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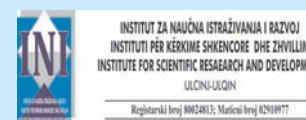
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Shpresa Tolaj-Gjonbalaj

Translation and Pragmatics: Breaking a Maxim Brings Misunderstanding or Entailment?

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Abstract

Pragmatics is considered to be the study of markings and the system of signs in relation to their users while semantics is the study of markings with the markings, and the syntax is the study of signs or expressions in relation to each other. All three of these areas are subdivisions of semiology, a field that deals with the study of markings and marking systems.

Pragmatics has the closest links to semantics. It would be perfectly correct to say that semantics studies the meaning of words, while pragmatics studies the meaning of the sayings. However, in the above statement we must bear in mind a very important aspect, especially in the translation field, that is *the context*. If we refer to semantics, this field makes the link between the signified and the signifier (based on this and in Jacobson's theory), which means that for any given word or word there is a referent who is extraneous. So, the semantic link passes from the signified to the signifier regardless of the context. While pragmatics is the study of what is communicated more than it has been said. (Yule, pg.3) The statement, which is the study of pragmatism, cannot be fully understood without taking into account the current context in which this statement is integrated.

Considering the studies that have been made in the field of pragmatics, as one of the newest areas of linguistics compared with syntax or semantics, there are many aspects of that can be considered. In spite of this fact, this study will focus on examining the maxims in translated versions, their types, and in the event that the maxim is broken, what happens? Do we have a misunderstanding or an entailment?

Key words: translation, pragmatics, semantics, maxims, misunderstanding, entailment.

I.1 Introduction

Compared to other branches of linguistics, pragmatics is among its most recent branches. There are still doubts as to whether pragmatism is a branch of linguistics and if there really is such a branch called "pragmatic".

However, despite these contradictions, pragmatism was an important factor in language studies of the 1970s. From this period onwards, pragmatics developed and occupied an important place in linguistics and became an important field of research, thus shifting from pragmatics as a complementary superficial sound that lies in the boundaries between philosophy and linguistics, in the pragmatics of the day which plays an essential role in the field of language communication in the social and cultural context.

Initially, the pragmatic term was used by Ch. Morris in 1938, who in his studies distinguished: syntax, semantics and pragmatics. The point of orientation for pragmatics is the user's viewpoint. According to Morris, pragmatism would be for all human beings in the communication process, namely: psychological, biological and sociological. This was a very broad definition of pragmatics. (Lloshi, pg. 292)

Carnap called it the study that requires reference to language users. Whereas, according to Levinson pragmatics is the study of those relationships between language and context which are found in the structure of a language. (Levinson, pg. 13)

An important contribution to the field of pragmatism is given by John L. Austin who after many years of study, his researches and theories were published after his death in 1962 in the book titled *How to do things with words*. Then in 1969, in Cambridge, came the book of John R. Searle *Speech Acts, An Essay in the Philosophy of Language*, a book which made popular the term *speech act*.

Another linguist who played a role in increasing the interest in the new field of linguistics was Chomsky, an American linguist who was part of the generativists, based on the concept of generative transformative grammar. According to Chomsky, the language could be described at the syntax level regardless of the meaning, as is the case with algebraic formulas, where the value in figures of symbols does not matter. (Lloshi, pg. 289)

But in the 1970s, language analysis could not be based solely on the syntax level because some syntactic rules can only be explained by reference to extracurricular factors. Therefore, the linguists had to turn to these external factors, and so the need to take into account the context, that is pragmatics, also arises.

I.2 Differences between pragmatics, semantics and syntax

There are several differences when we consider these three major branches but what is necessary to be highlighted here is the fact that pragmatics is the study of what is communicated more than it has been said. The statement which is the study of pragmatism cannot be fully understood without taking into account the current context in which this statement is integrated. In other words, semantics deals with meaning out of context, pragmatics with meaning in context. (Yule, pg. 18)

The advantage of studying the language by pragmatism lies in the fact that pragmatics is the only field that can speak about the implications of the statement, its assumptions, its purpose or what kind of action they are expressing when people speak (e. g, prayer, desire, etc.). That being said, it is very difficult, sometimes impossible, to understand what was communicated in a conversation between two or more people in case they are not treated and the pragmatic side of the language is not analyzed. It is possible to understand what he was saying because he knows the code of conversation but fails to understand what was communicated, what was the message. This is only possible if the context is taken into account. For example, in a conversation between friends, two speakers say:

First Speaker: Fourth or fifth?

Second Speaker: As far as I know, fifth.

In this case, you succeed in understanding what has been said because it shares the same two-speaker code but you fail to understand the message of what is being communicated. However, if you are given the context, the two speakers are students, and are checking the schedule to see which hour is the subject of the Albanian language, then you can understand the conversation message. (Lloshi, pg. 295)

This is to say that words, signs or sayings cannot transmit their full message simply by linking them to their meanings for which syntax helps, or by linking the signifier

to the signified for which semantics helps, but there is a need for the actual context for which pragmatics helps.

II Acts of speech and maxims

II.1 Acts of speech and their categories

Any man's behavior comes to us as a set of actions with a purpose, namely actions that respond to the care of achieving certain goals. (Baylon, pg. 89) Telling something means doing something, or saying something, we're doing something, says Austin in his book *How to do things with words*. (Austin, pg. 18) These actions performed through sayings are called acts of speech or acts of communication and language acts.

The first attempts to determine how many acts of speech have been made by Austin, but the results were of a large number, between 1000 and 9999. It was Searle who upgraded this classification when he shared the acts of speech in five categories:

1. Declaring: These are types of speech acts that change the world through their sayings. The speaker of these acts should have a certain institutional role, in a particular context, in order to perform such an act. Here are the baptisms, layoffs, etc.
2. Submitters: are those types of speech acts that are subject to the criterion of truth. They are the affirmative and express what the speaker believes to be or is not true. Include expressions of facts, thoughts, descriptions, conclusions, etc.
3. Expressions: are those kinds of speech acts that express the inner state of the speaker. They express psychological conditions that can be statements that express pleasure, bitterness, joy, liking, etc.
4. Leading: These are the kind of speech acts by which the speaker wants to make the listener perform something and guide him/her toward his/her purpose. Include orders, requests, suggestions, prayers, etc. and may be positive or negative.
5. Commitment: These are the kinds of speech acts by which the speaker vows for something, expressing a goal. They express a next move that will be done by the speaker. They include threats, promises, refusals, etc. (Lloshi, pg. 326)

II.2 The maxims and their division

Grice suggests that communication is based on a common co-operation principle that says, "Give your conversational input for what to look for at the stage at which it is taking place, by means of an acceptable purpose or direction of conversation on it which you are involved". (Grice, pg. 49)

This principle was further expanded and divided into four maxims:

1. Maxim Quality: try for your contribution to be true
 - Do not say something you think is false
 - Don't say something for which you do not have the right information
2. Maxim of quantity: give your contribution as informative as is required for the current purpose of the exchange
 - Don't give your informed contribution more than required
3. Maximum of accuracy: be careful to say what is the case about
4. Maxim of manner: speak clearly
 - Don't express yourself in a vague way
 - Avoid ambiguity
 - Speak in short

- Express yourself logically

II.3 Implication in the pragmatic plane (*implicatures*)

Implication in the pragmatic plane or colloquial conjunction allows to interpret what is said, although it does not fully express it with language means. This means that in order to understand what the other wants to say is considered to be the context. The more we know about this context, the more correct we interpret the communication, the faster we get the message, and the better we react to this message.

Entailments or implications are found in any kind of situation and are interpreted by recipients in different ways, based on their knowledge of the context that updates these situations. However, we must admit that there are aspects of the statements that make us draw regular principles from where these clusters arise. For example, we see that a statement is not just a question, but an invitation or a request, and therefore your reaction will not be based on the relevant particles that belong to the answer to a statement that simply expresses a request but with an expression that will let the recipient imply that you accepted the invitation:

Speaker A - Will you come out with us?

Speaker B - Sure. With pleasure. I was bored at home.

The notion of implicit or colloquial conjunction has been the most important contribution of Grice to the development of pragmatics. Grice has described some of the key features of *implicatures*. They can be deleted, broken or enough to add other data to the statement. It happens that the statement makes it clear that there is no entailment, the speaker's message is clear. He had nothing else to say except to transmit that direct message. As well as that language expression, in the same sense, can bring different *implicatures* in different occasions of use.

Grice calls for two main types of interconnections: 1. Conversational *implicatures* that are divided into a) general conversational entailments and b) special conversations, and 2. conventional *implicatures*

1. In conversational entailments, the first thing to think about this conversation is that participants are following the principle of cooperation and maxims.

a) In general conversational entailments, there is no need for a contextual statement of the statement to come to the hypothesis.

b) Nevertheless, most of our conversations take place in very specific contexts and in this case we are talking about some special conversations. Taking the context into account is necessary in order to make sense of the implications of the recipient.

2. Unlike all colloquial conversations, conventional entailments are not based on the principle of cooperation or maxims. They do not need to appear in conversations and do not depend on specific contexts that can be interpreted. These conjunctions are accompanied by specific words that make their interpretation possible. Such specific words can be mentioned: but, more, etc.

II.4 Breaking of the maximum brings misunderstanding or entailment?

In general, we tend to think that people will communicate the right amount of information. We think they are telling the truth and trying to be as clear as possible. This is because these principles are normal in a conversation. However, there are times when the speaker tries to communicate something more, something more than words can say. In these cases we have what is called entailments.

It is worth pointing out that conversations are displayed whenever some of the maxims are broken. The question is: breaking the maximum is a deliberate thing

that implies a misunderstanding, or breaking the maximum is not a deliberate thing that leads to entailments?

It is difficult to draw a clear distinction to this question, since there are times when the maxims are solved by being broken by the speaker so that he / she transmits a message beyond the words, and in this case it can be said without fear that we are dealing with entailments (*implicatures*). However, it may happen that the abolition of these maxims may occur unconsciously, and in this case a misunderstanding occurs. For example, in a park a woman is sitting on a bench. Somewhere in front of her is a dog, lying on the ground. Meanwhile a man comes to the park and sits on the bench next to the woman.

Man: Does your dog bite?

Woman: No.

(The man is stretching out his hand to pat the dog when the dog bites him)

Man: Ouch!! Hey, you said your dog did not bite.

Woman: True! But this is not my dog. (Austin, pg. 89)

One of the problems of this case is communication. It seems that this is a problem with the man's assumption as he thinks he communicated more than he was told. It is not a problem with the presupposition because the guessing about the expression "your dog" (meaning that the woman has a dog) is true for both speakers. The problem lies in whether the man's question "Does your dog bite" and the woman's answer "no" are they both related to the dog that is in front of them? From the man's point of view, the woman's response gave more information than expected (breaking the maximum amount). In other words, it was expected to give the last response from the beginning. Of course if she had given this information from the beginning, the event would not make her laugh at the man. To make the situation funny, the woman chose to give less information.

Conclusions

Sometimes it happens that through our sayings we want to express as much as the words say. In most cases, through our sayings, we want to translate something beyond words to our interlocutor. To make this possible, speech acts help which categorize the purpose of our statement to a deeper level that is not only in the level of syntax in words (syntax) or the level of signifiers and the signified (semantics) but at the level of consideration of the context that finalizes our statement.

Through these speech acts we express something beyond what we say. It is from them that we get the clues or implications on the pragmatic plane. These entailments come as the result of breaking some of the maxims (quality, quantity, accuracy, and manner). But breaking them can be deliberately or unconsciously.

This is in most cases up to the hands of the speaker. In case the speaker deliberately wants to reach something out of his saying then he chooses to break the maxim and use the implication or entailment. However, it is not possible to exclude the possibility that the speaker in a given situation may break the maxim unconsciously, and this will necessarily bring about a misunderstanding.

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SMEs capital structure approaches –a neural network analysis from Albanian construction sector

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Abstract

The small and medium enterprises (SMEs) operating in Albanian construction sector are conscious that while trying to manage liquidity issues basically with the help of external funds in order to promote growth should also maintain a certain 'trade-off' concerning capital structure leverage effect. Accordingly, SMEs dynamism and sectoral pertinence is attempt to be explored in a context of business survival and growth by arguing that only in these terms they may be transformed into future large corporations.

Empirically it's widely accepted that SMEs have different optimal capital structures related to limited debt instruments offered by various sources at different stages of their organizational lives. But however, pecking order theory arguments prevails in Albanian market especially in construction sector concerning financing needs almost referring to a sound risk management context.

Therefore, this research intends to capture SMEs behavioral impact on their long-run funding structure in construction sector through the examination of structured qualitative (5 features) and quantitative (16/liquidity, 12/operational efficiency, 6/risk analysis and 7/growth analysis area) data.

For this purpose the forecasting process of long-term leverage (LT-LEV), long term debt/equity ratio (LTDER) and long term debts (LTD) at 95% confidence level over a sample of 33 SMEs operating in construction sector is developed with the aid of a radial basis function on the 2015-2016 period database. In this regard, the main predictors reveal: average collection period, payable accounts turnover ratio, average payment period, working capital, cash ratio (internal liquidity area), net profit margin, return on equity, assets tangibility (operational efficiency), total leverage ratio (risk analysis), return on assets (growth analysis), equity, ownership gender, borrowers' status, collateral value, business size, equity origin and firm age (behavioral features).

The study concludes that the algorithms deployed known as 'supervised networks' reserve the opportunity to compare the known values against the targeted variables as the behavioral and financial input data constitute the result of SMEs decision making process.

By this way, it can be provided also a reliable output for managers concerning the potential stimulation of paths development concerning SMEs future.

I. Introduction

A fragile economy like the Albanian one has strongly entrusted its development on the SMEs catalyst growth system considering that over 80 % of the proactive labor force is concentrated among them compared to the EU average of around 67 % by providing about 68 % of the country's total value added meanwhile the EU average is around 58 % referring to Todri and Scalera (2016). Together "high-growth", "start-ups", 'life-style' businesses and "social enterprises" account for over 99.9 per cent of the total number of Albanian firms and generate 67.7% of total turnover by also positively affecting country's budget revenues as per Small Business Act for Europe

Report 2015).

Under this light, is deductive that SMEs must be conscious that while trying to manage liquidity issues with the help of external funds in order to promote growth they should maintain a certain 'trade-off' concerning capital structure leverage effect. By this way, even it's widely accepted that SMEs have different optimal capital structures and limited debt instruments offered by various sources at different stages of their organizational lives, it must be admitted that pecking order theory prevails concerning their financing needs almost referring to a sound risk management context.

Referring to the circumstances, results interesting to testify that which specific attributes (business size, firm age, collateral value, fixed assets, etc) impact the funding structure of firm's operations in construction sector when the latter produces above 10% of Albania's GDP while opting for the higher profitability rate in comparison with other sectors.

Correspondingly, in following is elaborated SME long-term debt structure framework research aiming to capture business behaviors predictive elements.

Thus, firstly a consistent theoretical prospect was explored related to SMEs capital structure choices as well as capital structure determinants.

Then, a complex estimation method was deployed aiming to contemporaneously forecast long-term leverage (LT-LEV), long term debt/equity ratio (LTDER) and long term debts (LTD) at 95% confidence level over a sample of 33 SMEs operating in construction sector while using 2015-2016 period database.

Afterwards, reliable outputs are provided to managers and business owners regarding effective capital structure approaches considering the latter as a relevant clue for practical and academic research.

II. Theoretical evidences on capital structure choices and determinants

Logically stating, firms finance their assets through equity, debt or more frequently, a combination of both. The first option represents the amount invested by owners while constituting a long term financing source since it does not obligate to an effective and immediate repayment. Intuitively, a certain return is expected by the owners for the sustained risk, which vary from firm's profitability whilst the vice-versa leads to a situation of bankruptcy. Debts instead require a strict payment of interest and principals at maturity date to the firms' creditors. Esperança and Matias (2005) express that debt issuance is correlated to an increasing risk which should be covered from equity return. Throughout debt can be subdivided in short and long-term according to its maturity. Rationally the first types of debts are more relevant when companies need working capital for small equipment purchases, while long-term instruments are more important as per new investments. And finally the strategy used from the company to combine them both represents its capital structure. Mota et al. (2006) underlined that restricted to several factors, such as: industry, tax policies, type of asset, costs of financial distress, uncertainty about the future, company's life cycle and borrowing decisions the firms' capital structure varies. Especially referring to Borges et al. (2007) and Esperança and Matias (2005) the main indicators related to capital structure choices revealed to be: equity-debt-solvability ratios. It was argued that they determine the level of equity and debt while companies finance their assets

independently from respective nature and function, as well as express the ability to pay corresponding debts. Due to the above mentioned reasons the argument is further elaborated by paying particular interest over capital structure determinants nature evidences even in different theoretical contexts as deemed necessary to better understand the strategy implemented from SMEs accordingly.

In this aspect, various empirical studies have been conducted (e.g. DeAngelo, & Masulis (1980), Jensen (1986), Stulz, (1990), Rajan & Zingales (1995), Ozkan (2001), Myers (2003), Esperança et al. (2003),Vieira and Novo (2010), Cabaço (2010)) to analyze which factors affect the capital structure of companies and the factors most quoted are: asset structure, non-debt tax shield (NDTS), size, profitability, growth, liquidity, cash flow and industry.

