security and sustainable development are two key issues with a direct impact on every state in particular as well as the entire region in general. As mentioned in the South East Europe Transnational Cooperation Program, "*The South-East Europe area is the most diverse, heterogeneous and complex transnational cooperation area in Europe, made up of a broad mix of countries. The emergence of new countries and with it the establishment of new frontiers has changed the patterns of political, economic, social and cultural relationships*".

In this situation, the paper raises some questions: Which is the energy security situation in SEE6 countries? What are some of the problems faced by these countries in terms of sustainable development? What measures and policies must be taken to ensure energy security and sustainable development in SEE6 countries? Before answering these questions, is necessary to explain the key concepts of the paper, energy security and sustainable development, and the used methodology. These issues will be elaborated in the next section of the paper.

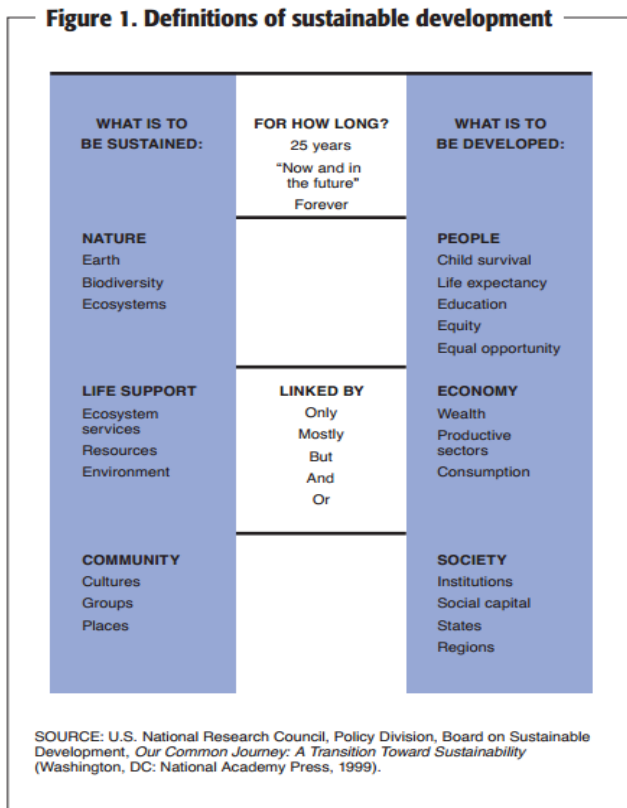
### Literature Review and Work Methodology

The literature review process showed that despite previous works focused on energy security and sustainable development, there is no a general consensus for the definition of the terms. Definitions of 'energy security' range from narrow issues of physical supply disruption to broader ones involving the economic, environmental, and political consequences of changes

to energy markets (Dreyer & Stang, 2013: 1). This is due to the positions and interests of each actor. The International Energy Agency refers to energy security as “the uninterrupted availability of energy sources at an affordable price” (IEA, 2011). Scheepers (2006) and Kirchner (2007), share the idea that secure energy means that the risks of interruption to energy supply are low. Daniel Yergin (2011) argues that “Energy security also means the ability to access resources and develop them, ensuring sufficient investment for future supplies, and establishing the governmental-private sector arrangements to respond to crises and ensure international cooperation”. Regarding the definition of sustainable development, the most frequently quoted definition is: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs.” (WECD, 1987: 43).

Another way to define of sustainable development is the one of U.S. National Research Council (1999), shown in the figure below.



The methodology used in this paper combines energy security approach and Regional Security Complex Theory, with a focus in Regional Energy Security Complexes. Regional Security Complex Theory suggests “an analytical scheme for structuring analysis of how security concerns tie together in a regional formation...it’s a set of units whose major processes of securitization, de-securitization or both are so interlinked that their security problems cannot reasonably be analyzed or

resolved apart from one another" (Waever, 2004). In a region where the constituent states share closely interdependent security conditions and understandings of energy, Regional Energy Security Complexes are formed (Sharples, 2012).

### Analysis of the findings

**Table 1: Economic and energetic indicators of SEE6 countries (2012)**

SEE6 Countries	Population (in million)	GDP (in billion USD, 2005)	Energy Production (in Mtoe)	Energy Consumption	Energy Dependence (%)	Human Development Index (HDI) Rank/Value	Human Sustainable Development Rank/index (HSDI)
Albania	3.16	11.22	1.49	1.93	36.8	64 / 0.719	52 / 0.776
Bosnia & Herzegovina	3.83	12.88	4.62	3.34	48.8	68 / 0.71	64 / 0.75
Kosovo	1.81	5.13	1.8	1.32	40.2	n/a	n/a
FYR Macedonia	2.2	7.32	1.78	1.97	72.6	71 / 0.701	65 / 0.749
Montenegro	0.62	2.88	0.79	0.82	48.8	49 / 0.769	n/a
Serbia	7.22	27.85	11.17	9.78	49.8	60 / 0.735	n/a

Source: World Bank ([www.worldbank.org](http://www.worldbank.org)) & IEA ([www.iea.org](http://www.iea.org))

The data of Economic and Energetic indicators of SEE6 countries demonstrates the differences between countries. Serbia has the largest population (7.22 million) and Montenegro has the smallest one (0.62 million). The same situation is even regarding the GDP data. Serbia is the largest producer of energy in the SEE6, an energy production estimated in 11.17 Mtoe, followed by Bosnia & Herzegovina (4.62 Mtoe). Montenegro produces 0.79 Mtoe and Albania, 1.49 Mtoe. Serbia and Bosnia & Herzegovina are the top consumers of energy in SEE6 countries, meanwhile Montenegro and Kosovo consume only 0.82 and 1.32 Mtoe. Regarding energy dependence indicator, FYR Macedonia is estimated to have the highest level of dependence, with a value of 72.6 % and Albania has the lowest, with a value of 36.8%. The data shows the need for immediate reforms and the need for the intensification of collaboration between SEE6 countries. This is the only way for these countries to guarantee their energy security and sustainable development. Regarding the Human Development Index, SEE6 countries shares different positions. In a better position are countries like Montenegro (49) and Serbia (60). FYR Macedonia and Bosnia & Herzegovina ranks in 71<sup>th</sup> and 68<sup>th</sup> position. There are no data available for Kosovo. Regarding Human Sustainable Development index, Albania is ranked in 52<sup>th</sup> position, with an estimated value of 0.776; Bosnia & Herzegovina is ranked in 64<sup>th</sup> position and an estimated value of 0.75; and FYR Macedonia is ranked in the 65<sup>th</sup> position with an estimated value of 0.749. This data shows that SEE6 countries have a lot to do regarding Human Sustainable Development. There is no data on HSDI for the other SEE6 countries like Kosovo, Montenegro and Serbia.

Sustainable development and energy security in SEE6 countries is challenged from:

- Degradation of water resources – vital for development and energy production;

- High levels of air pollution;
- Underdevelopment of infrastructure;
- Natural and human threats to biodiversity;
- High energy dependence from imports;
- Low rates of diversification of energy sources;
- Lack of regional and global collaboration.

## Conclusions

South East Europe countries are characterized from high energy dependence and face several difficulties in guaranteeing a sustainable development. These difficulties vary from air and water pollution and degradation to high energy dependence, lack of diversification and regional collaboration. In order to enhance energy security and sustainable development, SEE6 countries have to increase the level of regional and global collaboration. Countries, state and non-states actors must develop short and long term strategies in order to achieve two of the most important goals; energy security and sustainable development.

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## Documentation of the Crime Scene

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### Abstract

*Documentation of the scene is one of the most important actions of the investigative group, which performs the examination of the scene. Documentation in itself includes: Taking notes, drawing and photographic team of the site inspection to the crime scene during phase taking notes must pay special attention to this stage, because it includes very important information for the investigation of the crime scene. Based on these information becomes final report on the case, so we can say that taking notes is of particular importance. Another important action is also the sketch. Mapping shows the drawing of the scene and all evidence was found there. Compiler of the sketch doesn't minds to be definitely professional any painter or designer. It should be a good compiler which presents in detail all the information necessary to include net. This information will be used for testimony in court and to clarify the situation in the scene in case of reconstructions. Photographs of the crime scene investigation is a very important move which reflects the real image of the scene or any part of his and any evidence which has been inserted into focus photography.*

**Keywords:** Documentation, taking notes, drawings, blueprints, photographs, scene

### Documentin Crime Scene

For a case to have success and the right result, both in terms of quality, which will be displayed after a working professional investigation group, both in terms of understanding how best by those who will have the opportunity see, have become a professional documentation, clear, understandable and all sufficient data.

To achieve the result satisfactory and demanding, it is necessary to have a record fair and professional, in order that all work performed and the procedures followed by the investigation team, reflected very clearly and be accessible to all those who consider the case at a later stage.

Documentation of the scene includes:

- Taking Notes
- Sketch
- Photography
- Taking Notes

One of the main actions and more important investigators of the scene is taking notes. Taking notes is done for many reasons. One of the main reasons, why should it be asked, is that they should be available to all case and then, when the investigator or the court requires something, entries must be ready and similar actions were taken at the scene and with all other data, such as the scene, as well as traces and physical evidence found there.

Taking notes begins upon receipt of the call for the given case noted: time, date, source of the information was, instructions are provided for storing the scene.

Further extended the composition of the investigation team, responsible officials find there and the time of arrival at the scene. It should also be noticed and all actions of the inquiry regarding the examination of the scene until its conclusion.

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The focus is on objects, to track and to the material evidence, distinguishing it traces or evidence that is relevant materials, related to the event, from what can be found randomly on the scene.

Here's how the notes should be a crime scene investigator:

1. Notes must be accurate and sorted chronologically;
2. The entries should describe step by step all the action;
3. The entries must be completed and harmonized;
4. Notes should be well written and understandable;
5. It must be noted the unusual things such as blood, a light that has been raging, etc. ;Hetuesi takes notes should be, as much as possible, specific mark even the most "fine" as 20 cm below stairs of the house, on the ground floor is found .... etc.
6. Other records such as case number, camcorder, film negatives, etc., should never be left without mark. They may be listed in any other country but here it is worth noted;
7. Determination and location of the route or test materials done in conjunction with a stationary object such as wall, pillar electricity, etc.<sup>1</sup>

The investigator had come on the scene; the officer should initially contact the first on the scene and has secured his victim, witnesses. In this way, he will be informed of certain data of the scene which will probably be needed later. All these should be noted carefully.

In the notes of the scene investigators must be included:

- The date and time when the case is reported to the police;
- Type of crime;
- Location of the scene and its description;
- Name of the person who ordered / requested location-viewing;
- The names of all persons, police officers, witnesses, investigators, specialized personnel to the scene.
- Names of officers photograph, shooting with the camera, make sketch, take fingerprints, seek and obtain clues and material evidence;
- atmospheric and lighting conditions at the time of inspection;
- The first description of the scene, including the condition of the victim at the time the investigation team has arrived;
- The location of any trace or evidence material that is found and by whom is found, the search results of fingerprints and other trace evidence;
- Description of the exact location of the scene, surrounding houses or buildings;
- Description of the correct entry and exit of the scene, a description of the house, number of rooms, windows;
- Description of the external scene: land, planted field, the ground muddy, ground paved with asphalt, tiles, etc. ;
- The time of completion of the examination of the scene;
- In the notes given no conclusions, but what can be seen in it.

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<sup>1</sup> prof. dr. Luan VELIQOTI,(interview)Tiranë, maj 2011.



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Whether through photography "write by the light" in the record write only what look. Conclusions belonging to other investigative actions as: expertise, knowledge, experiment etc.

### **Mapping**

Just picture is not enough to fix the scene. Since scene appear better and more accurately, he should have the sketch. So, sketches and picture complement each other and both represent scene correctly and adequately. Outline clarifies scene appearance and makes it easy to understand. It is therefore important that the crime scene investigator to do a good outline and easily understandable.

Compiler sketch should not be necessarily a good painter or designer, but everything that represents the outline should be clear even to those who were not at the scene and did not see it. So I have a drawing simple, understandable that presented the appearance of the scene.

In pictures look even objects that "do not want" to see, because they cannot share or remove without interfering in it, while at present only drawing objects that we need and we want to present.

Well sketches, it helps investigators, courts and others to recall things. Also it serves quite well, compared to photography, even when we have the opportunity to see cars or any other view of the scene. This can be used by investigators during the questioning of witnesses or victims.

There are two types of drawings: the general and detailed generalized sketches done on the spot, it is a simple drawing, freehand and all the other features that accompany it, while detailed sketches done in the office with technical means or computer. Both sketches enter in the case file and stored there.

Always sketches done in the angle 90 degrees and is called two-dimensional sketch, unlike it three dimensional made at different angles and in other cases (of mass graves, sketches wells etc.).

Completes sketches and notes very well pictures of the scene.

### **The information included in sketch**

In the sketch should be presented with all the information that identifies the case. They are: the case number, the name of the victim, the name of the suspect, the date and time when the event occurred, the date and time when sketches, location, name of the person who made the sketch, the degree of proportionality, whether it is used or no, (a legend would help its reader), spatial orientation, fixed points where measurements were made, the numbers of evidence etc<sup>1</sup>.

### **Equipment**

Equipment used in the preparation of the outline is simple including: white paper, pencils technique or simple tools geometric, ruler, compass, triangle, rectangle, etc., and if sketches done with computers then used different software for drawing drawings.

### **Types of sketches**

Depending on the scene, we have several types' sketches and methods by which they are made. Types of drawings are: Two-dimensional and three-dimensional sketches.

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<sup>1</sup> Criminal Investigations, Charles R. SWANSON, Neil C. CHAMELIN, Leonard TERRITO, 7th, ed. 2000, fq. 57.

Dimensional drawings used in almost all cases when dealing with surfaces that appear only the width and length of the terrain scene. These include countries in the event of open, closed, in cars etc.

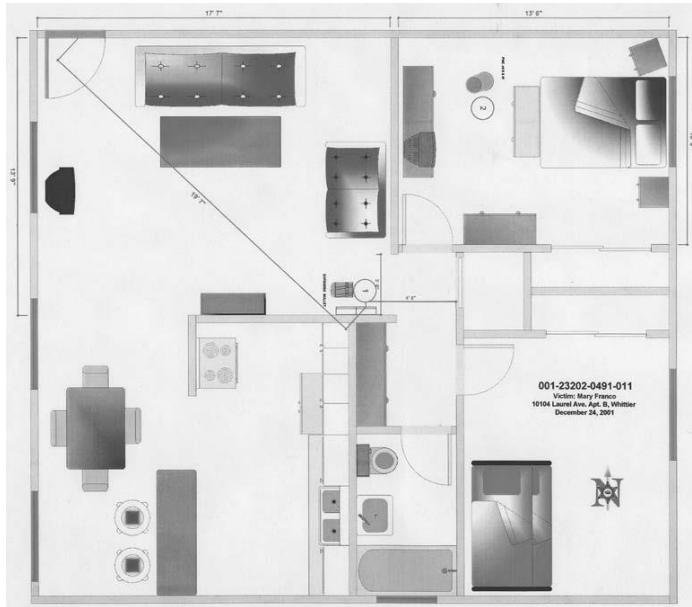


Fig.1 Two-dimensional sketch (foto nga: [http://crimescene\\_pictures.jpg](http://crimescene_pictures.jpg))

A three-dimensional drawings used in all cases, when the field of the scene is the width, length and depth. These cases have in mass graves, different wells, cars etc. In these cases different templates performed during the reconstruction of the crime scene or during the presentation to the court.

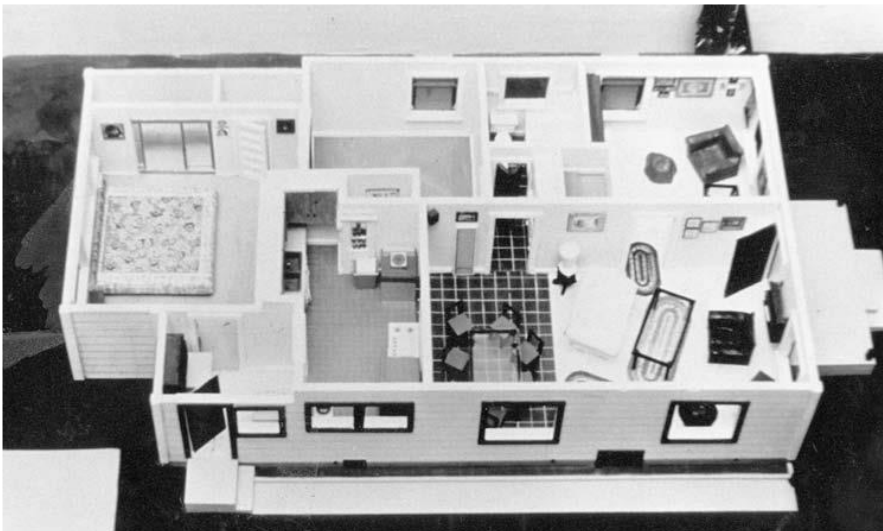


Fig.2 Three-dimensional mock-up of one of the crime scenes from the infamous Hillside Strangler Case in Los Angeles, California.)

## Methods of drawing

To realize charts used three methods:

- The Method coordination;
- The Method triangular;
- The Method cruise.

**Coordination method** has at least two fixed points of which measured all traces and physical evidence found at the scene. This method can also be used basic line, this line which imagined between the scenes and starting from that line, measure all the evidence on both sides. This method is suitable outdoors.

**Triangular method** has at least two fixed points of which track and measure all material evidence at the scene. This method is used outdoors and in those places where we encounter difficulties finding a fixed point: in the field, away from the road, in cases of traffic accidents etc.

**Cruise Method** - This method is used in confined spaces. Here, the walls of the rooms appear to spread. The rooms have expansive roof along with one of its walls

## SECENE PHOTOGRAPHY

The word: "a picture is worth a thousand words" applies especially to photograph the scene. Capture or "recording" permanent crime scene is a very important action of the investigative group in the processing and examination of the scene. It is very important that before any other action, including: touch, movement, screening etc, It is photographing everything they found at the scene, which is estimated to trace or proof material.

No subject should not move, before he is photographed from all angles necessary. For all of this to have its effect during the trial should be made as many pictures as possible. We must not forget that pictures can help the prosecutor at the court hearings, the judge, police experts etc.

It is the duty of every crime scene investigator who, once they get there after receiving initial information, start with general or orientation picture of the scene. The investigator then must continue to focus in the important points of the country example: center of the scene, to connect the tracks or exhibits through photography, etc. sequential pictures.

A special focus should be placed, given the nature of the crime, in order to present the elements of the offense. Particular attention should be paid:

Exteriors of the house, the car;

- Communications them among each other;
- Route, access points outside and inside;
- Point exit inside and outside;
- Conditions of the scene;
- Things that are left at the scene;
- Evidence as hair, synthetic fibers, remnants (butts) cigarette, fingerprints, tool marks, shoe tracks, tire tracks, etc..

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Special importance should be given the restrictive photos of the scene. They should be made so that, when seen, are listed in a logical manner making a real orientation of the country. Photos restrictive are:

**a. Photography with remote shooting (indicative)**

This picture is done by including in it, all the space of the scene (if possible), so that when this photograph shows, the impression that you are

seeing the scene nearby. This picture shows the position of the scene compared to other surrounding objects such as buildings, objects or objects<sup>1</sup>. This picture is made in the eye distance, six meters away

**b. Photography to shooting medium (general)**

This picture is made so that in the related areas of the scene to the photographed areas. It also enables the connection of trails and exhibits between each other. This picture becomes distance from three to six meters, in order to have a clear view and its reading.

**c. Picture by shooting near (the object close)**

This pictures are made in order to be introduced in all the sights, which could not be introduced in the middle photography shooting and remote. This photo is taken at a distance of one or two meters. Since this picture done by a small distance, they can be seen in great detail which does not appear in the previous pictures.

**d. Picture scalable**

This pictures is done when, close to the tracks and physical evidence found at the scene, set the unit of measurement such as rulers, meter etc. So, taking pictures scalable, show how many times has increased or decreased the object photographed<sup>2</sup>.

**WHAT WHE NEED TO SEE IN THE FIELD OF SIGHTING MARK**

During photographing the traces and material evidence at the scene, placed close to their units, in order to show the real size. Setting the measuring unit as a meter tape, ruler, etc. It allows the photographer to determine the real size and scale of its reduction. Care should be taken when displaying measurement units, not damaged track or exhibits.

In order to eliminate the objection that sometimes made pictures yardstick, then the photos should be made once without a measure of another time with the measure.

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<sup>1</sup> Prof.dr.Skënder Begeja,Kriminalistika,Vëllimi i I.2001,Tirane,fq.80

<sup>2</sup> Prof.ass.dr.Luan VELIQOTI,Fotografia Kriminalistike,Tiranë,2001,fq.138

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To comply with general standards used for review of the reliability and credibility of photography, be aware that:

- representation to be accurate;
- to no distortions;
- materials and connectivity;
- impartiality or fairness.

Also, during the shooting of the scene, one that photographs should be caution, control the movements you do, in order not to damage the picture. So a near static, allows a small movement or eliminate it all and, thus, will have a clear picture of which would have a good view. You should know that even breathing, heart and work of uncontrolled movements, caused by improper maintenance of the camera, have an impact on its stability and the quality of photography.

If photographed details, trace and material evidence, then, camera and tripod fixed to shutter button is propelled by spring wire. This is to avoid any vibration thereof, and to ensure maximum focus and clarity.

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Hillside Strangler Case in Los Angeles, California.)

[http://crimescene\\_pictures.jpg](http://crimescene_pictures.jpg)

prof. dr. Luan VELIQOTI, (interview) Tiranë, maj 2011.

## Albanians in Presevo Valley and Their National Rights

Dr.Sci.Veton Zejnullahi

### Abstract

*The situation of Albanians in Serbia, especially in three municipalities bordering with Kosovo-Presevo, Bujanovac and Medvegja, which are known as the Presevo Valley region remains the same even after the Kosovo war and after the war that took place in this region between Serbian government forces and ethnic Albanian fighters LAPMB. Since in this region the majority of the population is Albanian, then the object of study will be focused in the situation of the population there and the challenges facing it in everyday life and problems they encounter, starting from the most basic ones like: education, information, health, use of language, use of national symbols and many other problems. Presevo Valley throughout the stages of its history has always been marked with the various tensions depending on the circumstances, which have escalated to armed conflicts as happened during World War II when fighters of this area contributed greatly to the fight against fascism and Nazis, but even in the latter case when the war took place between government forces and ethnic Albanian Serbian organized around LAPMB. We will also see that the Albanian population in this region is indigenous to the early centuries of history being part of the Ancient Dardania and despite many invaders, Albanian population managed to preserve its national identity. Therefore the aim of this paper is to show the state of Albanians in the Presevo Valley focusing on historical, political, economic, demographic, cultural, educational, health, national rights - the symbols and language, information, migration and many problems other faced by the people of this region.*

**Keywords:** Presevo Valley, national rights, war of LAPMB, Albanians, World War II

### Introduction

Albanian Presevo Valley region in southern Serbia itself includes three Albanian municipalities Presevo, Bujanovac and Medvedja, in ancient times, the region of the Presheva Valley has been under Roman domination. Until the IX-th century, the region of the Presheva Valley remained under Bizant occupation. From the second half of the IX-th century until the X-th century the region was occupied by the Bullgarien kingdom. From the XI-th century until the XII-th century Presheva Valley was under the Bizant occupation. At the end of the XII-th century, due to the Serbian documents, the region was invaded by The Nemanij until the year 1455. During this period of time, autochthonous population pertained Christian religion propagated by Roman Empire.

Presheva during the period of Turkish dominance in the Balkan was included to Shkupi territory. The national structure in this area was almost with 100% Albanians. A massive part of Albanians from the North-East area of Arberia (Vranja, Leskovci, Nishi, Piroti, Surdulica etc) were displace during proclamation of Serbia independence from Turkish Empire. As a proof (evidence) of this displacement is the fact that many families and people of the villages nowadays can still tell about their origin from the North-East area of Arborio.

After the Congress of Berlin, Kazaa Presevo, from 1878 belonged to the Pristine Sandzak Vilayet of Kosovo<sup>1</sup> and it included Nahinë of Bujanovac and Trgoviste until 1912, when Presevo was included in Serbia.

In the Serbian Kingdom, Croats and Slovenes, established in 1918, Presevo district belonged to the Banovina of Vardar Skopje, Kumanovo district until 1946, when Presevo, arbitrarily and without the will of the Albanian people and the purpose of assimilation and narrowing of ethnic surface was divided from Kosovo and Macedonian Albanians, in order to put control from the top, from the district of Vranje and Leskovac at times of the former Yugoslavia.<sup>2</sup>

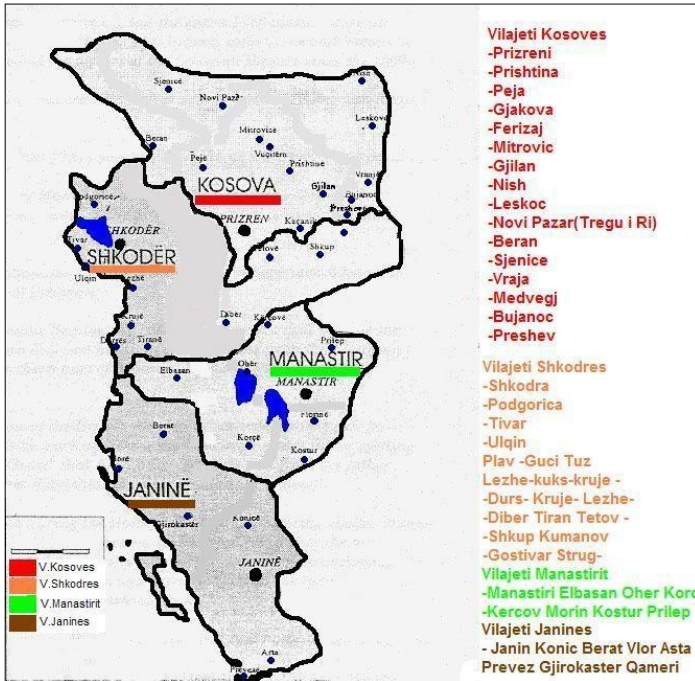
The region of the Presheva Valley is inhabited with a majority of Albanian population. Since in ancient time it was part of Dardania territory. The historical truth that the region of Presheva, Bujanoci and Medvegja shows geopolitical and

<sup>1</sup> Skender Latifi, *Rrugëtimi nëpër Luginë të Preshevës*, Preshevë, 2006

<sup>2</sup> [www.kosovalindore.com](http://www.kosovalindore.com)

geographical land integrity with Kosova, derive from archive data presenting this region always as inseparable part of the Kosovo Vilayet

**Map of the Albanian's Vilayet <sup>1</sup>**



In the map clearly shows that the Presevo Valley belonged to the Vilayet of Kosovo since old times.

**The ethnic structure in the Presevo Valley**

In the Presevo Valley region there is an ethnically mixed structure consisting of several people as Albanians, Serbs, and Roma etc. Region staffed with about 100,000 inhabitants according to the census of 1991 of which 67% are Albanians, whereas according to the 2002 census live approximately 90,000 inhabitants, of which 65% Albanians. Looking to a decrease in the number of residents, and especially the number of Albanians linked especially with massive displacement from Medvedja in Kosovo, and the highland of Presevo and Bujanovac as a result of the establishment of Serbian forces expelled from Kosovo after the 1999 war.

*Statistical data from the Census of years 1991 dhe 2002 <sup>2</sup>*

Structure of population	Presevo		Bujanoc		Medvegja	
	1991	2002	1991	2002	1991	2002
	34.992	31.098	29.588	23.681	3.832	2.816

<sup>1</sup> www.presheva.com

<sup>2</sup> [http://sr.wikipedia.org/wiki/Попис\\_становништва\\_1991.\\_y\\_СФРЈ](http://sr.wikipedia.org/wiki/Попис_становништва_1991._y_СФРЈ)  
[http://sr.wikipedia.org/wiki/Попис\\_становништва\\_2002.\\_y\\_Србији](http://sr.wikipedia.org/wiki/Попис_становништва_2002._y_Србији)

Albanians	89.95%	89,09%	60.09%	54.69%	28.67%	26.17%
Serbian	3.206	2.984	14.660	14.660	8.194	7.163
	8.23%	8,55%	29.58%	34.14%	61.30%	66.57%
Roma	505	322	4.408	4.408	119	109
	1.30%	0.92%	8.95%	8.93%	0.89%	1.00%
Others	240	240	582	582	1223	1.223
	0.62%	0.62%	1.18%	1.18%	9.15%	9.15%

Structure of population	Number of inhabitants 1991	%	Number of inhabitants 2002	%
Albanians	68.412	67	56.595	63
Serbs	26.060	26	24.807	28
Roma	5.032	5	4.839	5
Others	2.045	2	2.045	4
	101.549	100	88.286	100

In these results are not included around to 25,000 Albanians who live in the west as well as in Kosovo.





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## Map of the Presevo Valley <sup>1</sup>

### Current problems in the Presevo Valley

Even after the war and reaching political agreement, the Presevo Valley and Albanian citizens are faced with many problems that are the basic terms of national rights. The problem that worries is that of higher education in the native language, so the lack of a University which could meet the needs of the Valley with new cadres. This region is known as a very strong educational and argued that the first school was opened in 1892 although distant learning took place not in Albanian language, while the first Albanian school opened with the 7 Feb. 1945.

Today the youth and the population as a whole suffers from political problems between Kosovo and Serbia regarding acceptance of diplomas, every day we see the young Albanians are going to the UNMIK office in Pristina to the sealing of degrees to be valid in Serbian state.

So the only option is to study in Pristina, Tirana and Tetovo. Even after many requests still not opened any institution of higher education in the Valley.

Another problem is the health because there is no single hospital in the region except for a certain number of ambulances that in no way do not meet the needs, so for any serious health problem people have to deal with tens of kilometers to receive the needed medical services. Also the information situation in their mother tongue is not good, where is no information, besides several local television there is no television or newspaper which would cover the entire territory in order to inform as quickly and efficiently to citizens.

Albanian citizens are deprived of their right to use their national symbols such as the use of the national flag and official use of Albanian language. The official documents today are issued only in Serbian and Albanians do not enjoy any right in this regard.

But obviously very disturbing problem is the demilitarization of the area which is provided with Koncul Agreement. In this area, it is not that there is going demilitarization but rather the region has never been more militarized because in this region operate in addition to the regular police also Serbian special forces called (xhandamëria) and here has established a large military base, one of the largest Serb army. Therefore it is reasonable fear citizens of any potential violence are from these forces. Besides the police where representation is somewhat pleasing Albanians are not represented in these bodies and in their judicial system percentage is very small and not used the Albanian language as an official language.

Currently the most preoccupying problem of this region is a migration which has taken over, especially after the visa liberalization that the EU decided to Serbia. The causes of this migration are numerous ranging from security issue that led to massive displacement from Medvedja and Presevo and Bujanovac Highlands immediately after the Kosovo war, then to the lack of prospects and economic development of this region and makes that Albanian youth which are educated in Kosovo or Albania in the absence of perspective remain there because the opportunity for employment is greater, and according to the testimony of people from Presevo and Bujanovac has been continually departing buses with citizens who has beset Western countries especially Belgium and the Netherlands in search of better conditions of life. Assumption that only in Kosovo and Western Europe over 25,000 Albanian citizens from Presevo Valley that when apportioned to the total number would mean some 25% of the general population.

### Economic development perspective

Presevo Valley region except its important geo-strategic terms it is rich in underground and provides favorable conditions for economic development. The main branch of the economy is agriculture and this region is known for the cultivation of different crops but is characteristic tradition of tobacco cultivation. In the industrial region has been dependent Serbian industry through factories raised in the Presevo Valley where the processing of wood, crystal, paper, metal and tobacco but which are now out of order.

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<sup>1</sup>[http://lajme.dervina.com/foto/0502244811716e693be8c0228dadcd3/hartaluginapreshvejbanovc1A\[1\].jpg](http://lajme.dervina.com/foto/0502244811716e693be8c0228dadcd3/hartaluginapreshvejbanovc1A[1].jpg)

A very important branch is the tourism since the Presevo Valley provides conditions for its development, especially through two spas: Spas of Bujanovac where their processing of known mineral water "Heba" and Medvedja Sijarin spa rooms.

Given the geo-strategic position, corridor E-10, likely regional ties, new age population and foreign investment necessary for Presevo Valley region could have a rapid economic development.

### Conclusions and Recommendations

- Albanians must establish National Council and choose all its structure starting with the Council assembly. The role of the National Council should be Government in shadow for the Presheva Valley
- National Council to frame development politics for economy, politic, education and health
- National Council to frame projects for inauguration of one high institution for education and the inauguration of hospitals
- Establishment of the news agency, radio television and daily newspaper with the intention of informing the internal as well as external opinion
- National Council to require from two Albanian states (the Republic of Albania and the Republic of Kosovo) to open offices in the Presheva Valley respectively in Tirana and Pristine with trade character
- National Council to require from the Government of Kosovo and international factions to provide for the Albanians from the valley the right of two state statuses as it was provided to Serbians from Kosovo.
- The regionalization of the Presevo Valley that would allow special status of political, administrative, etc., a position which would improve the position of Albanians in Presevo Valley in particular in relation to the treatment of the Republic of Serbia for this region.
- Reciprocity in the provision of minority rights, the Presevo Valley Albanians from Serbia in relation to the rights that the Republic of Kosovo has given the Serbian minority in Kosovo, as a condition for Serbia on its path towards EU integration, considering that the treatment of the rights and guarantees for minorities remains among the conditions for integration not only for Serbia and the Balkans but across Europe.
- Organization of a regional and international conference of donors and potential investors that will enable economic development Presevo Valley, a step that would open the way to further development in all areas taking into account the importance of economic development and impact its sectoral policies that would increase the number of employees as well as social welfare of citizens.
- Institutional and social Cooperation in all possible areas of cooperation and all levels of representation with the Republic of Kosovo, the Republic of Albania, Albanian Diaspora, the Albanians of Macedonia and Montenegro Albanians.
- Opening of higher education institutions with regional and international character which will enable not only national integration of Albanians from all Albanian territories but also the citizens of neighboring countries by promoting regional cooperation as a condition for European integration and prevention the conflict.
- Urbanization Presevo Valley as a precondition for tourism development and promotion of the latter as an opportunity for growth and increasing living standards.

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## Justification of Acquisitive Prescription in the Civil Law System. Why is It Not an “Uncompensated Deprivation?”

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### Abstract

Acquisitive prescription (a civil law institute) and Adverse Possession, its equivalent in the common law system is already a consolidated private law institute. It is recognised from the legal systems of almost each country in the world and is among the most important original ways of gaining ownership. Its constitutionality and the fact that should it be recognized from a legal system or not was brought in question in 2002, sparking a debate between lawyers in the world. The debate rose after the announcement of the decision of the ECHR (European Court of Human Rights) in the case *JA Pye (Oxford) Ltd vs Graham*. The Fourth Chamber of the ECHR held that acquisitive prescription is actually an 'uncompensated deprivation'. First, we will analyze the main theories on the basis of which this institute is justified. The question to be raised for the review of the article is whether prescription is morally and legally justified, especially in the case of prescription in bad faith. In the end, it will be reached the conclusion that there are justified reasons for the prescription and it is a very useful institution in the civil circulation. But preliminary stricter legal criteria must be met for the recognition of the property right by prescription, especially in the case of bad faith prescription. The law should aim to provide a greater protection to the legitimate owner.

**Keywords:** property rights, ways of gaining ownership, acquisitive prescription, property deprivation, european court of human rights

### I. Why the need for justification of adverse possession.<sup>1</sup>

The strange and wonderful "doctrine of adverse possession." (Stake, 2001) shows interest for study because it is one of the institutes of law, known as the common law and civil law, which contains many contradictions. Application of this institute always has faced strong debates and controversy, as in its implementation both in private law and in public law.<sup>2</sup>

Although this institute is found in both systems of law, mostly efforts to justify it are made by the researchers of common law. But it is difficult to find a single justification for the doctrine of adverse possession, as it can be applied in different cases and situations that may vary greatly from one another.

The debate on justification of adverse possession has centuries that goes on. Since the beginning of nineteenth century the famous American judge Holmes has described adverse possession "a pure evil" Some authors say that adverse

<sup>1</sup> Acquisitive prescription" is term used in civil law, and "adverse possession" ne common law. After a possession that continues for a certain period of time explicitly in law, a holder may become the owner of movable or not movable property. Per this he needs to establish the court, on the expiry of adverse period a lawsuit on "Knowing ownership through adverse possession". If the user knows that is using someone else's land, is called misfaith, if the user thinks that the land is his is called possession in good faith. Good faith is important only in civil law, not in common law.

<sup>2</sup> "Ever since the days of Grotius, there has been considerable discussion on the contents and function of...acquisitive prescription, while some of the leading international lawyers of the 19th century such as Fedor von Martens (1845-1909) and Alphonse Rivier (1835-1898) disputed their place in international Law." (Lesaffer, 2005, page 47)

possession does not vary much from theft. "If the origin of property is "the agreement among men legalizing what each had already grabbed, without any right to do so, and granting, for the future, a formal right of ownership to the first grabber," how is property any different from theft?"<sup>1</sup> Another well-known author of private law, Ballantine, stated that the adverse possession is "an anomalous instance of maturing a wrong into a right contrary to one of the most fundamental axioms of the law."<sup>2</sup> While from other researchers is considered "an irregularity within our property regime" (Foncello, 2005) or "disproportionate punishment" (Williams, 2009)

Only in the twentieth century took a special importance study of the causes and justifications of various institutes of law. Unlike the theories of legal formalism, who saw the law as a whole legal norms, which are established once and for all, unchangeable, in the twentieth century was developed the theory of legal realism, which means that the law can take place only through doctrinal debate, justification of various institutes, debates that develop jurisprudence. Law is forged through policy arguments, moral justifications, and institutional considerations, not discovered through deduction from abstract principles.<sup>3</sup>

Can be justified an institute of depriving the owner of his right only because another person has owned it for a long time? Just because the property right has an important role in society (Aristotle defined it as one of the three basic human rights) its restriction and the specific cases when it can be limited should be expressly provided by law.

In our work, analyzing the reasons that justify the institution of adverse possession, we will argue that the institution of adverse possession does not disappear the essence and purpose of the right of ownership, although it represents a certain limitation on the exercise of this right.<sup>4</sup>

## II. Authors for and against acquisitive prescription

Some researchers accept the duality of this institute which might be helpful but essentially contains a contradiction<sup>5</sup>

a In general, adverse possession has lots of researchers as its tougher opponents.

These authors have named the winners of the property by AP as a thief (Katz, 2010) Others have suggested canceling completely such doctrine. (Burns, 2011)<sup>6</sup> Burns claims that all the justifications that exist for AP are not enough to maintain this institute of law in feet. Cannot be supported the help provided to the most vulnerable people in society or increase the productivity of land by this institute already outdated, he suggests.

There are other authors who think that despite the cancellation is the right way, in order to achieve the cancellation of this institute will pass plenty of time, so their suggestion is to fine the owner who in spite of having a registered title, has not paid dues as owner (did not pay property tax, or does not maintain it (Heap, 2010) It has also been suggested that to the society can be caused a serious damage especially in case when the state property is acquired by AP (which shows that negligence of government institutions to exercise its rights as owner undermines the whole society.) Some other

<sup>1</sup> Clarke, 2005, page 570

<sup>2</sup> Ballantine, page 135

<sup>3</sup> Clarke, 2005, page 602

<sup>4</sup> Cercel, 2010, page 4 "it is essential that such restrictions should in no way effect the ground itself of this right, that the ownership right could never be completely annihilated."

<sup>5</sup> "On voit donc qu'il s'agit d'une institution à la fois utile parce qu'elle consolide les droits des propriétaires légitimes et redoutable parce qu'elle permet à un simple possesseur d'être préféré au propriétaire en titre." (Buffet,

<sup>6</sup> Burns even suggests canceling the application institute AP in Australia, considering the *rough-and-ready* doctrine, which has the potential to undermine the otherwise indefeasible interest of registered proprietors." (Burns, 2011, page 1)

authors even believe that AP promotes illegal possession of land (Yin Teo,2008). This author even thinks that AP in bad faith should no longer be recognized by Australian legislation

Also a study conducted by the Hong Kong government in 2012 provides that AP can not have any moral justification. *"There is no justification for what is essentially a transfer of property without compensation from the deserving to the undeserving.."*<sup>1</sup> While some authors thought that the AP in bad faith, at first glance creates the idea that "undermines the security and exclusivity of ownership", therefore affect the essence of the property right. Exactly the criticism directed against this doctrine, promote the duty to justify it, as an institution that is supposed to be effective for many years to come.

### **b) Researchers in favor of AP**

Despite the controversy, some researchers have noted that *"If we had no doctrine of adverse possession, we should have to invent something very like it."* (Stoebuck & Whitman) Many other scholars agree that AP is entirely justified. *"The concept of adverse possession is called-for and economically justified within a property order."*<sup>2</sup> Clarke suggests that AP should definitely continue to exist as the right of ownership is an interaction between power over the property of people at the same time. So, possession, as task of ownership, means to communicate to others constantly that you are the owner of the item. Through AP, communication must continue steadily, otherwise you can lose not only the task of possession, but entirely real subjective right of ownership.

Despite that AP somehow resembles with theft, as we will argue ongoing, benefits from this institute for society as a whole are much greater than its costs. *"Regardless of the moral argument that adverse possession is wrong and tantamount to stealing, it can be demonstrated that the benefits outweigh the detriment."*<sup>3</sup>

AP is considered an efficient institution, especially in the case of states that have passed conflicts, where land system has been very unsafe for a long period of time, like Timor-Leste (Williams,2009) or Cambodia ,also in developing countries like Brazil,Peru (Phalthy,2007) This institute will enable to solve quickly ownership conflicts and consequently to develop more the economy of these countries. Some researchers, like Marais, has concluded that not only AP has a moral and economic justification, but it is in accordance with the constitution of South Africa.

There are opinions that the AP goes against to the constitutional provisions of a state and of the European Convention that recognize the right of property . But for some authors, AP can not be against the right of ownership, because otherwise possession as the institute would have no value *"If it is incompatible, the impact of possession as a means of extinguishing a former title in land and creating a new one as discussed in this article is reduced to a meaningless concept ."*<sup>4</sup>

Despite the debate that still continues in doctrine regarding AP and disagreement about this institute, the following excuses will again show us why this institute is still recognized by most of the countries in the world (excluding China).

### **III- Justifications**

<sup>1</sup> Law reform Commission Hong Kong,2012, page 2

<sup>2</sup> Bouckaert & Depoorter,1999,page 5

<sup>3</sup> Heap,2010,page 26

<sup>4</sup> Panesar & Wood,2007,page 4

Among the main justifications that different authors have consistently cited in the literature for this institute, can be mentioned:

### 1. In silence, the owner allowed land use by someone else

Merril calls this "justification of sleeping owner" while Stake uses the famous phrase "you snooze, you lose". So, the owner of the land can do whatever he wants with his land, can even leave it without working. Leaving the land without working, is not an justification for AP. But the negligence of the owner and leaving the ownership in the hands of someone else is the main justification.<sup>1</sup> The owner may leave uncultivated the land, but should not allow someone else to work it. This is one of the most common justifications accepted by the various authors (Greenberg,2010;Turley,2013) Singer also is of the opinion that it is the silence of the owner that justifies this institute: "It is morally wrong for the true owner to allow a relationship of dependence to be established and then to cut off the dependent party."<sup>2</sup>

If AP would not be recognized as an institute, it would be morally unjust by the owner, to allow a quiet uninterrupted possession of the holder, and then to cut off the relationship created (This fact is even more evident in the case of prescription in good faith, where there is a connected transaction between the owner and the holder). Having a right means at the same time to do all lawful action to protect it. If the owner does not protect its right of ownership for a time so long, taking his property is fully justified. "Sometimes it is said that, if a man neglects to enforce his rights, he cannot complain if, after a while, the law follows his example."<sup>3</sup>

Even the Supreme Court of England has admitted that the main purpose of AP is to protect the holder who has used the land for a long time.<sup>4</sup> So with this excuse, we see AP as punishment against the owner, who did not exercise his rights (Marais,2011). So, the conduct of the owner himself by approving someone else to use his land is rated as the main reason, that would justify the use of AP institute in the field of intellectual property. (Bagley &Clarkson,2003)

Therefore AP has retroactive effect and the holder shall be deemed the owner from the moment that has entered into possession of the item. Because just in that moment, the owner with his behavior has allowed the use of his property by third party. By encouraging owners to exercise their right of ownership, AP promotes and facilitates transition of ownership transactions. So with this excuse, we see AP as punishment against the owner, who did not exercise his rights (Marais,2011).

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<sup>1</sup> AOL, 1977, page 10.

<sup>2</sup> Singer, 1988, page 611

<sup>3</sup> Oliver Wendell Holmes, *The Path of Law*, 10 HARV. L. REV. 457, 476 (1897).

<sup>4</sup> Martin, 2008, page 2

<sup>5</sup> Interest in this respect represents a decision of the Court of South Africa, where the Court stated that "In a modern society, where unimproved property is frequently held for long periods by owners who live far away, and sometimes even abroad, the social desirability of [acquisitive prescription] may be questioned." <sup>62</sup> (*Morkels Transport (Pty) Ltd v Melrose Foods (Pty) Ltd and Another.*) (Marais, 2011)

nevertheless aid even against an innocent owner, that is, a person who did not know and could not have discovered that time had begun to run?"<sup>1</sup>

Pavarsisht kritikave ky ende mbetet nje nga justifikimet me te vlefshme edhe sot per parashkrimin fitues, sidomos ne rastin e posedimit me mirebesim.

Despite the criticism this still remains one of the most valuable excuses today for AP, especially in the case of possession in good faith.

## 2. Legal security

First, Legal security is related to the evidences in a judicial process. Merrill calls this excuse "the problem of lost evidence" The more time passes the more increases the possibility of loss or destruction of evidence to prove the allegations in the judicial process. AP facilitates the process of proof of ownership in the trial. Being an original way of earning the ownership, is enough the proof that the one who hold the land has won it with AP, and there is no need to be done the so called "probation diabolica."<sup>2</sup>

Secondly, the buyer of a property, which bought the land from a person who has acquired it by AP, has the maximum security that after buying the item, no person will press charges, claiming he has won the item with AP. (Bouckaert & Depoorter, 1999). So the application of AP increases legal security to buyers during the sales transaction. But also the opposite interpretation is valid, and AP can be seen as an institution, the existence of which diminishes the legal security in signing a sale transaction.

The buyer is at risk after the purchase of the property, since a third person can pretend to have acquired ownership over the property with AP. In fact, the security of property rights is considered by some authors as "public good" (Rose, 1988; Clarke, 2005). AP can give security for several parties at the same time, first to protect the public interest<sup>3</sup>. Secondly it gives assurance to third parties that have entered into legal relations with the recipient at the time of possession. So the AP allows a de facto situation becomes a situation, "de jure", creating in society "legal certainty by preventing parties from unnecessarily litigating about ownership"<sup>4</sup> Facilitating the process of proof of ownership in a civil proceeding, AP directly affects the growth of legal security in society. The principle of legal certainty has been recognized as one of the main justifications of AP by one of the leading scholars in the beginning of the twentieth century, Ballantine stated that AP has no intention to penalize or punish."<sup>5</sup>

The principle of legal certainty brings positive effects for several different subjects, first in favor not only of holders (who after many years that owns the land actually create certainty that the property will not be deprived of possession), but also helps increase transactions transfer of ownership, where third parties have already assurances that the title of the owner is free from any claims of third parties. And in the end, the most important consequence is that AP is in favor of the whole society in general, as if there are security to property titles, not only the society will increase stability but also the foreign investment. (Investors have certainty in sustainability of titles (Williams, 2009).

<sup>1</sup> Marais, 2011, page 163

<sup>2</sup> This evidence is required in case of a rivendikim lawsuit. The one who pretends to be as owner, must prove how he acquired the ownership from a third party. After this, the previous owner, must prove how he acquired the ownership, and so on.

<sup>3</sup> Rose, 988 : "if no one knows whether he can safely use the land, or from whom he should buy it if it is already claimed, the land may end up being used by too many people or by none at all."

<sup>4</sup> Marais, 2011, page 154

<sup>5</sup> Has not for its object to reward the diligent trespasser for his wrong nor yet to penalize the negligent and dormant owner for sleeping upon his rights; the great purpose is automatically to quiet all titles which are openly and consistently asserted, to provide proof of meritorious titles, and correct errors in conveyancing.



Third, AP also creates legal certainty by resolving disputes about ownership of land." The purpose of constituting prescription is to put an end to litigation."<sup>1</sup> But unlike what some authors believe that AP facilitates sales transactions, actually there are some thoughts that this institute can increase insecurity. Prospective buyers of a property cannot have assurances that there are no potential suitor who in the future could sue the owner with a lawsuit to gain ownership by AP. (Martin, 2008) Despite this disagreement, the creation of a state of legal security for the parties directly concerned but also for society as a whole is an undeniable consequence for this institute

### 3. Connection created between property and possessors (reliance interest)

This justification is essentially a moral justification. As said from the famous judge Holmes "Man, like a tree in the cleft of a rock, gradually shapes his roots to the surroundings, and when the roots have grown to a certain size, can't be displaced without cutting at his life."

This is the justification that Merrill calls "quieting title" and that Posner calls "maintaining the status quo". By quieting titles, AP increases the number of transactions and creates more security for owners. By clarifying the ownership titles, the number of transactions will be increased in ownership transfer against a person who appreciates more the land. So the potential buyer of a property, the owner of which has acquired ownership by AP, is safer since the land is owned by the owner and will not have a subsequent lawsuit which will rise by possessors who would claim to own the land. By creating certainty in the exercise of property titles, is increased the potential for developing them, because now the owner has the certainty that he will not lose the property in the future.

For some authors this excuse with the excuse of silence of the owner, are the only ones who still have value in the XX1 century (Stake, 2001) That's why some authors call this excuse is the most important one for the institute of AP. "The basic premise must be that long, unchallenged possession of land should not be disturbed." (Panesar & Wood, 2007). If the property will then be taken to the possessors after a long possession, we will have as a consequence the creation of a situation of legal uncertainty. In most cases, possessors are poor people and squatters who have no means to live, and the apartment where they may have set is the only property they have.

For some authors, this is one of the main justifications for the use of the institute of prescription in the case of intellectual property (Bagley & Clarkson, 2003). Nay "reliance interest It is the main reason that in common law claim for restoration is prescribed (can not be established after the expiry of a given period). In civil law, mostly in France and in Albania the restoration lawsuit is not prescribed. So the main purpose of the AP is: "to grant legal certainty to the peaceful use of the asset that continues over time." (D'Isa, 2013)

Well AP aims to maintain a status quo condition, which is supported from "Theory of personhood", which justifies AP in the connection established between the possessors and property (Burns, 2011; Foncell, 2005; Rose, ...). So through the property, the possessors achieve to obtain his "self-development". To say it briefly, adverse possession is "a wonderful example of reward to useful labor, at the expense of the sluggard."<sup>2</sup>

But why is created this link between the possessors and the owner Merrill has analyzed four reasons why there is this link. First, the theory of personhood, holder creates a connection with the land, and begins to identify with this wealth. Secondly, the aim to preserve peace in society, so the relationship between the possessors and the land is so big, if deprived from the property after so many years of possession severe conflicts will begin Third, Merrill gives the case when the possessor has made investment in this land. If there would not be adverse theory, the possessor would have interest to buy the land (to become owner also of the investment that he has done). But his interest to buy the land is large, which would encourage the owner to increase the price of land. This shows that the possessors, in the absence of AP institute, will be in a discriminating position towards the owner. Fourth, AP protects third parties, who throughout the time of possession have entered into legal relations with the possessor, believing that he is the true owner of the property. So the

<sup>1</sup> Charles, 1911, page 3

<sup>2</sup> Carol, 1988, page 79

human instinct and the connection created between the possessor and the owner (allowed by the silence of the owner) is the greatest justification for AP "The law can ask no better justification than the deepest instincts of man"<sup>1</sup>

This excuse is supported too by the theory of "Radins' personality theory". If for a long time there is not an accordance between the entity that exercises the right of ownership and the holder of the real property (ie if the owner has essentially an empty ownership) then this property can not be part of the market. This condition may occur in two situations, which are very widespread in Albania. Firstly, if the registered owner has vanished and for many years a third person has taken care of the property. Secondly in the case when between the owner and the third person has been signed an agreement for the transfer of ownership which contains flaws that render it invalid (for example is designed verbally and is not registered in the records of the mortgage).

The first case justifies the acquisitive prescription without title. Such cases have been encountered in Albania after 1990, for some reasons. Firstly, when the wave of immigration led many landowners to emigrate abroad leaving their lands without being exploited for many years. Secondly, the prolongation of the process of restitution of property has left many lands without a legal owner registered in the Register of Immovable Properties. This fact has brought as a consequence the occupation of many lands and the inheritors of the properties confiscated before 1945, because there are not still recognised as the legal owners, are not able to sue for the recovery of properties in Court. Thirdly, in many areas of Albania there is not yet performed the update process of immovable properties.<sup>2</sup> This has meant that for over 20 years there have been signed verbal contracts for the transfer of land ownership, or contracts in the form of a simple letter, but not as a notarial act.<sup>3</sup> This means that the ownership of these lands is not legally deemed to have passed from the seller to the buyer. The buyers of these lands have owned them for years, but the increase in value of the land might have pushed the property owners to seek cancellation of these contracts and to require from the holder the return and release of the property. Acquisitive prescription is an institute that in all the cases above protects the holder, who through not their fault is put in a situation that gravely damages their interests.

Although there are criticisms about the fact that this excuse does not apply in the case when state bodies are those that have possessed the object, again this is one of the justifications which is more well-founded and is less contested in the literature. This is because it is connected with the core of the property right. The universal aim of the ownership right is that all valuable objects should be owned by someone (Gardiner .. :). So leaving the property without being exploited is not the main reason that justifies acquisitive prescription. In fact the owner can leave the property unused, and he isn't deprived from the property in this case. But the fact that the property has been owned by someone else, has made that one of the most important powers of ownership, possession, passes to someone else. This fact, entails as a consequence that the state should legalize the transition of all the other powers of the ownership to the holder.

#### 4. Economic Justification

The economic justification of acquisitive prescription can be connected with some economic consequences that come from the application of this institute.

a. Firstly the "marginal usefulness of revenues". This constitutes what is called "status effect theory (Stake, 2001). So it becomes very important the effect and the consequences on the parties. So how is prescription perceived by the owner or the occupier, the profit or loss of the property after the expiry of the limitation period.

The possessor perceives the acquisition of property as a natural consequence on the conclusion of the period of limitation (its loss would be conceived as a decrease in his income) Whereas for the owner, to retain ownership after the expiration

<sup>1</sup> Turley, 2013, page 1032

<sup>2</sup> The process of carrying out the registration in the Register of the Office of Immovable Property Registration of all exact borders of immovable properties

<sup>3</sup> Article 83 of the Albanian Civil Code: "Any legal action for transfer of ownership of real assets and real rights over them, must be notarized and registered, otherwise it is not valid."

of the limitation period is perceived as a benefit and an increase in his fortune. (Bagley & Clarkson, 2003; Holmes ...; Elickson, 1989; Gardiner, ...) So through prescription property exceeds to that subject of law for which the property has greater significance but who can not gain property through a voluntary transaction with the owner because he does not intend to sell it.

b. The objects are not left without being exploited, but through the holder, they are used maximally during a period of time. This justification applies mainly if we are dealing with immovable objects. So the property is given to that user who is most productive and issues the maximum benefit from the items. (Bagley & Clarkson, 2003) This refers to Locke's theory of "Labor's theory", which argues that through the mixing of work with property, the property is obtained from the person who possesses it for a long time.<sup>1</sup> The positive side of labor theory is that it constitutes a sufficient basis and has great value for justification in the case of possession in good faith and in bad faith one, since in both cases we have a combination between the work of the holder and the property. Always acquisitive prescription promotes 'the use, maintenance and improvement of Natural Resources'<sup>2</sup> Acquisitive prescription encourages both property owners to exploit their property and to take care for it, but at the same time promotes the third persons to exploit abandoned lands if owners are not properly taking care for them. So acquisitive prescription, manages to create legal certainty and the maximum utilization of the property, promotes economic and social stability. Shortly, this is called the "incentive effect" (the theory that by Stake justifies prescription by the adverse effect that this institution has on the future behavior of the owner and other entities in society.)