Moreover Scott (1977), Titman and Wessels (1988) deal with the segregation of the economic resources owned by a company in tangible or intangible, thus, is proposed that firms with tangible assets that can be used as collateral in the case of default and with respective debt obligations are expected to issue more debt including here lending and other debt instrument issuance. In the same argumentation line remained even other authors (e.g. Harris & Raviv (1990)) by stating that firms with more tangible assets have higher liquidation rate and consequently have more possibility to issue debts. The assets-debt issuance mechanism was later analyzed while treating assets as the collateral for debt issuance, so, the lending counter-parties undertake a minor risk (Vieira & Novo (2010)). According to the latter, Michaelas et al. (1999) and Hall et al.(2000) ascertained that tangible assets have a positive correlation with long-term debts (LTD). Comparatively, short-term debts (STD) are disputed about the relationship of tangible asset with debt ratio because some researchers suggest a positive relation such as: Michaelas et al. (1999); Esperança et al. (2003), while others a negative one such as Hall et al. (2000) and Vieira & Novo (2010).

Meanwhile it can be mentioned that tax deductibility of interest payments may be the main benefit of debt, however, the determination of the optimal level of debt is influenced by the existence of other NDTS such as depreciation, provisions, allowances for doubtful accounts and others on behalf of DeAngelo, & Masulis (1980) results.

The literature also proposes a negative relationship between NDTS and LTD, as well as lack of statistical evidence concerning STD (e.g. Michaelas et al., (1999), Esperança et al. (2003) and Mira and Garcia (2003)).

Despite this, a vast literature is contradictive by suggesting a positive correlation between NDTS and LTD and a negative relation between NDTS and STD while arguing that the firm size is another feature that may influence the capital structure (e.g Vieira & Novo (2010)). In addition referring to Titman & Wessels (1988) study is concluded that the firm size is positively related to debt. Throughout the extensive research work developed over this topic from Michaelas et al. (1999); Hall et al.(2000), Esperança et al. (2003); Vieira and Novo (2010) agreed that SMEs are expected to show a positive relationship between size and LTD, but a negative one with STD. Furthermore Warner (1977) research demonstrated that the transactions cost of financing externally is lower in large firms which makes the debt access, harder for the small ones.

Accordingly Warner (1977) and Marsh (1982) researches followed the argumentation that a diversified strategy enables large firms to stable earnings by reducing the risk

of bankruptcy and contemporaneously contributing to meet their debt obligations on time. Meanwhile Gallo & Vilaseca (1996) study evidenced that SMEs are averse to risk because they are less leveraged and prefer to use more self-financing.

In respect to profitability instead as predicted from Ross (1977), it's directly related to the pecking order theory which pursues a hierarchical order on behalf of firms' financing decision: first internally with generated funds, then externally by issuing debt, and only as a last resort the new equity issuance. As it can be understood, the previous result contradicts the Modigliani & Miller (1958) prediction, since the firms' don't take advantage of the debt tax shields benefits as they prefer to be internally financed almost referring to funding cost as per Fama & French (1988) results.

From the other side, growth is an indicator widely used from the investors, creditors and shareholders to measure the growth of an investment or project, leading to a profit derived mainly from sales/asset/earnings before interest and taxes increase. Recognizing this attribute, should be admitted that prior studies are controversial and there is no consensus in the relationship between growth and debt ratios. For example Duryee (1994) study implied that it is positive as a high growth firm rate can transmit a positive signal to the creditors and they obviously will operate in favorable terms of credit

Due to this, other studies such as the one of Jensen (1986) and Stulz (1990) state that the problem of overinvestment and the recognition of companies' growth by the creditors, granting credit easier are the causes of a positive relationship between growth and debt showed by prior empirical studies. In controversy, Hovakimian et al. (2001) assume that growth is negatively related to debt, as companies like to finance growth through retained profits over debt in conformity with underinvestment reason of two other studies conducted from Rajan & Zingales (1995) and Fama & French (2002).

On a deeper interest, empirically driven Frank and Goyal (2009) study described as the most firm-specific factors affecting the firms' capital structure are: firm size, profitability, tangibility, growth and volatility while considering among others that industrial characteristics influence their capital structure. Other authors (e.g Bradley & Kim (1984) previously highlighted also that firms relative leverage rankings are retained over time. Within the same logic, Titman & Wessels (1988) revealed that leverage increased with non-debt tax shields, fixed assets, size of the firm, and growth opportunities, and decreased with profitability, research and development expenditures, advertising expenditures, uniqueness of the product and volatility.

Under this light, results interesting the exploitation of above mentioned phenomena under albanian context, especially in construction sector where the major funding sources are external debts.

III. Research methodological approach

This research intends to explore SMEs behavioral impact on their long-run leverage structure in construction sector through the examination of structured qualitative (referring to Administrator Gender, Business Ownership, Equity Origin, Ownership Gender and Borrowers' Status) and quantitative (e.g : 16/liquidity, 12/operational efficiency, 6/risk analysis and 7/growth analysis area) data. For this purpose the forecasting process of long-term leverage (LT-LEV), long term debt/equity ratio

(LTDER) and long term debts (LTD) at 95% confidence level over a sample of 33 SMEs operating in construction sector is developed with the aid of a radial basis function on the 2015-2016 period database referring to the following research hypothesis validation:

III.a. Research hypothesis: Construction sector SMEs' LT-LEV, LTDER and LTD ratios are predicted from radial basis function at 95% confidence level.

III.b. Research results

The forecasting process of LT-LEV, LTDER and LTD in construction sector was ensured (Table 2) with the aid of radial basis function and has generated two hidden layers (see Table 1) to which the predictors such as ACP, PATR, APP, NPM, ROA, ROE, TAN, EQ, Ownership gender, Borrowers' status, CV, Total LEV, Business size and Equity origin, Firm age, WC and CR result to be correlated (refer to Table 3). It must be highlighted also that in this sector only the first layer results to be closely correlated to each of three predicted variables (Table 41/Appendix B).

Input Layer	Factors	1	ILR-6 ACP
		2	ILR-9 PATR
		3	ILR-10 APP
		4	OE-5 NPM
		5	OE-7 ROE
		6	GA-1 ROA
		7	OE-8 TAN
		8	EQ
		9	RA-4 LEV
		10	BoS
		11	Ownership Gender
		12	Equity Origin
		13	Borrowers Status
		14	CV
Hidden Layer	Covariates	1	OE-10 FATA
		2	Owners No
		3	Firm Age
		4	Business Administration
		5	INV
		6	ILR-2 WC
		7	ILR-4 CR
		8	OE-2 FATR
			119
			Standardized
			2a
			Softmax
			Identity
			Sum of Squares
Output Layer	Dependent Variables	1	RA-5 TL-LEV
		2	RA-1 LTDER
		3	LTD
			3
			Standardized
			Identity
			Sum of Squares
			3
			Standardized
			Identity
			Sum of Squares
			3
			Standardized
			Identity
			Sum of Squares

a. Determined by the Bayesian Information Criterion: The "best" number of hidden units is the one that yields the smallest BIC in the training data.

Table 1. Radial basis function architecture in construction sector

Source: Primary data collection, Authors' SPSS elaboration.

Training	Sum of Squares Error	125.77
	Average Overall Relative Error	.838
	Relative Error for Scale Dependents	.908
	RA-5 TL-LEV	.847
	RA-1 LTDER	.760
	LTD	580.922a
	Bayesian Information Criterion (BIC)	00:00:00.012
	Training Time	

a. The number of hidden units is determined by the Bayesian Information Criterion: The "best" number of hidden units is the one that yields the smallest BIC in the training data.

Table 2. Radial basis function model summary in construction sector

Source: Primary data collection, Authors' SPSS elaboration.

	Importance	Normalized Importance
ILR-6 ACP	.013	10.2%
ILR-9 PATR	.038	29.9%
ILR-10 APP	.031	24.6%
OE-5 NPM	.020	15.6%
OE-7 ROE	.013	10.1%
GA-1 ROA	.020	15.6%
OE-8 TAN	.013	10.2%
EQ	.013	10.2%
RA-4 LEV	.013	10.2%
BoS	.013	10.2%
Ownership Gender	.033	25.6%
Equity Origin	.038	29.9%
Borrowers Status	.036	28.3%
CV	.013	10.2%
OE-10 FATA	.128	100.0%
Owners No	.117	91.1%
Firm Age	.041	31.7%
Business Administration	.086	66.8%
INV	.124	96.9%
ILR-2 WC	.048	37.5%
ILR-4 CR	.026	20.2%
OE-2 FATR	.122	95.4%

Table 3. Radial basis function independent variable importance results

Source: Primary data collection, Authors' SPSS elaboration.

IV. Discussion

The validity of SMEs long-term debt structure (LT-LEV, LTDR, LTD) prediction through the implementation of radial basis function which acts on behalf of two hidden layers reveals as determinant: ACP, PATR, APP, NPM, ROA, ROE, TAN Ownership gender, Borrowers' status, Total LEV, Business size, Equity origin and WC (denominated as factors) and EQ, CV, Firm age and CR (used as covariates).

More precisely must be underlined that return on equity (ROE), collateral value (CV) and business size, net profit margin (NPM), payable account turnover ratio (PATR), and firm age and have a direct impact on SMEs long-term debt structure. Meaning that well managed businesses pose their strength to long-term capital structures, and this fits well with construction sectors' need in domestic market.

From the other hand a reduce effect on SMEs long-term leverage structure is observed from average collection period (ACP), assets tangibility (TAN), cash ratio (CR), Equity origin (EQ) as well as ownership gender. Leading to the understanding that businesses not very liquid should support their necessities with short-term debt structures. A special attention here goes to equity origin factor, by arguing that mainly depending on equity origin businesses may opt for short-term debt structures.

As well as it can be evidenced a fluctuating effect of return on assets (ROA), average payment period (APP), total leverage ratio (LEV), working capital (WC) and borrowers' status on the examined question.

By this way, it can be deductive that an optimization of certain variables is necessary because only throughout their effect on SMEs long-term debt structure may be clear. And precisely this will help in the understanding of SMEs behavioral impact by also paving the way to other studies in the field.

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Il Thema decidendum in the incidental constitutional control. Comparative overview

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Abstract

It is called incidental constitutional control because the question of the legality of the law arises during an ordinary judicial process as a procedural incident leading to the adjournment of the trial and sending the law to the Constitutional Court to review its constitutionality. It is a backward and concrete control. The constitutionality of the laws in the incidental control must occur during the trial and quo and before a jurisdictional authority. The protection of subjective rights on the one hand and the interest in eliminating unconstitutional laws on the other hand, must be mediated by a process. The judicial origin of incidental constitutional control lies in the mediation of the judge between the political sphere and the subjective rights of the individual that are envisaged and guaranteed by the Constitution. We have jurisdictions when the law, the right at the political, and the iura, the subjective rights at the individual point of view meet. Judgment is the place where the State meets as authority and the state as a community, before a subject, the judge, standing on the sides. In this conference will point out the analogy and differences of Thema Decidendum in the incidental constitutional judgment under Italian legislation and Albanian legislation.

Keywords: *Il thema decidendum*, Constitutional Court, Incidental constitutional control, Ordinances, Decision.

Introduction

With reference to the issue of constitutional legitimacy, the judge or a quo court, through the decision, must be identified *il thema decidendum*. *Il thema decidendum* constitutes the boundary within which the decision of the Constitutional Court should act as a result of the principle of *di corrispondenza tra chiesto e pronunciato*¹. It should be added that this limit cannot be changed by the Constitutional Court *ex officio* nor by the request of the parties. The inability to extend *thema decidendum* is expressed and consolidated by the jurisprudence of the Constitutional Court over the years².

1. *Il thema decidendum* under the incidental constitutional control according to the Italian legislation.

Ordinances through which the constitutional issue is raised definitely define the boundaries of the issue itself³. Determining the boundaries is made by indicating the provisions of the law or the normative act with the power of the law of the State

¹ Article 27, Law 11 March 1953, no. 87, Norme sulla costituzione e sul funzionamento della Corte costituzionale .

² Decisions no. 80/1987; 496/1991; 165/1996; 464/1999, the Constitutional Court of the Republic of Italy.

³ Decisions no. 122/1976; 239/1984, Constitutional Court of the Republic of Italy.

or of the Regions⁴ and the constitutional provisions or constitutional laws that are deemed to have been violated⁵. These indications are exactly what Article 23 calls the terms of the case: the norms of ordinary laws, which are the subject matter and the constitutional norms, which are the profile of the issue of constitutionality.

The object and the profiles are the conditions of the case. However, there should be no apprehension of *thema decidendum* with reasoning because there are two different things. Orders that refer to the issue of constitutionality to the Constitutional Court should specify the reasons and this specification relates to the groundwork of the case⁶. *Ilma decidendum* is not defined except for the conditions of the case resulting from the account of the provisions object of the control and the narrative of the provisions that constitute the parameter and not of the reasons⁷. The Constitutional Court may, in the provisions referred to by the judge *a quo*, argue as it may seem fairly because its judgment is complete and is not reduced to a control over the reasoning used by the court to quell the case. It is not a matter of control over a judgment made by others but with a judgment in itself⁸.

Moreover, since the Constitution is interpreted as a whole and not in separate parts, *the Court may, in its judgment, refer to the constitutional norms that are contradictory to those mentioned by the judge when they serve to argue their inconsistency and not to modify, extending the conditions of the case to declare unconstitutionality*⁹. *Thema decidendum* should be defined and together with this elements of the case should be clearly described. The definition is not the determination of the boundaries of the case that is carried out by specifying the norms of the law and the Constitution, but the clarification of the content of the lawful judge intends to derive from the provisions of the law that has appealed. In this regard, the Constitutional Court has provided that:

- there can be no mere interpreting suspicions or suspicions that the judge can resolve through interpretation;¹⁰
- there cannot be proposed many interpretations of the same provision and ask for this decision of the Judgment, because in this case the decision would be made on a hypothetical object;
- there are no issues that suggest alternative interpretations.¹¹

What seems not to be expected of *a quo*¹² judge is that it is a question of solving the problem of constitutionality, given that the possibilities are more than two: unconstitutionality and unconstitutionality. Even though the Court speaks for *petitum*¹³, it is not required that the subject matter of the trial should contain a narrower meaning of the word about the decision that was required. There are many decisions by which the Constitutional Court has declared on the inadmissibility of the issue of not specifying the settlement of the problem of constitutionality, but the doctrine, one between them and Gustavo Zagrebelsky, argues that the issue

⁴ It is believed to be in contravention of the Constitution, the law that has the highest power in the charter and resources of the law under the legal system in Italy.

⁵ The first paragraph, Article 23, of the Law of 11 March 1953, no. 87, Norme sulla costituzione e sul funzionamento della Corte.

⁶ Cerri A., Corso di giustizia costituzionale plurale, Giuffrè, Milano, 2017, p: 202-203.

⁷ The existence of a minimal justification, as we have seen, is a condition of the admissibility of the matter by the Constitutional Court.

⁸ Zagrebelsky G, Marceno V., Giustizia cistituzionale, Il mulino, Bologna, 2012, p.297-298.

⁹ Decision no.102 / 2008, Constitutional Court of the Republic of Italy.

¹⁰ Decision No. 356/1996, Constitutional Court of the Republic of Italy.

¹¹ Decision No.328 / 2012, Constitutional Court of the Republic of Italy.

¹² But the Constitutional Court has sometimes claimed, for example, in Decision no. 377/1985.

¹³ Decision no. 170/2010, Constitutional Court of the Republic of Italy.

of non-interethnicity consists in the provision of suspicion and is the duty of the Constitutional Court find a way to resolve this doubt¹⁴. The rule should be this: the judge *a quo* should quantify the proposed stay while the Constitutional Court by decision must resolve this suspicion.

1.1 Unconstitutionality as a consequence

As stated at the beginning of the foregoing paragraph, the constitutional adjudication object, *il thema decidendum*, is defined by the proposal of the constitutionality issue to the Constitutional Court with the referral ordinance. Based on this, the principle of correspondence *tra chiesto e pronunciato*. Article 27 of Law No.77 / 1953 also provides that the Constitutional Court also states which other legislative provisions where their validity derives from the decision taken. Here we are dealing with constitutional lawlessness for conduct which is exceptionally allowed to exceed the boundaries of the case as proposed by the judge *a quo*.¹⁵

It is difficult to specify the characteristics of the consequence. According to the narrow interpretation of the text of the law, it may be argued that the Court may extend the declaration of anti-enforceability to those norms that become unlawful due to an unconstitutional decision in relation to other norms¹⁶. It would be restrictive to limit the meaning of Article 27 only to this case. The Constitutional Court has actually used this power by interpreting it freely, stating the subsequent lawlessness in the presence of the normative systems that have been challenged by the judge *a quo* only in part: systems that are dropping a part fall as a whole.

This unconstitutionality derives either from the circumstance that after the elimination of a normative element the rest of the remaining system is destined to be reunited¹⁷ again unconstitutionally; or by eliminating a part of the law, and the rest is silly when it comes to inseparable provisions¹⁸; or when we are dealing with uniquely related provisions¹⁹ and closely related to those that have been canceled²⁰. *The declaration of unconstitutionality therefore serves to give a full meaning to the Court's decision with regard to its object.*²¹

2. Il Thema decidendum under the incidental constitutional control according to the Albanian legislation

With reference to the issue of constitutionality, the judge or the court *a quo* through the decision must identify *thema decidendum*. The decision, as mentioned above, serves as a limit within which the decision of the Constitutional Court must act as a result of the principle of similarity between what is sought by the ordinary court

¹⁴ Zagrebelsky G, Marceno V., Giustizia costituzionale, Il mulino, Bologna, 2012, p.298-300.

¹⁵ Chieppa R, A proposito di illegittimità cosquenziale e potere d'ufficio della Corte, ne Giurisprudenza della Corte costituzionale, 2009, pg. 1494-1503.