The main criticism of this theory is that firstly it does not ensure that the way the property has been used from the holder, was the best way which could have increased the productivity of land. Secondly, it does not always mean that the fact that the owner hasn't been using the land, has led to lower productivity. Maybe sometimes the best thing to do is leaving the land without exploiting it. (Bouckaert & Depoorter, 1999)

Some authors (Burns, 2011) suggest that the state must find other ways to increase the productivity of land and property in general and should not be based on this institute.

Secondly, this theory is sharply criticized by scholars, because it represented a solid basis to justify the prescription before the XX century. But this justification can not be still valuable in the XXI century, where the primary purpose of the society is not the encouraging of the exploitation of land use, but its usage in the most productive way possible (Stake, 2001)

Thirdly, another critic of this justification is based on the fact that in civil law (including the Albanian Civil Code) as well as in the beginning of the application of this institute in the common law, the holder is not obliged definitely to invest on the property (especially on land) to win its ownership with acquisitive prescription. It is sufficiently for him to act as the owner, to care for its maintenance and use it. In these cases, back then, the exploitation could even lead to reductions in the market value of the real economy.

Fourthly, not always the actions of the holder lead to increased productivity. Some actions (like the paying of taxes or the removal of encumbrances), suffice to qualify the fact that the unlawful possessor has been acting as the owner. But these actions do not result in increased productivity of the land. (Clarke, 2005)

Fifthly, there are authors who think that this excuse applies only in some exceptional cases, when dealing with abandoned and unused land. But not in all the cases the application of this justification can be valid, especially in cases of natural resources.

In conclusion we can say that while the justification for the exploitation of the property may be still valid today for movable properties, for the land that excuse is not so much valuable. What in the literature is often known as the "Highest and best use" of land, today does not necessarily mean the planting and processing of land. In some cases, leaving the land bare,

<sup>1</sup> According to Merrill, acquisitive prescription is "a social policy favoring 'active' owners of property, who develop or exploit their land, rather than 'passive' owners."

<sup>2</sup> Burns, 2011, page 809

waiting to increase its value, may be the best option in today's market land (Martin, 2008) but also its exploitation can bring irreversible consequences in nature. In this way today even the first justification, that prescription condemns the property owner is no more valid.<sup>1</sup>

c. If there is created legal certainty, there are reduced the costs of research and transactions.

The reduction of the costs of transactions for the transfer of ownership has been one of the main goals set forth explicitly in one of the laws that recognized for the first time the institute of limitation in medieval England.

d. There are decreased the costs of proving in court

Evidence can be lost over time and this not only undermines the legal security but increases the costs to prove in court the parties claims. So one of the benefits of acquisitive prescription is that it facilitates the proof of ownership in the trial and thus it increases the efficiency of the judicial process (Williams, 2009)

But in recent years, the development of technology and computing has made it easier the storage and has reduced the storage costs of evidence. That is why this excuse has no more value with the development of information technology (Bouckaert & Depoorter, 1999).

Despite critics we think that lowering the costs of the judicial process and increasing the guarantee of evidence can be achieved by prescription, and this excuse still holds true today. "The quality and quantity of evidentiary material deteriorates with time and the parties will have to bear greater litigation expenses to find, or corroborate, evidence.."<sup>2</sup>

## 5. Moral Justification

The moral justification of prescription is based in some way on its other justifications. This justification is based on the connection that is created between the owner and the holder (this relationship is established even if the two have never met and been introduced to one another). The owner's conduct (his silence) has left the holder understand that they can continue to exercise their possession in the future. (Bagley & Clarkson, 2003) The most vulnerable part in this collusion is the possessor, who has understood through the owner's behaviour that has all the right to possess continuously the property without being violated by anyone, even by its own owner.

Some researchers agree that prescription can not have a moral justification (Marais, 2011). But the law can not be always in conformity with the moral. Acquisitive prescription in fact is not an ethic institute. But the law aims to resolve conflicts and acquisitive prescription is an institute which performs at his best this aim. The theory of Utilitarianism constitutes a sufficient basis for finding a certain moral justification to prescription, which is intended to achieve the common good by any legal action and institute. "It has been suggested that the policy is to reward those using the land in a way beneficial to the community"<sup>3</sup>

According to Bentham, the father of Utilitarianism theory, there is a link between recognition of the right of ownership in society, and security and happiness in general in a community. That is why to achieve welfare and an efficient utilization of land it should be applied necessarily the institute of acquisitive prescription. The Utilitarianism theory has as its sub-section "Law and economics" theory. The latter aims to achieve the greatest usefulness called "economic efficiency". Whereas the first theory maximizes the usefulness achieving the greatest happiness for the greatest number of people. Both these theories constitute a reasonable basis to justify the prescription.

<sup>1</sup> Martin, 2008, page 3 "Thus, perhaps the titled owner who is not "using" the land is being civic-minded and responsible and should not be punished by giving an advantage to a trespasser."

<sup>2</sup> Foncello, 2005, page 687

<sup>3</sup> Henry W. Ballantine, *Title by Adverse Possession*, 32 HARV. L. REV. 135, 135(1918)

Milli one of the leading scholars of the theory of utilitarianism says: "Possession ought to be recognised as ownership if it has not been challenged within a "moderate number of years." <sup>1</sup> Through prescription there can be avoid the social conflicts, since holders will tend to reach up to the use of violence, to regain possession of an item which they have possessed for so many time. But the avoidance of social conflicts and achieving peace in society is not a sufficient justification in the case when the state is the illegitimate possessor. The achievement of the social peace is estimated by many authors as the scope of application of acquisitive prescription in public international law <sup>2</sup> So being applied in international law, prescription provides "the fundamental interests of the Stability of territorial Situations from the point of view of order and peace" <sup>3</sup>

The main criticism of moral justification is that there can be no ethic found in this theory because the "squatters" are compared with thieves. But there are some scholars (Gardiner ..) who think that the squatters should be evaluated, for being part of the society who have managed to find their own solution to their problems, to which the state has provided for years no solution at all.

There comes a great contribution to the society from acquisitive prescription, because items left in limbo (for example the abandoned houses) are restored by the holder, which not only makes these houses part of the immovable property market, but also increases their value in the market, and contributes to the growth of the value of the neighboring houses, causing a very positive impact on the overall economy of a country (Heap, 2010)

Despite moral contradiction of this institute, we can say that its usefulness justifies the lack of ethics. To conclude, we can mention the fact that in several decisions of the US Supreme Court it is recognized that this doctrine has no logical and moral base, but is necessary in resolving the conflicts (Teo Yin, 2008)

## 6. Psychological justification

The psychological justification of acquisitive prescription is based on the theory of "loss aversion" and "experimental psychology". (Bagley & Clarkson, 2003; Stake, 2001)

This justification has to do with the personal connections that are created between the holder and the property (especially with the land). The core of acquisitive prescription is the human instinct, and the man becomes extremely connected with an item that he has used for far too long. This idea was supported strongly from Holmes in his famous statement that the property after a long possession "takes root in your being". <sup>4</sup> According to experimental psychology theory, "the doctrine places the loss on the person who will suffer it least—the person whose roots are less vitally embedded in the land." (Stake, 2001)

Loss-aversion theory says that because "the disutility of giving up an object is greater than the utility of acquiring it", then the difference between WTA (Willing to accept) sum and WTP (Willing to pay) is always positive.

Psychological justification is correlated with what is called the "endowment effect", which Holmes has referred as the first reason justifying acquisitive prescription. His idea was backed by other scholars, especially Stake. This effect it has in its essence the fact that "people demand more to give up an object than they would offer to acquire it". <sup>5</sup>

## 7. The judicial process that is undertaken for the recognition of ownership, plays an important role to justify the doctrine of adverse possession:

<sup>1</sup> Marais, 2011, page 206

<sup>2</sup> Not only it is accepted the application of acquisitive prescription over land owned by another owner, but on land called "terra nullius" in the latter case we have the birth of a new institute, which de Vischer calls "consolidation of historic titles".

<sup>3</sup> Lesaffer, 2005, page 52

<sup>4</sup> Stake, as well, supports this idea when he says that through biological evolution the human beings create continuous and sustainable links with the property.

<sup>5</sup> Stake, 2001, page 2459

a. In order for the property to be acquired by acquisitive prescription there must be sued an indictment or a counterclaim (the latter in the event that a judicial process has been initiated earlier against the possessor) by the possessor of the property. The judicial process that takes place is a further guarantee that, the fact that you take the property by the owner and it is won by the possessor, is in compliance with the material and procedural law. That is why the judicial process that is conducted and the enforcement of the procedural law is very important. A regular judicial process promotes a behavior in accordance with the law. (Martin, 2008)

b. The acquisitive prescription urges the owners to refer, as soon as possible, to the claim for restoration or return of possession. (this is explained by the theory of the "incentive effect" of Stake).

c. It is true that acquisitive prescription can not reduce the number of conflicts, but it can reduce the number of conflicts in connection with lawsuits seeking redress from the owners against illegal possessors.

d. The material and procedural law provides that the decision of the Court, which recognises the ownership by acquisitive prescription, has retroactive effect. So if a property is earned by acquisitive prescription, the acquisition of ownership has ab initio effect, from the moment the possessor started to enjoy the object. This criterion facilitates the application of this institute to third parties, which may have undertaken transactions with the possessor, thinking that he is the true owner. (BI Report, 2006)

#### **8. Transitional Problems can arise if this institute is entirely eliminated.**

It was Stake in his study of 2001 that has supported this excuse, saying that now this doctrine has become part of the system of law and can not be eliminated without bringing serious consequences in the whole system of law in general. In conclusion we can say that despite the fact that the above excuses were valid centuries ago and still are a reasonable basis for the institution of acquisitive prescription, in the future there is little chance that they will still remain sufficient justifications.<sup>1</sup> Therefore, it is necessary to carry out studies in various countries to suggest the problems that have arisen over the years regarding the application of this institute in practice.

#### IV. The application of acquisitive prescription for other law institutes.

The more it is suggested that an institute of law can be applied in different branches of law, even being applied by analogy, the more based is the conclusion that this institute has a solid base in the system of law.

1. Some authors believe that acquisitive prescription should be applied in the case of intellectual property (Bagley & Clarkson, 2003)

2. Other scholars suggest applying prescription for items of cultural heritage, passed from one state in another state. (Doyle, 2009)<sup>2</sup> In this case, if the object is displayed openly to the public for a period of time, acquisitive prescription increases the safety of the right of ownership, the cultural heritage is propagated and one of the main goals of acquisitive prescription is achieved, the encouragement of the effective and efficient exploitation of objects (Doyle, 2009)

<sup>1</sup> Stake, 2001, page 2455 "regardless of how well they served in the past, none of the justifications discussed so far will be entirely satisfactory in the future, as the same benefits can now be achieved in less costly ways."

<sup>2</sup> The author cites the case of the Elgin Marbles, which were removed from the Parthenon (cultural monument in Greece). They were sold to the UK by Lord Elgin, the ambassador of the United Kingdom in the Ottoman Empire, in 1816, who claimed that these marbles had been removed from the Parthenon under a royal mandate issued by the Turkish Sultan. Greece in 1980 he made a request to recover these marbles, while England aims to hold them. One of the argumentations made by England is that it has acquired them by prescription, possessing them for over 200 years.

3. There are some researchers who agree that there is adequate opportunity that acquisitive prescription can be applied in the field of public international law.(Lesaffer,2005).<sup>1</sup>

But there are authors who believe that prescription should not be applied in other analogous situations (ie application of the law by analogy) as this may lead to uncertainty and disputes (Turley, 2013) .In any case, even whythe application of acquisitive prescription in other areas the law is limited, some few cases of it's application indicates the acceptance of the legitimacy of this institution by scholars of all branches of law as well as the existence of a reasonable basis in the essence of this doctrine.

### VII.Acquisitive prescription costs.

Despite the continuous excuses for this institute, a summary of the costs of this doctrine will give us a clearer view of the true value that acquisitive prescription has for the society.

First, the cost of monitoring the property consistently(especially the monitoring of land). So even if the owner lives off his property, he should monitorhisproperty,finding any possessorthat may be exploiting the land illegally. (Bouckaert & Depoorter, 1999; Gardiner ...; Stake, 2001)

Secondly, it isn'tprovidethe right of the owner to obtain compensation in the case of acquisitiveprescription. Oftentimes acquisitiveprescription is seen as too great a cost to the owner. The lack of compensation to the owner was the main reason that prompted Great Britain to claim before the ECtHR the inconsistency between the institute of prescription and Article 1 of Protocol No. 1 of the ECHR.<sup>2</sup>The only state that provides for compensation is Sweden, only if the owner whose property has been taken by force against his compliance, sues the state to receive compensation within a period of 10 years from the entry of the holder in control of the property.<sup>3</sup> In Spain,as well, there is a right of the juvenile owner to sue his legal representative forcompensation if, due to his negligence, the property is acquired by a third person with prescription.<sup>4</sup>

The lack of compensation is justified by the fact that the prescription has retroactive effect. The owner may not claim compensation on a property to which he was legally considered lost from the moment that the third person came into possession of the item.

Third, it promotes the destruction of natural resources.

Although many authors claim that in fact acquisitive prescription promotes the utilization of natural resources (Burns, 2011; Clarke, 2005; Sprankling, 1994), in fact, especially by the scholars of the XXI century, it has been claimed that prescription in fact damages natural resources.The promotion of the degradation of natural resources, which are state property,constitutes one of the greatest risks of prescription. (Gardiner, ..)

Although acquisitive prescription helps the exploitation of land, this consequence is contrary to the principles of ecologists for the preservation of ecological zones and the inviolability of cultural heritage areas .Hereupon acquisitive

<sup>1</sup>In this area of law, acquisitive prescription is applicable in the cases when" the result of the peaceable exercise of de factosovereignty for a very long period over territory subject to the sovereignty of another"(Lesaffer,2005,page 46)

<sup>2</sup> The issue J.A. Pye (Oxford) Ltd v United Kingdom urged the UK to do a study about the fact that what is predicted in the world about the issue of compensation of the owner, in case of application of adverse possession.The Report BI, 2006 was prepared. This report made a comparative analysis of the institution of acquisitive prescription in several countries Hungary, Poland, Germany, Netherlands, Spain, Sweden, France, Australia, New Zealand, United States and Canada.

<sup>3</sup> Report BI, 2006

<sup>4</sup> However the possessor will be recognized as an ownerif the legal criteria are met.This criterion is applied only in Spain and not in other countries of the civil law, including Albania.In these countries prescription doesn't run against disabled persons but the Roman rule "*contram nonvalentem non agere prescriptionem*" operates.

prescription has a negative aspect, because it can affect natural habitats. This can be averted if prescription isn't applied in undeveloped ecological areas or there is limited its application only in urban areas. (Williams, 2009)

Fourth, similar to the above cost, is the case when the property (although it isn't a natural resource) has more value in the market if it remains unused "In some cases" the best use of land is no use at all "(Stake, 2001). But the Institute of acquisitive prescription promotes the exploitation of land from the possessor, with the aim to obtain it through the passing of time. This is a great cost not only because the land is irreversibly transformed but it also encourages the occupation of land by illegal possessors to the detriment of the legal owner. Some scholars call it as an incentive to theft (Stake, 2001)

Fifthly, there are costs for the accomplishment of the judicial process whereby ownership will be recognized to the holder because he has earned it by acquisitive prescription. Acquisitive prescription is determined through a declaratory judgement of the Court, which has retroactive effect. That is why a consolidated judicial system is a necessity. But it should be noted that the system of law in Albania has a lot of problems. That is why one of the main risks of the application of this institute in Albania, and also in all the countries with an unconsolidated judicial system, is the risk of announcement of a court decision that could affect the essence of the right of property through unfair procedures.

Sixthly, prescription reduces the usefulness because it discourages the owners to let third persons possess their property.<sup>1</sup> But despite the costs, prescription promotes legal security in society, transforming into *de jure* situations, the *de facto* situations that have persisted for a long time. This result is more than an enough criterion to conclude the usefulness of prescription, regardless of its costs.

#### **VIII. The application of compensation in the case of acquisitive prescription.**

It seems as if the lack of compensation is contrary to a basic principle of law that states that: the right of any one begins where the other's right ends. As a scholar accentuated "No one has the right to use land in such a way as to injure that of another."<sup>2</sup> But why until now the institute of limitation has not provided the recognition of a right to compensation? In the majority of cases, the illegal possessors without title are people who have occupied land from someone else because they didn't have the means to live. The recognition of the right to compensation would be completely inappropriate in this case. This is one of the most frequently cases encountered in Albania after 1990-s where many owners abandoned their lands and emigrated abroad, while squatters occupied them and builded houses where they could live. Secondly, if the right to compensation was entitled, it could contradict the very essence of this theory, which means that through acquisitive prescription the person becomes the owner from the moment that he started to possess it. So how can he be obliged to pay for something, the owner of which he has been from the beginning of the possession.

In general, the researchers suggest that compensation can not be applied because of the fundamental differences that exist between prescription and expropriation. These difference relates to the first justification of prescription, the neglectful demeanor of the owner. The negligent behavior of the owner, who doesn't take care for his property, shows that he is not interested to it. That is why the taking of his property will not have a huge impact on his interests. Contrary to this, in the case of expropriation, the taking of the property has serious consequences for the owner because he was constantly using it. Also, according to the researchers, the application of compensation as a basic principle in the case of acquisitive prescription should not be accepted as this would conflict with the very essence of this institute. "Indemnification would require an inquiry into the value necessary to fairly compensate all parties who have an interest in the property, interfering with the lost evidence and quieting title rationales."<sup>3</sup> This is because there will not be compensated only the owner, but all the parties whose interests have been damaged during the possession period. (For example third parties that may have signed oral or written contracts with the legitimate owner of the property, contracts that have been valid during the time of the possession). We also saw prescription as an institute that "punishes" sleeping owners for their inaction. But if the right to reimbursement was acknowledged the institute of prescription does not punish these owners, but instead it rewards them for their negligence. This

<sup>1</sup>This is especially true in the case when the owner allows one of his relatives, to use the property for a defined period of time, without a written agreement. Then the relatives after 20 years that they have behaved as property owners (especially after the owner has died and it is difficult to prove how the relatives entered into the possession of the land), can gain the ownership by prescription in Court. This is too much of a risk for the owner.

<sup>2</sup> Foncello, 2005, page 695

<sup>3</sup> Foncello, 2005, page 690



would conflict with the "sleeping theory". But there are scholars who agree that a careful owner would not be inhibited by the conservation of his property, even if he was entitled with the right to compensation. It is also argued by some scholars (Foncello, 2005) that the recognition of the right to compensation could affect third parties who have entered into interaction with the possessor. They will depend on the willingness of the holder, who if wasn't willing or wasn't able to pay the amount of compensation would violate the interests of those third parties too.

The lack of compensation was even the reason why England claimed before the European Court of Human Rights that the acquisitive prescription is contrary to the European Convention on Human Rights. But the European Court concluded that prescription represents an institution in the public interest "finding that while the English law of adverse possession impacted the company, the original land owner, the company was not "deprived" within the meaning of Article 1. Additionally, the Court concluded that the law properly struck a balance between public interest and individual rights."<sup>1</sup>

But despite the above causes are there any situations in which there can be recognized a certain amount of compensation to the party injured from the application of the institute of prescription. Some of these cases are mentioned briefly below.

First, compensation may be provided in the case when the state institutions are the holder of private property (Merrill,; Foncello, 2005; Dick, 2007) In the case where the State is the unlawful possessor of the land, the justification of "Reliance interest" is not worth much in this case. There can not be perceived that there has been created a link between the personality of the state bodies and the private property possessed. The taking of the property in this case, which passes on the property of the state organs, may be considered as a taking of land "to the public interest".

In the period of Colonial America, the state had the right to gain land ownership, without the obligation to pay compensation, starting from the principle that a citizen loses the right of ownership in favor of the state on the basis of the principle of "the general right of the whole society". (Dick, 2007) We argue that if the right of compensation wasn't acknowledged in the cases where the state is the illegal possessor, it would conflict with the purpose that the state. He has to protect it and not to infringe this right.

Secondly, there are authors who think that prescription in bad faith should be canceled entirely. There must be recognized only the right of the possessor to be compensated for the investments he has made on the land, which the owner conscientiously has left to be performed.

Third, it must be recognized the compensation for the investments the holder has committed, in case the holder it fails to benefit the right of ownership, at the end of the lawsuit. So regarding the investments that he has performed on the land, which have added value to it, the holder, even if he does not meet the criteria for acquisition of property by prescription, has the right to request the return of these investments. But if he has made changes that have reduced the value of the object, we think that he should be forced to compensate the owner for the reduction of this amount.

Fourthly, there are authors who believe that injustice is not related so much to the fact that there is no obligation to pay a compensation to the owner, but to the fact that even though the property is registered in the Filing Office of immovable property and the owner may have paid yearly the fees for the land, the state has taken no measures to protect and inform the owners for the illegal possessors.<sup>2</sup>

Fifthly there must be applied compensation in the case of bad faith possession (and not when the possessor is in good faith) as this possessor knows that he is violating the right of another person since the first day that has started to exploit someone else's property. In this case there can be applied the institution of "unjust enrichment" (Martin, 2008; Stake, 2001), as one of the parties is damaged contrary to the principle of law.<sup>3</sup> In this case the doctrine suggests that, in case to the owner is caused a serious and irreparable damage, there must be paid from the holder in bad faith the full value of the land and all the taxes that the owner may have paid during his possession.

Regarding the amount of compensation, in the few cases that it is accepted, we must point out one important fact. This fact is that the holder becomes the owner from the date that he entered in the possession of the property. So the value of

<sup>1</sup> Williams, 2009, page 603

<sup>2</sup> Law Reform Commission Hong-Kong, 2012, page 26, "The unfairness... lies not in the absence of compensation, although that is an important factor, but in the lack of safeguards against oversight or inadvertence on the part of the registered proprietor."

<sup>3</sup> In a case in the Court of Colorado, Kirlin vs. McLean case, the holder did not win the property by prescription, although all the legal criteria were met. He had to pay the market value of the property to the owner and the tax property that the owner had paid for many years.

the compensation will be the value of the property at the moment the holder entered into possession of the item. As one scholar accentuated "the property owner may *only* suffer a confiscation of those interests that were part of his title to begin with."<sup>1</sup>

In conclusion it should be said that despite that this doctrine contains many contradictions, it can not be eliminated completely. What must be done is the disappearance of "Perception of unfairness" (Martin, 2008) and recognizing an opportunity for compensation depending on concrete cases against the most vulnerable party.

## IX. CONCLUSION

The debate whether acquisitive prescription is or not justified and useful will continue to exist for how long this institute shall be applied. But again its usefulness can not be questioned. An institute of law can never satisfy without exception all members of society. As Williams emphasized "There is no way any process, any criteria [or] any land law would please everyone."<sup>2</sup> Precisely for the reasons that serve to justify acquisitive prescription, the scholars liken it to expropriation without compensation, or "constructive expropriation."<sup>3</sup> It is indisputable that prescription, despite the contradictions will continue to exist as an institute, because to deprive a holder who has used the land for so long (with the tacit approval of the owner) will bring very serious consequences for him.

Acquisitive Prescription is an institution born out of necessity and the usefulness that he has brought to society, is undeniable. But at the same time the existence of this institution can affect the manner the society will behave in the future (some researchers suggest that it promotes theft of property in the future). So, the law is a tool that reflects the behavior of the people in society but at the same time it shapes it.

Although the doctrine has many researchers who argue about the fact that will this institute be justified in the future (Stake, 2001), again we are confident that this institute will continue to exist for a long time, due to excuses mentioned above and the importance that the right of property ownership has in all countries in the world. An ownership right that remains idle for a long time not only has no value, but rather is harmful to the society. That is why the acquisition of the property right from the holder, who for many consecutive years has fulfilled all the obligations of the owner is the right solution the law provides.

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<sup>1</sup> Foncello, 2005, page 694

<sup>2</sup> Williams, 2009, page 598

<sup>3</sup> What is the meaning of "constructive expropriation theory". "This doctrine caters for the situation where certain state interference results in a serious loss or limitation of property for an owner. Such interference is then viewed as a *de facto* expropriation that requires compensation, even though the state – through the regulation – may not intend to expropriate the property." (Marais, 2011, page 288)

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## Evaluation of the Shadow Economy Influencing Factors: Comparative Analysis of the Baltic States

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### Abstract

*Numerous scientific and publicist articles consider the Baltic States as a single economic unit, particularly from the geopolitical point of view. However, evaluating the scope and spread of shadow economy, significant differences among the States emerge (Putnigis and Sauka, 2015; Schneider, 2014). With reference to Putnigis and Sauka (2015), the level of shadow economy in Latvia reached 23.5 percent of GDP in 2014 while that in Estonia and Lithuania respectively accounted 12.5 and 13.2 percent of GDP in the same year. The study carried out by Schneider (2014) proposes different results: in 2014, shadow economy in Lithuania and Estonia reached 27.7 percent of GDP while in Latvia it accounted 24.7 percent of GDP. The differences in the results are determined by the different methods engaged for the evaluation of the level of shadow economy. Nevertheless, it is obvious that the scope of shadow economy in the Baltic States far exceeds the average of the EU (18.5 percent of GDP). Thus, this article is aimed at the identification of the factors that have the biggest impact on the scope of shadow economy in all three Baltic States and performance of the comparative analysis of the identified factors. The methods of the research include systematic and comparative analysis of the scientific literature, regression, multiregression analysis and statistical data analysis.*

**Keywords:** shadow economy, factors influencing shadow economy, Baltic States.

### 1. Introduction

**Relevance of the topic.** In general sense, the level of shadow economy is influenced by the following causal factors, inherent to the biggest part of industrial countries (Enste, 2015): tax burden and excessive contributions of social insurance; frequency and intensity of the regulation of officially recorder economy, extremely strict regulation of the labour market with untimely retirement, growing unemployment rate and limitation of possible work hours per week, which determine the search of illegal job. The countries with high scope of shadow economy usually show low degrees of tax paying morale (willingness to pay taxes), which is determined by the corruption, tolerated in authorities, as well as by low respect and loyalty to public organisations. Analysing the countries of Central and Eastern Europe, including the Baltic States, scholars point out slightly different reasons that determine the scope of shadow economy emergence and growth in these countries (Schneider, 2007). The reasons include lack of competence of official institutions (legal acts, bureaucracy, court practice); corruption, undermining trust in authorities; weak enforcement of legislation, inability or reluctance to protect property rights; high costs of business development and the burden of business administration; low probability to be caught as the one who avoids paying taxes or does an illegal work (this way, illegal activities are promoted); extremely high bureaucracy that determines "shadow business" while establishing or surviving in the market, and, finally, public tolerance of shadow economy, which determines complicated implementation of the measures designed to stamp out the "shadow".

Although the Baltic States are often considered as a single unit assessing from the geopolitical point of view, the scope of shadow economy is significantly different among the States. With reference to Putnigis and Sauka (2015), the level of shadow economy in Latvia reached 23.5 percent of GDP in 2014 while that in Estonia and Lithuania respectively accounted 12.5 and 13.2 percent of GDP in the same year. The study carried out by Schneider (2014) proposes different results: in 2014, shadow economy in Lithuania and Estonia reached 27.7 percent of GDP while in Latvia it accounted 24.7 percent of

GDP. The differences in the results are determined by the different methods engaged for the evaluation of the level of shadow economy. Nevertheless, it is obvious that the scope of shadow economy in the Baltic States far exceeds the average of the EU (18.5 percent of GDP).

This has determined the following formulation of *the scientific problem*: which factors had the biggest impact on the scope of shadow economy in the Baltic States during the period of 2000-2011?

The article is **aimed at** identification of the factors that have the biggest impact on the scope of shadow economy in all three Baltic States and performance of the comparative analysis of the identified factors.

*Limitation of the research*: statistical databases (Statistical Database of the United Nations, International Labour Organization, World Bank) do not present the newest data on the political and economic factors of shadow economy. Thus, the research covers only the data within the period of 2000-2011.

In the first section of the article, on the basis of the scientific literature analysis, the determinants of shadow economy have been identified; in the second section, the methodology of the research has been presented; finally, the results of the research have been introduced. The article has been finished with conclusions.

## 2. Determinants of shadow economy: theoretical aspects

For a few decades, high tax burden has been considered to be the main factor of shadow economy formation. The impact of this factor is based on Laffer curve, which shows that a relatively low tax burden determines low scopes of shadow economy whereas the increase of tax burden over the optimal level determines high volumes of shadow economy, which, in turn, decreases the collection of tax revenues to the state budget (Schneider, Enste 2002a; 2002b; Rosser 2006).

With reference to Kannianen et al. (2004), shadow economy rises basically due to governmental intervention, i.e. regulation and taxation. Such interference causes a side effect, which emerges as higher scope of shadow economy. According to (Giles, 1990), the scope of shadow economy is associated not only with tax burden for business or inhabitants, but it also depends on the degree of economic regulation. Thomas (1990) is of the opinion that growing scopes of shadow economy might be the attributes of high taxation and overregulation. Krumplyte (2008) leans on the examples of foreign experience, revealing that the countries with high tax burden, i.e. nearly 52-55 percent (e.g. Sweden, Denmark, Finland), taking positions among top ten leading countries, are considered to be the most competitive with low scope of shadow economy. On the contrary, the countries with relatively low tax burden, i.e. up to 20 percent of GDP (e.g. Georgia, Mexico), have shadow economies composing more than 60 percent of GDP.

The analysis of the scientific literature has revealed that political factors such as taxation and frequency of regulation intensity are treated as the determinants having the biggest impact on the growth of the scope of shadow economy. With reference to Krumplyte (2008), the determinants of shadow economy can be classified into three following groups: economic, legal administrative and social psychological. The determinants attributable to all of these groups have the complex effect on the trends of shadow economy in the country. What is more, the significance of particular determinants on existence and spread of shadow economy might differ depending on the situation in a particular country. Thus, seeking to establish which determinants have the biggest impact on the trends of shadow economy, it is necessary to consider political and economic conditions as well as existing business environment in the particular country. Following the theoretical findings, the empirical research has been performed. In the further sections of the article, the methodology and the results of the empirical research have been presented.

## 3. The Methodology of the Research

Before selecting the method of the research, the aim of the empirical research was formulated – to establish the impact of the shadow economy factors on the scope of Baltic States shadow economy during the period of 2000 – 2011. In order to fulfil the defined aim of the empirical research, mathematical methods (correlation analysis, Pearson correlation coefficient and multiregression analysis) were engaged to identify the factors that influence the scope of the shadow economy in Lithuania.

Quantitative methods of **correlation analysis** and **multiregression analysis** enabled to identify what economic and political factors with numerical values have the most significant impact on the scope of shadow economy in the Baltic States. After identification of the factors that have the most significant impact on the scope of shadow economy, the comparative analysis of Lithuania, Latvia and Estonia was performed. The correlation analysis revealed whether the variables are dependent (i.e. whether the increase of a particular factor causes the increase of another one, and vice versa), what the strength of the link is and whether correlation is statistically significant (not coincidental).

With a view to ensuring purposefulness of the calculations, the existence of the correlation between such factors as *corruption freedom index, business freedom index, government final consumption expenditure, households consumption expenditure, export of goods and services, import of goods and services, workforce participation rate, unemployment rate, the number of the population beyond the labour market, crediting of private sector, tax income, tax payments, inflation, GDP growth, electric energy consumption, final consumption expenditure, household consumption expenditure* and the scope of shadow economy in all the three countries during the period of 2000 – 2011 was verified. Verification of the hypotheses on the normality of the factors describing the political, economic environment and unrecorded economy revealed positive results, i.e. the normality condition was satisfied (value  $p < 0.05$ ). The detailed description of the factors that influence shadow economy and that were included in the correlation analysis has been presented in Table 1.

Table 1. Description of the influential factors that were included in the correlation analysis (source: compiled by the authors with references to World Bank; International Labour Organization; Heritage Foundation)

Independent variable, x	The concept of independent variable
<b>Political factors</b>	
Business freedom index	Business freedom is a general index of governmental business regulation efficiency. Quantitative grade of the index is calculated assessing business start-up, development and closing barriers. The value of business freedom index for a particular country varies from 0 to 100 points, where 100 points stands for the absolutely free business environment (Source: Heritage Foundation).
Corruption freedom index	Corruption destroys economic freedom and induces the feelings of unsafety and uncertainty into economic relations. This index is obtained from <i>Transparency International</i> Corruption Perception Index. The value of the index falls into the scale of 10 points, where 10 points stand for very low corruption rate, and 0 points – for a highly-corrupted government of the country (Source: Heritage Foundation).
Total government consumption expenditure, in value added, current prices	Total government consumption expenditure (government final consumption) includes the total value of the current governmental expenditure for goods and services (including compensations for employees). They also include the expenditure of national security and defence, but governmental military expenditure, which is a part of the governmental capital formation, is excluded (Source: Statistical Database of the United Nations).
Tax income (percent of GDP)	Tax income means mandatory transfers to the central government for public purposes. Particular transfers such as fines, interest, most payments of social insurance are not included. Returned payments as well as the corrections of the erroneously collected taxes are treated as negative income (Source: World Bank).
<b>Economic factors</b>	
GDP growth (annual), percent.	It stands for the percentage growth of annual GDP in local currency, market prices. Aggregate indicators are based on the comparative prices of 2005, in dollars (Source: World Bank).
Labour force rate, percent	All employed and unemployed population (Source: International Labour Organisation)

Unemployment rate, thousands	The index is expressed as the ratio between the number of the unemployed and the labour force (Source: International Labour Organisation)
Number of the population beyond the labour market	Population beyond the labour market includes all the working population that was not included in the labour force as the employed or the unemployed during the researched period. The working-age population is defined as 15-year-old and older population, but the definition can differ depending on the term formulation in a particular country (Source: International Labour Organisation).
Inflation, in consumer prices (annual), percent	Inflation is measured by consumer price index which reflects annual percentage cost changes for an average consumer obtaining the set of goods and services at defined or changed intervals, for instance annually. It is commonly calculated by Laspeyres formula. (Source: World Bank).
Export of goods and services (percent of GDP)	Export of goods and services means the value of all goods and market services, including transportation, insurance, royalties, licence fees, construction, communications, finance, information and others, provided for businesses, individuals or governments in foreign countries. Export of goods and services does not include compensations for employees, investment income and transfers (Source: World Bank).
Import of goods and services (percent of GDP)	Import of goods and services means the value of all goods and market services, including transportation, insurance, royalties, licence fees, construction, communications, finance, information and others, obtained for businesses, individuals or governments from foreign countries. Import of goods and services does not include compensations for employees, investment income and transfers (Source: World Bank).
Crediting of private sector, percent of GDP	Crediting of private sector means funding of the private sector with financial resources provided by financial corporations, engaging such funding forms as loans, equities, trade credits, etc. In particular countries, crediting also includes the governmental sector. Financial corporations include money managing institutions and banks as well as other financial corporations whose data is available (i.e. corporations that do not accept transferable deposits, but accept such obligations as savings deposit or fixed-term deposits). Finance and leasing enterprises, money creditors, insurance companies, pension funds and currency exchange companies are other examples of a financial corporation. (Source: World Bank).
Tax payments (numbers)	Tax payments made by business companies refer to a number of the paid taxes, including the payments by e-banking. Taxes are calculated as paid once a year, even if in practice they are paid more frequently (Source: World Bank).
Energy consumption (in the equivalent of a kg of petroleum per capita)	Energy consumption means the initial energy consumption before the transformation of energy to any other fuel of final consumption. It is equal to local production plus imports and fluctuations of resources and minus exports and the fuels supplied to ships and aircrafts engaged in international trade (Source: World Bank).
Household consumption expenditure, percent of GDP	Household monetary and subsistence expenditure for consumption goods and services (Source: Lithuanian Department of Statistics)
Final consumption expenditure, percent of GDP	General government final consumption expenditure (formerly general government consumption) includes all government current expenditures for purchases of goods and services (including compensation of employees). It also includes most expenditures on national defence and security, but excludes government military expenditures that are part of government capital formation (Source: World Bank).

After the calculations of correlation with SSPS (*Statistical Package for the Social Sciences*) software, multiregression analysis was carried out, performing the calculations only for the factors with value  $r$  higher than 0.6. Leaning on the



correlation coefficient values higher than 0.6, the factors that influence the scope of shadow economy in separate Baltic States were selected (see Table 2).

Table 2. The results of the empirical research: the factors that influenced the scope of shadow economy in the Baltic States during the period of 2000 – 2011 (compiled by the authors)

Independent variable, x	<i>r</i> (correlations) and <i>p</i> (probabilities) values
<b>Lithuania</b>	
Labour force rate, percent	$r = 0.703820$ ; $p = 0.0106$
Export of goods and services, percent of GDP	$r = -0.787391$ ; $p = 0.0024$
Import of goods and services, percent of GDP	$r = -0.786529$ ; $p = 0.0024$
Corruption Freedom Index	$r = -0.697001$ ; $p = 0.0118$
<b>Business Freedom Index</b>	$r = -0.820409$ ; $p = 0.0011$
<b>Crediting of private sector, percent of GDP</b>	$r = -0.912220$ ; $p = 0.0000$
<b>Latvia</b>	
<b>Business Freedom Index</b>	$r = -0.845927$ ; $p = 0.0005$
Total government consumption expenditure in value added, current prices	$r = 0.671665$ ; $p = 0.0168$
<b>Tax payment, numbers</b>	$r = 0.901241$ ; $p = 0.0001$
<b>Crediting of private sector, percent of GDP</b>	$r = -0.945784$ ; $p = 0.0000$
<b>Corruption Perception Index</b>	$r = -0.921276$ ; $p = 0.0000$
<b>Energy consumption (in the equivalent of a kg of petroleum per capita)</b>	$r = -0.920967$ ; $p = 0.0000$
<b>Labour force rate, percent</b>	$r = -0.841726$ ; $p = 0.0006$
<b>Number of the population beyond the labour market, thousand</b>	$r = 0.931187$ ; $p = 0.0000$
<b>Estonia</b>	
<b>Household consumption expenditure, percent of GDB</b>	$r = 0.931187$ ; $p = 0.0000$
Crediting of private sector, percent of GDP	$r = -0.746129$ ; $p = 0.0053$
<b>Corruption Perception Index</b>	$r = -0.835539$ ; $p = 0.0007$
Final consumption expenditure, percent of GDP	$r = 0.619170$ ; $p = 0.0318$
<b>Energy consumption (in the equivalent of a kg of petroleum per capita)</b>	$r = -0.808040$ ; $p = 0.0015$
<b>Labour force rate, percent</b>	$r = -0.891395$ ; $p = 0.0001$
<b>Number of the population beyond the labour market, thousand</b>	$r = 0.922240$ ; $p = 0.0000$

The results of the calculations have enabled to establish the common regularities and differences while evaluating the determinants of shadow economy. Crediting of private sector strongly correlated with the scope of shadow economy in all the three States, which proposes that poorer terms of crediting determined the increase of shadow economy during the

researched period. The other determinants of shadow economy in the Baltic States include Corruption Freedom Index and Labour force rate. Comparing the situation of the three countries, it can be seen that number of the population beyond the labour market as well as energy consumption indexes strongly correlated with the scope of shadow economy in Latvia and Estonia whereas in Lithuania they did not have any significant impact of the scope of shadow economy during the researched period.

#### 4. The results of the empirical research

Multiregression analysis has enabled to establish to what extent the identified influential factors explain fluctuations of the scope of shadow economy. Analysing the results, the value of determination coefficient ( $R^2$ ), p (probability) value ( $<0.05$ ) as well as verification and elimination of multicollinearity were considered. Statisticians propose the solution to the problem of multicollinearity by eliminating the variables that show the strongest correlation, but value  $R^2$  has to remain the same or can change insignificantly. The other parameters of the regression model have to show an improvement.

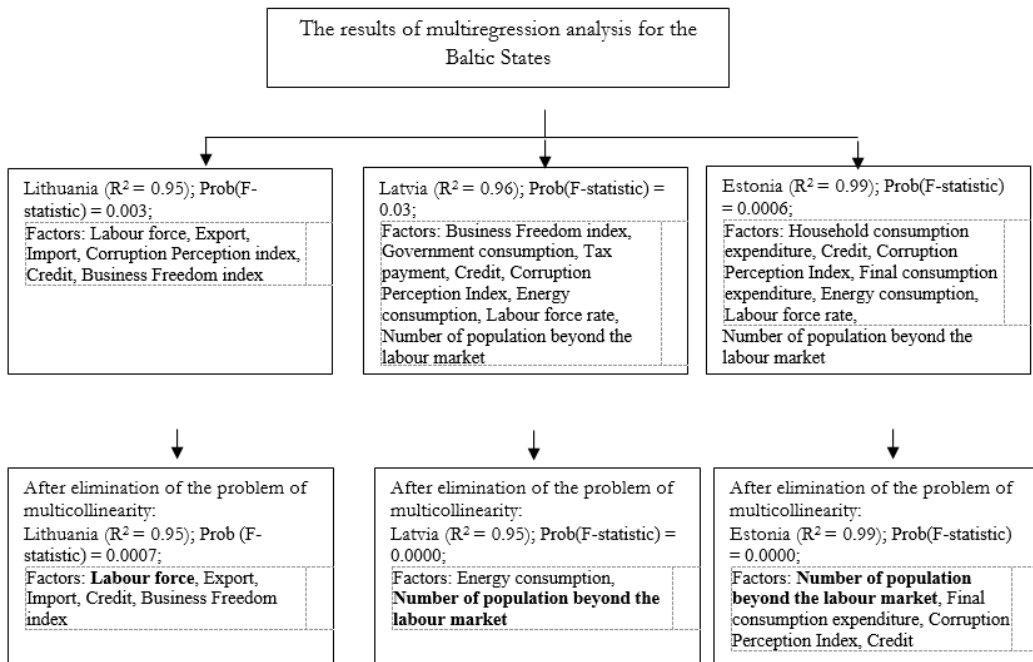


Figure 1. The results of multiregression modelling for evaluation of the impact of determinants on the scope of shadow economy in the Baltic States

The analysis of the results for Lithuania propose that the identified influential factors (determinants) of shadow economy explain the changes of independent variables by 95 percent, as it was revealed by the multiple regression analysis. After identification of the problem of multicollinearity and elimination from the model Corruption Perception Index, value p improved whereas value  $R^2$  remained unchanged. Thus, the scope of shadow economy in Lithuania during the period of 2000 - 2011 was explained by such influential factors as labour force rate, the volumes of international trade, crediting of private sector and Business Freedom Index.

After elimination of the problem of multicollinearity, it was established that 95 percent of the scope of shadow economy in Latvia was determined by energy consumption volumes and the number of the population operating beyond the labour

market. In Estonia, the identified influential factors explain the scope of shadow economy during the analysed period even by 99 percent. After elimination of the problem of multicollinearity, it was established that such factors as the number of the population operating beyond the labour market, final consumption expenditure, Corruption Perception Index and crediting terms determined the scope of shadow economy in the country during the period of 2000-2011.

The results of the research have revealed that the factors influencing the scope of shadow economy in the Baltic States differ, although some commonalities such as labour market and the population operating beyond the labour market can also be observed. Some scientists (Krumplyte, 2010), who have analysed the spread of shadow economy, state that, in the context of tax evasion, illegal work emerges as a permanent unregistered economic activity, which is performed without declaration of income, temporary economic activity (working under copyright agreements), which is performed without declaration of the overall income, unofficial work, i.e. officially undeclared labour relations – work in a company without making a labour contract with an employer, and official work with a labour contract without declaration of the overall wages, recording only a part of the wages or keeping of the false work time records. Such forms of shadow economy that emerge in the labour market are widely spread in all the three states researched in this article. Thus, selecting the measures for fighting with shadow economy, the governments of the states should consider the problems of labour relations.

In Estonia and Lithuania, the obstacles of private sector crediting are the determinants that have the significant impact on the scope of shadow economy since they induce business owners and entrepreneurs to select the illegal ways of operation without official registration of their activities. Among all the three Baltic States, only in Latvia the factor of energy consumption can be treated as one of the determinants of shadow economy whereas in the other two states its significant impact on the scope of shadow economy has not been established.

Summarising the results of the research, it can be stated that imperfections of the labour market, which induce illegal activities, are the determinants that have the most significant impact on the scope of shadow economy in all the three Baltic States. The other determinants are specific for a particular state. In Latvia, the scope of shadow economy is positively influenced by more intensive energy consumption, in Lithuania – by unfavourable crediting policies and business conditions, and in Estonia – by corruption, crediting terms and final consumption expenditure.

## 5. Conclusions

1. The analysis of the scientific literature on shadow economy situation in the countries of Central and Eastern Europe, including the Baltic States, it has revealed that the determinants of shadow economy in these countries include lack of competence of official institutions (legal acts, bureaucracy, court practice) corruption that undermines trust in authorities, weak enforcement of legislation, inability or reluctance to protect property rights, high costs of business development and the burden of business administration and low probability to be caught as the one who avoids paying taxes or does an illegal work.
2. The empirical research has enabled to identify commonalities and differences while evaluating the causes of shadow economy in the Baltic States. It has been established that crediting of private sector strongly correlated with the scope of shadow economy, which proposes that poorer crediting alongside with corruption freedom index and labour force rate were the determinants of shadow economy in all the States during the researched period. Assessing the differences among the States, it should be noted that the number of the population beyond the labour market as well as energy consumption strongly correlated with the scope of shadow economy in Latvia and Estonia whereas they did not have any significant impact on the scope of shadow economy in Lithuania.
3. The results of the research for Lithuania have revealed that the identified determinants explain the changes of independent variables by 95 percent. After detection of the problem of multicollinearity and elimination the determinant of corruption perception index, value p improved whereas value R<sup>2</sup> remained unchanged, which proposes that during the period of 2000-2011, the scope of shadow economy in Lithuania is explained by such determinants as labour force rate, the volumes of international trade, crediting of private sector and business freedom index.
4. After the elimination of the problem of multicollinearity, it has been established that the trends of shadow economy in Latvia by 95 percent were determined by energy consumption and the population operating beyond the labour market.
5. In Estonia, the identified determinants explain the scope of shadow economy by 99 percent during the researched period. After the elimination of the problem of multicollinearity, it has been established that the population operating beyond

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the labour market, final consumption expenditure, corruption perception index and crediting determined the changes of the scope of shadow economy during the period of 2000-2011.

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## Myth and Antimyth in the Fictions of Socialist Realism in Albania

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### Abstract

*The process of formation of socialist realism in literary creativity goes hand in hand with the crystallization of social awareness "down", within the psychology of the masses and "up", with the strengthening ideological party institutes of state. Endless discourses among the circles of artists on this plane, so competent is the new artistic unity as "the soc-realistic method" that obtained the status of state doctrine. In 1936 the Soviet government undertook measures to implement the undisputed total soc-realistic method all the arts in the USSR. Socialist realism becomes the dominant term in the science of Soviet literature and art sciences from the thirties to mark "basic approach" which "requires the artist to introduce the concrete historical truth of reality in its revolutionary development", so the literature had to be created with the task of educating the workers in the spirit of socialism. The notion aesthetic "realism" was related to defining "socialist", brought the practice of literature and arts submission to ideology. Demands of using the socialist realism techniques in fact became an obstacle, an anxiety to halt creativity that for years was avoid against the spiritual life of the people, so the writers created in the majority mediokre works of conformist who became propaganda trumpets. In the late '80s realism becomes literary and historical term, but in the embryonic stage of many characteristics, the soc-realism literature is determined as "heroic realism", "monumental", "social", "biased" and as if the category of "folk" is the basic principle of a work of art where the mythical watches in the mirror its other part of the medal.*

**Keywords:** Myth, Antimyth, Fictions, Socialist Realism, Albania

### Introduction

The myth lies at the core of literature, it is the premise of the genesis and the paradigm of a fiction and the same time of all literary books together, forming a palimpsest. Everyone occurs inevitably to deal with variations of the myth when studying literature and it is explored deeply by different anthropologists, and literature critics as well.

The relations between time and space in myth and literature, we can describe, as the same time as in the dreams, so, if we analyze symbols in dreams, in this way we can analyze the internal time and space connected with the movement and the state at the same time in literature. Thus, referring to Erich Fromm, who tells that it is a lost language for modern civilizations communicating with dreams, we can tell that in some plans the mythical, poetic, philosophical and psychological and literature have a lot of things in common.

### Paradoxes paralyzing literature in Albania in socialist political system

Obviously factors of prohibition of literature and its obstruction by the socialist method dictated by the politic of the time in the years 1949-1952 were paradoxical circumstances; when the terror started from the League of Albanian Writers with the sack of Malëshova and further Trebeshina and so went on.

At the time when this method rule in most of the literature, in Albania, different authors faced that, in their own manners. Thus, during the '50s new orientation in the field of Albanian literature, as in thematic level, and the methods of creative eve obviously put in pressure the writers, first thematically in the echo of the victory of the National Liberation War, and actuality was reduced mainly in black and white and with the beginning of the '60s. In this context it should be mentioned, that there were the writers as Petro Marko in 1958, when published his novel view "Hasta la Vista", brought another point of view in the Albanian novel, and moreover original sensitivity to the appearance of the characters in his novels which penalized him as a writer.

Later art sprained, it was used in the worst way and it was a function of political propaganda, as some artists were introduced, violently as cliché of socialist realism where the best feeling of civilization as love and the intima world of the human was violated.

While the liberty is hit, exactly when the thread of artistic creation becomes impossible entered and passing the fence of socialist realism, it is needed to be transformed or into megaphones to spread the utopia and stupid topics which had to have a significant influence on the consciousness of the masses., or to camouflage into classic symbols of myths to survive the real literature in the sense of what writer wants to, as Kadare did. Different authors knitted the thread of prose in Albania as Dritëro Agolli, Dhimitër Xhuvani, Ali Abdihojha, Skënder Drini, Sabri Godo, Vath Koreshi etc., while at the top of poetry lyric were Fatos Arapi, Ismail Kadare and Dritëro Agolli, as a new generation of talented poets.

Sometimes writers were heroes, somehow justified about what they did, because the dictatorship did not leave much choice, but the worst was the silence or rejection of artistic creation of Albanian writers, because the writer is as prophet who endure pain to say the words of the truth, as promethean myth transmits to all generations since the antiquity.

This *false* philosophy of life, represented also in literature survived by lightening the socialist censorship, created models always in cause-effect relationships of structure, in view of the dynamic structure of the movements within it as the expression of a controversy religion, a religion of becoming a martyr, an extremism in sacrifice, because even though all the Albanian became atheists, they had to believe in the labor party, and die for the masses in work.

All life experiences, reflection of social awareness, where they felt the positive values of heroes, expressed artistically gave the configuration in the understanding of the life. The critical thinking, theoretical and aesthetic of that time as well as restricted the line of the Albanian novels based in the principle of ideas, characters, conflicts, forms the composition, flow of the narrative, features stylistic and linguistic up since in detail, comprehensive to the soc-realistic method. However the criticism of the time of socialist realism in Albania didn't lack, it served as a censor based on a semi pragmatic socialist realism platform and the articles in the newspapers of the time, most discussed about novels about the development of a large industry reflected in the behavior of the working class, and the positive hero, the bravest one mustn't fear the death.

In all the novels the heroic force was presented in the superlative form, to sacrifice the own life for the others, it has to do with the building of the industry of Albanian country. The literature of socialist realism has pictured the Albanian society better than it was in reality, given work as novels and stories of Dhimitër Xhuvani, some of the stories the Anastas Kondo. There were also monuments work of epic that dealt specifically through various Albanian history who ran in the time between the two world wars, a choice option to rescue, as Jakov Xoxa. It is worth mentioning what choice did Lasgush Poradeci. This great poet was silent with the inspiration that decayed in the chest, but if we read the Lasgush Poradeci today our senses will be deeply alive and untainted by the folly of socialist realism in a matter as aesthetic, as well as the evaluation criteria to recognize our ideals and dreams and through them the goals, existential and morality of human society in general.

### **The salvation of writer because of myths and symbols**

Since Hesiod, Homer, till Ali Podrimja, Kasem Trebeshina, Konica, Migjeni till Kadare literary critic studies have been focused on myth thematic and conceptual plan, the presence of myth as a significant contribution to the promotion of philosophy of life. Literary studies distinguished by the system of knowledge and literary theories, the most advanced scientific methods, building author makes creative logic through their fiction, so they build their own myth, which may be either real, or fake one. The phenomenon range from the origin of the meaning of myths and mythology to reach to the problems of modernism and postmodernism in the literature.

The author is always with his presence, the subject and the object of his fiction indicating his subjective feelings and point of views, aiming always to bring out the foreground himself. His id in war with his ego goes beyond wanting to create something else, perhaps an image that we have never encountered before. Mystification begins here. The author says that it is the work, and believe or not building his own myth makes his work immortal after tormenting idea if it is worth or not.

It is in human nature to seek immortality. Life and death, being mortal and eternity are the author's existential dichotomies. Thus referring to Albanian authors in the majority of their work has made in order to serve something utilitarian whether an

idea as homeland, language, collective essence, ideology, doctrine, ethnicity etc. The Albanian author learned to be social activist, a warrior, imprisoned, liberator, either censor, or censored, persecutor and persecuted, antifascist, anticommunist, cynical, aggressive, peaceful, indifferent, dissatisfied.

Stressing the fact that being atheist means that, either you are the god, or you are an abandoned orator. Maybe it is misunderstood, misinterpreted infinitely, but the author in Albania it was a conductor of a religion life evoking the surprise a wonderful life never happened before in capitalist society and if not, he would be anathematized.

Albanian authors with their further creations of I. Kadare, D. Agolli, etc who consolidated the Albanian traditional poetics of the novel, creating types of novel, according polyphony of voices did the typology best novel in a national literature introducing a fable as a basis on which character were established on a prototype of its time, but referring Agron Tufa opinion the antic people who created myths, didn't call fantasy they really believed them, so it was the idea of the Albanian authors to create a myth of a different living, a Narcisse mirror and to make ourselves proud.

It can be illustrated precisely by the actions and feelings and thoughts of the characters, and somehow nothing to do with art, not the sense, but something educational and civic literary. The novels, portrayd more realistic physical and spiritual characters confirmed a whole internal study of virtues of sacrifice, not more, even though it was obvious immediate need for unfolding retrospective though tradition, and if Gerard Genette considers literature as art of artistic criticism seems to be a reasoned judgment of this discourse. To decide then how ever be used to reevaluate this kind of literature, because opposing the author and the reader who many times imposes author according to Eco who sometimes behave as lazy, hypocritical and superficial, and the same time see the author as the embodiment of his taste changes.