¹⁶ Zagrebelsky G, Marceno V, op quote, p.300-301.

¹⁷ This reunion comes by analogy, the impact of general principles, or that there are repeating provisions that have the same content. Decisions n.181 and 338 of 2011, Constitutional Court of the Republic of Italy.

¹⁸ Cerri A, Inapplicabilità e invalidità conseguenziale, ne, Giurisprudenza Costituzionale, 1967, p.216-220; R. Chieppa, A proposito di illegittimità cosquenziale e potere d'ufficio della Corte, ne Giurisprudenza della Corte costituzionale, 2009, p.1504-1508.

¹⁹ Decision no.126 / 1985, Constitutional Court of the Republic of Italy.

²⁰ Decision No. 214/1987, Constitutional Court of the Republic of Italy.

²¹ Zagrebelsky G, Marceno V., op quote, p.302.

and the one around which the Constitutional Court is obliged to express. It should be noted that the *thema decidendum*, as defined in the court's decision or the judge's *a quo* raising the issue of the constitutionality of the law, can not usually change from the Constitutional Court ex-officio and at the request of the parties. The decision through which the issue of constitutionality is raised definitively defines the limits of the case itself. The determination of the boundaries of the case is made by indicating the provision of the law, which is directly and indispensably connected with the resolution of the dispute before a judge or a court *a quo*, and concrete norms or constitutional principles that are considered to have been violated.

We should not confuse *il thema decidendum* with reasoning because there are two different things. The decision that raises the issue of constitutionality in the Constitutional Court should specify the reasons and this specification relates to the groundwork of the case. Thus, the *thema decidendum* is not excluded except for the definition of legal provisions, subject to incidental control, and the constitutional provisions that make up the judgment parameter. *Il thema decidendum* is foreseen in the second paragraph of Article 68 of the Law on Organization and Functioning of the Constitutional Court, which stipulates that: *in its decision the court or judge must determine the provisions of the law they deem are incompatible with the concrete norms or principles other provisions of the Constitution, which the law has not respected or violated...* Thus, the court or the judge should focus on two aspects: firstly, they should determine, in their assessment, exactly the provision or part of it that is deemed to be in conflict with the Constitution and second, the most important task for the court or judge is accurately setting out the provisions or constitutional principles allegedly infringed or affected by this legal provision. If it is precisely defined *thema decidendum*, the claiming entity²² has the premise that the claim is accepted, otherwise, if *thema decidendum* is defined in general terms, the possibilities for the receipt of the application are greatly reduced.

The question arises, the Constitutional Court may exceed the scope of the Referral, the *thema decidendum*, as defined in the decision to refer the matter of constitutionality by the court or the judge *a quo*? So, can the Constitutional Court go beyond the ordinary court's request? The limits of the consideration of cases that are examined by the Constitutional Court are, as a rule, within the scope of the request and the reasons set forth by the initiating entity²³. Exceptionally, when there is connection between the subject of the request and other normative acts, decides on each case the Constitutional Court²⁴. This connection, according to the jurisprudence of the Constitutional Court, justified this exemption only when it was direct, so that the abolition of the required rate, without the other rate to which it relates, would have no meaning and would not affect the final summons of the case being under consideration at the ordinary court.²⁵

In the practice of the Constitutional Court there are several cases where it has exceeded the scope of the request of the requesting subject. In the decision No. 65/1999, the Supreme Court requested the Constitutional Court to declare the provisions of the

²² That in this case it is the court or the judge *a quo*.

²³ The first paragraph, Article 48, of the Law of 11 March 1953, no. 87, Rules on the Establishment and Functioning of the Constitutional Court, sanctions that: The limits of the examination of the case are within the scope of the claim and the grounds set out therein.

²⁴ Second paragraph, Article 48, Law 11 March 1953, no. 87, Rules on the Establishment and Functioning of the Constitutional Court provides that: Exceptionally, when there is a connection between the subject matter of the request and other normative acts, the Constitutional Court shall decide on each case.

²⁵ Sadushi S, Constitutional Control, op quote p. 188-189.

penal code providing for the death penalty to be incompatible with the Constitution. Since the subject of the Referral filed by the Criminal College of the High Court was only the incompatibility with the death penalty provision in relation to the provisions of the Criminal Code and not the Criminal Code, the Court, assessing the existence of a direct link between the provisions of the two codes, decided to examine further the subject matter of the Referral and the constitutionality of the provisions of the Military Penal Code providing for the death penalty in time of peace.²⁶ According to a part of the doctrine, the exclusion referred to in the second paragraph of Article 48 of the abovementioned law can only be applied when it is concluded that the application must be accepted, because only then is the conviction that the repeal of the provision alone, does not create certainty for the subject matter being judged unless one or more other related norms are touched²⁷. I am of the opinion that the Constitutional Court may extend the declaration of unconstitutionality for all those norms that are incompatible with the Constitution of the Republic of Albania because of the unconstitutional decision regarding the norms that are the direct object of the incidental judgment.

The Constitutional Court must use this competence, as provided for in the second paragraph of Article 48 of the law, interpreting it extensively because it may be before the cases that after the elimination of a normative element the rest of the remaining system is destined to reunite²⁸ again unconstitutionally; or by eliminating a part of the law, and the rest is silly when it comes to inseparable provisions²⁹; or when we are dealing with uniquely related provisions³⁰ and closely related to those that have been canceled.³¹

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²⁶ Sadushi S, Constitutional Control, op quote p. 189-190.

²⁷ Abdiu F, *Per kontrollin incidental*, ne <http://avokatia.al/revista/8-avokatia-18/4-per-kontrollin-incidental>

²⁸ This reunion comes by analogy, the impact of general principles, or that there are repeating provisions that have the same content. Decisions n.181 and 338 of 2011, Constitutional Court of the Republic of Italy.

²⁹ Cerri A, *Inapplicabilità e invalidità cosequenziale*, ne, *Giurisprudenza Costituzionale*, 1967, f.216-220; R. Chieppa, *A proposito di illegittimità cosquenziale e potere d'ufficio della Corte*, ne *Girisprudenza della Corte costituzionale*, 2009, p.1506-1509.

³⁰ Decision no.126 / 1985, Constitutional Court of the Republic of Italy.

³¹ Decision No. 214/1987, Constitutional Court of the Republic of Italy.

Vendimet nr. 122/1976; 239/1984, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.102/2008, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.356/1996, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.328/2012, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr. 170/2010, Gjykata Kushtetuese e Republikës së Italisë.
Vendimet n.181 dhe 338 të 2011, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.126/1985, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.214/1987, Gjykata Kushtetuese e Republikës së Italisë.
Vendimi nr.65/1999, Gjykata Kushtetuese e Republikës së Shqipërisë.

What can public policies do to encourage job incentives among young people

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Abstract

The more progress advances, the more its contradictions are identified. Economic growth produces wealth, but it fails to secure jobs to everyone. By far, free market economy enhances a variety of unlimited opportunities, but it leads to hardships and inequalities, as well. The un-finished debate on "globalization" and its impact on markets, seems to hide the changes that have occurred on social relations sphere, which affect the people's social welfare.

The generation of 21st Century is challenged by a new social conflict. Whilst in the yesterday's era, the conflict was between those below and above the threshold of income, in the present society, the conflict is "from outside to inside", in other words, the conflict between inclusion and exclusion.

In the today society, unemployment is a global challenge, especially among youth.

Access to jobs can bolster self-esteem and produce benefits for societies beyond incomes.

Programs that support employment for at-risk populations, including youth, can consider the ways in which jobs affect peoples' attitudes, values, and behaviors and contribute to improved relations between groups. Arguably, in countries with high youth unemployment, like Albania, targeted training programs as well as empowerment of entrepreneurship through financial incentives, have the potential to be designed to strengthen self-esteem, which can lead to greater community involvement and reduced inequality and exclusion.

The paper "What can public policies do to encourage job incentives among young people" advances the argument of effectiveness of employment policies, which must support initiatives that originate from young people themselves. The best entrepreneurship practices from Shkodra and Vlora, two important regions of Albania are elaborated in depth to provide necessary evidence, thanks to the support provided by OSCE mission in Albania, Extra Budgetary project "Promoting regional inter-municipal co-operation and dialogue for self-employment of women and youth".

The paper is composed of four sections in addition to introduction and conclusions. Section 1 explores in depth features of local employment policies and their impact on socio and economic performance of Shkodra and Vlora. Section 2 describes the methodology of the assessment. Section 3 analyses in depth best practices, while section 4 emphasizes key findings, which provides inputs to comparative analysis, as a basis for the identification of conclusions. Of value is the view point of entrepreneurs from Shkodra and Vlora counties, man and women, who in extremely difficult conditions work hard and produce values for themselves and the entire communities, proving that it is possible to build a future anywhere in Albania, no matter of circumstances.

Keywords: unemployment, youth unemployment, social responsibility, active labour market policies.

Introduction

Shkoder County (Qarku I Shkodres) is a county in north-western Albania, with the capital in Shkoder. The county spans 3,562 square kilometres and had a population of 215, 483 people as of 2016¹. The county borders on the counties of Lezhe, Kukes

¹ Census (2011), National Institute of Statistics.

and the country of Montenegro. The county consists of 5 municipalities, including Fushe-Arrez, Malesi e Madhe, Puke, Shkoder and Vau i Dejes.

In contrary, Vlora County (Qarku I Vlores) is a southwestern administrative unit which spans 2,706 square kilometres and had a population of 183,105 inhabitants as of 2016². The county consists of 7 municipalities including Selenice, Himare, Delvine, Sarande, Ksamil, Konispol and Vlore, which is the centre of the region.

Both regions own sufficient natural resources, land and assets to develop different types of economic activities. While Shkodra region poses resources to develop mainly agriculture, Vlora region can successfully invest into fishing and its related industries. Despite the tradition, wealth of natural resources as well as human capacities, both target regions struggle against high poverty rates. Poverty and disparities are spread in the two regions with 13 to 14 percent³ of population in Shkodra and Vlora who live in dire reality due to material poverty, deprivation and social exclusion.

Rate of unemployment in Shkodra and Vlora is extremely high, especially in Vlora (28 percent or twice as high as the average level)⁴. Across the last decade, the profile of unemployed people has dramatically changed, especially in Shkodra. The proportion of 45+ unemployed almost tripled in 2016 compared to 2006⁵.

While unemployment profile by age group in Shkodra and Vlora in 2017 follows the national trend, unlikely youth unemployment is higher than the national rate, respectively by almost 30 percent in Vlora and 25 percent in Shkodra⁶. Long term unemployment is also critical in both districts. In addition, almost 50 percent of unemployed people in both districts face difficulties to access employment services due to the lack of education (50 percent of them have finished compulsory education). The analysis of the data presented here clearly bring evidence on scarce economic opportunities that challenge everyday life of citizens, no matter of their place of residence. Limited labour market opportunities on one hand, lack of appropriate professional education on the other hand impede unemployed people, especially the discouraged ones to get a job and afford a decent standard of life. In addition, neither employment services nor municipalities can invest to encourage self-employment and entrepreneurship, especially among young people, whilst local government lacks capacities, knowledge and resources to exercise its “duty-bearers” functions

Section 1: Employment promotion policies and their results

The Employment Promotion Law of the Republic of Albania (Law Nr. 7995 of 20.9.1995, as amended in 1999, 2002 and 2006) mandates the National Employment Service to implement employment promotion programmes aimed at promoting sustainable employment of unemployed persons. 6 employment promotion programmes to date are under implementation.

According to the data from Employment offices in Shkodra and Vlora, the beneficiaries of the existing employment promotion programs (figure 1) are mainly those from excluded groups like poor people or Roma, those who try to increase their professional skills through on the job training and young people who are recently graduated.

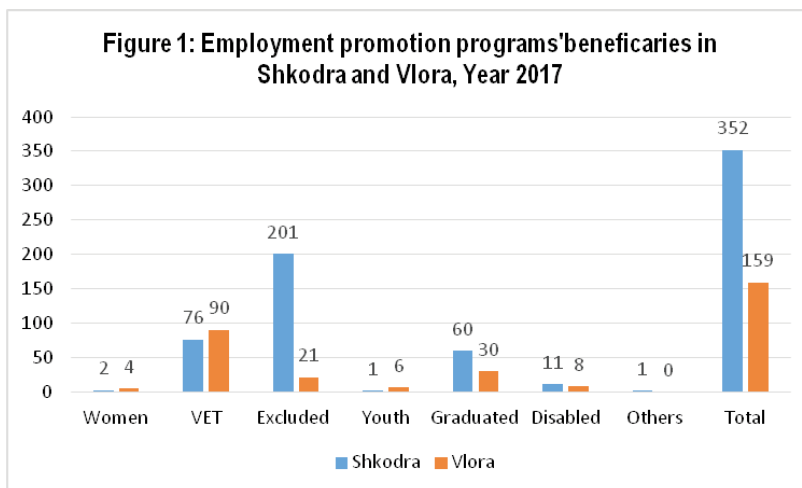
² Ibid.

³ INSTAT, Living Standard Measurement Survey, 2011.

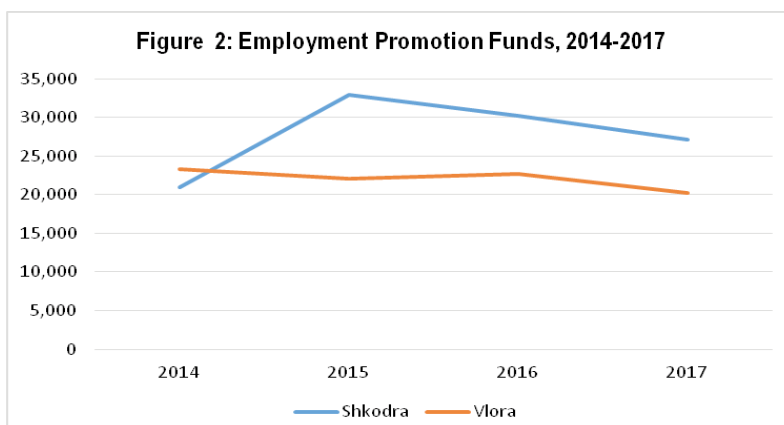
⁴ Ibid.

⁵ Labour Market Bulletin (2017), National Employment Service.

⁶ Ibid.



Source: Administrative data of Employment Office in Shkodra and Vlora, April 2018
 The main financial source for the support of employment promotion fund is the National Employment Service through Central Public budget. As figure 2 shows, funds in Vlora has remained almost the same, while funds in Shkodra peaked in 2015 and later dropped although not at the level of 2014.



Source: Administrative data of Employment Office in Shkodra and Vlora, April 2018
 It is noticed that there is no any financial incentive to encourage entrepreneurship or self-employment neither in Vlora nor in Shkodra. Although Employment Offices provides some support to business and entrepreneurship development, this support is limited to the coverage of some labour cost for a limited period.

In fully compatibility with the law on the “Promotion of Employment” as well as on the “The National Employment and Skills Strategy 2014-2020”, professional education is also reinforced, demonstrated by the high number of courses and client’s demand. Although traditional vocational and professional courses like foreign languages, programming, electrical maintenance and toursim are still among the most requested, new courses are also available like Business development and managemet, agriculture development, farm management etc. All courses are offered free of charge, while the accomplishment of educational obligations is officially certified.

Funds are secured by the National Employment Service. The number of requests is

higher than the center's capacities. Centres are equipped with modern and appropriate infrastructure to ensure the provision of updated and comprehensive professional education.

Besides National Employment Service, neither Municipality nor Civil Society have capacities to deal with unemployment. Although municipality, within the context of Territory reform exercises more competences, especially in poverty and unemployment reduction, the lack of funds and professional capacities impede municipality to exercise them.

Vlora region has also missed donors support regarding Employment promotion projects, while in Shkodra, UNDP in collaboration with National Employment Service has supported the project "Essere", 2016-2018 through a fund of 4 million euro. This project, despite its importance, does not address employment promotion policies. It aims to economically empower Roma and Egyptians, to promote their social inclusion.

Nevertheless, people in Vlora and Shkora, no matter of their age or professional background, try hard and undertake risks in order to initiate and establish sustainable economic activities. Some of the most pertinent best experiences are elaborated in depth in Section 3.

Employment and self-employment policies in rural areas are harmonized with the capacity building of farmers to encourage agricultural development in the country. The public support schemes every year reach with information up to 20% of the farmers and agribusinesses.

Data from various surveys show that in Albania there is a reduction of the skills of the agricultural labour force due to ageing, migration and lack of opportunities for education and training of new entrants. Only 3% of the farm holders have university education and 37% have upper secondary or tertiary education, while the remaining 63% have lower secondary, primary or no education. About one-third of the farm holders have agricultural education background. These are likely to be the older farmers, who have accomplished agricultural vocational high schools in the past.

The farming is labour intensive, with low levels of technological advancement. A high share of farms has obsolete mechanisation, inadequate agricultural buildings and storage facilities. The low capital intensity of production is resulting in low productivity, relatively high production costs, low quality, losses and low profitability. Unemployment and low incomes to actual poverty levels are characteristic features of the rural mountainous areas of Albania. Farmers are struggling with accessing markets, fierce competition and growing demands for quality. In response to such situation, the Ministry of Agriculture, Rural Development and Water Administration (MARDWA) has prepared a Cross- Sector Strategy for Agriculture and Rural Development (ISARD) targeted at supporting sustainable and inclusive growth. The German Government and the Danish Government are supporting the Albanian Government with implementing this Strategy.