As we know after '90 years through talented writers, across Europe, Albanian literature began to penetrate the spirits and the sensibilities of the creative Albanian literary, as Konica, Koliqi, Kuteli, etc recorded some of the highest pinnacle of Albanian literature, types and genres, such as epic, literary criticism etc. Designed as for Albanians, as for foreign readers, the writers continue to give us a full encyclopedia for Albania and its people. A mosaic of history and culture, language and literature, spirituality and psychology of the world's Albanians, with an extensive information and in-depth knowledge, harmonizing scientific objectivity with an entertaining account of the author highlights the individuality and the nature of the Albanian people not only see itself, but also in Balkan and European context.

Now gathering all in drawers books, we assume that creative inspiration was not halted immediately establishing communist rule, abroad Albania, Kuteli continued to be a natural continuation of war by publishing literature whenever the omitted censorship. Albanian literature novel bloomed between '60s and '90s of the twentieth century, explained the process of social, cultural, educational, in the eyes of the politic ideology of that time etc. but at the same time left the space blank so long for the reader desired to a subcoscient world of a writer who really discovers what a reader needs.

Being a writer in Albania during the '50 and '90s there was a maximum pain, self-sacrifice, and a truly prophetic foresight, some might have been real writers, because only they can feel that freedom was near, those does not make any compromise in their act of creation; their freedom and creative spirit was already summarized in hidden parts of their unconscious as dreams exist and communicate with us in silence inside the walls, where the only noise of their pen exists. Imposing within myths which someone created was much more than the clap propaganda trumpets the real soc who today are experiencing the death of their pseudo artistic creativity, death of what had considered genuine literature. For such writers freedom came to punish their fiction. The need for an inner life, to develop cultural and political and creation of idealism, and being national remain ideas on sustainable if the European models and the few Albanian to overcome the boundaries that often times leads to isolation. New "*albanologists*" today, are trying to bring social, ideological arguments to attack the Albanian language and its antiquity, Skanderbeg and its history on behalf of waste thought. As I highlighted the some problems of the literature in the last century in Albania, not been in equilibrium, but today, Europe and the fascination towards harmony finds the majority of Albanians, convinced that the nation appears on the beliefs, here it is found in compliance with the best literary thought.

There is not only some masters of writing Albanian literature which is all bent historical consciousness and nurturing to give Albanians and the entire planet in elevation. This deep awareness of the national historic gave this sound of the prophetic voice of a spokesperson who protects his tribe in the depths of its most visible and hidden depths that are shocking. Identity issues are a phenomenon associated with the modernization process of itself society and in this process the albanian writer must be first intellectual, feeling lucky for his identity and building his own myth in the wake of the wonderful fiction of this country, of his dispute in literary terms in the match the fate of the nation in its crucial historical moments.

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## Penetration of Orientalism as a Sociolinguistic Factor in the Albanian Language

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### Abstract

*The history of Orientalism is part of borrowed vocabulary of Albanian language. Their penetration became at a period of time and necessarily was introduced in every sector of Albanian life. The main factors that affected their penetration were the Albanian's people Islamism, the establishment of the Ottoman state administration, and the authors of Bejtexhinj literature who influenced with their writing and literature that was developing in Ottoman Empire led to foist its expressions in these poems that were known at that time. Turkish borrowings have started in the second half of the fourteenth century and have become more intense after the occupation of Albanian lands from Turkish people. Some Turkish borrowings have penetrated with things and the new items that Turkish people brought in our everyday life, that more or less are evident as diglosie form in Albanian language varieties. For example: haraç, bej, pasha, vezir, kadi mufti, çiflig, vakëf, vergji, xhamietj. A part of them are from Turkish military sphere, e.x. bori, daulle, dyfek, fitil, janicar, mejdane ect. Another part of various spheres are, ex: adet, beg/bej, cohë, çarap, gajtan, isap(=hesap), hambar etc. In our paper we will examine aspects of sociolinguistic and literary influence that have enriched our vocabulary and literature in Albanian language from past centuries.*

**Keywords:** Orientalisms, sociolinguistics impact, literature, borrowings, diglosia etc.

### Introduction

A common feature that distinguishes Balkan languages from other Indo-European languages of the continent, is the presence of a layer of words coming from Turkish language, which are called simply oriental Turkishness by some researchers, since a good part of them are sourced from Arabic and Persian, and Turkish language was only an intermediary language. As in all standard and non-standard Albanian language of Gjakova city dialect there are encountered enough Turkish and Serbian expressions, which are more visible in Muslim spoken discourse. We met a lot of people of different ages, but mainly Turkish words have encountered to the third age, while Serbian words to middle age. At this age, we have not only met Serbian expressions, but even Turkish was present in their daily lives dialect. Third Age, which had mixed dialect with Turkish words were mainly women. The largest percentage of respondents was housewives. These differences that we have encountered, are closely linked to the traditions and involuntarily has been occurred the division of social work and family, therefore it got household character especially in the villages of Gjakova. We have said that the third age of women in the inner city, have been substantially more emancipated, and their jargon did not express as much Turkish slangs as Serbian slangs had. As Professor Gjovalin Shkurtaj claims "traditional division of labor was also once a certain social type of speech, expression ways ..." If we go back in history, we see that the history of the Albanian people is faced with many invasions as territorially but also social and linguistic invasions as well. The main interest to our topic is to look at the impact of Orientalism in the Kosovars' vocabulary. Orientalism history is part of the borrowed Albanian language vocabulary. Their insight has been done in a long period of time and necessarily was introduced in every sector of Albanian life. The main factors that influenced its penetration were Islam of the people, the establishment of Ottoman state administration, and Bejtexhinj literature authors who influenced with their writings and literature that was being

developed in the Ottoman Empire contributed to impose many expressions into these poems which became known since that time. The collection of Albanian Orientalisms was done by the author Tahir Dizdari, who published his "Dictionary of orientalisms in Albanian language", which is very valuable in our everyday spoken language. Orientalism in Gjakova date long ago, except the borrowing words and expressions from the spoken language, are also religious teachings known as a beginning of Gjakovars education since the period of Ottoman invasion. In education of cities in Kosovo this language was the language of prestige that showed a higher education level of that time. On how much has penetrated oriental culture and lexicon in the living style and development of Kosovo, I would start from the first greeting by dialect or variety of Gjakova city, as well as to translate the Turkish language greeting, we would face these words: Merhaba (hello), partner (common), guest, fellow (friends), etc. The penetration of Orientalism came in every sphere of life, they were inherited early and remained historically in Albanian language. So, they entered since the XV century. Areas affected by the Turkish terminology are since household life and continually reflects until today, especially from the third age. Kitchen terminology: there are 117 words and some of them I would like to mention below - pazar, byrek, raki, tepsi, sini, xhezve, tenxhere, kafjall- kahvalti, baklava, kadaif, paçë, pekmez, pilaf, turshi, qofte, reçel, sheqer, bozë, niseshte, sheqerpare (ëmbëlsirë), tavë, taze etc. Household things: -çarçaf, çorape, perde, temel, oxhak, hajaf, konak, bahshqë, zingjir, peshqir, qilim, legen, qyshk, kafaz, hanxhar, penxhere, hambar, hendek, bodrum,ballkon etc. Social life: -adet, amanet, boja, bullë, bela, hesap, teneqe, pishman etc. Administration: -kadi, bej, aga, shahit, miftar, etc. So, this fund of Turkish words came and grew even more concerned kitchen and social life, but in the vocabulary of administration almost these words no longer exist. From religious jargon and personnel of religious service: -Allah, abdes, dervish, duva, exhel, gjynah, hafiz, imam, mulla, teqe, tyrbe, pejgamber, xhami etc. We know that the Albanian folklore dictionary has about 3,000 common words within Turkish language. Do not forget that many of these words are fully assimilated by the Albanian and remains in the Turkish vocabulary, as some of them are: baba, top, xhep, tepsi, hendek, bilbil, kafe, xhezve, etc. Several dozen words have been assimilated by Albanian language itself, others have been replaced with words of Albanian language indigenous source, thanks to its dynamism in terms of changing the factors. In Albanian language entered a lot of Turkish words which were also profiled emotional stylistic connotations, mainly the deteriorating as: surrat, millet, dyfek, dynja, bejlerë, dembel, fajdexhinj, etc.

Converting to Islam had changes and consequence in the features of Albanian culture in general, especially in literature. Ottoman-Turkish official language and languages of religious sources, Arabic and Persian, became the language of Albanian culture and Islamic provenience, mainly in the foreign plan, because they brought the administration from using medieval Slavic languages, Greek, Italian and the scientific literature, Latin and Greek, but also Serbian(88. 87 Shih Dr. Muhamet Pirraku, Kultura kombëtare shqiptare deri në Lidhjen e Prizrenit, IAK, Prishtinë 1989. 88 Historia e letërsisë shqipe I-II, Botim i Akademisë së Shkencave, Tiranë, 1983, f. 150-151. 120). Since the seventeenth century onwards, there are enough Albanian poetry intertwined with Turkish words, stratified according to their value in today's Albanian language, according to territorial restrictions, different emotional mood, but it is always presented through historical observation of these borrowings. These words are explained by the etymology, the history of language and grammar, which have achieved unshakable results, and here enters the lexicology, phonology, semiology, stylistics, and many new branches of micro linguistic, as the philosophy of language, sociolinguistics, psycholinguistics, ethnolinguistics, computational linguistics, etc. which are the factors that have influenced in every variety lingual speech. Albanian language as well as other languages continues to be enriched very fast. Enrichment comes from many quarters, and the most effective way is through word formation with different linguistic backgrounds. The purity of language is characterized by the collection of property lexicon from real popular vocabulary and the activation of certain criteria to resist the use of unnecessary borrowing.

## Conclusions and Recommendations

The Albanian language should remove or be released from Turkish words that have synonymous, but will be irreplaceable and necessary whenever in the literature will be treated motifs connected with historical circumstances. We have enough examples that contemporary authors express in their new editions, as for example: dembel, kastile, çeshme, bardak, boshllëk, sokak, i javashëm, i rëzbitur, etc. These terms have a less or more to do with the variety of low diglosia used in the vernacular of sub dialects in Kosovo. Likewise, we have also phraseologies in folk speech, as for example: "ç'ka barku e nxjerr bardaku" (bardak-gota), "nuk e tret as" 89 Sindorela Doli-Kryeziu Diglosia sipas vernakularëve të gjuhës shqipe në Gjakovë - interferencat gjuhësore të gjuhëve në kontakt, (vështrim gjuhësor në komunën e Gjakovës, kumtesë e mbajtur në Kongresin e II-të për gjuhën, historinë dhe kulturën e Ballkanit) Prizren, 2010. 121 mideja". However, these phraseologies are national and it is not irrelevant, since these are used for coloring in certain styles. It is very important to

not forget the artistic tradition and culture of various songs, which to a very large percentage of many cycles of folk songs, a notable place has been occupied by the songs called: "të ashikëve dhe dylberëve", Turkish expression in old Albanian songs especially gjakovar songs. One thing is true, that these songs have breathed, were created, were sung and cultivated centuries ago on the ethnic Albanian land space, which can be concluded that these texts are ancient beautiful historical genesis.

Therefore, the deepest impact on Turkish, which is spoken in Kosovo, is in the syntax area. In the beginning it is accepted Oriental lexicon even in the dialect of this region, where as we know many Turkish words are inserted into the Albanian language vocabulary. But with modernization in recent years, such expressions though slightly faded, but unfortunately are replaced with English words by the youth, unlike the middle age.

## Customer Relationship Management (CRM) in Banking Sector in Albania

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### Abstract

*The aim of this paper is to examine the Customer Relationship Management as a new methodology looks forward to identify and attract consumers through the process of developing relationships (business - customer). The methodology of the CRM aims to maintain customer satisfaction and increase consumer loyalty. The purpose of this paper is to know the basic capabilities of CRM systems and in-depth knowledge of methods and management techniques customer relationships. This paper will examine the methods and techniques of customer relationship management and display functionalities customer relationship management-implemented in banks.*

**Keywords :** customer relationships management, customer satisfaction, customer loyalty, data, information, banks.

### 1. Customer Relationship Management CRM

One of the main tasks of the department promotion and advertising of bank is to bring together buyers and sellers of products and services to create clients. At the time when the philosophy of all enterprises can not only be customer-oriented, development and maintenance long-term relations of cooperation and engagement of a company with customers is extremely difficult but very important for the development of each business. The customer relationship management (CRM) has become a necessary strategy for all firms, since effective implementation may increase satisfaction, loyalty and customer retention and thus, sales and lead to repetitive purchases (Feinberg & Kadam 2002, Kotorov 2002, Anton & Hoeck 2002). However, although the CRM is one of the fastest growing administrative approaches to the modern enterprise, the application has not always yield the expected results (Rigby et al., 2002). In a survey of the Kekoe (2002) found that up to 20% of senior business officials argued that CRM initiatives had hurt customer relationships. Consequently, firms in the banking sector should consider carefully investment in customer relationship management (CRM) in order to have the desired business results.

A review of the literature shows that there are a variety of definitions for the Customer Relationship Management. One reason that could explain this diversity of definitions is the diversity that can be offered to any company adopting such a system, development and management of relationships with customers. The simplest definition can be given for the CRM according to Zikmund et al. (2003) is: "The CRM is a process whose aim is to collect information to assist the administrative staff of a company to manage the best possible relations with its customers." The Kalakota & Robinson (2001) report that the 'CRM is a comprehensive sales process, marketing, and strategy services depends on broad scale concerted action by a company to attract and customer retention." Additionally the Tiwana (2001) mentions that the 'CRM is a combination business processes and technology that takes a business and seeks to decode the behavior of customers in order to differentiate their products and services aiming at obtaining competitive advantage." The CRM uses the Information and Communication Technologies to incorporate practical marketing, sales and service, and to provide services tailored to the needs of each customer in order to strengthen the consumer's loyalty and increase profits.

A customer-centric management system consists of two main parts:

- Analysis of customer data
- Proposed modalities

More specifically, the CRM is the strategic development of the company, which is using the database features and technology, formulate a comprehensive view of their customers to ensure that all operational procedures are followed to improve the bank's relationships with its customers. In other words, CRM, as is clear from the above definitions, is a set of procedures designed to collect and analyze information to assist a company in formulating and evaluating alternative strategic plans. The purpose of CRM is to improve the services offered by a company to its customers, enhance customer satisfaction and contribute to maintaining long-term relationships. An effective CRM system contains details of all customers of the bank to ensure that all parts of the bank to be able to access them reason to combine the needs of customers with the products and be observed throughout the history of customer orders. Especially a bank CRM system should be able to give information about the services offered by the call center and gives a detailed report in relation to the movements of a customer or a company just after the completion of the transactions.

### 1.1 CRM and Consumer Satisfaction

In a constantly changing environment in which the needs and expectations of changing consumer and tend to seek perfect products and services with 10 highest standards, companies probably can not provide this "perfection". The philosophy of customer satisfaction based on:

- the recognition of consumers (hence the careful segmentation of the market)
- to determine the needs and expectations (the needs and expectations of each specific market segment) and finally
- in measuring their conceptions.

The knowledge of the needs of consumers is particularly important since it is the target of business to meet these needs. In this way it is easier to accelerate procedures for providing the ideal products and services to consumers. Another problem seems to be facing businesses seems to be the inability to find other methods that make consumers satisfied. The contact of workers in business with customers can provide answers to this problem. Officials first line of contact they have with their clients of the firm can understand their needs and to transfer the management of the firm. This relationship staff - customer feels its customers that the company cares about their needs and their problems (Chase & Garvin 1989, Stonebraker & Leon, 1994).

### 1.2 CRM and customer loyalty

Sometimes assessment of the degree of customer satisfaction is not reliable indicator for the performance or quality level of the company, particularly in terms of strong competition such as the banking sector in review.

So while many organizations focused on satisfying their consumer reach and maintain consumer loyalty is the ultimate objective specifically service businesses. Loyal customers buy more, are willing to spend more, it is easier to approach their business and behave like enthusiastic advocates for business. Satisfaction is a key condition for the dedication of a set of customers, but not a sufficient condition. The term "consumer loyalty" describes the tendency of customers to choosing a particular business or product over others for a particular service. For packaged goods industry customers can be described as loyal to brand (brand loyalty). Consumer loyalty is generally, based on services, adhering favorite of the same supplier, that based on either the dedication or in actual limitations. The consumer satisfaction and willingness to repurchase the product / service are positively correlated. The Reichheld & Sasser (1990) and Reichheld (1996) studied the value of existence consumer loyalty from customer complaints, from anticipating change consumer behavior and the full understanding of why consumers turn to competitors. Consumers remain loyal because of the value they receive from the company. Maintaining the customer requires a continuous and living relationship with the customer.

Customers who do not have problems on offered services, have the highest levels of loyalty. However, their willingness to pay more is not significantly higher than customers who have problems in the services but solved satisfactorily. Thus, companies wishing to improve their services, especially above the desired level, they can do calculating certain cost.

The resulting problem is that the intention of the consumer to purchase may not eventually lead to purchase and even the repeated purchases are not sure that they reflect the intention to purchase.

### 1.3 Designing of CRM System

Generally, the implementation of CRM system based on important information relating to clients and aim to Creating a database with information on the company's clientele. The significance of the existence of this base is not just storage data for customers but is the first step for subsequent use for the purposes of the bank.

Generally, according to Ahn et al. (2003) points on which the firm must focus those relates to practical issues around the effective implementation and management of CRM is:

1. *Data collection*: To collect the data of the customers bank should first determine what are the elements that wishes to withdraw from their customers. Once identifies what exactly information needs, then with internet applications, may be made collection of data in the customer relationship management program.
2. *Pre-processing of data*: Refers to all the steps taken before data analysis begins. This step involves many procedures such as identification of transactions and completing transactions. This is a lengthy process, in which many processes are automated.
3. *Data analysis*: The purpose of data analysis is to extract those information necessary to ensure efficient service to customers. In many cases, however, the number of collected data is very large and in these cases there are several data analysis techniques.
4. *Interaction system with user and customization*: designing of the system that connects the customer with the bank is a particularly critical point for the success of (CRM) system. The most important factor for success of the system is to understand the bank who are the users of the system and what they expect from the system ( the Cooley 2000).
5. *Knowledge base*: The main function of CRM is understanding and practical use of customer information. The way in which the information that customers send, is stored, increased and organized will determine ultimately and the effectiveness of services offered to client.
6. *Personalized Services*: in today's competitive environment, provide value to the customer is a particularly important element for service businesses. The way in which value offered to customer is through in-depth knowledge of and personalization servicing.
7. *ASP (application service provider)*: Another important element in CRM design is the selection of the ASP. The ASP hosts and manages software and provides the service to the customer via the Internet or private leased telecommunication lines. In recent years, a shift to the ASP's for CRM solutions, especially by the firms that non have the expertise and technology to support integrated customer relationship management systems. Important benefits resulting from the use of ASP is the lowest cost, faster implementation, increased functionality and reliability of the provider.

### 1.4 Benefits of implementing CRM in the banking sector.

The society of information creates an ever-changing environment for banks, which should be vigilant and adopt new developments in sector in order to remain competitive. The basic difference in the way functioning of banks today is in the fact that more and more transactions made electronically, a totally different philosophy of customer service than its physical presence in a store of bank. The traditional customer service models have now saturated and the development and profitability of banks now relies on new opportunities provided by developments in technology. Competition and function in the new business environment opens up a large part of strategies and options opportunities for innovative products and services.

The function on a such business environment has reported significant benefits for banks, such as:

1. Reduce operating costs.

2. Improve service levels
3. Low barriers to entry in the banking market

## 2. Implementation and Application of CRM System in the banking sector

### 2.1 Stages of implementation CRM system

The design and implementation of a CRM should start by identifying business objectives, goals and needs, and how will happens the change of nature of the company in customer-centric.

Thus we have the following implementation stages:

1. Identify business goals and objectives
2. Make customer-centric business strategy
3. Design CRM system
4. Select the appropriate infrastructure
5. Implementation

### 2.2 Results of CRM implementation

Customer Relationship Management (CRM) offers features and functions on the following areas of business:

*Department of Marketing* - Improves the effectiveness of marketing activities offering functionality for marketing planning, campaign management, lead management, marketing analytics, customer segmentation (market segmentation), personalization (personalized communication) and trade promotion management.

*Sales department* - Optimizes all sales channels with functions sales planning and sales forecasting, customer management by geographical area, monitoring activities and potential opportunities and control of cost estimates of contracts, incentives and sales commissions.

*Service* - Utilizes the potential of profitability for the organization of services with functionality for multi-channel services, management and use of resource, management of maintenance functions, organization and provision of services, customer care and professional services.

*Analytics* - Evaluates business performance with ample opportunity analysis covering information relating to clients in marketing, sales, services and performance of sales and communication channels.

*E-commerce* - Converts the internet on a profitable sales channel with functionality for marketing, sales, services and online analytical reports.

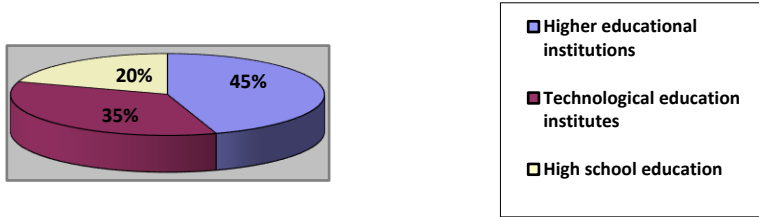
*Interaction center operations and management* - Improves performance of telephone customer service center (interaction center) with functions for telemarketing, telesales and additional features that focus to the client.

*Channel management* - Optimizes the sales channels through representatives (Partner) with functionality for partner management, network marketing partners, sales, marketing services through a network of partners.

## 3. Research results

I received completed questionnaires from forty (40) permanent and seasonal employees aged from 20 years to 55 years. Of 40 respondents, more than half were graduates Higher Educational Institutions and Technological Educational Institutes, while all officials have attended seminars during their work.

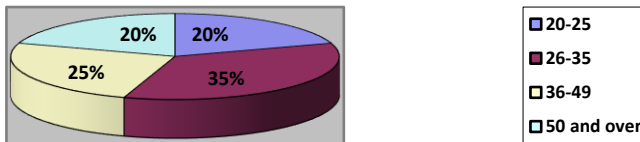
Educational level of Bank employees



**Figure 1.** Presentation of educational level of Bank employees

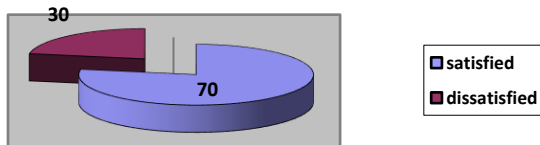
According to the results of the questionnaire almost all employees consider the CRM system needed to improve the service customers and those who use it every day seem perfectly satisfied with the possibilities offered by the new platform customer service.

Age of the bank employees



**Figure 2.** Presentation of the age of the bank employees

Satisfaction of employees using the system CRM

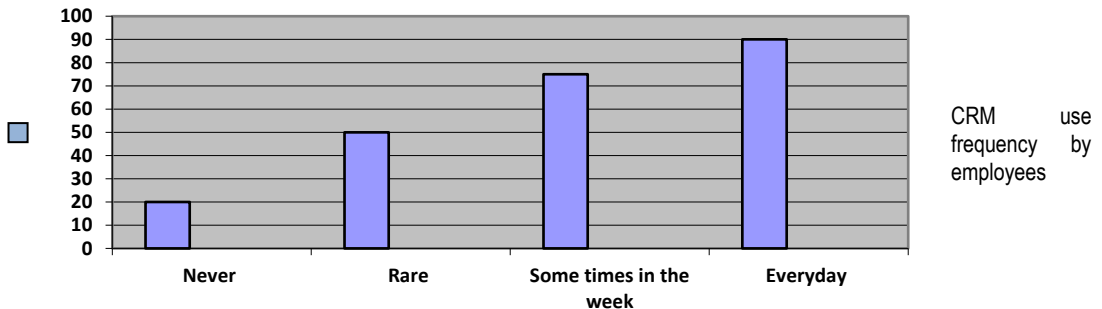


**Figure 3.** Satisfaction of employees using the system CRM



Of course there are officials who do not know how to use or not need to use the CRM system. Such employees are on the most, employees in the funds of the branches, since these CASH transactions made through the old system.

#### CRM use frequency by employees



**Figure 4.** Presentation of CRM use frequency by employees

It should be noted that the more young age are officials, more easily find the transition from one system to another. For those yet use the CRM system, the transition was possible without presenting big problems. Employees who use this system characterize useful tool and reliable means for serving customers. In addition all employees who use on a daily basis CRM system support that helps in understanding the needs of customers.

Particularly important element is that all of the respondents consider that the customer needs and problems faced in relation to the bank don't records adequate as well as the fact that 100% of respondents consider that the information provided by their customers could be used effectively. The efficient management of information provided by the customer is a key point of a customer relationship management system, which demonstrates that the same bank employees consider it imperative to implement CRM system. Finally, we observe that the majority of workers comes either in a direct or indirect contact with customers.

#### Conclusions

We conclude that the implementation and operation of a CRM system by the Bank is particularly important. Through this facilitated both, management as well as cooperation between the departments of the bank to better serve of customers through the effective registration of their characteristics and needs. The use of a CRM system will contribute significantly to increasing the degree customer satisfaction by the Bank. The most important conclusion, however, has to do with the specific characteristics that is good to have a CRM system in order to achieve the objectives. Such a system therefore should be able to use large amounts of data on their customers, to allow their classification based on the characteristics, needs and / or their behavior, so that the bank can to develop different strategies for each category.

These strategies are relevant to the promotion of new goods, their service, approving loans, informing them through appropriate communication channels, etc. Of course, should this data be refreshed and updated at regular intervals to enable the recording of customer profile and its evolution through time. It is evident that in order to allow such volume management and such data, is necessary to first implement a Analytical CRM type with the presence of a Data Warehouse (DWH) which will record all the required dynamic data.

At the same time, the development of the database will enable, with the aid of a Analytical CRM tool, the use of data in order to feed the marketing for new product design and analysis (and not only for existing customers) with statistical

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methods such as segmentation, cluster analysis etc., The collections for the use of credit scoring as well as consumer-business-mortgage lending in the form of reporting for analysis and monitoring of all clients.

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## Public Internal Financial Control. Evidence from Albania

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### Abstract

*Public Internal Financial Control (PIFC) was developed in the late 90s as means for Eastern Bloc countries working toward full membership in the European Union (EU) to implement the necessary control systems to safeguard public resources. PIFC is an integral part of the National Strategy for Development and Integration (NSDI). This document, produced in March 2008, replaced the National Strategy for Social and Economic Development and set priorities and medium to long-term targets, strategic objectives for Albania and also includes a set of operating principles to ensure that government policies, planning and their implementation will be carried out in an integrated manner. The aim of this paper is first to list the reasons for implementing a different system and the importance of changing the system to Financial Management and Audit for Albania, and second, to examine, through a comparative analysis, the effectiveness of the implementation of the new system of financial management and control in the public sector comparing the two systems. By giving an opinion on each component of the system, this paper aims at analyzing, in a critical way, elements of the different perspectives of the two systems, their advantages and disadvantages.*

**Keywords:** *Public Internal Financial Control, internal audit, financial management control, Internal Supreme Audit.*

### 1. Introduction

Public Internal Financial Control (PIFC), was developed in the late '90s as a means of assistance to Eastern Bloc countries to implement control systems necessary to safeguard public resources while working towards full membership to the European Union (EU). Council of Europe (CoE), in its meeting held in Helsinki in 1999 proposed the Stabilization and Association Process (SAP) for five countries of Southeast Europe, including Albania. Enlargement of EU from 15 to 25 state members in 2004 forced new member countries towards the implementing of sound financial management which includes all aspects of public finances, regardless of whether the funds are derived from European or national sources. As a matter of fact, most of the original 15 EU members have yet to apply the principles of PIFC in all aspects of the management and control of their financial systems. Therefore PIFC is now a priority for all EU members and candidate countries, as well as beneficiaries of EU funds.

In Albania, PIFC has been incorporated in the context of the National Strategy for Development and Integration (NSDI). This document, produced in March 2008, replaced the National Strategy for Social and Economic Development and set priorities, targets and medium to long-term strategic objectives for Albania as well as includes a set of operating principles to ensure that government policies, planning and implementation will be carried out in an integrated manner.

### 2. Public finances in Albania

Many countries in Eastern Europe, including Albania, have chosen to apply the advanced reform public financial management. The new law on the state budget (Organic Law adopted in 2008), subordinate ordinances and the Treasury Regulations (adopted in accordance with the budget law) are the main pillars of management of the Albanian public expenditure.

The Ministry of Finance is moving toward performance budgeting and goals already are approved. Albania's government has declared its commitment to take ownership of the European Commission in the implementation of IPA-funded programs. In this regard, it has started preparations for decentralized management of EU-funded programs. Decentralised

Implementation System (DIS) for the IPA is closely linked to the institutional development of public expenditure management

### **3. Financial Management and Control**

The main actors of the current PIFC system in Albania are: the Ministry of Finance, CHU/FMC (Central Harmonization Unit for Financial Management and Control) and CHU/IA (Central Harmonization Unit for Internal Audit). The Ministry of Finance is responsible for establishing internal control systems to all governmental entities and fulfils its duties in the field of FMC supported by the CHU. The CHU/FMC is responsible for the implementation of public internal audit as the basis for monitoring and control of public finances. CHU/IA initiates and supports the process of creating a functionally independent internal audit service, in the ministries and at different levels of local government.

The Ministry of Finance has developed a comprehensive PIFC policy paper which was adopted by the government in 2005 and remodelled in June 2010. It describes the ways in which MF works for the development of necessary legislation to implement the ideas presented in the document and the action plan. The action plan includes various steps from the drafting of the Internal Audit Law, regulations on how to implement PIFC – related legislation, including financial management training as well as internal audit. It covers the period up to 2013. The Assembly approved the amendment for Internal Audit in October 2010. Considering that Albania is a small country with a small administration, additional challenges are present and additional effort is required to successfully implement the internal audit.

### **4. Advantages and importance of PIFC framework**

Albania is making a lot of effort in creating the preconditions for development of a modern FMC as a main pillar of PIFC. The legal framework on Financial Management Control (FMC) in Albania has been approved by Parliament and entered into force on January 2011. However, the successful implementation of the legal basis requires a significant change in management arrangements. The changes require new regulations and procedures which are usually relied upon to achieve the desired results. For that reason, the 5-year Plan for Implementation of a Modern System for Financial Management and Control Concepts in the Public Sector for the period 2011-2016 has been prepared and approved. Now we are in the phase of implementing the FMC requirements. Clear objectives for FMC are defined in the Strategy for Development of Public Finance during 2013-2020. Before starting the implementation of FMC, the CHU/FMC required support from SIGMA during 2011 to make a joint detailed and high quality analysis of the existing situation in Albanian Institutions.

### **5. Analysis of the needs for the transition to the new system**

#### **5.1. The weak points of old system**

- The quality of objectives and performance indicators is limited; Strategic management groups are mostly functioning during the planning process but during the implementation of the budget there are no effective strategic management instruments within budget institutions.
- Management structures are not necessarily defined in a way that supports programme objectives, they do not recognize the practical implications of a requirement to deliver services efficiently and effectively and there is confusion between programme and managerial unit or activity management.
- The finance director, who ought to be the financial adviser, has little influence except over budgetary control; traditionally the finance directorate is considered as a different structure, without any coordination between them and are usually underestimated by the management.
- The finance directors are not sufficiently trained to enable them to carry out the financial management role.
- The financial information made available to senior management through the Financial Information System, administered by Treasury, is good but limited to control against the budget and does not provide managerial reports for line managers

## 5.2. Cost-effectiveness of PIFC

This leads to the consideration that, just as internal control systems at a budget institution level, being riskdriven, have to be cost-effective, nationwide PIFC systems need to be so too. This entails at least two observations:

- A lot of activities, supported or not by assistance projects, contain one way or another PIFC related inputs, like risk assessment exercises, writing procedures, establishment of control systems and the training attached to it. There are a number of possible synergies and resources to mobilize which get unnoticed by the beneficiaries themselves. This could provide concrete and contextual examples of what is expected to be in place, in particular as far as internal control is concerned. These practical examples are indeed often missing in the implementation of PIFC, thus causing delays and misunderstandings.
- In Western countries, internal audit has been set up according to needs and as an answer to practical challenges. This results in a remarkable, maybe regrettable, diversity of situations within the same country. It is, however, the result of a pragmatic approach, rarely based on a legal framework as internal audit is seen as a management tool, not something to regulate or to legislate. In countries in transition, the approach has been more systematic and law based in the first place, resulting in a rather institutional concept. In many cases the result is a dissemination of very small, sometimes single – staffed internal audit units because on the one hand all budget institutions were meant to have one internal audit unit (possibly above certain thresholds), but on the other hand there was no possibility to hire more people. My point, based on the experience, is that an autonomous budget entity should only have internal audit to the extent it really needs it, and that in any case, it is inappropriate to set up too small units which will not comply with the quality criteria (internal audit work is by construction a team work), and are facing risks about their independence and ability to perform the audit work as it should be. In such a situation it might be preferable to avoid a permanent internal audit structure. But to provide internal audit service, not necessarily in-house, is a completely different thing. It should be possible to think of different ways of providing an efficient service from the existence of a central service (a really central service, or a unit servicing one ministry and all subordinated budget institutions, or pooling services or outsourcing, which is not something I would however encourage).

## 5.3. Which are the benefits and innovations coming with the new system.

*Strengthening managerial responsibility and accountability* - With managerial responsibility will understand the responsibility of managers for the quality and duration of implementation of programs, increasing efficiency, cost control and management of adverse trends rising from the implementation of benefit programs. Management responsibility includes responsibility of managers at all levels to implement internal controls and reviewing its maintenance. The old system lacked this<sup>1</sup> because it didn't care about the importance of proper responsibilities, beginning with the segregation of duties where the first authentication system lacked a complete separation of duties. The delegation process was conducted regardless of the effects and without due regard to consequences, were frequent cases where the responsibility for this was charged on people inappropriately.

*Improve budgeting procedures* - New law on state budget reflects a fundamental improvement of the budgetary procedures in accordance with the most advanced experiences. The law was drafted with foreign assistance and aims to define the principles, regulate procedures and responsibilities in the whole process of design and implementation of the state budget of the Republic of Albania. There was noticed the absence of the above elements as documentation, budget analysis or reporting under the old system. But it highlights the need for increased transparency to the public, orientation towards standards, correct application of the method TC / benefit to investment selection.

*Development of assessment methodologies and risk management* - In our country, in the whole system of public internal financial control and audit in the internal and external, are not developed risk assessment methodologies. Internal audit has adopted, in his manual, several methods for risk assessment audit and risk assessment elements of internal control, but they are not sufficient for the PIFC system. Methodological framework for risk assessment in the construction of a PIFC system should include: The meaning and content of the risk assessment; Identification of risk; Analysis, assessment and

<sup>1</sup> SIGMA rating 2012, dokument zyrtar (u përgatit nga stafi i Njesisë Qendrore të Harmonizimit për Auditimin e Brendshëm dhe Grupi i Punës: Hysen Muceku, Pjetër Ndreca, Albana Gjinopulli, Hasan Deda, Erton Hysenllari, Festime Trebicka, Ramadan Ndreaj, Bashkim Xhika, Silvana Gushali, Dorina Klosi, Manual I Auditit të brendshëm).

measurement of risk; Risk Management. It's the responsibility of management to evaluate and balance the relationship between cost and benefit to the internal controls built into the process of risk management. The old system had no methodology for risk assessment, and change introduction of the new system is noted with the introduction of new concepts about security. It shows increased level of security by institutions (placement of cameras, alarm systems, establishing IT systems in order to maintain data, the creation of conservation areas of data duplication so that in cases of violent actions in the institution material They are stored elsewhere, etc.) and better understanding of the need for security.

*Develop comprehensive framework for human resources* - A strong system of PIFC<sup>1</sup> requires the development of human resources, which is the core component of the control. This development is required to be organized and arranged in special criteria. Without this element fixed any internal control designed will not succeed, so will fail being jeopardized. For these reasons, the system in question must determine: unique criteria based on recruitment at all levels of financial services; Rate qualification and training programs based on modern professional curricula; unique request based on job descriptions. Develop criteria and curricula for job positions in the public finance system is necessary for recruitment of financial services and the budget, because of the process is not developed on an unified criteria. Job descriptions also are not designed based on some basic criteria and unique for all these services. Meanwhile, the training of these officers is to a minimum and not well organized.

*Improve accounting service* - Given the unsatisfactory situation of accounting services in public entities need to be taken important steps regarding the computerization of the services and the preparation of special Microsoft software, according to service features. In this context, we can emphasize:

1. Preparation and implementation of the Standards of Accounting and Reporting Forms for the execution of the budget, to be used by the Treasury structures and spending units.
2. Accelerate work for formal adoption 20016 GFSM accounting format, including data extraction arising with high frequency (monthly cash flows and quarterly data on government operations), as well as quarterly debt data of non-financial public entities.
3. Ensure national public accounting standards based on international accounting standards in this sector, according to IPSAS.

Activities of current controls do not specify any particular role in the decision of the accountant and management of public resources as a whole. Double signature system, inherited as a means of control, has lost its role because the regulatory provisions on which it is based are obsolete and require renovation of this function in the context of generating environment. It is necessary that, without prejudice to the role of senior management and responsibilities for internal control system, the role of accountant in decision making and actions in authorizing the budget and public resources in general should be strengthened. A preliminary sketch of his responsibilities would provide a written expression of opinions and present them to senior management on issues on which it has different opinions, as well as by senior management responsibility in case of not taking into account the opinions of accountant. Meanwhile, necessary to draft procedures for the allocation of tasks and escalation of the delegation of authority, work manuals and operational procedures for each post etc. Current situation of the accountancy service in public entities do not provide complete information, and especially in time of economic events. This because in its majority this service is manual. This is the reason why it feels necessary the introduction of a new computerized system.

*Improving the internal audit function* - Internal audit has realized important developments, but these developments are still at the drafting of the basic audit documents and their implementation requires taking some actions. Functional independence of internal audit is not yet fully secured. Thus, although there have been steps towards the separation of structures and separation of the internal audit activity from other activities of the entity, reporting to the highest level of management, the wording of the report and the recommendations is weak. Other steps may be taken especially in: appointment, removal, transfer or other disciplinary measures to a certain level; Establishment of Audit Committees, initially as advisory bodies to the leadership and, later, as the executive bodies which report to the ministry audit structures and ministries covering the system. In this form it increases the functional independence as a possibility that programs approved by the committee and reporting to be made to the Audit Committee; Improving motivation and reward at work and ensuring

<sup>1</sup> [www.pifc.eu/shop/index.php](http://www.pifc.eu/shop/index.php)

career in the public sector after the completion of specific conditions; Qualifying for internal auditors in the public sector it is designed in specific provisions, but further steps and further commitments to realize this process, in accordance with the best practices of EU countries and to ensure the continuity of this process. Likewise, it should be accompanied by a motivation to make the classification of results. The new system attaches great importance to professional skills, preparation of training programs to ensure the education of employees updated audit structures is one of the priorities of the new system. Strengthening of cooperation between internal auditing and SAI also is an element of the new system and functional independence of internal audit.

*Assessment of current situation* - This assessment was based mainly on the annual report of the IC system quality. Analysis of system components (questionnaires used in this research)

*Setting objectives* - The evidence shows that 25% of public institutions have not responded to the mission statement. Also most of the public entities that have responded to their unit have adopted development strategies and action plans which were distributed to all staff, or at least the management of the unit.

*Organizational Structure* - The organizational structure is built in such a way to enable the achievement of policy objectives efficiently and should be in accordance with internal control standards in order to ensure that those tasks, hierarchy, reporting lines and determination of activities control are properly allocated to ensure that the long-term objectives are achieved. In connection with this component of the control environment are analyzed specific aspects, such as determination of US and NZ in accordance with FMC Law; the creation of the Strategic Management Group and compliance with the purpose and structure of the institution's activities.

1. Monitoring of the authorizing officer assignment started in 2011 and continued in 2012 and concluded that their appointment was made according to the requirements of FMC law and the Law 9936 "On the Budget Management System RA"
2. Pursuant to the recommendations and conclusions of the Board SAI PIFC started closely monitoring the status of compliance enforcement officials at every level of general government units. Problems identified in 33% of the institutions are not meeting the criteria of law in determining the NZ FMC related to: a- fulfilling the criterion of direct dependence of the US NZ; b- educational criteria; c- managerial criteria,

Specifically, 16% of the CPU belonging to 233 institutions Implementers result that officers have no proper education under the law and do not depend directly by the authorizing officer of the institution, while 17% result in civil institutions Implementers specialist level, and finance functions not divided into separate administrative structures directly subordinated to US.

*Implementing professional training officers* - Legal requirements: Implementing employee must have a university degree in commercial economics or law with postgraduate specialization in the field of public finance and managerial experience. Current status presented in graphical form:

*Implementing Civil education institutions*

### **Opinion**

Focus in relation to increasing the effectiveness should focus along with the definition of the mission, strategy and objectives, in particular in the drafting and monitoring of concrete action plans, which must include deadlines and persons responsible for their implementation. From the above analysis, I noticed that there were still institutions that have their employee structures that do not have the required education, and limited staff in finance that results in the financial performance of the few people not respecting criteria internal control and leaving room for abuse.

### **Risk management**

Risk management is the process of identifying, evaluating and monitoring the risks facing public entity in achieving its objectives and conducting the necessary checks in order to keep risk exposure at an acceptable level for the institution.

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Risk management is a new concept for the Albanian administration and it is still unconsolidated. I noticed that a significant part of the public entities does not have risk management procedures.

### **Opinion**

The analysis shows that are not properly understood the role of risk coordinator and coordinators have not been finalized, although FMC Law clearly states that the authorizing officer is the coordinator of the risk of the unit. In practice should be noted that this part is overlooked by the institutions. On the other hand it is noted that no written internal procedures to identify risks are in place, they are subject to constant verbal discussion between the directors and staff in order to minimize and to enable the fulfilment of objectives. I can say that this process is not yet formalized. This brings to shortfalls of responsibility and therefore lack of monitoring to minimize the risks.

Given that risk management is still in its early steps, it is necessary to develop proper training in this field.

### **Control activities**

Control activities are the rules, procedures and actions aimed at reducing the risks with a view to achieving the objectives of the organization and to promote the implementation of the head decisions<sup>1</sup>. Control activities should be geared to processes and systems, as soon as these processes and systems are created. The introduction of control activities later would be more costly and less efficient.

Segregation of duties - Within each public entity is required to have a management hierarchy, with the head of the organization with the main responsibility for the adoption of internal rules and policies of the IC, and then individual managerial responsibilities distributed to US and every manager within the unit (including the dependency management units). This management process should be documented, including the extent of each individual accountability manager, the manager's level of decision making, and reporting methods.

### **Opinion**

It is known that the main concern of managers running the assets is expressed in physically existence of the assets and if they are stored by the unit. This is not enough because non-use or inefficient use of assets means that the public sector is using more capital resources than would be needed. FMC requirements for efficiency and effectiveness should be changed and so the attitude of managers in using of assets. They must not only ensure that the assets exist and are not misused, but they also need to ensure that they are used efficiently and effectively.

### **Information and communication**

The fourth group of IC components are information and communication. Communication is the basis of information needed to perform duties effectively. The information must be communicated to the head and other employees, in the form and at the right time, to assist them in fulfilling their responsibilities.

### **Opinion**

It is seen that the units have not yet fully developed a system of communication and adequate information. This brings obstacles in their daily work. Monthly systematic reporting on the activities and performance of managers in general exist (as we can see from the results of their answers) but the quality of the reports cannot be accurately judged.

Systematic reporting is an essential requirement of accountability. Reporting should cover the achievements, performance standards, gaps and use of resources. Reports must recognize that the operating environment is dynamic and what might

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<sup>1</sup> [http://en.wikipedia.org/wiki/Internal\\_control](http://en.wikipedia.org/wiki/Internal_control)



have been planned is not possible to achieve 100%, or vice versa, can be achieved more. Managers need to become fully aware of their responsibilities and what to report on these responsibilities.

### Monitoring

Monitoring is a set of processes to review the activities of the institution, which aims to provide reasonable assurance that the control activities function according to the purpose for which they were created and remain efficient over time. The focus this year in its annual report has been subordinate unit reporting to the head, monitoring of progress and reporting lines that ensure independence of internal audit.

### Opinion

From the data I see that the frequency and method of reporting or monitoring should be improved and the focus should be not only on traditional financial reporting but also on performance. Also in connection with securing the independence of the audit function is observed that a lot still remains to be done in this regard.

### Conclusions

Old IC system did not provide sufficient security that units successfully fulfil their objectives. Regarding the state of financial management and control, in last year's report, SAI has given seven recommendations of which five are fully implemented and two of them are still in process<sup>1</sup>. This is an indication that management units has paid due attention to correcting existing weaknesses and shortcomings.

The previous IC system conveyed in absence of clear guidelines, policies and procedures. Risk management was almost not an explored area. This is best described by the fact that for years the units operate with a deficit, having exceeded available funding. Under that system loss grew from year to year and management had no clear strategy on how to get out of the situation, while the new system is defined from that first moment.

One system will be called effective if it has essentially treating human resources as an asset in order to improve professional skills with the aim of maximizing usage of human intellect in favour of a better development of the country.

Developing new PIFC system in Albania requires from participants in the process a leading effective action in accordance with their role and responsibilities. Only proper implementation of the new legal framework and efforts by all stakeholders can lead to achieving the goal, the creation of a modern, reliable and functional Public Internal Financial Control.

For the coming period would be more appropriate to work towards increasing the capacity of public administration staff through workshops and training for all levels of public entity.

Some institutions had made progress by developing their own code of ethics, or including elements of ethics in internal regulations of the relevant institution. So the Code of Ethics should definitely be a basic element of any entity.

Fundamental focus for the future must be to consolidate the legal basis regarding risk management, as the drafting of specific guidelines for risk management and training of public administration on contemporary concepts.

Emphasis and future focus should be the development of IT systems in order to improve control activities. Also, each unit must have internal regulations which should summarize the description of all procedures for performing activities, provide access to information and assets by the appropriate person, the development of IT systems to support control activities.

Adequate measures should be taken to ensure a strengthened control environment and eliminate irregularities present in this component.

To ensure that all transactions will be classified, recorded and provide quality reporting;

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<sup>1</sup> *Kontrolli i Lartë i Shtetit, Raporti Vjetor mbi Funkcionimin e Sistemeve të Menaxhimit Financiar e Kontrollit dhe Funkcionimin e Auditimit të Brendshëm në Njësitë e Qeverisjes së Përgjithshme për Periudhën 1 Janar – 31 Dhjetor, 2011*

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Managerial structures should be designed to deliver policy objectives: it must be clear who are the leaders, resources made available to them, their responsibilities, areas of competence and reporting (accountability).

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## Interpersonal Skills in Dealing with Multiculturalism: Bosnian Borderland Case

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### Abstract

*The article tackles the issue of interpersonal skills that provide and ensure a foundation for intercultural dialogue and communication as recognized by the author within her own research project carried out in spring 2015 in Bosnia-Herzegovina. Multitude of cultures is contemporarily a part of everyday life for many democratic countries. At the same time, cultural similarities and differences have begun to play a substantial role in the public discourses and individual biographies encountering multiculturalism on a daily basis. It consequently demands from the members of such culturally diverse societies to generate given code of communication, axiology and attitudes that enable culturally heterogenic dialogue. Otherwise, we may deal with cultural antagonism that can lead to social and political tensions questioning democratic functioning of such states and countries. Taking it into consideration, the subject of research concerns interpersonal skills manifested by the members of Bosnian multicultural communities of Sarajevo, where cultural diversity occurs both within the families as well as communities in which they function. Hence, cultural differences are part of their everyday life, manifested within cultural legacy of own community, cultural system of the family, family socialization, experienced problems resulting from cultural differences within own family and beyond it, attitudes to different representatives of cultural communities, and last but not least, within values by reason of which the cross-cultural dialogue and multicultural coexistence are possible. Consequently, multicultural, interpersonal skills should be acknowledged and practiced as a potential and concurrently as a chance for recognition of the priorities of cross-cultural education, crucial for all the democratic states worldwide.*

**Keywords:** interpersonal skills, multiculturalism, communication, borderland, axiology, Bosnia-Herzegovina, Sarajevo

### Introduction

Social, educational and pedagogical scientists and alike have long been interested in interpersonal competences and the specific components involved in effective interaction (i.e. social skills), due to the fact that interpersonal relations and communication are of paramount importance in the process of daily functioning of individuals and communities. Moreover, it plays particular role within the framework of intercultural discourse, as it constitutes a factor decisive in terms of managing relations and conflict in cross-cultural context. It must be remembered that developing cultural awareness accompanied by the ability to understand the role that cultural prescriptions play in shaping communication provide assets due to the fact that intercultural ignorance inhabits and often disables the ability to create meaningful interpersonal relationships with people of different cultural background.

Communication stress the importance of trying to establish a community with someone; to convey common information, ideas and attitudes, associating, appertaining or establishing links between them. Wilbur Schram understands communication as the process of establishing a communion, or a nature of perceptions, ideas or concepts between the transmitter and the receiver of the message through a communication channel (Schram W., 1995).

Thus, abilities such as recognition of other people's needs, cooperation, acknowledgment and shaping positive and socially desired values, generating effective solutions within compromises, negotiating and making the social surrounding an area of constructive dialogue are all indispensable in cultural borderland. The latter generates specific changes and transformation within the framework of economy, culture, education and society, influencing the course of individual biographies, too. Such process is accompanied by cultural exchange of values, norms and patters enhanced and advanced by interpersonal skills that are related to the notion of communication, interpreted in many ways. It can be, for instance, considered as a process of exchanging information, and it is assumed that it can take place through verbal and non-verbal

channels, entailing number of features, methods and conditions that should be met in order to make such communication effective. On the other hand, verbal communication should be "reliable, i.e. non-tendentious, based on competitive statements and attractive for the interlocutor" (Szerlag, 2001). As far as competences are concerned, they are viewed as, for instance, "one's ability and readiness to perform task at a given level, as a result of integration of knowledge, significant number of minor skills and comprehension in making assessment" (Kwiatkowska 2008). J. Szempruch stresses that competences reflect "abilities and readiness to perform tasks at a level corresponding to given standards, including interpretative, communicational competences, creativity, cooperation, as well as informative and pragmatic skills (Szempruch, 2006). Consequently, typology of competences can embrace (Dylak, 1995) interpersonal competences such as leadership, being team player, ability to negotiate etc, intellectual competences such as organization skills, being source-oriented, high motivation, stress-resilience, and communicational skills predominantly concerning clarity of communication in written and verbal form.

Communication competences put emphasis on the following features:

- active listening,
- remaining relevant and applicable balance between listening and speaking,
- appropriate, conscious management of body language (its comprehension and ability to adjust body language in cross-cultural context is of paramount importance),
- clear and comprehensible public speaking and expressing oneself in writing.

B. Ciupińska (2005) stresses that interpersonal skills are substantial in the process of getting to know one's personality, as only then it is possible to become aware of own assets and drawbacks in order to coherently develop own potential and improve relations with the culturally diverse surrounding. Additionally, body language and awareness of its nuances are essential as they:

- convey feelings and emotions through mimicry, gestures and etc;
- illustrate verbal communications through visual interpretation of the statement;
- regulate the course of discussion and reactions between interlocutors by gestures, mimicry etc;
- allow to adjust to a current situation by expressing empathy and understanding, or quite the contrary – manifesting puzzlement or distrust.

Taking the above into consideration, it can be concluded that interpersonal (social) skills constitute a set of life skills applied upon everyday communication, facilitating interaction with others in effective, constructive and positive manner. Thus, through awareness of the way one interacts with others it is possible to practice, improve and advance own personal skills, including verbal communication, non-verbal communication, listening skills, negotiating, problem solving, decision making and assertiveness. Moreover, it must be remembered that moral values that lay foundation of interpersonal communication are often related to a given manner of behaviour or attitude toward others. Therefore, soft (social, communication or interpersonal) competences are useful and necessary and can be decisive in terms of the social dynamics of any community, yet are particularly vital in case of cross-cultural communities such as in Bosnia-Herzegovina.

### **Bosnian borderland**

Bosnia-Herzegovina sets a very interesting example of a contemporary borderland society that constitutes a meeting point for representatives of ottoman, Muslim culture (a reminiscence of almost five hundred-year long Turkish rule), Balkan traditions, orthodox church influences and western-European lifestyle that was established during the Austro-Hungarian occupation, therefore, in the course of the history, this intercultural society has created a crossroad for the West and the East, the Orient and the Occident. Despite the dramatic war accompanying the fall of Yugoslavia, contemporary Bosnian society sets an example of a community model capable of combining different customs, traditions and code of conducts experiencing the heterogeneity of the culture in the prose of everyday life. While analyzing the issue of socialisation and upbringing in Bosnia-Herzegovina, F. Hrustić, a Bosnian sociologist, claims that apart from common set of values there is a number of cognitive processes manifested upon daily communication involved, which according to the author entails

understanding of human nature and needs, as well as readiness to learn and will of getting to know the unknown (Hrustić, 2010). In the context of interpersonal skills, the process of learning is understood as learning in order to broaden moral horizons, to modify own behaviour (creative conduct in accordance with moral principles and social expectancies), to live together and to exist consciously, which makes up the sum of previous steps. Referring to his country also as a place of research, Hrustić indicates the following principles and values which constitute the axiological sphere underlying social specificity of contemporary Bosnia-Herzegovina, emphasizing:

- sense of community and similarity in the context of cardinal values,
- legal, political, social and economic equality,
- equality in terms of inalienable dignity, equal cultural, political, confessional and economic rights,
- shared common values such as justice, honesty, decency, honour, creative activity, solidarity, devotion, love, hope, responsibility, respect,
- cognitive curiosity (Hrustić, 2010).

In the context of interpersonal skills in culturally diverse environment, the above values become a part of symbolic culture of culturally heterogenic social groups and significantly influence the nature of interactions. Furthermore, they become a point of reference and a specific "code" according to which given social, cultural and political phenomena are read, interpreted and assessed in the course of interpersonal communication. Nonetheless, it must be remembered that in multi- and intercultural societies some tensions will always occur regarding the dominance of socially and morally desirable values, as not all processes taking place within inter- or multicultural society favour the accomplishment of borderland values, internalized in the course of socialization. Yet, strengthening cross-cultural communication and enhancing interpersonal skills can facilitate conditions for tolerance and other above-mentioned values (Babić, 2002). Hence, contacts with the representatives of other nations, religions, ethnic groups or languages should assist the members of society in overcoming the unambiguous paradigm of a monoculture. This, in turn, supports the idea of experiencing acceptance, understanding and respect for others. Intercultural world of a borderland may be defined within the framework of tools, categories of values and their correlation with intercultural communication. On the basis of own qualitative research focusing on the Bosnian identity, the selection of the key values (tools of axiological socialisation) in the context of Bosnian borderland includes the following:

- cognitive values allowing to gain and process the knowledge and information regarding "the other" culture and its representatives (code of conduct, preferable set of values, traditions regarding various religious holidays);
- pro-social values enabling members of the Bosnian borderland to participate actively in various enterprises contributing to the integrity of the community such as common cultural events, festivals, participation in culturally diverse forms of entertainment;
- moral values perceived as internalized, core concepts setting a hierarchy and structuring internal and external world of the individuals concerning their motivation, direction of activity, emotional attitudes and pattern on interpersonal communication. The empirical material proved that human dignity, respect for the values of life and non-violent approach to conflict constitute the foundation of such categories of values (Pilarska, 2014).