Joint German-Danish project for support to agriculture and rural economic development in disadvantaged mountainous areas (SARED), which is implemented in 2014-2018 period aims at development of value chains in six rural mountain regions: Shkodra, Kukes, Dibër, Korce, Berat and Elbasan. It addresses the four most important value chains in these regions, namely small livestock, fruit trees and nuts, medicinal and aromatic plants, and rural tourism. Project activities include technical assistance for strengthening of the selected value chains and support for on-farm and off-farm diversification of economic activities, promotion of public private dialogue

and investment support. Total budget of the project is EUR 13.6 million, of which EUR 6.5 million investment facility.

“From the field to the table” is the overarching approach of the SARED programme, jointly implemented by MARDWA and the “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)” on behalf of the German Government, and co-funded by the Danish government. Numerous studies describe the underutilised agricultural resources, especially in the mountainous regions of Albania. At present farmers’ production is to a large extent subsistence-oriented, because of missing well-structured value chains that would enable their access to markets. SARED (01.06.2014 – 31.05.2018) supports the development of four of the most important value chains in the rural mountainous areas, namely Small livestock, Fruit trees and nuts, Medicinal and aromatic plants and Rural tourism.

According to Shkodra Extension Service, farmers receive support of different types, notably:

- a. Full financing without payment of individual project presented by farmers,
- b. Partial financing without payment of individual projects presented by farmers,
- c. Initial investments financing,
- d. Counselling,
- e. Professional capacity building of farmers.

Unfortunately, such project has not yet implemented in Vlora region. Despite that, the ATTC in Vlora supports through modest financial support as well as counselling and capacity building farmers. Of attention is the cooperation with farmers to help them obtain interest loans. Over years, farmers of different type have been supported by the state programs.

There is an overall intention to support farmers in all the regions of Albania due to the importance that this sector has for the country. Like in urban areas, there are success stories even in the rural economy. Some of the most pertinent best experiences are further elaborated in Section 4.

Apart from legislation, programs and projects, existing data on the rate of unemployment and other related information reveal the following as the most critical issues that hamper the success of programs aimed at employment promotion and entrepreneurship in rural areas. Despite the government’s attention to the reduction of unemployment, in urban and rural areas, it remains a critical problem. While “unemployment” is strongly addressed in the core National Strategies like NSDI, Economic and Business development and ISARD, Local Government very rarely is an active stakeholder. On the other side, although Territory Reform transfer more functions at local level, this is not associated with the financial decentralization of revenues at local level. The lack of harmonization and cooperation at local level negatively affect the effectiveness of programs. Very often, there are double standard positions and feedback regarding the role of municipality. Most likely, it is fuelled by political contradictions and different lobbying interests, which play a considerable role, in such a critical battle like “Unemployment”.

Section 2: Methodology

The method employed is a combination of systematic and meticulous desk review of all available documents (primary sources) and a set of face to face interviews (secondary sources). Face to face interviews are developed with four stakeholders’ groups, respectively with public Officials in charge of Employment and Business

Development Policies and Programs, in charge of Agriculture and Rural Development Policies and Programs, in charge of Donor's fund aimed at the economic and agriculture development of Shkodra and Vlora and Private Business/Entrepreneurs/Farmers in Shkodra and Vlora.

The overarching approach is developed alongside the analysis at donors level, municipality and household levels. The last level of analysis served to map "good practices" and identifying their strengths, weaknesses as well as market risks and opportunities, to finally extract common areas of interest and cross cutting strategies, leading to shared lessons learned.

Section 3: Comparative analysis of best practices

In this section, some of the most successful experiences of urban and rural economy in Shkodra and Vlora are described, while entrepreneurs' challenges are analysed in depth to design comparative findings as well as drawn conclusions.

3.1. Agricultural and Livestock "Veleşiku Farm" is established by Hasanaj family and is managed by Gjovalin Hasanaj, the oldest son of the family. The farm started as a small family business in 2009, while in 2013 it was officially registered into the National Business Center. The farm is in the village of Hot, the municipality of Malesi e Madhe. The main activity of the farm is based on the collection of milk from other surrounding villages such as, Rapshe, Tamare, Bajze, etc and the production of different types of cheese and other types of dairy products, which are distributed in Shkodra, Tirana and other cities' markets. The farm's manager is also involved into the marketing and selling of the products. The farm occupies the family's land of about 2000 m², whilst only the dwelling is 250 m². The farm collects about 800 litres of sheep and cow milk per day from about 40 small farmers. Although there are no authentic big farms, the collection from small farmers is firmly based on all quality standards.

With an initial investment of €35,000 partially covered by family savings of €20,000 and partially from a project, supported by Dutch association, PUM, the investment into technology (water furniture), purchasing of some basic equipment and capacity building of staff were covered. Family savings were used to cover operational cost of farm functioning. The farm has obtained moderated support from other donor-based projects thanks to the submission of well-developed business plans. Around 50% of total investments across years has been supported by donors-based projects. Fixed cost of production is calculated at about €7,500-8,000 per year, while variable cost depends on the quantity of the milk collected. However, the farm ensures net profits of €0,8 per one unit of production or €64 per day (the farm produces on average 80 kg of dairy productions). On average, annual net profits are calculated at € 20,000. They are mainly used to further extend the production, to ensure the maintenance of quality standards, for marketing, networking and capacity building of suppliers.

Dairy products are sold in Tirana and Shkodra restaurants (50%), touristic places of North and North east (30%) and the rest, locally. With the construction of the roads, Malesia e Madhe and the surrounding areas attract the attention of visitors, Albanians and foreigners alike, whose number has increased during the last five years. The farm has long term contracts with some luxury restaurants in Tirana, which are furnished every week with fresh dairy products.

The farm produces white goat cheese, cottage cheese, butter and five types of yellow

cheese

(each of them is prepared with different types of species, notably nuts, blueberries, sesame, sage and spicy). The competitive advantage of the farm stands on the quality of the yellow cheese, which is particular and not yet usual in the country. The farm produces 80 kg dairy products per day. In addition:

- ✓ 4 family members are engaged in full time basis and 1 seasonal employee.
- ✓ 40 families are financially supported into a sustainable way.
- ✓ Sustainable way of community development. "Veleşiku farm" has clear expansion strategies, which will impact on the increase of the number of employees in farm and will encourage the suppliers to multiply the number of livestock, therefore affecting directly the increase of local revenues.
- ✓ A modest quantity of cheese is exported in Holland.
- ✓ "Veleşiku mark" is promoted into European fair of Cheese in Holland.

3.2. Cultivation and selling of medicinal plants, Pjetroschan is established by Gjovalin Popaj in 2012, in Malësi e madhe/VERLIN. The farmer initially was mainly occupied with planting/production of medicinal plants such as sage, oregano, helichrysum, also called by locals "mak" or "curry plant". The farmer owns 300 acres of land as property and 400 other acres of land in use.

Later, a joint venture with an Albanian American company was established, to build a distillation factory, to further elaborate helichrysum plant, whose market demand is very high for the time being. While the farmer has provided 300 acres of land free of charge to the investment company, the company is taking care of capital investment and technology. Helichrysum serves as a primarily raw material for skin beauty products. .

300 acres of land are used to build a business thanks to the initial investment of Euro 580,000 as well as the annual operational cost of Euro 114,000. The net profit depends on the plant. Sage initially was very profitable, but in the last 2-3 years the price has decreased almost to the production cost. In addition, sage requires special drying processes, therefore there is an additional cost of drying. This is the reason why many farmers shifted to other plants. For the time being helichrysum is on high demand. The farmer has signed a 7-year contract for this plant. The selling price is All 150 per 1 kilo of fresh plant. They are harvested by harvesting machines. There is no operational cost because there is no drying cost, it is used fresh. The net profit for 1 hectare seem to be at €3,700. The "Pjetroschan Farm" is composed of 400 acres or 40 hectares planted with this plant, with a net profit of €148,000. The farmer has obtained some modest financial support from AZHBR and SARED, however they support a limited list of medicinal plants. "Pjetroschan Farm" has been the biggest supplier of medicinal plants in Albania.

In short time, the farm achieved:

- ✓ A new and valuable entrepreneurship idea is developed, with strong potentials to build a value chain, perhaps an industry.
- ✓ Natural resources are used properly.
- ✓ 30 to 40 almost permanent employees are employed, with the average salary of €12 per working day.
- ✓ Good opportunity to impact on community development.

3.3. Lujz Group Cooperative is established by Xheladin Zekaj in 2010, in Malësi e madhe/Upper Koplik, thanks to 25 families that have joined their land, capital and working equipment, to cultivate Medicinal Plants. The group uses 150 hectares to cultivate Medicinal Plants such as Lavender, Sage, Thyme, Helichrysum (recently), laurel, oregano, and try to market some wild plants, but cultivated plants are

preferred the most.

Due to the high number of cultivators, that have joined land and their forces, the group enjoys competitive advantage of price as well as of quality. In addition, the group has the biggest market share due to the considerable quantity of the products the group can deliver. The group manages to sell with a price of €1,5 to 2 higher than individual cultivators. The joint investment has allowed to create a collection centre for the medicinal plants as well as a drying centre, which was created as a pilot project. The drying centre is composed of silos, with a surface of around 700m², which has an initial high cost, about €2 - €2,5. The drying area is greatly expanded because there are about 150 drying racks that create very good drying conditions, for large amounts of plants, while the quality of drying is also very good.

The drying process is important and specific. The medicinal plants are harvested twice a year, in summer and autumn. Even those harvested in summer must be carefully dried. The ones harvested in autumn must imperatively be well dried. Drying affects the quality of the plant.

The strongest advantage of the group is the ability to dictate the price in the market due to the high quantity of production of a good quality, supported by the size of land.

Despite the group's efforts, the group has not yet been able to sell directly, only through intermediary companies. The group is thinking to shift to Helichrysum, which is highly demanded. It is assessed that 1 hectare ensures net profit of about 5 to 6 thousand dollars. However, the group is not yet decided because the increase of supply may force the market prices to decrease. Nevertheless, the group has managed to:

- ✓ Develop a new and valuable entrepreneurship idea is developed, based on "shared capital, labour land" (cooperative).
- ✓ Natural resources are used properly.
- ✓ 25 families are fully engaged into the activity, meaning 60 to 100 self-employed as well as 30 or 40 seasonal workers, who are paid 1500 All per day.
- ✓ The main and sometimes the only business opportunity of the area.

3.4. ShBB Reç initiates in 2004 as a small business, while in 2013, the cooperative was established, thanks to the decision of 7 families to join land, labour and capital. ShBB is located 25 km past Shkoder in the direction of Razem. Prek Gjeshi, one of the founders of ShBB accepted the interview invitation and provided the following information.

.There is no one single main activity of ShBB. It is engaged into Cultivation and collection of chestnuts, medicinal plants as well as farming. Whilst for the first two activities ShBB acts as an intermediary channel only for planting and selling, the last activity, farming, which produces dairy products, is the primary business activity.

Village of Reç, with 400 hectares of land produces 400 to 600 tons of Chestnut per year. 90 percent is exported to Italy by ShBB cooperative. In the ShBB territory, there are produced about 300tons of medicinal plants. This quantity, together with production from other individual producers, is collected in the warehouse. Based on the contracts with exporters of medicinal plants, medicinal plants are exported.

ShBB collects milk from 130 families, process it and sell dairy products like cow and goat cheese, yogurt, buttermilk, cottage cheese, yellow traditional cheese, mainly in Albania (Shkoder, Tirana, Malesi) and Kosovo. It has been 4 years since ShBB established a contract with a company in Pristina "Viva Fresh" to supply goat cheese.

ShBB exports also goat milk.

ShBB produces cow cheese 200 to 250 quintals, goat cheese 35 tons, yellow cow cheese 10 tons. Sometimes SHBB has cooperated with foreign organisations such as Oxfam, VIS Albania. Pro/Mali on the basis of 50 % with 50 %. ShBB represents:

- ✓ An old model of labour organization and division(cooperative), however effectively used within the context of new business relationships.
- ✓ From a financial point of view ShBB activities are not of high value. Net profits per unit of investment from Chestnuts export is 0,2 euro per kg; Almost the same is the profit from Medicinal plants. Even milk sub products are not very profitable because there are many producers, the cost, quality must be maintained, and the market price is low, purchasing power low. However, the crucial benefit of these activities is employment.
- ✓ Chestnuts business occupies 50 people for 2 months and medicinal plants occupies 25 employees for 8 months. There are 10 full time employees, engaged in the production of dairy.

ShBB is a vital activity for Rec, which has 450 inhabitants or 100 families who are all involved in the above activities.

Competitive advantage of ShBB stands on the organization of “mixed business activities”, which complement each other by reducing operational costs.

“**Jonald**” restaurant is a simple family business, established in 2010, thanks to the financial investment of individual savings that derived from a long period of work in migration. Initial investment is calculated at about €70,000. During summer, 8 employees work on a full - time basis, while during winter only 4.

Despite the hard work and the efforts to offer high quality services, total income are not sufficient to further invest and extend the business activity. Revenues are sufficient to ensure the survival of the family.

There have never been any support from any public program. In the contrary, very frequently monitoring teams from different local institutions visit the restaurant and ask for the adoption of unusual and costly procedures, which challenge everyday battle of business sustainability.

Chapter 4. Comparative findings, conclusions and recommendations

In depth analysis of the best experiences (only 6) allows us to identify comparative findings (table 1), which leads to the identification of the most successful strategies adopted, which in turn help to suggest generalised future challenges.

Table 1: Comparative findings from the analysis of the most successful practices

3.5.Fish stock business is established in 2012 by Armando Hysaj in Tamare, Kelmend, in Km 3 on the road Tamare-Vermosh. Production and commerce of the Trout fish comprises the main business activity. Some other supporting activities are also planned to be set up , such as a restaurant and a guesthouse to establish a value chain business of an agricultural structure.

Land area used to develop the business is about 1000m². The farm cultivates about 200 quintals of trout and about 200.000 units of fish seed for commerce. The setting up of the “Fish Stock” lasted about 6 years with a total cost of around All 30,000 thousand or Euro 250,000. The initial investment was partially supported by bank loans and partially by loans with low interest rates from relatives. The majority of the products is sold in Malesia e Madhe and the fish market in Shkoder.

The company has achieved:

- The quantity of production is about 200 quintals per year.
- Gros revenues per one kilo are about €3 or € 66,000 annually.
- 3 people employed on a full- time basis

- Directly or indirectly there are a lot of businesses or individuals that are positively affected by “Fish stocks” farm such as different suppliers or customers (guesthouses, restaurants, retail merchants etc).

The psychological effect on the community, where the farm is located, is the added value of such type of local business. It serves as a good example to encourage the others to try business entrepreneurship.

The company is strongly based on:

- Competitive advantage: Low cost of production. Low operational cost.
- Business strategy: Strong willingness to undertake business risks.
- Selling strategy: Low transaction costs due to the short distance of the markets.
- Marketing strategy: No particular investment into marketing, although the products are preferred due to the quality and the low cost.

3.6. AlMarina is established in 2015, in Vlorë Bay, Orikum. Originally, the business started in 2005, but due to different reasons, business could not develop. The same business idea was re-vitalized by a group of businessmen, attracted by the potentials of “Water-Culture”, who agreed to establish AlMarina. In 2016, AlMarina started an impressive cooperation with an Italian Investment, who carried out powerful investments in technology as well as on the adoption of international quality standards.

The core business of the company is the “production of perch and wrasse fish to supply European supermarkets”. AlMarina is investing hard to establish a well - known brand. The company has obtained all quality standards certifications. So far, there have not been contestations on the quality of the products, supplied in Italian as well as other EU member states’ markets.

Models	1	2	3	4	5	6
Production and market strategies						
Competitive advantage:	Low cost of production versus relatively high selling price	Lower unit cost of production.	Ability to dictate the price in the market due to the high quantity of production of a good quality, supported by the size of land.	Mixed business activities, which complement each other by reducing operational costs.	High quality, natural product, biologically cleaned and secured. Business strategy: Strong willingness to undertake business risks.	High quality, natural product, biologically cleaned and secured. Strong willingness to undertake business risks, although business approach is firmly based on market analysis.

Network- ing/ Marketing Strategy:	Cooperation with donors. Intensive market ex- ploration	Aggressive business strategies internally and exter- nally.			Public rela- tions: Strong cooperation spirit with entrepre- neurs, retail- ers, sup- pliers and stakeholders in general, despite the lack of col- laboration and support from neither central nor local gov- ernment. Aggressive market en- trance strat- egy, clearly aimed at “Growth market share”, despite high competition of experi- enced and traditional companies.	Aggressive market en- trance strategy, clearly aimed at “Growth market share”, despite high competition of experienced and traditional companies. Public rela- tions: Strong cooperation spirit with entrepreneurs, retailers, suppliers and stakeholders in general, despite the lack of col- laboration and support from neither central nor local gov- ernment
Manage- ment of Human resources	Voca- tional and professional training of staff inter- nally and externally, especially to maintain quality standards.				A very mod- ern approach of staff moti- vation is ad- opted across all levels of administra- tion and operational- ization.	A very modern approach of staff motiva- tion is adopted across all levels of administration and operation- alization. .
The most significant market opportunities						

	<p>Increased market demand for local and biologically guaranteed products.</p> <p>Higher attention from outside into Albania and its resources.</p> <p>Higher investment from EU and other projects within the framework of FDI&ODA.</p>	<p>Increased market demand for biologically guaranteed medicinal plants by customers and other industries.</p>	<p>Increased market demand for bio products.</p>	<p>Increased market demand for biologically guaranteed medicinal plants by customers and other industries.</p> <p>Potential market demand for the establishment of “chestnuts value chain industry”</p>	<p>High attractiveness on the area from cultural tourism point of view.</p> <p>High interest on local products. High potential from a business prospective.</p>	<p>High demand High potentials for business growth.</p> <p>Increased attention of EU projects into “Water Culture development and promotion”. High potentials for competitive business development in the country and in the region due to the increased demand for the product.</p> <p>Increased need to invest into environment protection</p>
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Conclusions

Despite well formulated legislation in fully alignment with EU and international standards, there are gaps in law enforcement and implementation, which is demonstrated through:

- ✓ The right on Land Property which is not yet guaranteed neither by law nor by local procedures.
- ✓ Complication and long bureaucratic procedures of business application and registration, time and cost consuming, especially in rural and remote areas of the country.
- ✓ Low awareness of local government institutions, especially those that deal with business registration and taxation, are not aware about legislation, their duties and responsibilities, which impose complicated rules and procedures rather than facilities.
- ✓ Gaps in legislation regarding the need to address “Water Culture and Investment” as well as the way in which policies have to deal with.