Therefore, relations between the world of values, intercultural communication and borderland identity constitute a co-depended structure, with borderland axiology structuring and dynamising intercultural communication, which is a foundation for conceptualisation of intercultural, borderland identity, as researched in Bosnia-Herzegovina, and presented in works of Bosnian researchers (Hrustić, 2010; Bringa, 2009). This correlation reflects direct and mutual connection between entering the world of values in the course of primary and secondary socialisation, empowered by intercultural communication, rooted in the cultural surrounding and leading to the establishment of multidimensional, multicultural identity enriched with aforementioned values, specific for a cultural borderland. In the context of socialisation in borderland the axiology *ipso facto* creates and accomplishes the priorities of intercultural education leading towards the borderland identity. Hence, the axiological influences in the course of socialisation stimulate experiencing relations with the cultural surrounding that may become inspiration of axiological importance for interpersonal skills (Szerlag, 2001).

In the past, Bosnia was subject to extremely contradictory powers affecting not only its current political shape, but also shaping its social nature and the specificity of intercultural communication taking place in the cultural borderland, that is constituted by a heterogeneous society in terms of ethnic, confessional or national provenance, providing a unique example of synthetic form of eclectic cultural code (Banac, 1996). Bosnian society is constituted by three major ethnic/confessional groups, namely Bosnian Serbs, Bosnian Croats and Muslims. As proved by previous findings of the

author (Pilarska, 2011) Bosnian Muslims provide extraordinary example of unconventional pattern of perceiving own identity, being a combination of various, at times contradictory, cultural codes, such as south-European (Yugoslav facet), ottoman, Mediterranean, Muslim and Slavic. They altogether outline a very dynamic and rich competent for establishment of Bosnian identity that can serve as a model example of a multi-layer, intercultural construct manifested through cross-cultural communication. Thus, Bosnian cultural borderland is characterized by the following aspects:

- moving beyond the border of homogenous, “inherited” in the course of primary socialization cultures (see: Nikitorowicz, 2005) on the basis of everyday life interactions;
- socially articulated image of the features of being a Bosnian, revealing a set of values dynamising Bosnian identity such as sociability, emotionality, openness, and cordiality. They, in turn, establish a set of altruistic and social values as well as a precise premise for projected activities and assignments of intercultural education enhancing interpersonal, social skills (see: Pilarska, 2014);
- “Bosnianhood” as an area of everyday life existence and rituals exposing culture-generating function of spare time, experiencing and shaping communal values along with social and educational aspects of everyday life intercultural interactions that provide a foundation for establishment of cross-cultural communication and dialogue;
- Bosnian social identity;
- universality of perceiving individuals on the basis of axiological polymorphism.

All the above-mentioned factors shaping and dynamising Bosnian cultural identity result from the specificity of Bosnian socialization and enculturation that involve the following:

- cognitive openness towards the Others (insignificant prejudices towards the Other as far as Balkan nations are concerned – frequent references to collective, local identities, e.g. “us ex-Yugoslavs, people from “here”, etc, see: Pilarska, 2013);
- sense of attachment to the social and cultural surrounding;
- importance of the neighborhood as a community crucial for the secondary socialization;
- lack of cultural assimilation (social and cultural identity shaped on the basis of socialization and enculturation is not a summary of such influences, but its creative, dynamic outcome);
- communal perception of axiological interpretations of the reality, i.e. eclectic perception of moral values, regardless of ethnic or confessional origin;
- mechanism of social regulation structuring relations with the world on the basis of given values such as openness, understanding, resourcefulness and cordiality regardless of national ,ethnic or religious determinants or denominations;
- the value of local *topos* as an area of material and mental area crucial for ontological sense of security (local, community-based identity, regardless of the fact whether such setting is culturally homogenous or heterogeneous).
- Axiological specificity of Bosnian cultural borderland, influencing the process of interpersonal communication, involves:
- secondary emotional bond shaped upon everyday contacts with cultural diversity – interactions with the representatives of culturally diverse community are grounded within common set of values and are superior to inter-generational transmission occurring within primary socialization (Pilarska, 2014);
- sense of ontological security defined by common axiological area, worked out upon everyday life negotiations and tensions eliminated within the framework of, and on the basis of, a life style allowing for cultural and social closure within private situational contexts;

- similarities of customs, patterns of spending free time or material culture as a result of dynamic transformation of cultural code rather than passive accommodation or adaptation;
- ontological and axiological approaches towards core values can be subject to modification regardless of their primary character due to emotional and intellectual interpretation of cultural meaningfulness as a part of everyday life patterns.

In respect to the above, it may be concluded that the multi-layer, intercultural Bosnian identity manifested on such cultural borderland in communicative discourse with the surrounding, is constituted by Bosnian personal, social and cultural identity, as expressed through intercultural communication.

Taking the above into consideration, it must be remembered that the moral horizon is established by certain combinations of values constituting ethical sphere of each individual and community, expressed within interpersonal skills upon daily communication and intercultural contacts. B. Wojciszke, applying American social psychology paradigm, consolidated the model of the structure of culturally universal types of values and they interrelations (Wojciszke, 2002), stressing that „moving beyond own interest” origin, as well as values related to the “openness to change” appear most desirable and suitable in terms of a cultural borderland and shaping interpersonal skills. Undoubtedly, this does not fulfill the interpretative frameworks of structures of values, but indicates axial dimension specifying the community on the basis of preferable values rooted in the two polar opposites, i.e. “conservatism versus openness to change” as well as “concentration on own interest versus moving beyond own interest”. Such polar opposites imply another key aspect of borderland interpersonal skills, i.e. the intercultural communication that is linked to the process of openness. Therefore, the reflection on interpersonal skills in culturally diverse environment shall take into account given basic properties of values, i.e. the assumptions that from practical perspective and in the context of willingness and activity they constitute a dynamic element of cultural identity nonetheless, still retaining its objective nature, i.e. statically reflecting the social, traditional and common for all people nature of values such as honesty or loyalty. Analyzing interpersonal skills and their foundation in the axiology of a cultural borderland as reflected in cross-cultural communication, it must be remembered that values are most often derived from developmental tendencies of a culture and society, philosophical or religious concepts of a human, various forms of social ideology, social policy of a state and etc (Schulz, 2003), as only in such context the ground for common moral sphere may be found and established. Moreover, it must be bore in mind that values are experienced and realized in the process of communication, hence their key importance for interpersonal skills in this regard. Axiological diversification, occurring in the course of cross-cultural communication in the borderland, and empowering the emergence of interpersonal skills, refer to phenomena that may be characterized in the following chronology:

1. Imitation of attitudes, opinions and assessments (also stereotypes) shaped by values establishing symbolic universe of a given group. It takes place in the course of socialisation and education, including the mechanisms of identification with the traditions of own group. At this stage, according to A. Szerlag, “such position of values functions as a part of a codifier, sanctioning activities expressed by the subject, with all anticipation acts referring to the reality of multicultural sphere that are also rooted in such values (Szerlag, 2001). Therefore, “if values in favour of the diversity became objective, then - while undergoing process of self-identification - individuals or groups assign meaning to such values and as a consequence such individuals acknowledge the cultural personality pattern, actively adjusting to the conditions of a multicultural society” (Szerlag, 2001).
2. Relations with the surrounding become stratified on the basis of gained experiences. i.e. the perception of multicultural diversity is subjectively defined by individual set of values, attitudes, feelings, intellectual or interpersonal competences.
3. Diversity of the expressed social roles, resulting from the multilevel cultural reality, making the subjects permanently redefine their ontological positions, hence the axiological awareness of own self allows them to exist in a multicultural diversity expressing own self through cross-cultural communication, relying on and with reference to interpersonal skills.

Taking the above into account, it is crucial to define, establish and point to these social competences that occur essential for the participants of a cultural borderland to interact productively and constrictively, moving towards negotiations, reaching compromises and peaceful, yet dynamic existence. Hence, the objective of the research was to examine the degree and specificity of experiencing or manifesting social skills that are demonstrated by participants of Bosnian borderland on a daily basis through their interpersonal communication.

## Method

The research project embraced two independent tools capturing specificity of interpersonal skills expressed by respondents from Sarajevo cross-cultural community. The applied Social Skills Inventory (SSI, Riggio, 1986) is a widely used 90-item self-report questionnaire designed to measure the possession of basic emotional and social communication skills consisting of six subscales, i.e. emotional expressivity, emotional sensitivity, emotional control, social expressivity, social sensitivity, and social control. Participants respond on a five-point scale from "not at all like me" to "exactly like me". The scores of these subscales can be summed to obtain a global index of one's social skills. Concurrent validity was demonstrated with respect to constructs like empathy, self-esteem, nonverbal sending ability, and nonverbal sensitivity. The other utilized quantitative questionnaire, i.e. Interpersonal Competence Questionnaire (ICQ, Buhrmester, Furman, Wittenberg, & Reis, 1988) is a 40-item self-report measure in which participants are asked to rate their ability to handle a variety of interpersonal tasks on a five-point scale ranging from "I'm poor at this; I'd feel uncomfortable and unable to handle this situation, I'd avoid it if possible" to "I'm extremely good at this; I'd feel very comfortable and could handle this situation very well". It covers five different social competence domains, namely initiating relationships, personal disclosure, negative assertion, emotional support, and conflict management. In a series of studies, the authors showed that the ICQ is reliable, has a sound internal structure, and correlates sensibly with other theoretically related variables as well as with peer rated social competencies (Buhrmester et al., 1998). For the purpose of the present study, the ICQ was translated into Bosnian using the translation-back-translation procedure (see Behling & Law, 2000).

## Researched Group

The researched group embraced 120 respondents living in Sarajevo, capital city of Bosnia-Herzegovina, coming from three ethnic-religious backgrounds, i.e. Bosnia Serbs, Bosnian Croats and Bosnian Muslims. As far as the age of the respondents is concerned, the project embraced persons in the *age group* of 16-65, including men and women, regardless of their profession, social status and other stratifying factors. The selection concerned strictly cultural origin (coming from a multicultural city) and entering cross-cultural relations on a daily basis, which is a natural consequence of living in such culturally diverse environment. The survey was carried out in April-May 2015 in public spheres, which is concurrently part of the material ground for entering cross-cultural contacts in such area (Bosnian life style implies number of social rituals in public coffee houses, i.e. *kafana*). To remain ethnic-religious balance the questionnaires were addressed to 40 representatives of Bosnian Serbs, 40 Bosnian Croats and 40 to Bosnian Muslims.

## Outcomes

Upon processing the acquired data it was possible to establish and define set of skills and competences of interpersonal character, useful in dealing with, and being part of cultural diversity. The designed research tools allowed to get insight into the core social skills desired and manifested by the participants of culturally diverse Bosnian community of Sarajevo. Simultaneously, the respondents expressed their attitudes towards various aspects related to everyday life in a culturally diverse community, stressing the importance of the following features, arranged into three categories, namely social (s), personality-oriented (p) and emotional (e), all intertwined yet explicit for its own class:

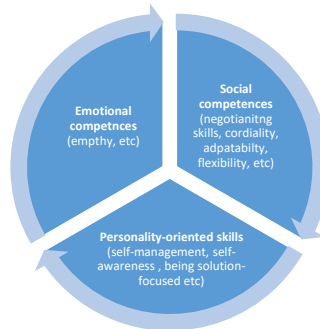
- responsibility (s)
- empathy (s)
- tolerance(s)
- ability to influence others (s)
- team work (s)
- tenderness and kindness in dealing with others (s)
- active attitudes towards social surrounding (ability to cooperate with others on the basis of dialogue, partnership and negotiations) (s)



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- openness and supportive approach (stemming from the cultural code of conduct in Bosnian society, i.e. readiness to provide support, friendly small talks, rule of reciprocity, principal of cordiality regardless of the degree of familiarity with others); (s)
  - easy adaptability towards new communication styles; (s)
  - sense of real, social and cultural bonds (personal ones) within local community (s)
  - ability to conduct dialogue and logical argumentation of the expressed statements or beliefs' (s)
  - social awareness as an ability to respond to a social situation (s)
  - conflict management (e.g. being able to put begrudging feelings aside when having an argument, when having a conflict with a companion, really listening to his or her complaints and not trying to "read" his/her mind, being able to take a companion's perspective and really understand his or her point of view) (s)
  - active listening exerting the effort to understand what other people say (s)
  - using common language (channel of communication) showing by words, manner of speaking and by body language that there is a common ground between the interlocutors or participants of the interaction (s)
  - highlighting similarities, i.e. finding areas of similarities and emphasizing them (e.g. common interests, goals etc) (s)
  - mutual respect (courtesy as a principal rule of communication) (s)
  - win-win solution, i.e. finding a solution that has benefits for both parties (s)
  - reasonable concessions for the negotiation (regardless of its topic) to move forward (s)
  - being learning-focused, i.e. conflicts as opportunities to get feedback on how well communication, so that necessary changes can be made (s)
  - being solution-focused (p)
  - self-management (as one of the pillars of emotional intelligence) understood as ability to control own emotions when they are not aligned with what would be considered appropriate behaviour for a given situation (p)
  - initiation (e.g. being an interesting and enjoyable person to be with when first getting to know people, presenting good first impressions to people you might like to become friends with, going to parties or gatherings, etc) (p)
  - disclosure (knowing how to move a conversation with an acquaintance beyond superficial talk to really get to know each other) (p)
  - creativity (p)
  - sustained communication - consistent and sustained communication about matters of interest, opening communication lines, increasing likeability and credibility (p)
  - ability to recognize own assets and drawbacks (p)
  - information sensitivity (ability to recognize information crucial for understating the cultural diversity amidst the information overload – finding useful and valuable information on cultural differences, etc) (p)
  - emotional awareness i.e. identifying one's emotions and their effects (e)
  - emotional support (responsibility and accountability as indicators of emotional maturity building trust and encouraging others to strike up relation and communication with a given person) (e)
  - emotional self-control, i.e. controlling harmful emotions and impulses (e)

- empathy - sensing emotions and points of view of other persons, active interest in their concerns, anxieties and worries (e)

Chart 1. Classification of the interpersonal skills categories as resulting from the research outcomes



Source: own study on the basis of research results.

It is evident from the above that the overwhelming class of **interpersonally desired skills are of social origin, followed by some personality-oriented, self-aware qualities, accompanied by emotional maturity**. Yet, in quantitative perspective the overwhelming number of interpersonal skills refer to social abilities reflected in number of competences such as communication skills, problem-solving skills, acting as a team-player, active listening, comprehension of the body language etc. No matter how challenging and demanding (individually as well as institutionally in the context of educational objectives) these features seem, promotion of the above-mentioned skills can contribute to the process of strengthening cross-cultural.

As a consequence, the members and active participants of a cultural borderland (intercultural society) may contribute to the growth of values they adopt in the process of interpersonal communication, including the following categories:

- prosocial values reflecting the attitudes and activities moving beyond own interests determined by empathy or kindness, favouring dialogue, understanding and constructive relations in the cultural borderland (societal skills)
- values determining openness towards change, including self-management and stimulation, supporting mutual intercultural contacts, enriching them and catalysing positive direction of the interaction (personality, self-awareness oriented values)
- Therefore, in relation to the preliminary, pilot research outcomes all those involved in the process of formal as well as informal (cross-cultural) education should take into consideration the following axiological priorities while designing educational and pedagogical objectives, crucial in the process of communication and dialogue in the cultural borderlands, as the research outcomes prove:
- altruism as a key interpersonal attitude, which according to M. Łobocki "refers to the set of attitudes and behaviour reflecting acceptance and friendliness towards others, involving understanding and aware activities for the sake of others and widely perceived community" (Łobocki, 2002);
- the value of a human, which is defined by M. Łobocki as "intrinsic spiritual existence remaining in inseparable connection with the spiritual and mental existence of a human" (Łobocki, 2002); other authors refer to this notion as collective manifestations of own self in a community, with inextricably assigned right to health, respect and life, subsequently making all the members of such society responsible for such prerogatives (Babić, 2002). Respectively, internalization of such a value results not only in awareness that a human constitutes an

independent and complete creation, but acknowledges that such an individual functions as a personalistic existence for others, stressing its interpersonal, communicative nature;

- responsibility, which defines not only the sense of self-responsibility, but also involves the responsibility for the partner of a dialogue in the intercultural contact, which in turn shapes mature, in-depth intercultural relations grounded in highly-developed social skills;
- freedom, which is understood as a value linked to the responsibility and sense of democratic community that provides a framework for liberty and consideration for the Other hence facilitating altruistic, pro-social responsible activities for the sake of a community, providing foundations for the process of constructive intercultural communication;
- tolerance, which role in the context of communication in borderlands is defined by J. Nikitorowicz as “a process allowing individuals to establish positive bonds despite differences between, carry out intercultural dialogue with the guarantee to sustain integral autonomy and to ensure multiculturalism” (Nikitorowicz, 1995). Therefore this value appears crucial for intercultural relations on borderlands, as it practically recognizes and confirms co-existence in such areas through cross-cultural communication;
- justice, which is – due to its nature - perceived as a foundation for the sensitivity towards diversity, granting the individuals the right to equal, just treatment regardless of the lifestyle manifested and values behind such code of conduct. It additionally becomes a ground for the dynamics of social and political changes occurring in multicultural societies and countries.

It is also important to stress that as it results from the research outcomes, interpersonal skills concern not only social competences and this explicit area of human's functioning, but also make reference and are conditioned by internal personality-oriented features and emotional abilities such as reading other people's emotions, empathy etc.

## Discussion

This aim of this paper was to identify which interpersonal skills are crucial for cross-cultural dialogue in a culturally diverse society, exemplified by the group of respondents from multicultural Sarajevo, in Bosnia-Herzegovina. As far as axiological assumptions of interpersonal skills are concerned, it is essential to promote and experience in a culturally diverse environment affirmation, understanding of human's needs, learning and getting to know social as well cultural heritage of the local communities, practicing freedom and respect for all confessions and representatives of cultural differences youth activation through civic education and last but not least - creation of constructive, cross-cultural, interpersonal relationships.

Society of intercultural character is specified not only by the presence of individuals belonging to various nations, races or religions, but it is also an area which gathers those, who are advocates of different political viewpoints, seemingly difficult to reconcile (Łobocki, 2002). Each of the cultures existing in a given area presents its unique material and non-material heritage handed down from generation to generation. Moreover, the cultural borderland implies coexistence of various systems of moral values, what - in turn - facilitates pluralism and relativism that reflect the multitude and axiological ambiguity of the intercultural borderland, as expressed in everyday communication through interpersonal skills. Such features of intercultural societies can be acquired through daily trainings upon everyday interpersonal experiences, or within specially designed courses concentrated on shaping this type of competences. It is, however, not only learning through experience or modeling in a given situation, but also implies learning given rules and principles that would allow to apply given experiences in shaping specific competences. In order to establish such common sphere shared by all the members of intercultural society, some certain criteria should be met, namely:

- antinihilistic axiological orientation;
- dynamism expressed within openness to changes;
- dialogue and discourse;
- ethic tradition;
- creative assimilation;

- axiological maximalism (formulating criteria and conditions for moral enrichment of the world's societies) (see; Michalik, 2004).

Such perspective enhances perception of the borderland communication resulting from interpersonal skills as a dynamic, inspiring sphere of experiencing diversity not only in the ontological, but also communicative, interpersonal context. It takes place due to the fact that dialogue and discourse allows to broaden and widespread commonly accepted values and norms, to combine points of views and moral stands, as well as to overcome particularism and stereotypes, as it results from the research outcomes. Moreover, such approach avoids the trap of universality as "universality is the opposition of diversity, as it is only diversity that makes up the phenomenon appropriate for the open process of thinking that recognizes and cherish differences, individuality and even different life options, moreover [...] in order to embrace this, what's general and common, we must get to know and appreciate this, what's different (Anderson, 1997). As a consequence, the denial of simplified tendency to universalize corresponds with the stages of intercultural learning since such approach does not negate the sheer existence of differences, does not even attempt to join them nor to reduce them to the lowest common axiological denominator, but allows to change the profile of a given culture towards pluralism and interculturalism in the course of intercultural communication, applying desired interpersonal skills. Thus, the need to work out skills that would constitute a foundation for constructive interaction and then, understanding and permanent, ethically rooted relations. It is important to stress in the context of designing programmes and activities promoting interpersonal skills and shaping social competences, the key difference between universality, pluralisms and particularization, as the cooperation between representatives of various axiological backgrounds cannot be brought down to some cosmopolitan clichés or universal platitudes. Therefore particularism is the opposite to the community, and consequently the efforts for the sake of common axiological borderland shall focus on pluralism that enables dialogue, mutual respect, justice and tolerance as desired interpersonal skills manifested within own moral stand.

All things considered, that communication skills cannot be shaped in a short-term period so it is crucial to improve them upon formal or non-formal education. The necessity to acquire communication competences is the key to smooth and constructive cross-cultural dialogue, yet it must be remembered that everyday intercultural communication results from the axiological perspective, as increased participation in a given culture rises awareness regarding the principles and rules derived from given values. The dynamics of defining, negotiating, entering relation and active participation enables the individual axiology to become a set of dynamic variables, empowering interpersonal skills, subject to universal rights of human dignity, due to the recognition of a certain category of common, shared values which "in individual and common perception do not generate tensions, hence are not of dual nature, but are related to the existence of equal system both for the individual and the group [...] and those are values of stable character, guaranteeing relative homeostasis in the relations of individuals or group with culturally diverse surrounding (Szerlag, 2001).

Consequently, from the practical perspective being aware of the following, recommended questions when interacting with those of diverse cultural background, can improve interpersonal skills in cross-cultural context, i.e.:

- How do given person's feelings /experiences about socialization differ from mine?
- How does his or her concept of self differ from mine?
- To what extent do our attitudes, values, and thinking processes differ?
- To what degree is he or she more or less competitive than me?
- In what ways does his or her use of nonverbal cues differ from mine?

The simple set of such questions can be made a point of departure for discussions and reflections over cross-cultural communication and interpersonal skills in borderland. Seemingly simple insight into these aspects of everyday functioning amongst others can definitely contribute to the process of improving interpersonal skills indispensable in intercultural context, entailing desired features, as expressed by the respondents. Socialisation taking place in the cultural borderlands is shaped by different factors than those dynamising this process in a homogenous societies. Multitude of cultural patterns, customs, traditions and different lifestyles may cause confusion for these members of a cultural borderland that have not consolidated their identity accordingly to the principles of axiological education. Acknowledging the importance of values within the process of cross-cultural communication are crucial for further cooperation and development of culturally heterogeneous societies, emphasizing their openness, flexibility and wide margin of tolerance towards this, what is unknown and unfamiliar. Thus, acknowledging and socializing towards such values is of paramount importance in contemporary cultural borderlands, concurrently ensuring interpersonal aptitude within given social skills. Thereupon, it is recommended to

develop opportunities to meet and exchange experiences, commence on new, educational tasks and other enterprises, providing opportunities to cooperate, enhancing, openness and flexibility in dealing with cultural diversity.

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## Tables

Table 1. Dimensions of Bosnian identity

<i>Bosnian personal identity</i>	<i>Bosnian social identity</i>	<i>Bosnian cultural identity</i>
<i>Who am I?</i>	<i>How to live?</i>	<i>How to participate?</i>
<i>Open individuality</i> <i>Self-conceptualization based on cultural code</i> <i>Awareness of subjectivity</i> <i>Authenticity and integrity</i>	<i>Cognitive, intellectual, emotional and behavioural openness</i> <i>Combination of individual and collective existence in a cultural borderland</i> <i>Axiological polymorphism</i>	<i>Awareness of personality-shaping influence of culture</i> <i>Creativity and dynamism of involvement in cultural activities</i> <i>Active participation in local community life</i> <i>Emotional approach towards values</i>

Source: own study.

Table 2. Universal types of values and their representatives

<i>Moving Beyond own interest</i>	<i>Conservatism</i>	<i>Concentration on own interest</i>	<i>Openness to Change</i>
<i>Universality</i>	<i>Security</i>	<i>Power</i>	<i>Self-management</i>
<i>Kindliness</i>	<i>Tradition</i>	<i>Achievements</i>	<i>Stimulation</i>
<i>Responsibility</i>	<i>Conformism</i>	<i>Hedonism</i>	<i>Life joy</i>

Source: own study based on: Wojciszke, B. (2002). *Człowiek wśród ludzi. Zarys psychologii społecznej*, Scholar, Warszawa, p. 179.

## Norman Mailer - Between Modernism and Postmodernism

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### Abstract

*Postmodern literature, like postmodernism, is hard to define and there is little agreement on the exact characteristics, scope, and importance of postmodern literature. Thus after a brief survey of postmodernism in American literature, its main features and its distinctiveness, I will focus and point out the postmodernist components in Mailer's work. Although Mailer is not considered to be a "true postmodernist writer", there are strong reasons why this book is considered by some critics as a transition from modernism to postmodernism literature and why it is different from the main trend of postmodernism. The paper focuses also on the story-line, plots, motives, the poetic imaginary adopted by the author-narrator, the construction of mythology, its preferentiality, its metaphorical-scientific-mythological world, intertextual links, paratexts and allusions. Of a Fire on the Moon (1970) is Mailer's most self-reflexive book which attempts to make a literary representation of the mysterious American event, the first moon flight, executed by the Space Program and Apollo 11 in 1969. I will focus my analysis on the presentation of the moon shot, in the way the author employs his poetic and mythological elements to make sense of the complex event, but at the same time to presents the resemblances and the reliance on Melville's great novel Moby-Dick as its subtext.*

**Keywords:** postmodernism, Moby Dick, moon shot, subtext etc.

### 1. Introduction- Postmodernism and postmodernity

Postmodernism is a cultural phenomenon that has attracted much public debate and deserves critical attention. It is a contradictory phenomenon which has been theorized and generalized by a number of scholars who mainly let us wonder what postmodernism is- like Jameson (1984), Eagleton (1985) or just define it as an economic sign post (late capitalism) etc. But what I agree with is Hutcheon's view on postmodernism "is the fact that postmodernism should not be used as a synonym for the contemporary, nor can it be used and defined as an international phenomenon, for it is primarily European and American (North and South)" (Hutcheon 1987: 5).

Postmodernism was originally coined in 1940s to identify a reaction against the Modern movement in architecture. In 1960s it was widely used by American culture critics, Susan Sontag and Leslie Fiedler, to describe a new sensibility in literature which either rejected modernist attitudes or extended them. The term is usually accompanied by a growing number of negative words: "discontinuity, disruption, dislocation, decentering, indeterminacy, and antitotalization". The aim of the prefixes of these words (*-dis, de, in, anti*) is to dispute or contest, in a way is the same thing that is done even by the word 'postmodernism'.<sup>1</sup> The term 'postmodernism' is not only awkward and rebellious, but also impotent because it cannot separate itself completely from its derivation, nor can it invent for itself a new name like Romantic, Symbolist, Futurist, and so on. In short, the relation of postmodernism to modernism remains ambiguous, as Bernard Smith remarks in *Modernism's History*; it remains a conflictual dialogue with the older movement.<sup>2</sup> Theorist have tended to portray modernity (i.e. from the early to the mid-twentieth century) as industrialized, mechanized, urban, and bureaucratic, while the postmodernity as the era of the "space age, of consumerism, late capitalism, and the most recently, the dominance of the virtual and the digital. Modernist art favors formalism, rationality, authenticity, depth and originality, whereas postmodernism favors bricolage or pastiche to original product, the mixing of styles and genres, and the juxtaposition of 'low' with high culture. It is playful and ironic.<sup>3</sup>

1 Read: <http://www.readbag.com/assets-cambridge-97805218-61571-excerpt-9780521861571-excerpt>

2 Check: [http://www.ihabhassan.com/postmodernism\\_to\\_postmodernity.htm](http://www.ihabhassan.com/postmodernism_to_postmodernity.htm)

3 Check: <http://neoenglish.wordpress.com/2010/12/16/post-modern-criticism/>

Let's focus on its suffix (-ism) and prefix (post-). The suffix *-ism* has a double duty. It announces that the referent here is not merely a chronological division but an organized system. Postmodernism is not post modern, but post modernism; it does not come after the present, but after the modernist movement. Thus the term if we take it literally, signifies a poetics which is the successor of or a possibility of reaction against the poetics of the early twentieth century modernism, and not some hypothetical writing of the future. This term is further complicated because when we read about it we are actually dealing with three derivatives: "postmodernity," 'postmodernism' and 'postmodern.' 'Postmodern' refers to a particular period in literary and cultural history which begins in 1950s and continuous until the 1990s and to a set of aesthetic styles and principles which characterize literary production and are shaped by the context of postmodernism and post modernity. 'Post modernity' refers to the way the world has changed in this period, due to developments in the political, social, economic, and media spheres. Think of postmodernity as a world process, by no means identical everywhere, yet global nonetheless. Or think of it as a vast umbrella under which stand various phenomena: postmodernism in the arts, poststructuralism in philosophy, feminism in social discourse, postcolonial and cultural studies in academe, but also multi-national capitalism, cybertechnologies, international terrorism, assorted separatist, ethnic, nationalist, and religious movements--all standing under, but not causally subsumed by, postmodernity. Whereas 'postmodernism' (and the related adjective 'postmodernist') refers to idea shaped from philosophy and theory related to aesthetic production.<sup>1</sup>

In the 70s the term became widely used for wide-range academic disciplines so the term became overloaded with meaning, chiefly because it was being used to describe characteristics of the social and political landscape as well as a whole range of different examples of cultural production. Within ten or fifteen years, the United States experienced an astonishing succession of liberation and counter-cultural movements. These years have been shaped by significant alternations in society as result of technology, economics and the media. To capture this sense of change and multi-layered was invented, defined and redefined the term postmodernism<sup>2</sup>.