In spite of increased attention of policy making institutions vis-à-vis business and entrepreneurship promotion through active labour market policies and financial measures, all interviewed business managers identified as a critical weakness the lack of support either from public finance programs or by projects implemented as part of ODA. In particular they addressed:

- ✓ The role of local government institutions to provide guidelines
- ✓ The role of financial institutions at local level to adopt financial and procedural facilities
- ✓ The support of intermediary institutions to capacity building.

- ✓ The direct encouragement through financial mechanisms as part of business development policy.
- ✓ Policies should finally encourage employment growth in rural areas.

As such, the analysis provided here considers of particular important the following:

A. With regard to Market Development:

- ✓ Alignment with local government development plans
- ✓ Connect with the “Green Environment” network
- ✓ Adjust and adopt standards of “Value chain agricultural business development”.
- ✓ Liaison with tourism sector development as well as with other local community services.
- ✓ Promote employment incentives that encourage local production, local natural, touristic, cultural and traditional values and extend tourism offer and approach.
- ✓ Strengthen capacities of private sector to conduct market research and design Business Plans.

B. With regard to Capacity Building

- ✓ Systemic investments into young people entrepreneurial and vocational-professional capacity building
- ✓ Strengthen local government capacities to explore other donors’ possibilities and apply for funds.
- ✓ Cooperate with VET institutions and Labour Office.
- ✓ Strengthen fund raising capacities of local government and other stakeholders.
- ✓ Share experience in the country, across countries and municipalities and across the region.

C. With regard to Partnerships:

- ✓ Local government find ways to partner with central government to ensure policy and institutional support as well as with private sector.
- ✓ Harmonise fund raising efforts and partner with other municipalities across the region.
- ✓ Explore internal and local opportunities provided by Employment Promotion Fund (where it exists).
- ✓ Establish partnerships at local level with private sector.

Last but not least, beyond theoretical definitions, the assessment deals with the citizens’ right to work, the most critical challenge of any governments as well as the institutional and moral obligation of the society.

A review on audit quality

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Abstract

Studies on how to define and measure audit quality and the factors that affect it have been widely conducted. However, there is still no universal agreement regarding a definition of audit quality.

The most used definition of audit quality is DeAngelo's (1981) which expresses it, as the ability on discovering the material misstatement and reports them. So, it has implicit the necessary competence and professional behavior along the auditing process, as well as auditor's independence and objectivity to assure that the outcome (audit report) reflects the adequate opinion.

Despite the unclear definition, importance of the audit quality and its influence on market confidence has been highlighted by regulators, investors and corporate governance.

It must be stated that audit quality is becoming more attractive among other related auditing subjects, due to its considerable impacts on the reliability of the financial statements. Moreover, enhancing the confidence of the financial statement users, can be considered as the result of higher audit quality.

Audit firms routinely determine the accuracy of financial records, but these audit firms must also guarantee their own accuracy. Consequently, quality control measures are necessary. Many factors can influence quality control at an audit firm, and it is important to consider these factors when evaluating the potential quality of an audit.

The European Directive 2006/43/EC, introduced a major novelty on audit quality, already present at an international level: the quality control over the work carried out by auditors.

The Directive went beyond the concept of independence by introducing forecasts regarding control of quality by defining the quality standards that the subjects entrusted must necessarily comply.

The present paper aims to review and summarize the different audit quality factors, comparing the results achieved by the recent studies, and also to summarize the evolution of the related Regulation in EU, in order to provide a complete view of the matter, and suggest future research directions.

The paper is constructed as follows: section one includes an overview of the literature on audit quality; section two provides details about the EU regulatory framework on audit quality; section three describes the factors affecting the audit quality; section four provides summaries and concludes.

Keywords: Audit Quality, Control Quality, Influencing Factors.

JEL Code M42

1. Purpose and constuction of the paper

The present study aims to review and summarize the different audit quality factors,, and also to summarize the evolution of the related Regulation in EU, in order to provide a complete view of the matter, and suggest future research directions.

The study should be useful to academics interested in audit quality as well as to national regulators.

The paper is constructed as follows:

- section one, includes an overview of the literature on audit quality;
- section two, provides details about the International Regulatory Framework on audit quality ;
- section three, describes the factors affecting the audit quality and rank these factors;
- section four provides summarises and conclusion.

2. Literature Review

Even though research on audit quality has been widely conducted, there is no one exact definition of audit quality (Duff, 2004).

Bedard, Johnstone & Smith (2010) illustrated that “even seasoned professionals convening to discuss the notion of audit quality have difficulty agreeing on a common definition”.

The one that is broadly accepted is the definition of the quality of audit services by De Angelo in 1981 which stated that:

“The quality of audit services is defined to be the market-assessed joint probability that a given auditor will both (a) discover a breach in the client’s accounting system, and (b) report the breach. The conditional probability of reporting a discovered breach is a measure of an auditor’s independence from a given client.

The definition offers two important factors of audit quality, which are the auditor’s capacities in conducting an audit and the independence of the auditor over the client. The study was then followed by others that demonstrated a positive relation between audit firm size and audit quality (Dopuch et al., 1987, Deis and Giroux, 1992, Lennox, 1999, DeFond et al., 1999, Reynolds and Francis, 2000, Craswell et al., 2002). The general hypothesis was that audit services offered by larger audit firms tend to be of higher quality than those offered by smaller ones because large auditors have more valuable reputations and more wealth at risk from litigation.

Some studies focused on the impact of audit firm arrangement and processing such as audit contract type, audit tenure, audit fees, and non-audit services on audit quality (Carey and Simnett, 2006).

Other studies explored the company’s characteristics such as company size, business complexity, institutional ownership and leverage, as variables that affect audit quality (Kane and Velury, 2004).

Some others examine the effective components of corporate governance and its relationship with audit quality (Carcello and Neal, 2000, Cohen, 2002, Goodwin and Seow, 2002).

3. Evolution of Audit Quality in European Regulation

From the "Green Paper" of 1996, there have been many legal checks on accounts by various European bodies, including the recommendation issued by the European Commission on 16.05.2002, which emphasizes in a precise way that the rules concerning the independence of statutory auditors in the EU Member States must conform to the following core of fundamental principles: objectivity, integrity and independence.

The European Directive 2006/43/EC, which refers to the *Isa e Isqc1*, introduced a major novelty on audit quality, already present at an international level: the quality control over the work carried out by auditors. The Directive went beyond the concept

of independence by introducing forecasts regarding control of quality by defining the quality standards that the subjects entrusted must necessarily comply. The aim was to increase the credibility of market review activity financial and answering those who were asked: "Who controls the controller?"

The directive was recently modified by the new directive 2014/56/UE. The new Audit Directive is aimed at improving audit quality and includes measures to strengthen the independence of statutory auditors, make the audit report more informative, and strengthen audit supervision throughout the EU.

The European Parliament and the Council of the European Union approved in April 2014:

- The Directive 2014/56 / EU ("Auditing Directive") concerning the statutory audits of annual and consolidated accounts;

- Legislative Decree n. 135 of 17 July 2016, which amends Legislative Decree no. 39/2010 in implementation of the Auditing Directive (both Effective from 05/08/2016)

- EU Regulation 537/2014 on the requirements for the statutory audit of public interest entities.

(Application on financial statements whose exercise begins after 17/6/2016). It introduces a double level of reporting for Public Interest Entities: an extended review report; an additional report for the Internal Control and Audit Committee.

The audit report is drawn up according to the provisions of art. 28 of Directive 2006/43 / EC must also contain the following additional information: who or which body has entrusted the task, the date of the conferment of the same and its duration, including any renewals; an explanation of how the review carried out is deemed capable of detecting irregularities, including fraud; a confirmation that the audit opinion is in line with the additional report for the internal control and auditing committee; a statement that no services other than the prohibited revision have been provided and that independence has not been compromised.

Article. 26 (3) of Directive 2006/43 / EC identifies the set of International Standards on Auditing which become mandatory for the conduct of the legal audit and which consist of:

- International Standard on Auditing (ISA);
- International Standard on Quality Control (ISQC 1)
- Other related principles issued by the IFAC through the IAASB, to the extent that these are relevant for the purpose of the statutory audit allows Member States to impose additional review procedures or obligations but are no longer allowed to remove some of the principles of international review.

ISA 200, Overall Objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing, of December 2009, deals with the independent auditor's overall responsibilities when conducting an audit of financial statements in accordance with ISAs.

The objective was to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

ISA 200 requirements were:

- Compliance with ethical requirement relating to audit of financial statement;
- Auditor shall exercise professional judgement in planning and performing audit of financial statement;
- Auditor shall obtain sufficient appropriate audit evidence to reduce audit risk to

an acceptably low level for expression of opinion;

- Auditor shall comply with all ISAs relevant to the audit;
- Auditor shall comply with each requirement of an ISA;
- In case of departure from ISA, auditor shall perform alternative audit procedures to achieve the aim of that requirement;
- If objective of ISA cannot be achieved auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs, to modify the auditor's opinion or withdraw from the engagement.

ISA 220, Quality control for an audit of financial statements, of December 2009, deals with the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements. It also addresses, where applicable, the responsibilities of the engagement quality control reviewer.

This ISA is premised on the basis that the firm is subject to ISQC 1, which establish that the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance.

The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance.

ISA 315, Identifying and assessing the risks of material misstatement through understanding the entity and its environment, of December 2009, which sets out requirements for identifying and assessing risks of material misstatements through understanding the entity and its environment. Such an approach is very different to how some audits might have been performed in the past in some countries.

It is not about ticking boxes and carrying out a list of procedures – it requires real judgement and will mean that different work will be performed for different types of businesses in different environments.

The International Standard on Quality Control (ISQC 1), of December 2009, deals with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.

The objective of a firm is to establish and maintain a system of quality control to provide it with reasonable assurance that: the firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and Reports issued by the firm or engagement partners are appropriate in the circumstances.

According to the consultation paper of the International Auditing and Assurance Standards Board (IAASB), audit quality is the significant issue that requires more considerable attention.

The IAASB published a Framework For Audit Quality in February 2014, which describes factors contributing to audit quality at engagement, audit firm and national levels, for financial statement audits.

The *objectives* were, to raise awareness of the key elements of audit quality, encourage key stakeholders explore ways to improve audit quality and to facilitate a greater dialogue between them on the topic.

The IAASB's Framework also promotes *the key elements of audit quality* which are distinguished as follows:

a) *ors* including a number of environmental factors that might affect audit quality.

4. Factors affecting the audit quality

The number of factors affecting the auditing quality is relatively high, and there are

also various classifications of these factors according to the different authors and entities.

For the purpose of this paper we consider the classification between direct and indirect factors.

4.1 Direct factors

Direct factors include factors that are related with the audited company like financial reporting adopted with IAS, quality control reviews, company performance, earning quality etc.

The most influence direct factors are: earning quality , company performance and client importance.

1. *Earning quality*: Higher are the presumptions of a good quality auditing, higher are the reported earnings. In same manner, lower are the reported earnings of the clients and lower is presumed to be the auditing quality.

2. *Company performance*: The internal control effectiveness is proportionally related to the company performance. Thus the more efficient the company performance, the greater are the chances that the internal control of that company are efficient. The more efficient the internal control is, the higher is the expected success rate of the external auditing company, and consecutively the auditing quality.

3. *Client importance*: is the degree of auditors being economically dependent on the client. If an auditor has many clients all of equal size, it may not matter much if the auditor loses one of the clients. However, if the auditor only has 3 clients of equal size, it is obvious that the consequences of losing a client will be rather serious to the auditor.

4.2 Indirect factors

Indirect factors contains factors related to the auditing company like: audit company size and characteristics, auditor tenure, industry expertise, audit fees, auditors dependence, reputation and delivering of non-audit services.

1. *Auditor size*: size is a main factor that can affect the auditing quality. Audit firms that are greater in size are considered to be more resistant from management pressures. Audit independency has a direct and positive effect on audit quality.

2. *Auditor skills and expertise* in certain sectors, gives the auditors the chance to differentiate themselves from the others, influencing positively their independency and thus the audit quality. The higher the auditors skills and expertise the higher the audit reporting quality is expected to be generated.

3. *Auditors' independence* is another important aspect of ethical and a professional issue, crucial to auditors. Auditor independence is the ability or the state in which the auditor can express it's opinion without being influenced by external or internal factors.

Auditors' independence can be itself influenced by:

a. *Audit fee* is a primary factor that can be used to percept the auditing quality. It is presumed that the auditors fees should be proportionally with the auditors work and expertise quality. Thus the higher the auditors fee the higher is the perception of the auditing quality. Although a higher auditing fee gives a perception of a auditing company with grater staff's expertise, skills. Some authors think that the auditor's high fee can also be a sign of the extra payment that a company should make to an unqualified report.

b. *Non-audit services*, are different services to the clients from which he can earn extra revenues. In the last years the demand for business expert services has increased and expended in different range of services An auditor needs to pay much attention

when both audit and non-audit services are provided to the same client, because these non-audit services may threaten the independence of auditor.

c. *Intimidation* is the power and ability to bargain with officials when an auditor examines their quality control methods. In cases where the intimidation is present the chances for a quality auditing are highly reduced.

d. *Auditor tenure*, is the period of time under which the auditor works with a client. Auditor tenure could affect negatively on auditor independence. This is a very discussed topic.

Some authors think that if there is a long-time cooperation between the auditor and the client the possibility for familiarization is considerably and due to this familiarization the independency of the auditor can be negatively influenced. Other authors think that a long-term cooperation increases the auditors knowledge regarding the audited clients and it enhances the chances to make a qualified report. Auditors specifications, affecting the audit quality

1. *Independence*

2. *Liability*: risk of litigation and litigation costs resulting from perceived audit failures (real or not real) are usually associated with auditor's liability. In this regard, litigation costs may cause liability payments and loss of reputation. Moreover, litigation risk can put auditors under pressure to accept a client. In addition, litigation risks can create an incentive for auditors to be more diligent on their duties

3. *Professional competence*: it plays an important role in the audit process. Particularly, it may contain a considerable impact on the auditor's professional judgment as well as on quality. The concept of the professional competence covers two substantial aspects of auditor's competencies.

The first aspect is the professional competence attainment which is required to benefit from higher education. Maintenance professional competence can be considered as the second aspect.

Conclusions

The normative changes of the recent years emphasize a higher level of attention on the profession of legal auditor, which means that the importance of this figure is in the focus of the highest audit areas. This of course affects the development of the work of auditors, and the increase of the quality of the audit.

Considering the other purpose of this study, to identify the different factors with potential influence on audit quality, the independence of the auditor can be considered as one of the most complicated factors which can affect the other factors as well as the overall audit quality, and can be itself influenced by other factors. Independence is also difficult to evaluate, especially the mental one which is not directly perceived. Furthermore, the reviewed factors, were found to be correlated with each other when studying the effect of each individual factor on audit quality. Also, auditor specifications such as professional competence, technical ability, independence and auditor's liability have been identified to have significant effects on audit quality.

For future research directions should be considered, the relationships between audit quality factors, corporate governance and decision makers must be taken into account. Moreover, considering the importance of audit quality, more specific studies on audit quality influencing factors are necessary in order to classify such factors, which can have great consequences in both practical and theoretical applications.

It is impossible to totally eliminate the audit quality issues as the audit quality is a

dynamic concept, where the factors that contribute and affect the audit quality can change over time due to and politic and market indicators, so only by evaluating the role of each factor in auditing quality can minimize the risks of auditing quality.

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Orthographic mistakes of student - a result of the missing knowledge

Eneida Pema

Abstract

This article presents the finding of a research conducted for the sake of determining the level of the execution of the orthographic norm, in the written works of students of the ninth and twelfth grade, at two corresponding crucial moments of their education. The initial hypothesis was that students do poorly in following and executing orthographic rules, the research was conducted by examining the written works of 300 students during the school year 2018-2019. These written works were designed in a specific way that would contain the orthographic concepts, which were to be controlled.

Following the analytic methods that were employed to describe and the analysis of the results, it seems that the students of the ninth grade and the high school students face considerable problems in executing the orthographic norm. The most salient cases of mistakes are related to orthographic topics which are rarely included or not included at all during the 12 years of school, in the corresponding textbooks. We tested 16 concepts, by a series of cases that imply considerable difficulties in the correct use and are the most noteworthy. The most noteworthy were: 1. Mistakes in writing the numbers; 2. Mistakes in writing the vowels –u and y- when they are in the stem of a word; 3. Mistakes in writing the words as a single word, separately and with a dash in between, as the orthographic rules suggest; 4. Mistakes in writing particles and prepositions. Although during the elementary and secondary school, students complete 53 class hours and 14 class hours during high school, results indicate a problematic situation. Thus, the analysis of the present results looks the responsible causes related to factors like curricula, the teaching level, didactic means, the methods used in teaching linguistic knowledge in general and the orthographic knowledge in specific, the importance of the teachers' dedication in addressing and teaching the orthographic concepts. The present research with a practical ground, except highlighting the problematic situation, aims to become an impetus for further research in the field of orthography application and in improving the use of orthography.

Keywords: orthographic norm, students of 9th grade and of high school, research, Albanian language subject, written works, analytic method.

1. Introduction

The standardized orthography of the Albanian language means the expression of the national literary norm in all main links of phonetics, grammar, word-formation and lexical structure. It reflects the actual situation and the overall development trends of our literary language, which is extensively based on the colloquial language. Although 45 years have passed since the Orthography Congress was held, the mastery of standard Albanian language remains an issue that deserves to be tackled seriously by our entire education system.

One benchmark used to assess compliance with orthography norms and its application in schools was written assignments. The research focused on three parallel classes of the 4th and 9th grade (who will sit in the Final Exam) and three parallel classes of the 12th grades (who will finalize their achievements with the Matura Exam). Equipped with this knowledge, individuals will enter the labour market as professionals and

will be users of their mother tongue, thus completing the cycle of formation studies. Written assignments include not only linguistic exercises with well-defined requirements to test knowledge obtained in this aspect, but also dictation tests, and essays. It must be noted that these students studied with/between two curricula, meaning that the 12th-grade students have been studying with the old curricula where the Albanian Language was not taught separately from Literature. The same can be said for the 9th grade students until 2014. Surely, this has some implications that are reflected in the application of the orthography norms. Also, it is worth mentioning that the dictation tests were not part of the grading in neither the previous curricula, nor in the actual ones; they were left at the discretion of teachers in drawing up their teaching plan. Home assignments are not subject to grading/check, whereas in the case of essays, only 1 (one) point is given to orthography in the grading table. In the past, serious efforts were attached to orthography; it not only included all main elements of classroom hours, but was consistently part of the grading through dictations, essays, or grammatical-orthographic hours.

This study brings practical results and seeks to contribute to diagnosing the situation in our schools as regards its research object: identify application of the orthography norms; identify and analyze problematic cases; set forth options for further improvement of all segments aiming at rooting the norm, probing into cases disputed by linguists, words from the Albanian language dictionary, curricula, actual textbooks and didactic solutions for a quality-based learning.

2. The methodological framework of the research

The topic of this paper is the application of the orthographic norm at schools to identify the accurate and inaccurate spelling usage in written language.

Research goals were:

1. Analyze spelling accuracy of the 4th, 9th (secondary schools) and 12th-grade (high schools) students, two key moments that indicate the attainment level upon completion of a knowledge learning cycle.
2. Determine a total and an average number of orthographic mistakes in written assignments of secondary and high school students.
3. Determine orthographic errors associated with the age of students, and identify differences between secondary and high-school students.
4. Determine the orthographic errors between students who have been studying only with the new curriculum and have been tested on the knowledge obtained, and the 9th-grade secondary students who have been studying with both curricula(old textbooks up to the 5th-grade continuing further with the competency-based curriculum as of the 6th-grade).

The baseline assumptions that served in the analysis of cases are as follows:

H1 In written assignments, students misspell some words.

H2 Orthography knowledge of orthography depends on the age of students.

H3 Curricula-generated knowledge plays an important role in students orthographic skills.

The studied corpus was comprehensive. It included 1,200 written assignments (each was given four written assignments). Assignments were designed on the basis of knowledge received during all the academic years. In this (research) study, the applied

descriptive and analytical methods seek to ensure that the set of mistakes identified serve the quality improvement quality, by also providing concrete arguments on situations. Therefore, the synthesis of research data has been used to some extent. The surveyed students were from “*Sabaudin Gabrani*”, “*Osman Myderizi*” and “*Petro Nini Luarasi*” schools, which are most prominent in the capital.

3. Preparation and research process

The survey was conducted in three parallel classes of 4th, 9th and 12th grades. Questions were drafted in co-operation with the relevant teachers who approved the tests conducted with students based on their acquired knowledge. Concepts were taken from the book Orthography 1973, deemed as basic compulsory knowledge for students.

From a comparative insight of knowledge acquired by 4, 9 and 12 grade students, immediately apparent is the lack of coordination.

It is noted that spelling topics in the primary cycle in the existing curricula are almost twice those in new curricula. Let us presume in *bona fide* that this reduction is evidence-based and the gap will be filled in the upper grades. 9th-grade students have to cope with the problem of discrepancy between topics explored in the elementary cycle using the old curriculum (up to 5th-grade) and the topics included in the new competency-based curriculum (from 6th-grade).

On the other hand, 12th-grade students have studied the existing curriculum up to the 9th-grade and in high school continued with the new competency-based one.

The lack of a systematic linear distribution of spelling topics for 9th grade and 12th grade students presents many issues. This missing coordination of topics means that students repeat some knowledge and do not obtain additional knowledge in the next school years, e.g.: spelling of the vowel -ë used at the beginning, in the middle and at the end of a word; use of punctuation marks is repeated in several grades, but concepts such as ‘Proper spelling of numerical’ is **never** taught to students as a separate topic.

The results of the written assignments given to the 4th, 9th and 12th-grades on the targeted concepts are as follows:

No.	Questions/Concepts	Class 4 No. of students 100	Class 9 No. of students 100	Class 12 No. of students 100
1	How many of the students (%) use correct punctuation?	59%	85%	89%
2	How many of the students (%) write ordinal numbers?	80%	62%	64%
3	How many of the students write correctly vowel -ë at the end, middle, and at the end of words?	60%	80%	87%
4	How many (%) of the students write -u and -y vowels correctly in the body of words?	-	67%	69%

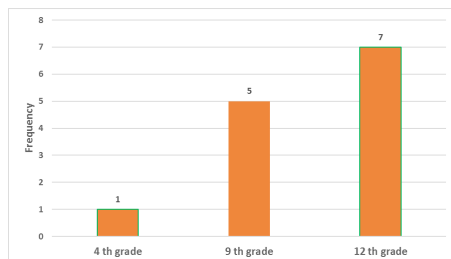
5	How many (%) of the students write the following pairs of vowels correctly: -IE-/-JE- -YE -UE?	-	89%	69%
6	How many of the students (%) use apostrophe correctly?	-	69%	71%
7	How many of the students (%) write the following consonants correctly: -sh,-zh,-ç ?	-	68%	70%
8	How many of the students (%) write the following consonants correctly: -s, -z, -j, -rr, -h, -nj?	-	68%	70%
9	How many (%) of the students write the vowel -i correctly in the body of words?	-	67%	69%
10	How many (%) of the students write consecutive consonants correctly in words?	-	68%	71%
11	How many (%) of the students write words of foreign origin correctly in all their forms?	-	68%	82%
12	How many (%) of the students write articles correctly?	-	72%	87%
13	How many (%) of the students write particles and prepositions correctly?	-	71%	61%
14	How many (%) of the students write compound words (separately, joined, or hyphenated) correctly?	-	65%	67%
15	How many (%) of the students use capital letters correctly?	71%	78%	85%
16	How many (%) of the students divide words correctly at the end of a line?	71%	71%	73%

Each of the concepts above was addressed through a corpus of cases depending on the topics covered by the student until their respective grade. These cases are described below, followed by charts showing the level of knowledge gained by the students until their respective grade. The charts indicate the ratio between the knowledge gained and the accuracy in its application. Further inquiry was made into the phenomenon among students of the 12th-grade, considering its importance for their development and skills at this stage.

1. The exercise showed that only 59% of the students of the fourth grade of "*Sabaudin Gabrani*" school use punctuation marks learned until this stage correctly (Topic: Use of punctuation marks: ., ?, !). This did not include dialogue punctuation marks, knowledge not yet learned until this grade. Students of the 9th-grade use 85% of the punctuation marks correctly: full stop, question mark, exclamation mark, and hyphenation in dialogues. (.) (,) (?) (!) (!?). The corpus of questions included also punctuation in direct speech; the use of a colon, quotation marks, semicolon, and parenthesis, knowledge gained in the 8th grade by the new program. The students of the 12th-grade use them correctly in 89% of the cases. Their written exercises included

the concepts mentioned above for the 4th and 9th-grades, as well as knowledge like: the use of punctuation (comma, colon, ellipsis, parenthesis, quotation marks), knowledge gained in the 10th and 11th-grades.

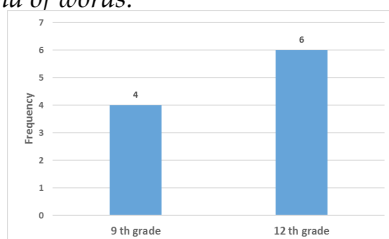
- The chart on knowledge gained by the students regarding: *Use of punctuation marks*



2. Eighty per cent of the students of the 4th-grade writes ordinal numbers 1 to 20 correctly. Problems seem to arise regarding the following ordinal numbers: *gjashtë, dhjetë, njëzet*. Difficulties faced among students of the 9th-grades and secondary school are related with the failure to address this topic separately. The students' mistakes are, therefore, justified by the lack of knowledge. However, it is worth noting the attention paid to this topic by the new program, introducing it already since the second grade of the elementary school. The following cardinal numbers: *dyzet mijë, dyqind mijë, një milion, njëzet e një, një mijë e nëntëqind e shtatëdhjetë e tre*, as well as the following ordinal numbers: *(i,e) njëzetënjëtë, (i,e) pesëdhjetëegjashtë, (i,e) njëqindedytë, (i,e) njëmiliontë* seem to be the most susceptible to mistakes.

3. The use of *-ë* vowel at the end of the words was found to be problematic: *frutë/ frut, ballë/ ball, gjalpë/ gjalp, ujë/ uj, (i,e) kotë/ (i,e) kot, (disa) maturantë/ (disa) maturant, (disa) shqiptarë/ (disa) shqiptar*. The following forms of verbs also seem to be susceptible to mistakes: *(ai) të gjejë; kam qenë, (unë) të lë, where students do not use the ending -ë correctly: ((ai) të gjej; kam qen, (unë) të le*. The following are also not written properly: *shpatull/ shpatullë, drejtshkrim/ drejtëshkrim, i brendshëm/ i brendëshëm, të ulëta/ të ulta, njerëzit/ njerzit, mbarësi/ mbarësi, thellësi/ thellsi, pjesëto/ pjesëto, kokrrat/ kokërrat, numri/ numëri, të sotmen/ të sotëm, kombëtar/ kombtar, Skënderbeu/ Skënderbeu, i saj/ i sajë, i sigurt/ i sigurtë*.

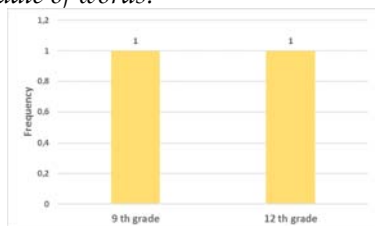
- The chart on the knowledge gained by the students on the topic: *The use of -ë vowel in the middle and end of words*.



4. Vowels like *-u* and *-y* are not accurately used in the middle of words as in the following examples: *bulmet/ bylmet, gjurmoj/ gjyrmoj, tunell/ tyneel, sfungjer/ sfyngjer, qurra/ qyrra, byrek/ burek, mysliman/ musliman*. Such knowledge is introduced in the 5th-grade in the existing school books under the title: Use of *-i* and *-y* and *-u* and *-y* vowels.

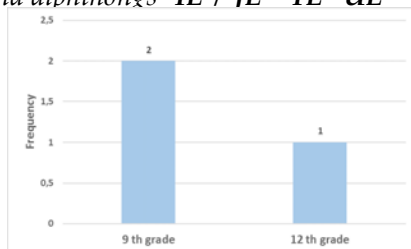
It is recommended that this topic be addressed more extensively, as it poses certain difficulties. The topic is not integrated in the new program either, with students of the 9th and 12th-grades not being thus able to learn how these words are properly written. It is still concerning that students who are subject to the new program will have no knowledge about this issue.

- The chart on the knowledge gained by the students on the topic: *Proper use of -u and -y vowels in the middle of words.*



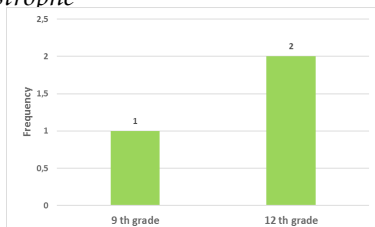
5. The concept: The spelling of groups of vowels and diphthongs **-IE-/-JE- -YE -UE** is introduced in the 9th-grade for students of the 12th-grade. The lack of an insufficient coverage of this concept is addressed by the latest programs, with students being introduced now to it since the 7th grade (Spelling of words containing groups of vowels and diphthongs **-ie** and **-je**) to the 9th grade (Spelling of words containing the groups **ye, ua, ue**). This is reflected on the level of 89% accuracy in the examples given to students of the 9th-grade. Such examples included: *ziej/ zzej, ndiej/ ndjej, ndjenjë/ndienjë, sjellje/siellje, i rrëmbyeshëm/ i rrëmbyshëm, thyesë/ thysë, i gëzueshëm/ i gëzushëm, i vijueshëm/ i vijushëm, i vajtueshëm/ i vajtushëm.*

- The chart on the knowledge gained by the students on the topic: *Spelling of pairs of vowels and diphthongs -IE-/-IE- -YE -UE*



6. **Use of apostrophe** is a concept, which the students of the 12th-grade have learned in the 5th and 6th-grade, while those of the 9th grade have learned it in the 5th-grade (Use of apostrophe in joined particles and interrogative pronoun ç) and 7th-grade (Use of apostrophe in short joined particles). It is to be noted that spelling accuracy is also taught as part of the topics on shortly joined particles, as part of morphological linguistic knowledge. This contributes directly to users' accuracy. Examples included: *m`i dha/mi dha, t`i dha/ti dha, m`u bëfsh/ mu bëfsh, t`ia thuash/tia thuash, të m`ia numërosh/të mia numërosh, ia dhashël/ ja dhashë, për t`iu përgjigjur/për tju përgjigjur, çfarë thua?/ çfarë thua?, (i,e) s`ëmës/(i,e) s`ëmës.*

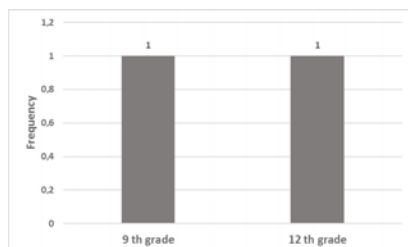
- The chart on the knowledge gained by the students of the 12th-grade on the topic: *Use of apostrophe*



7. Use of consonants: **-sh, -zh, -ç** is a concept introduced in the 8th-grade for students of the

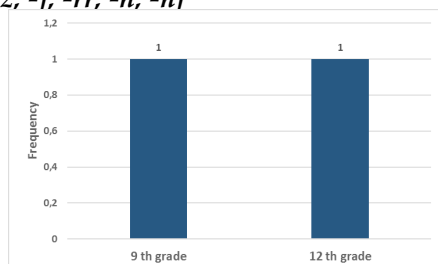
9th-grade, and in the 7th-grade for students of the 12th-grade. Examples included: *shfajësoj/çfajësoj, shkull/çkull, shpif/çpif, shpoj/çpoj, shthurje/çthurje, zhvendos/xhvendos, zhdredh/xhdredh, gjithçka/gjithshka, i posaçëm/i posatshtëm.*

- The chart on the knowledge gained by the students on the topic: *Use of consonants: -sh, -zh, -ç.*



8. The spelling of the following consonants: **-s, -z, -j, -rr, -h, -nj** is introduced in the eighth grade in the case of students who are currently in the 9th grade, and seventh for those in the 12th-grade. Examples included: *smirë/cmirë, sfilit/cfilit, smalt/zmalt, hapja/hapia, ndenjë/ndenje, pajisje/paisje, vetjak/vetiak, hyzmet/yzmet, gjynah/gjynaf, vjehrra/vjerra, bahçe/baçe, rresht/resht, rrëzë/rëzë, rruzull/ruzull, rreptësi/reptësi, pjerrësi/pjerësi, arrij/arij, ëndërr/ëndër, tmerr/tmer, marr/mar, mora/morra, nxora/nxorra, çora/çorra, burracak/buracak, kurrsesi/kurses, shkarravinë/shkaravin, karotë/karrotë, kontroll/kontroll, ngurosem/ngurrosem, radhë/radhë, regjistër/rregjistër, rol/rrol, ryshfet/rryshfet, konkurues/konkures, (i,e)drunjtë/(i,e)drujtë, (disa)arinj/(disa)arij, (disa)kallinj/(disa)kalli, (disa)përrenj/(disa)përrej, (disa)kufij/(disa)kufinj, (disa)të këqij/(disa)të këqinj.*

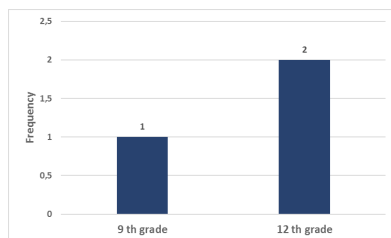
- The chart on the knowledge gained by the students on the topic: *Spelling of consonants: -s, -z, -i, -rr, -h, -nj*



9. The use of **-i** vowel instead of **-j** consonant in the body of certain words was tested using the following cases: *(ai) tregoi/(ai)tregoj, (ai) zgjoi/(ai) zgjoj, (i,e) kroiti/(i,e) krojit, dietë/djetë, radio/radjo, ambient/ambjent, iu mbush/ju mbush, mos ia trego/mos ja trego.* This knowledge is not covered separately, regardless of the problems faced in its application.