## II. *Of a Fire on the Moon*

The traditional notion of representing a sign was understood as simply imitating or mirroring the reality, thus implying a direct connection between words and things. These traditional views consider language as a reproduction of a prior presence, but in modernist and postmodernist conception of art, the world is perceived from different angles and consequently our view of objects of reality becomes both complex and fragmented which usually implies a sense of failure in the production and the composition of a work, especially on the representation of the reality (Falk 1989)<sup>3</sup>. Just to mention a few examples: Thomas Mann's *Doctor Faustus* (1947), is sometimes "seen as a book put together through a process of artificial composition" or Faulkner who himself referred to *The Sound and the Fury* (1929) as a "failure" because it had not reached its ambitious goal, "a never completed quest for form and meaning" (Bleikasten 1979: 48, 51).

Certain modernist and postmodernist art works are even self-reflexive to the extent that, the "failure" to succeed is written inside them and the problem of artistic and linguistic representation belongs to the intentional composition of the work. In *Of a Fire on the Moon* Mailer's idiosyncratic manner of implying the "failure"<sup>4</sup> of the book implies the "failure" of the writer. Mailer often leaves his fictional narrators and protagonists on the "threshold" of producing the book that he has been attempting to write throughout the actual narrative. Chris Anderson notes that "rather than write about his subject, [Mailer] writes about his writing about the subject" and "the process of writing the book becomes the subject of the book" (1987; 92).

*Of a Fire on the Moon* (1970) is metaphorically like a triptych, a three part painting trying to bring its separate parts and its two separate "writers" (Mailer and Aquarius) together. The middle part is accompanied and supported by two other parts, one on each side. Even though those two parts seems separate stories, they have their integral role in the narrative so that

<sup>1</sup> Check: [http://www.ihabhassan.com/postmodernism\\_to\\_postmodernity.htm](http://www.ihabhassan.com/postmodernism_to_postmodernity.htm)

<sup>2</sup> *Ibidem*

<sup>3</sup> According to Colin Falck since romanticism we have been inclined to mark off a category of artistic failure in our critical language "The formal failure is a failure, and further more matters, we tend to argue, because it fails to secure any coherent meaning or comprehension of truth within what purports to be the order of a single artistic work" (1989: 75)

<sup>4</sup> This kind of self-negation and reflection a failure does not necessarily produce a literary failure, but at least a new kind of achievement. As Andre Bleikasten puts it when discussing Faulkner's *The Sound and the Fury*, "in its failure the novel succeeds," for even though the gap between the text and meaning is always there, the writing process manages to create an order of its own" (1976: 205)



a temporal and thematic continuum is maintained. Robert Merrill sees certain “superficial” self-reflexivity in this structure whereas Anderson argues that the narrative is constructed progressively, which means that the work as a whole provides three view points of the subject matter: “Each of the three parts is a different approach to the same material, as if Mailer starts over three times and offers us three different versions of the same book – the first, “Aquarius”, an account of his writing of the piece: the second, “Apollo” a more conventional, journalistic account of the mission itself, the third, “The Age of Aquarius” a poetic meditation on what the mission in the end mean. [. . .] each section is progressively tighter and more synthetic, an increasingly more satisfying mastering of the material. (1987: 90)

The structure which presents the writing of the book and the main “plot” of the book draw the reader into a reflexive reading. Mailer makes clear to the reader that he has a mission, to write about the moon flight, while he also acknowledges the difficulties of doing that, and at the same time, he presents the clash between the media, the computers and technology with the literary prose and poetry. As Anderson argues Mailer prose sometimes appears “awkward and artificial, as if calling attention to itself as language,” and thus the “language refers to itself and to the writer in the act of thinking through the problem of language” (1987: 89).

In this book we may infer a horizontal narrative line (or the metonymic level of the narrative) which include Mailer-Aquarius attempt to write the story at the same time Apollo projects proceeds; and a vertical line (or the metaphorical level of the narrative) which is more difficult to interpret because it calls for symbolic interpretation and mythological interpretation of the moon flight. But as it is a progressive structure even on the last page of the book Mailer-Aquarius is seeking some starting points, a ‘key’ metaphor for the whole book and the reader is left with the impression that the book is not finished but is in process of becoming, so the second plot of the narration concerns the process of production of this text. Mailer argues that in the study of history and the study of science is important that “the same ground is revisited, details are added, complexities are engaged, unanswerable questions begins to be posed” (FM 155). After he had presented in the first section of the book the Apollo Moon shot, he begins the second part of the book with “we embark once again on the trip of Apollo 11” and “we will launch [the astronauts] again and yet still again”. By doing that Mailer is suggesting that a nonfictional story may be told again and again because there are always important details to be added and “the strangeness and complexity of the word can never be adequately accounted for by a strictly rationalistic epistemology” (Wenke 1987: 178) .

Mark Currie suggests, “novels which reflect upon themselves in the postmodern age act in a sense as commentaries on their antecedents; consequently metafiction often depend upon intertextuality of their self-consciences (1995: 1, 4). So the work critically reflects not only previous literary conventions but its own conventions as well. It seems that in his book *Of a fire on the Moon*, Mailer seeks literary “validity”, “richness and complexity” by consciously using *Moby-Dick* as his subtext and by transforming its fictional, metonymic and metaphorical level. In Mailer’s, Melville’s classic is redesigned and re-evaluated in the new context and in the new (non)fictional world, and the very subject of Mailer’s book, the first moon flight, belongs to the area of the poetics and politics of postmodernism. *Of a Fire on the Moon* is on several levels “postmodernist” rewriting of Melville’s *Moby-Dick*. Let’s begin with the character of the Aquarius who resembles that of Melville’s narrator-protagonist who adopts the name “Ishmael”. *Pequod*, headed by Captain Ahab and the Apollo rocket commanded by Captain Armstrong, “sail” to meet the fears, the challenges, hopes and mysteries; for the first they are represented by the White Whale and for the second they are represented by the “Silver Moon”.

## Conclusions

The purpose of this paper has been to point out a brief review of postmodernism in American literature, its main features and its distinctiveness, but at the same time to point out the postmodernist components in Mailer’s work. Although Mailer is not considered to be a “true postmodernist writer”, there are strong reasons why this book is considered by a group of critics as a transition from modern to postmodern literature and by others as a postmodern narrative.

First, according to the poetics of intertextuality, literary works are made of other literary works including generic conventions, motifs, plots and archetypes, that they quote, repeat or transform. A characteristic of contemporary American postmodern literature is that it rewrites the texts of the past. The same thing can be said even for Mailer’s book *Of a Fire on the Moon* which on several levels is a “postmodernist” rewriting of Melville’s book *Moby-Dick*. It seems that Mailer seeks complexity by consciously using its story-line, plots, motives, the poetic imaginary adopted by narrator, the construction of mythology, referentiality, its metaphorical-scientific-mythological world. In Mailer’s moon book Melville’s classic is obviously redesigned and re-evaluated in the new context and in the new nonfictional world.

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## Paths to Strength of Social Economy in Romania - Representation of Professionals and Experts in the Field

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### Abstract

*Even if the Romanian social enterprises are functioning since XVII century, the social economy domain began to be discovered during last five years and mainly due to implementation of European Social Fund co-financed implemented projects. Our paper analyses the representations of social economy professionals and experts on the current socio-economic environment and legislative framework. The paper examines two key aspects: the current stage of affairs in regulating the domain, and the role played by the entrepreneurs in promoting social economy activities. Pro and against arguments for adopting a law on social economy are considered. The paper is based on a qualitative survey, based on interviews and focus groups conducted in three development regions of Romania (Bucharest-Ifov, South-East, and North-East) with social entrepreneurs as well as experts in the social economy field. The paper gives an input on how the social economy is perceived by the ones directly involved with impact on the paths of functioning of social economy in Romania.*

**Keywords:** Paths, strength, social, economy, Romania, representation, professionals, experts

### Acknowledgment

The article has enjoyed the support of the CNCSIS grant, IDEI 216/2012: "INCLUSIVE-ACTIVE-EFFICIENT" Project PCCA, coordinated by the Research Institute for Quality of Life, Romanian Academy Bucharest, Romania.

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## Romanians on What Prevents their Fellow Citizens from Having Children. an Exploration of Qualitative and Quantitative Data

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### Abstract:

*Over the next decades, Europe looks set to experience a demographic decline, mainly caused by low fertility. The phenomenon is already observable in Central and Eastern Europe. The economic and social shocks of the transition to a capitalist economy and labour force migration to Western Europe are additional causal factors. During a quarter of a century since 1990, Romania has lost 14% of its population. This study is a continuation of a previous paper regarding fertility in Romania, which explored the issue of low births at individual level to see if there is a relationship between several variables and whether an individual has fewer, as many or more children than he or she would like to. According to data from two nation-wide surveys from late autumn 2014, a plurality of adult Romanians (44%) declared that they have fewer children than they would like to have. This paper adds a qualitative dimension to this analysis by using data from an open ended question in one of the surveys, which queried the subjects' opinion on what prevents people from having the number of children they would like to or would have liked to. Around 1,200 answers were coded into several categories, the main ones being low income and economic uncertainty, health issues and infertility, and lifestyle issues (lack of time, stress, career focus). The outcome is compared with the results of the previous paper.*

Keywords: Romania, population decline, births, fertility, children.

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## **Bridging Two Worlds – Libraries as Intermediaries in Access to Electronic Public Services and Information**

**Mariusz Luterek**

### **Abstract**

Computerization of the public sector leads to effectiveness improvement in supplying citizens with information and services as a result of transferring them to electronic environment, they are available without time and geographic barriers. In reality it turns out that also on this field so called “digital division” takes place. Socially excluded people (due to material status, lack of relevant information competences and/or computer illiteracy) do not benefit from modernization of public sector. Moreover, some of the public services for citizens in US are available only in electronic environment. As a result, according to American Library Association data, there were a significant increase in the number of people using libraries to get the access to this kind of service. In Europe, during social consultations conducted before a final version of European Digital Agenda, in the question concerning methods of increasing the level of utilization online services among citizens, the option of resigning from delivering services through other channels was taken under consideration. In this context, it's crucial to provide the possibility of access to public sector for people who are in danger of digital exclusion. The accomplishment of this task will be easier if there is an involvement of the intermediary organization, for example public library. The goal of this paper is to present results of a survey conducted among Polish public libraries within Masovian, Swietokrzyskie and Lesser Poland Voivodeships. This project intended to find out if public libraries are ready to be intermediaries in access to electronic public services and information for citizens. Thus, the questionnaire included topics like knowledge of the librarians on e-government, their attitudes towards this phenomena, perceived obstacles and actual activities in this area. Some examples of best practices will be also discussed.

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## Exchange Rate Pass-through in Albania

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### Abstract

*In this paper we seek to investigate the magnitude of the impact of the exchange rate on the consumer prices in Albania, using a methodology already consolidated such as the VAR model, following the same line of many similar studies applied in other countries. The paper makes considerable evidence of the transmission mechanism to the consumer's price index and to the general index of the Albanian economy in recent years, taking also into consideration the results of previous works carried out in this direction. Considering that the volume of imports and exports has been increasing in recent years and that the transactions with the neighboring countries are carried out mainly in Euro and US Dollar, this paper studies also the magnitude of the transmission mechanism effect of the exchange rate Lek / Euro on consumer's prices and on the exchange rate Lek / \$.*

**Keywords:** Inflation, pass –through, VAR methodology

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## Sick and Maternity Pays in Selected EU Member States

Josef Abrham

### Abstract

*The economic situation in the last few years, among other things due to the financial crisis has led many European countries to embrace social austerity measures. The aim of the paper is to evaluate the progress in the legislation for sick and maternity pays in selected Member States of the European Union in the context of the economic development and to assess whether and to what extent the expected austerity measures touched the monitored area. The paper covers regulatory developments and economic and demographic indicators in the Czech Republic, Estonia, Finland, Ireland, Latvia, Germany, Austria, Greece, Slovak Republic, Spain and Sweden. The choice of countries was determined by a type of the social model. There were included the prototypes of liberal, conservative, social democratic and so called post-communist models. The methodological approach to a solution seeking is primarily based on an analysis of data obtained from legal, statistical and other documents of relevant ministries, social insurance and sickness funds as well as similar institutions.*

## Students' Creativity and Creative Process Engagement through Teamwork

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### Abstract

"None of us is as **smart** as all of us....." (Ken Blanchard)

*The value-added that 'a must' in leading the country towards innovativeness is creative thinking. The creation of a creative thinker should begin from primary schools and to be polished within the tertiary students. Almost all tertiary in Malaysia are focusing on the development of students' creative thinking in conjunction with the Strategic Reform Initiatives of New Economic Model in producing innovativeness, effectiveness, and sustainable nation. Much is known about the contribution of the teamwork to the positive outcomes including creativity performance. This growing awareness frequently emphasized on the 'significant teamwork quality' for achieving the objective. Little research have been done to proactively identify the mix of ability and personality impacts on the creativity performance. Ability and personality are among the important facets in team composition construct. Not all team members can work 'smart'. Therefore, the good team must not only choose the best individuals, but the best combination of individuals for the higher level of creativity performance. To produce a highly creative thinker among the team members, students are required to engage in the creative process. In this study, we used the word 'creativity' to describe an outcome which denote the extent to which novel and useful ideas are produced and the 'creative process' as the process by which creativity occurs. The creative process including (1) problem identification, (2) information searching and encoding, and (3) idea and alternative generation. Relationships were tested using data collected from Bachelor in Business Administration (BBA) students from one of the leading university in Malaysia. Results revealed that both students' ability and personality have a positive and significant relationship with creative process. The latter variable then had a positive influence on creativity. The implication of these findings for the study of teamwork and creativity among tertiary students are discussed.*

**Keywords:** Creativity, Creative Process, Teamwork, Tertiary Students.



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## Financial Distress of Albanian Companies: Use of the Z-Score as a Predictor

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### Abstract

*Bankruptcy forecasting has been a hot topic since Altman (1968) introduced z-score as a good ratio of prediction. The ratio has been tested in listed companies and finally z' and z" to the non-listed companies in other countries (Altman et al., 2013, Altman, 1997). Despite the evidence provided by extant research on the validity of such measure, others have shown the non-validity of such predictor ratios (Grice and Ingram, 2001). Given the confounding results of the research on this topic, we aim in testing the validity of the z-score model in Albanian companies and compare the results to other empirical evidence. We investigate a sample composed of 50 bankrupted companies in 2012 by applying a structural equation modeling and discriminant analysis with another sample of 50 ongoing companies. Our model shows that the modified version of z-score proves to be a good predictor of business failure in Albania. This paper contributes by adding evidences to the prediction model of Altman and its application in other countries, and furthermore, it highlights the relation of bankruptcy to the governance structure of the Albanian companies.*

**Keywords:** financial, distress, Albanian, companies, Z-Score, predictor

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## Rubric for Developing Critical Thinking Skills in Academic Writing

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### Abstract

*A rubric is a scoring guide used to assess students' learning performance against a predetermined set of criteria. The use of rubrics enables sound assessment and provides important source of information for the advancement of students' learning as well as improvement of teaching. When used by students, deep learning can be promoted. Not only rubrics help to channel students' focus onto critical thinking but they also encourage constructive learning and self-evaluation as students try to perform the best following what is communicated by the top level benchmark scales of the rubrics. This paper explains the development of a rubric, named CAWAR (Critical Thinking for Academic Writing Analytical Rubric), which was especially designed to be used by students to support the development of critical thinking in academic writing classes. Academic writing was particularly chosen because writing is among the most challenging skills for students to master. Condon and Kelly-Riley (2004, p. 56) state that "writing is a tool of thinking." When writing, an author is manifesting his ability to understand and analyse ideas, evaluate and synthesise arguments in a variety of sources before making any conclusions, and then presenting them clearly to an audience". Realising this, the rubric was carefully designed following a rigorous, systematic and non-linear process of planning, drafting, trying out and revision. This includes reviewing the literature and an academic writing course objectives and expected learning outcomes, consulting subject matter experts (SME) and conducting empirical trials.*

**Keywords:** rubric, academic writing, critical thinking

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## Customer Relationship Management (CRM) in Banking Sector in Albania

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### Abstract

*The aim of this paper is to examine the Customer Relationship Management as a new methodology looks forward to identify and attract consumers through the process of developing relationships (business - customer). The methodology of the CRM aims to maintain customer satisfaction and increase consumer loyalty. The purpose of this paper is to know the basic capabilities of CRM systems and in-depth knowledge of methods and management techniques customer relationships. This paper will examine the methods and techniques of customer relationship management and display functionalities customer relationship management-implemented in banks.*

**Keywords** : customer relationships management, customer satisfaction, customer loyalty, data, information, banks.

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## Public Opinion on Romania's Pension System: Public Versus Private Provision

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### Abstract

*During the 2000s, Romania introduced a three-pillar pension system, advocated by the World Bank. The first pillar is the standard pay-as-you-go publicly managed mandatory social insurance system. The second pillar is funded by diverting employees' mandatory contributions from the first pillar to private run pension funds with defined contributions individual accounts. The third pillar features voluntary contributions to private run pension funds. With an increasing share of the employees' contributions going to the second pillar, the first pillar has experienced increased financial stress. This paper aims to contribute to the ongoing debate on the public versus private management and organisation of the pension system in Romania. According to a 2013 survey carried out by the Research Institute for Quality of Life, based on a nationwide representative sample of 1,224 adults, 55% of respondents declared they would prefer the pension system to the entirely public, 16% mainly public, secondary private, 14% mainly private, secondary public and 9% entirely private. Using bivariate analysis, we test whether age, rural/urban residence, education, employment status and income, on the one hand, and preference for public or private pension system are independent. The results show that support for private pensions tends to be higher within the younger, more urban, more educated, with higher income and residing in urban areas social strata. Using a logistic regression, we developed a model based on social variables – age, gender, education, employment status, income, rural/urban residence. While statistical significant, this model explains only around 9-13% of the variance of preference for a public or private run pension system. We conclude that socio-psychological factors need to be considered for a better understanding of the population's choices. This paper is part of the Inclusive-Active-Efficient project, financed by a UEFISCDI grant.*

Keywords: Romania, pension system, privatisation, public system, private system.

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## Patronage during Economic Downturn; an Exploration of Greece

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### Abstract

*Greece has a longstanding experience of patronage employment and promotion in public administration. Parties and elected politicians have been intervening in the selection of personnel as a strategy for enhancing electoral performance or for controlling the resources of the public sector. In 2010, following acute pressure by the rising national debt, the Greek government signed a memorandum plan in order to ensure the viability of debt in cooperation with the ECB, the IMF, and the European Commission. Fiscal contraction and austerity have been at the heart of this programme since. In an environment of rising unemployment, where public sector is blamed for inefficiencies, rampant corruption, and size, governments implementing austerity policies have been executing a programme that considerably reduced the size of the public administration. Favourable employment to the public sector is expected to have been affected by the altered priorities. If political elites have the chance to influence a declining number of appointments, not considerable for achieving partisan gains, this option may not be politically lucrative anymore. Conversely, maintaining a degree of control over policy execution when radical reforms are being forced over a short period of time may motivate intervention against the promotion and selection of chief administrators. During autumn 2014, I interviewed a significant number of experts, including current and former ministers, members of the parliament from most political parties, supreme public administrators, and labour union leaders. The aim of this analysis is to investigate how perceptions and experience of patronage may have changed during the time of economic crisis. I conclude that despite the significant reduction of appointment opportunities in the public sector, there has not been a considerable change in the belief that members of cabinet and MPs may be able to employ patronage in both employment and promotions. In particular, most decisions regarding promotions across the hierarchies of the public administration seem to respect the logic of party loyalty rather than merit. Conversely, employment decisions for permanent staff in low and average positions prove to be increasingly patronage insulated thanks to the rising autonomy of the Supreme Council for Personnel Selection (ASEP). Nevertheless, there is evidence of patronage selection on competitions excluded from the responsibilities of ASEP, such as fixed-term contracts and recruitments in the semi-public enterprises.*

**Keywords:** patronage, economic, downturn, exploration, Greece

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## Harmonisation of the Acquis Communautaire in the Social Field by Countries from the Fifth and Sixth European Union's Enlargement Waves

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### Abstract

*The paper explores the evolution of strong and weak points identified within EU accession negotiation period of Central and Eastern Europe post-communist countries. The research hypothesis is that candidate countries to the European Union (EU) witness a deficit of democracy within the negotiation of chapter 13 "Social policy and employment". Assumed commitments in the social field became national priorities against other social problems not tackled through appropriate social policy measures within the first post communist period. The article continues my previous research done in the field of comparative analysis on the social impact of becoming a member state of the EU. By the perspective of changes in the field of the social protection institutional framework, countries from the fifth wave EU enlargement could be classified on: "stable" social protection systems (Cyprus, Lithuania, Slovenia); moderated reforms in social protection systems (Bulgaria, Czech Republic, Estonia, Latvia, Poland, Slovak Republic) while Malta, Romania and Hungary faced in-depth structural reforms (Stănescu, 2015). Social institutional changes are influenced by three factors: the already mentioned harmonisation of the pre-accession acquis communautaire, post-accession administrative structural reforms and on-going EU common social projects (the European years, the Lisbon Strategy, and Europe 2020) (Stănescu, 2014). In terms of methodology, the paper is based on primary and secondary analysis of EU's Mutual Information System on Social Protection (MISSOC) and Training and Mutual Information system on Social Protection (TREES). National and EU assessment reports on national progresses within preaccession and postaccession to EU phases are also considered. The paper contributes to a critical understanding of development paths of a better harmonisation between EU commonly agrees "request" towards candidate countries and their national capacity to adjust priorities in the field of social policy.*

**Keywords:** EU accession, candidate countries, social protection, national sovereignty

### Acknowledgement

This paper is made and published under the aegis of the Research Institute for Quality of Life, Romanian Academy as part of the postdoctoral research programme co-funded by the European Union within the Sectorial Operational Programme for Human Resources Development through the project "Pluri and interdisciplinary in doctoral and post-doctoral programmes" Project Code: POSDRU/159/1.5/S/141086.

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## The Investment on Education and its Impact on Economic Growth in Albania

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### Abstract

*Should we suppose that there is a link between education investment and the economic growth? According to the policy markers, the more we invest in education of the new generation, the more we get paid back on the economical prospects. Viewing as a main human right or states-develop their policies of investment on education by complying with the job market too. In the same line with the economic growth there stands the lifelong education including different training strategies. We can say that there is a vice-versa phenomenon. If we get more and more qualified people, we get more investment on education. In Albania's case the GDP is still low and the level of poverty is reasonable high. Investment on education is judged as the main priority sector of the NSSD (National Strategy for Social and Economic Development). A well-educated work force is crucial to the economic and social health of every state especially in today's globalization prospects.*

Keywords: economic growth, investment on education, well-educated force.

## Democratic Consolidation of Ethnically Fragmented States: What Legal Mechanisms and Institutions Maintain the Balance in Macedonia's Political Organization?

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### Abstract

*How to consolidate democracy in ethnically fragmented and polarized states? The extra-democratic institutions established in the form of political arrangements that aim at maintaining ethnic balance and preserving stability of institutions must be treated as universal standards and norms that shape the organization and functioning of domestic institutions. However, there seems to be a growing perception that such arrangements are almost by default dependable on the political will of the ruling elites. The Ohrid Framework Agreement is a power-sharing mechanism designed to put an end to Macedonia's armed conflict in 2001, while providing for a set of consociation tools that guarantee ethnic balance of the institutions. The Parliamentary Committee on Ethnic Relations represents a constitutionally established body set up to serve as the watchdog of the implementation of the Ohrid Agreement. It has the specific role of providing political oversight to the legislation process thus ensuring that the provisions and obligations that derive out of the Agreement are not undermined. However, the Committee cannot function properly and nor fulfill its role and responsibilities as long as it is dependable on the will of the political majority in the Parliament. The experience in the past shows that Macedonia's elites have (ab)used the Committee for political bargaining and thus infringed in the role it should serve in the society. For this purpose, it is essential that the Committee obtains a more autonomous position in the system. Such political independence is essential for the maintenance of political balance and for the accommodation of ethnic fragmentation. In order to achieve this, it is required to advance further the current constitutional position of the Committee (guaranteed through Amendment XII), as well as amend the existing legal provisions (The Law on the Committee on Ethnic Relations), in order to provide for legal guarantees of the Committee's independence and functionality.*

**Keywords:** Democratic consolidation, ethnically fragmented states, legal mechanisms, institutions, maintain, balance, Macedonia, political organization



## Education is the Key to a Better Future

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### Abstract

*Education is a right of every child of every community and every country which they should practice and benefit for a better future.. Education is the key element in helping men and women developing their full potentials to a successful future. Learning opens doors of opportunity that are only available to those who seek it out and put their hearts and souls into it. Through education and becoming exposed to added knowledge and experiences, people can find themselves what they are best suited for or interested in doing for the rest of their lives. Success definition differs for every person and education plays a crucial role in both creating a personal definition of success and eventually making it reality. It is an important tool for beating poverty and one of the greatest investments human kind can make to achieve global prosperity. Education transforms countries and societies; it is a grown fact that an extra year of quality schooling lifts a country's annual economic growth. Educated children are more family oriented and achieve better employment opportunities and results during adulthood. It is not enough just making the decision of taking advantage of all education opportunities, it takes effort to seek out those opportunities that could potentially help to further develop talents and abilities that may be already in which one of us. Education is not limited to school buildings and institutions. Even if a great deal of learning can come from teachers, professors, books, and classrooms, these are not the only avenues of education and should not be seen that way. Any way or manner a person can benefit to educate themselves or learn more about the world around represents a better opportunity and chance that would help carry up the career ladder. It is handy into the realms of success by improving and expanding the quality and quantity of connection circles and how fast one can think and solve problems as well as generate new ideas. Those who can work independently and can be counted on in the toughest and most trying situations. This category will be most sought out by the professional world, without mattering whether it was: carpentry, engineering, teaching, medicine, etc. In order to get a good education it is not enough getting by and passing classes in school it should be put a great deal of effort into and make the most of it. People should, must be willing to learn new ideas, try new concepts, and experiment with what we are unfamiliar. When the empower of thyself is pursued to fully live up thy definition of success then the contribution to the world around each one of us is achieved through full potential.*

**Keywords:** Education, Right, Freedom, Potential, Future