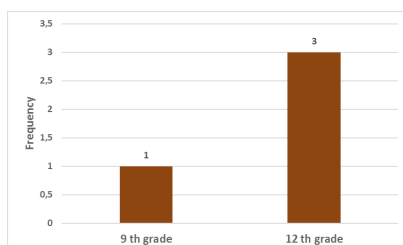
10. Spelling in the cases of **words containing consecutive consonants** is addressed in the eighth grade in the case of students, who are currently in the 9th-grade, and in the 6th and 7th-grade for students who are now in the 12th-grade. Cases used in students's home-work included: *djegje/djegje, shtangje/shtangje, psikologia/psikologja, dhënie/dhënie, kundërvënie/kundërvënie, i herëpashershëm/ i herë pas hershëm, meshollë/meshollë, Ethem/ Et'hëm, (i,e) pesëqindtë/(i,e) pesëqintë, i treqindti/i treqinti, kënddrejtë/kënddrejtë, (nëpunës/ nëpunës), nënndarje/nëndarje, e gjetë e mirale gjetë e mira.*

- The chart on the knowledge gained by the students on the topic: *Consecutive consonants*



11. **Spelling of words of foreign origin** is addressed in the ninth grade in the case of students currently in the 9th grade, and in the 7th, 9th, and 12th in the case of those who are currently in the 12th grade. Cases tested through written homework included: *financiar/financjar, specialist/specjalist, piano/pjano, variant/varjant, diagramë/djagramë, ambicie/ambicje, mumie/mumje, dispozicion/dispozicjon, milion/miljon, seksion/seksjon, stadium/stadjum, vjenez/vienez, pavijon/pavion, volejboll/ voleiboll, Tajlandë/Tailandë, Havai/Havaji, koktej/koktei, himn/hymn, olimpiadë/olimpjadë, Egjipti/Egjipti, gjimnastikë/gjymnastikë, Evropë/Europë, ekuacion/ekuacion, ekuivalencë/ekujvalencë, koordinatë/kordinatë, alkool/alkol, proces/proçes, censurë/ çensurë, certifikatë/certifikatë, centralist/ çentralist, deficit/defiçit, incizoj/inçizoj, konciz/konçiz, mensë/mencë, pedagog/petagog, patos/ pathos, Medeja/ Medea, agjenci/ agjensi, higjienë/higjenë, logjikë/llogjikë, regjim/rregjim, gjirafë/ xhirafë, digjital/ dixhital, psikiatër/ psiqatër, ekskavator/ eskavator, ekskursion/ eskursion, atlas/atlas, holandez/hollandez, kolonë/kollonë, kolos/kollos, lotari/ llotari, tablo/tablllo, Apoloni/Apolloni, kloun/killoun, regjisor/regjizor.*

- The chart on the knowledge gained by the students on the topic: *Spelling of foreign words*



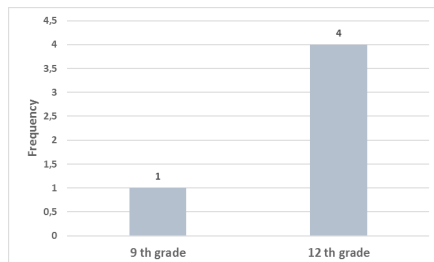
12. **Spelling of articles** was tested through a series of cases as follows:

diploma e një studenteje të degës elektrike	✓	diploma e një studenteje së degës elektrike	×
(i,e,të,së) cilësisë së parë, të dytë e të tretë	✓	(i,e,të,së) cilësisë së parë, së dytë e së tretë	×
(i,e,të, së) skuadrës fituese të Shqipërisë	✓	(i,e,të, së) skuadrës fituese së Shqipërisë	×
konkursi i këngës së vajzave së klasës së dhjetë	✓	konkursi i këngës së vajzave së klasës të dhjetë	×
kujdesi i së bijës	✓	kujdesi i të bijës	×
frytet e fitores të së resë	✓	frytet e fitores së të resë	×
prodhimi i më së mirës verë të vendit	✓	prodhimi i më të mirës verë të vendit	×
i dua mollët të ëmbla	✓	i dua mollët e ëmbla	×
ky libër është imi	✓	ky libër është i imi	×
kjo shtëpi është jotja	✓	kjo shtëpi është e jotja	×

This concept is introduced in the ninth grade by the students of these parallel grades, and in the 8th, 9th, 10th, and 12th grades for students of the 12th grade. It is to be noted

that such knowledge had not been introduced to the 12th grades and 9th ones at the moment of this test. Therefore, the current results are lower than expected at the end of these years.

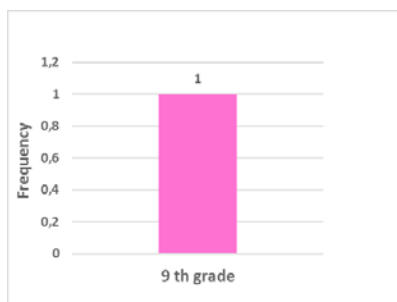
- The chart on the knowledge gained by the students on the topic: *Spelling of articles*



13. **Spelling of particles and prepositions** is introduced in the ninth grade to the students currently in the ninth grade, but not to the students of the 12th grade. This knowledge turns out to be difficult to be applied in practice.

<i>duke kënduar e duke brohoritur</i>	✓	<i>duke kënduar e brohoritur</i>	×
<i>pa u lodhur e pa u përpjekur</i>	✓	<i>pa u lodhur e u përpjekur</i>	×
<i>në verë, në vjeshtë e në dimër</i>	✓	<i>në verë, vjeshtë e dimër</i>	×

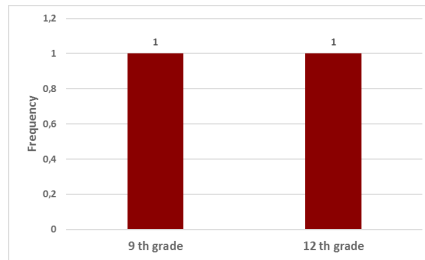
- The chart on the knowledge gained by the students on the topic: *Spelling of particles and prepositions*



14. **Writing of compound words (joined, separated, or hyphenated)** is introduced in the ninth grade for students who are currently in the 9th grade, and in the 11th for those now in the 12th grade.

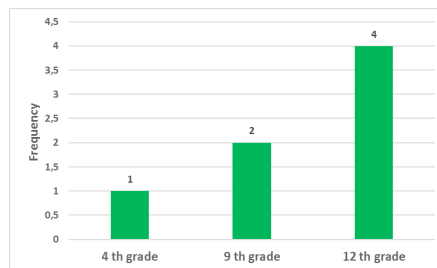
The cases used in this case were: *joletrar/ jo letrar, (folje)jokalimtare/(folje)jo kalimtare, parashkollor/ para shkollor, bojëportokall/ bojë portokall, dhjetëvjeçar/ dhjetë vjeçar, fletëdalje/ fletë-dalje, lulëlakër/ lule lakër, procesverbal/ proces-verbal, gjithsecili/ gjithësecili, kurrëgjë/ kurrëgjë, gjithsekush/ gjithësekush, dalngadalë/ dalëngadalë, padashur/ pa dashur, pareshtur/ pa reshtur, përherë/ për herë, përgjysmë/ përgjysëm, përkrah/ për krah, përjetë/ për jetë prapëseprapë/prapë se prapë, sidoqoftë/sido qoftë, qëkur/ që kur, mirëmëngjes/mirë mëngjes, vaj peshku/vajpeshku, bojëhiri/ bojë hiri, së shpejti/ sëshpejti, së bashku/ sëbashku, rreth e qark/ rretheqark, meqenëse/ me qenë se, kështu që/ kështuqë, sado që/sadoqë, Mirë se vini!/ Mirësevini!, Të falem nderit!/ Të falemnderit!, copë-copë/copë copë, vende-vende/ vende vende, qen-ujk/ qen ujk, klasa e 9-të/ klasa e 9, 100-vjetori i Pavarësisë/100 vjetori i Pavarësisë, anëtarët e FRESH-it/ anëtarët e FRESH.*

- The chart on the knowledge gained by the students on the topic: *Writing of compound words (joined, separated, or hyphenated)*



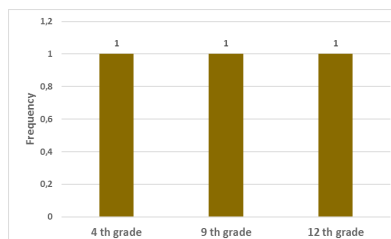
15. **Use of capital letters** was tested in the following examples: *Gavril Dara i Riu/ Gavril Dara i riu, Leonardo da Vinçi/ Leonardo Da Vinçi, deputeti i Kuvendit Popullor/ Deputeti i Kuvendit Popullor, mbretëresha Teuta/ Mbretëresha Teuta, Ylli Polar/ Ylli polar, perëndimi i diellit/ Perëndimi i Diellit, Poli i Veriut/ Poli i veriut, gadishulli i Ballkanit/ Gadishulli i Ballkanit, lumi i Matit/ Lumi i Matit, popujt e Veriut/ popujt e veriut, Rilindja kombëtare shqiptare/ rilindja kombëtare shqiptare, sheshi "Skënderbej"/ Sheshi Skënderbej, prill/ Prill*. Such knowledge is introduced in the first grade in the case of students of the 4th-grade, in the first and sixth grade for students of the 9th-grade, and in the first, eighth, tenth, and twelfth grade in the case of students of the 12th-grade.

- The chart on the knowledge gained by the students on the topic: *Use of capital letters*



16. **Division of words at the end of the line** is introduced in the second grade in the case of students of the 4th-grade, in the fourth grade for students of the 9th-grade and 12th-grade. The words used for this purpose were: *dash/ d-ash, shpre-sa/ shpr-esa, vëlla-it/ vëll-ait, urë/ u-rë, ha-rroj/ har-roj, hekur-udhë/ heku-rudhë*.

- The chart on the knowledge gained by the students on the topic: *Division of words at the end of the line*



Conclusions

The above research provides an answer to the hypothesis raised over the years, which confirm that students make several spelling mistakes. Each student's spelling was tested in 223 cases. The level of knowledge obtained seemed to be reflected in the spelling results. This leads to the conclusion that a good evaluation of the

curriculum, ensuring a balanced distribution of topics, would certainly contribute to a more effective application of the spelling norm. An improved performance of students of the 12th-grade is also related with age, as users are inclined to improve their skills over the years thanks to the indirect contribution of external factors like the knowledge gained from various school subjects, and print and electronic media (with the internet playing an anti-cure role here). Under such circumstances, what is suggested is: a better-thought approach, starting from the learning program, its 'translation' into the school texts, teaching plans designed to meet the needs of different grades, and the application of appropriate techniques for memorizing correct spelling, and using as a pure standard language as possible. Dictation is suggested to be applied throughout the 9-year education system for improving spelling, as well as an integration of spelling exercises in written tests for secondary school students. Such written work needs to be considered and paid the right attention. Mistakes need to be analyzed from the perspective of each grade and efforts need to be made to address group weaknesses. Besides, written exercises in the Maturity exams need to be given a proportional weight. Giving students one point only for correctly doing such exercises has had an impact on the importance they assign to it and on what is expected of them.

The well-studied integration of spelling rules and skills in a balanced manner, taking into consideration the difficulties for each of the 9-year school grades and secondary schools, a proper theoretical and practical coverage of a variety of exercises, and teaching methods based on techniques applicable to numerous classes, would be safe ways towards improving the spelling performance by our school students.

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Entry requirements to the auditing profession and continuing professional education of auditors in Albania

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Abstract

Literature on auditors focuses heavily on the impact of auditor's professionalism on audit performance. Catanach and Walker, 1999, suggest that audit quality is a function of auditor performance that can be classified into two main aspects. First, the professional ability associated with the ability of auditors to detect material errors and specifics of accounting matters that depend on the professional attributes of the auditor as technical competence, knowledge, experience, industry specialization and the ability to use technology. Burns and The Hague, 1977, claim that these professional attributes are gained through education, training and experience, and are attributes that characterize the auditor as members of a profession. Auditors are required to have a profound understanding of financial reporting and business issues, together with expertise in collecting and evaluating the evidence needed to form an accurate opinion audit. Owthoso, 2002, suggests that specialized auditors are more able to detect mechanical and conceptual errors in the financial statements. Solomon, 1999, similarly, in a previous experimental study provides evidence that auditor knowledge derived from training and direct experience influences their ability to detect errors in the financial statements. Secondly, the quality of the audit is related to professional conduct, which includes attributes that may include independence, integrity, objectivity, and proper professional care (ISA 200). As a consequence, entering into the profession and exercising it, you are faced with a series of different legal requirements, which will be the subject of thorough investigation in this article. Candidates for a statutory auditor are required to undergo professional internships, during which, they receive further theoretical and practical education and develop professional skills and values and ethical attitudes. They take a final exam of professionally organized skills independently.

Also during their careers, auditors are subject to a continuing professional qualification, which was introduced by Directive 2006/43 / EC, and aims to guarantee and enhance professional training and updating of legal auditors, thus ensuring that the audits are carried out in accordance with the appropriate quality parameters.

In the framework of these pro-forecasts and normative inter-modal changes, the way of entering the profession and continuous professional training in Albania will be studied compared to one of the EU countries, specifically Italy. This is to highlight the situation in Albania, compared to developed neighboring countries.

1. Entering the profession in Albania

To enter the profession of legal auditor in Albania, candidates must meet the following requirements:

a) have completed the second cycle undergraduate studies at the "Master" level

in one of the branches of study in economic sciences such as accounting, finance, business administration, economics or equivalent,
b) have completed professional practice with a 3 year employment contract with a professional practitioner, and
c) Have successfully completed their professional skills examinations.

1.1 Professional Practice

Candidates for a statutory auditor are required to undergo professional internships during which they receive further theoretical and practical education and develop professional skills and values and ethical attitudes. To be admitted to vocational practice, the candidate must have completed high-level studies and be awarded a "Master" degree or equivalent in the faculty of economics. Vocational practice is carried out close to and under the care of a practitioner, who must be an active legal auditor who has been in the profession for at least three years. A candidate during professional practice must perform no less than 600 hours of work in the statutory audit of the individual and / or consolidated financial statements. At the end of the internship, candidates deposit and protect a professional paper that includes theoretical and practical treatment on issues of interest to practicing the profession.

1.2 Training of candidates during professional practice.

The Institute of Authorized Accounting Experts assesses whether candidates in professional practice have successfully passed all basic theoretical knowledge and theoretical knowledge included in the approved education program. The curriculum is designed in accordance with the requirements of the IAASB International Education Standards and includes International Standards on Auditing. During the internship period, candidates must successfully pass all theoretical examinations uncovered by their study program at the higher school. The candidate's vocational education program includes almost all IFAC Education Standards requirements, which include International Standards on Auditing, Giving Security, International Accounting Standards, and Professional Ethics Standards. Admission to the final exam of professional skills will in any case be done only after the requirements foreseen in the education program are met.

1.3 Final Exam of Professional Skills

Final Examination of Professional Skills is organized by the Independent Professional Examination Committee. The final exam of professional skills is accomplished through not less than 4 written tests (usually 5) and involves assessing the skills of candidates for legal auditors to apply in practice and to make professional judgments at an advanced level in the areas of following:

Exam Test of Professional Skills is about:

- Reporting and preparation of financial statements, according to national and international financial reporting standards;
- Practical implementation of legislation on civil, criminal, commercial and labor law in the Republic of Albania, to the extent that these are of interest to the PF legal audit profession;
- Implementation of the requirements of tax and tax legislation in the Republic of

Albania;

- Practical application of professional ethics requirements and working procedures for audit of PF, as required by ISAs;
- Implement proper models of organization, direction, governance and internal control of business entities (legal entities);
- Use of information and information systems

1.4 Registration of Legal Auditors

Individuals wishing to exercise the profession of statutory auditor in public practice after obtaining the title of Legal Auditor are required to register in the Public Register of Legal Auditors which is maintained and updated by the professional organization. The Public Register of Legal Auditors contains the following two sections: Section of Legal Auditors (Individuals), and Audit firm section (audit firms). The procedures for inclusion in the public register of statutory auditors and audit firms have been drafted by the Institute and are carried out by the Census Committee, which is established by the Institute and consists of representatives of IEKA and the Ministry of Finance and Economy.

1.5 Continuous professional development

Legal Auditors are subject to a continuing professional qualification, which is compulsory and lasts for at least 40 hours per year. The Existing Qualification Committee is a permanent committee tasked with ensuring the organization and continuing qualification of the members of the Institute, and the knowledge and skills acquired during the training. It is his responsibility to prepare qualification programs and propose methods of assessment for acquired and / or acquired knowledge.

2. Entering the profession in Italy

According to the Legislative Decree n. 88 of 27/01/1992, can enroll in the Register of Auditors, acquiring the legal right to use the relevant professional title, those who, after being enrolled in the Internship register, they completed a three-year apprenticeship with an auditor regarding the control of financial statements and consolidated financial statements. To register, you must have a bachelor's degree in economic-business or legal subjects, or be in possession of a bachelor's degree in the same subjects as a result of a study course of at least three years. Employees of the State and public bodies that carry out a three-year internship at the University can also register with the Register a public official authorized to audit accounts.

2.1 Professional Practice

The discipline of the traineeship for auditors is contained in Presidential Decree 6 March 1998 n. 99 To register the internship, held at the Institute of Auditors, must register all those who intend to achieve the necessary requirements for subsequent access to the register of auditors. The three-year traineeship must have as its object the activities of the accounting auditor function, as well as the theoretical and practical in-depth examination of the subjects under examination for registration in the register of auditors. The internship must be carried out by an auditor registered in the relative register held at the National Institute of Auditors or also within the scope of auditing firms registered in the special register established at the National

Commission for Companies and Stock Exchange (CONSOB). The internship lasts three years and runs from the date of receipt, by the Institute of Accounting Auditors, of the application for registration in the relative register.

1.2 Training of candidates during professional practice

The guide indicates, by way of example, some points that characterize the participation of the trainee in the activity of revision:

- participation, where possible, in the phases of planning the legal audit at the client company, identifying risks and identifying safeguard measures also in terms of independence;
- verification of the regular keeping of the social accounting;
- participation, where possible, in the operational meetings concerning the performance of the legal audit;
- the drafting of documents, workpapers, reports relevant to the subject of the assignment;
- participation, where possible, in the organization of work, the identification of the most significant risk areas for the audit, the estimate of the adequacy of resources and time allocated by the statutory auditor to carry out the assignment, the existence of adequate procedures and internal quality control systems;
- collaboration to the request for external confirmations, to the comparative analysis procedures, to the audit sampling;
- collaboration in the collection of audit evidence, the evaluation of the identified errors, the formation of the judgment;
- participation in any other review process as defined by the reference professional standards (ISA Italia auditing standards).

1.3 Final Exam of Professional Skills

The state exam for the qualification to practice the profession of auditor is held once a year in Rome, and consists of written and oral tests aimed at ascertaining the theoretical knowledge of the candidate and his ability to apply them practically, in the following subjects: a) general accounting; b) analytical and management accounting; c) regulation of the annual and consolidated financial statements; d) control of accounting and financial statements; e) civil and commercial law; f) bankruptcy law; g) tax law; h) labor and social security law; i) information and information systems; l) political and business economics and fundamental principles of financial management; m) mathematics and statistics. For the subjects listed in letters e) to m), the assessment of theoretical knowledge and the ability to apply them practically is limited to what is necessary for the control of accounting and financial statements. Examiners from Exam for those who have passed, for the qualification to the exercise of professional activity, a theoretical examination of State concerning the subjects foreseen by the examination for the qualification to practice the profession of Auditor (ex. Accountants and Chartered Accountants). The employees of the State and of the public bodies who, in possession of the requisites provided, have passed a theoretical and practical examination concerning the subjects foreseen by the examination of Accounting Auditor are also exempted from the examination.

1.4 Registration of Legal Auditors

You can register with the register of auditors after passing the exam. In this register only those who commit the profession as individuals are registered, while the

auditing companies register in a special register kept by Consob.

2.5 Continuous professional development

The continuous training of auditors consists of participation in the professional updating programs defined annually by the Ministry of Economy and Finance and the training activity can be carried out through participation in distance training programs, also through partner organizations, or through participation to activities carried out by public or private subjects previously accredited by the Ministry. Fulfillment of the training obligation, introduced by Legislative Decree no. July 17, 2016, n. 135, is scheduled over a three-year time frame, during which each member must achieve at least 60 credits, at least 20 credits for each year.

Conclusion

From an analysis of the above detailed information it turns out that in general terms, the profession of legal auditor in Albania is subject to the same criteria for entering and developing the profession as it is in the neighboring EU country.

There are irrelevant differences, evidenced in the following aspects:

- Access to professional practice requires a Master Degree in Albania, while in Italy is sufficient the Bachelor Degree;
- The exam for obtaining the title is realized in Albania only in writing form;
- Public register of accounting experts, including audit firms in Albania, while in Italy they are registered in a special register at the Consob institution.
- The current professional qualification for auditors in Albania provides for the completion of 40 hours of training per year, while in Italy the following professional qualification requires the obtaining of 20 training credits.

It can be said that the differences are above all the formal differences. In Albania, as far as the legal auditor's characteristics are concerned, they are in line with European norms and meet the main criteria set out in it for access to and pursuit of the profession.

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Recognition of judicial decisions under the Brussels and Lugano Conventions on Jurisdiction and Enforcement of Foreign Decisions in Civil and Commercial Matters

Ermira Shtino

Abstract

The Brussels Convention of 1968 contains uniform rules regarding jurisdiction, but also those relating to the recognition and enforcement of judicial decisions. These provisions together constitute a legal framework which prevails over the internal law of the EC member states. The Brussels Convention has been interpreted as a first step towards a federal legal system in the European Community. This Convention was drafted for the first time in conformity with Article 220 of the Treaty of Rome, thus complementing the Community's freedoms. It has established the common European judicial area and common European principles by overcoming the purpose of its own implementation.

Brussels and Lugano Convention on the Jurisdiction and Implementation of Foreign Decisions in Civil and Commercial Matters

It has set examples of procedural reform in member states and outside the community. In this context, we can mention the so-called parallel Lugano Convention between the EU and the EFTA (European Free Trade Association) of 1988. The latter follows the same principles as the Brussels Convention, but has a field of application wide. These two Conventions provide for the "free flow of judicial decisions" and define the terms and procedures of the requesting State. Through these conventions, the partial harmonization of the civil procedure was implemented, beginning with the concept of mutual recognition of judicial decisions.

The conclusions of the Tampere Summit emphasized the further elaboration of this concept of mutual recognition.

With the free movement of persons, goods, services and capital, disputes increased and proportionate to them, as well, the need for the execution of EU decisions. The number of member states of the European Community was not that of the time of the Hague and Brussels Conventions.

The international reports received an unbelievable extension and the rules of common law jeopardized the common market-based relationship.

In cross-border disputes, a decision may have far-reaching consequences and the controversial issue in any case is the determination of the value of foreign decisions within a given territory.

The immediate execution of a foreign judicial decision results in the reduction of the sovereignty of a state. However, in modern states, the principle of reciprocity does not take place, as when they know the decisions of foreign states, under the same conditions, this foreign state reserves the right not to recognize the decision of that state.

The Brussels and Lugano Conventions remain an important part of European legislation. Their "dual" nature allows to treat fundamental parts of international civil procedural law, such as jurisdiction and the recognition of foreign judicial

decisions independently.

The immediate flow of judicial decisions means that the jurisdiction of the courts is based on common principles recognizing recognition limited to Article 1 of the Convention only in civil and commercial matters and excluding administrative or customs matters, arbitration, social security, affairs of property, inheritance, legal capacity and to act of persons, bankruptcy or liquidation proceedings of legal persons.

In the sense of Article 25, "a decision" shall be deemed to be any decision rendered by a court or authority of a Member State, whatever that decision including a decree, order, decision or title of execution or determination of prices or court expenses by a court employee, regardless of their form.

The problem of recognition has been extremely problematic. Thus, the German court did not recognize the foreign judicial decisions in many cases. The same thing we can say about Sweden before joining the European Union. On the other hand, French judges were allowed to review foreign decisions in all legal aspects by reaching the refusal to recognize the decision of a foreign state. The Convention now clearly stipulates that a foreign judicial decision does not need to be fundamentally reviewed at the stage of recognition and extermination.

Articles 27 and 28 of the Convention provide for cases where judicial decisions can not be recognized. The 1988 Lugano Convention provided for the same grounds for refusal in matters of recognition of a foreign decision, but given that it extends its effects to EFTA countries. Some of the changes in this regard are reflected in articles 28/2, 54B / 3, 57/4 of it.

Cases of refusal to recognize a decision under the Brussels and Lugano Conventions

According to the Brussels Convention (Article 27/1) and the harmonized legislation of member states, the main cause when it is possible to refuse recognition of a foreign country's decision is public order and policy. The jurisprudence of the European Court has shown that "the cause of public order should not be used except in exceptional cases". Such restrictions must be checked so that the right of contracting parties is not violated to require recognition of a foreign decision. The Convention also pays particular attention to the right of the defendant to be heard at the hearing. The court can not recognize a decision if the lawsuit has not been disclosed to the defendant or if he has not been given enough time to prepare and to present his defense (Article 27/2).

Such a legal regulation is contained in the domestic legislations of member states as well as in international conventions, in particular the 1965 Hague Convention on Document Service.

The question of whether the service and notification of the acts will take place in due course depends on the impacts of each particular case.

Document service rules vary from one country to another and are often complex, as other states' jurisprudents oversee them. However, in such cases it is necessary to check the possibility that the person in absentia has presented his defense.

Article 27/3 of the Brussels Convention also avoids the incompatibility of judgments. This provision provides for the principle of *lis pendence* at the time it avoids parallel

proceedings and the principle of res judicata at the time that avoids proceedings for the same previously judged issue.

Since the beginning of the Brussels Convention many of the contracting states considered domestic legal provisions as part of public policy.

In the sense of Article 27/4 in the event that the decision was in contradiction with the law applied in the country where recognition was sought, the competent court was entitled to refuse recognition, limited to cases of legal capacity and that of acting on natural persons and jurisprudence, marital estate regimes and inheritance issues.

The procedure of recognizing foreign judicial decisions

The procedure for recognizing foreign decisions is automatic and has ipso jure effects in all conjunction states at any time when recognition is required.

Article 26/1 states "A decision given in a Contracting State shall be recognized in other Contracting Parties without requiring any special procedure." Consequently, recognition of a foreign country's decision will be based on mutual trust between EU member states.

The European Court has underlined that "recognition should attribute decisions to the authority and efficiency they would enjoy in the place where they were taken". The nudge seems to consist of two elements on the one hand, the foreign decision is attributed to the authority of the adjudicated one, while avoiding a review of the same issue again, is acknowledged the "essential efficiency" of the foreign judge.

The procedure for recognizing foreign decisions is characterized by its speed; it is realized through the request of the interested party, without an opposing party. The decision may contain total or partial recognition, or refusal of recognition. An appeal may be made to this decision.

Conclusions

Harmonization of the procedural law has begun in the early years with the Brussels Convention, which is called differently, and judicial cooperation agreement. Its sole purpose was the free flow of judicial proceedings, including judicial jurisdiction and recognition of the execution of foreign judicial decisions.

In this respect, the recognition and enforcement of foreign judicial decisions are part of international judicial cooperation, which directly affects the creation of what is called "free space". Creating a European judicial area means that decisions given by a member state of the European Union are recognized and executed by other member states as soon as possible and in the simplest possible way.

Following the 1968 Brussels Convention, the Lugano Convention created a wider area of judicial cooperation, creating opportunities for other non-member countries of the EC and members of the EFTA to adhere to it. The throne was deepened in the Treaty of the European Union (the Maastricht Treaty) and was crowned with the Treaty of Amsterdam.

Rural economic development through medicinal and aromatic plants cultivation (case study Malësia e Madhe, Albania)

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Abstract

Conservation of medicinal plants is receiving increased attention all across the globe keeping in view their medicinal, ecological and economical value. Albania has a very rich biodiversity, where medicinal and aromatic plant occupy an important place. About 10% of the natural flora is represented by medicinal and aromatic plants, of which 90% grow in the wild and 10% are cultivated. The high market demands for wild medicinal and aromatic plants has led to their overexploitation and damage on one hand and the need for their cultivation on the other hand. This phenomenon is associated with the transformation of the natural landscape to cultivated plots. Among the plants that are being cultivated in some areas of Albania are: *Salvia officinalis*, *Rosmarinus officinalis*, *Lavandula officinalis*, *orchis maria*, *Lilium candidum* etc.

In Albania the tradition of collecting MAPs continues from antiquity to the present day. MAPs constitute an important share in the income of the rural economy, where are employed about 100 000 families that lives in mountain rural area. In 2013 about 11 221 ton MAP-s are exported from Albania, providing about 23 million euro. Natural condition of Malësia e Madhe are defining for economic development. Geological formation (limestone) and climate condition (scarce rainfall) are the determinants of a dry and bare landscape with a limited area of agricultural land. Municipality of Malësia e Madhe has about 54 497 inhabitants, where 80% of them live in rural areas. The income of the rural population is provided mainly from small farms, remittances from emigrants and cultivation of medicinal and aromatic plants.

The investments made in recent years for cultivation of medicinal and aromatic plants have increased the opportunities for rural economic development of Malësia e Madhe municipality. Actually in Malësia e Madhe municipality are planted about 3140 ha with medicinal and aromatic plants (of which 2800 ha with sage, 200 ha lavender, 140 ha thymus, etc), where are employed about 2 000 families. From Malësia e Madhe is produced about 90% of the sage that is exported in American and EU market.

Keywords: medicinal and aromatic plants, cultivation, cultivation of sage, rural economic development.

Introduction

Medicinal and aromatic plants are known to human beings since antiquity. Examples on the use of these plants for religious ceremonies, rituals, for curing diseases abound in the ancient literature of different countries including Albania. Albania, for the geographical location and favorable physical and geographical features (geological diversity of forms of relief, diverse climate, rich hydrographical network, types of soils and diverse nature edaphic) is ranked among the first European assets to its flora and the general surface it possesses. In Albania are increased about 47% of

Balkan plant species and 30% of Europe's plant species. Albania's Flora includes around 3250 different plant species that belong to 165 families and 910 genders. About 1.1% or 28 becoming sub species and 150 are endemic. Over 310 species are medicinal and aromatic plants and about 10% of the flora of the country is occupied by the rare species, endangered species and relict species¹.

In recent years, there is a renewed interest in the use of plant-derived drugs both in modern and traditional systems of medicine. As a result, the demand for MAPs has increased globally leading to indiscriminate collection of these plants from their natural habitats. This has led to risk of extinction of some species (about 50 species are list in Red Book) such as *Sideritis raeseri*, *Berberis vulgaris*, *Symphytum officinale*, *Cholium autumnale*, *Ephedra distachya*, *Gentiana Lutea*, *Hypericum perforatum*, *Juniperus communis*, *Juniperus oxycedrus*, *Laurus nobilis*, *Orchis sp. Divaricata*, *Origanum vulgare*, *Salvia officinalis*, etc. If the same trend continues, it is feared that the number of endangered species will grow up. Therefore, there is an urgent need to encourage the systematic cultivation of MAPs to exploit their economic potential as well as to protect them from extinction.

Apart from protection from overuse of MAPs, their cultivation has an important impact on rural economy development in Albania. Collection of MAPs is one of those important activities that serve as the main income generation for families in the rural areas in our country, although it is seasonal. There are about 75 000 – 100 000 inhabitants in rural areas in Albania (especially remote rural areas) that are involved in collecting MAPs. Considering the fact that one rural family in Albania is made up of an average of 4.8 members, at least one of them is involved in MAPs collection and 15-20% of Albanian households provide incomes by this activity. In the rural areas in Northern part of Albania, about 17% of the household incomes are generated by MAPs collection. Municipality of Malësi e Madhe holds the first place in Albania for its cultivated area, production and exports of MAPs (especially sage). There are about 80% of families that live in the administrative unit of Qendër and Kastrat that are involved in this activity by generating about 60% of the yearly incomes for the family². The interest in increasing the cultivated area with MAPs is related to grants given by the Albanian Government and ensuring their selling markets.

Methodology

Collection of primary data

For understanding the importance of medicinal and aromatic plant in rural economic development is being exploited the literatures about potential of MAP that grow in Albania; export-import annual reports (publication from Ministry of Agriculture and Rural Development, The Institute of Statistics, etc). Being that this industry operates in privat sector are identified the companies that operation in this sector (collection, processing and exporting MAPs). Also is research about climatic and soil conditions of Malesia e Madhe and the opportunity to cultivation medicinal and aromatic plants.

Collection of secondary data

Field survey (including village and market survey) has been done in some villages of

¹ Vangjeli J, Ruci B, Mullaj A. Red Book, Albania, 1997.

² USAID, AAC Program, 2010, pg.16.

Malësia e Madhe, including the different geographical zones and communities. These villages have a good marketing channel with commercial markets out of Albania, and are easily accessible by roads. Questionnaires were prepared based on the objective of the study, and respondents were requested to fill the forms accordingly. Local market of the visited areas was surveyed and plant samples were collected with necessary market information, including market demand, local preferences, etc. Based on this information, highly valuable plant species are identified and documented. The focus of questionnaires is to identification of socio-economic situation in rural area; identifying the population involved in collection and processing in medicinal and aromatic plants; the income generation form this activity; etc.

Natural potential and economic development in the Municipality of Malësi e Madhe

Malësi e Madhe is located in the northwestern part of the territory of the Republic of Albania. Its population is estimated about 54497 inhabitants, making up 13611 households³ and includes the administrative units of Koplik, Gruemirë, Kelmend, Shkrel, Qendër and Kastrat. The majority of the population lives in emigration, whereas the remaining part is concentrated mainly in rural areas.

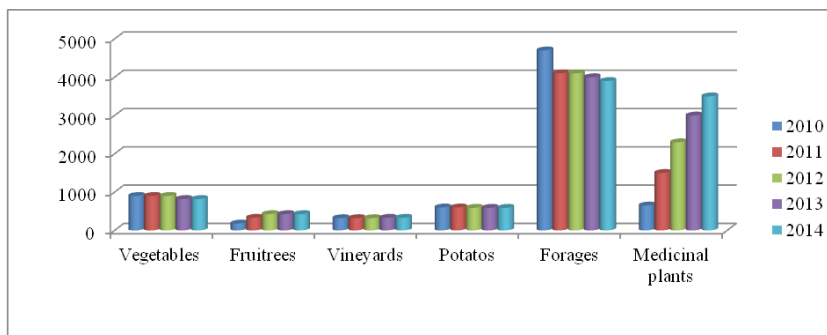
Natural conditions where Malesi e Madhe is situated are determinants of its own economic development. Geological structure dominated by limestone and weather conditions with few precipitations during summer define a dry and defoliated landscape. Climate is relatively mild with hot and dry summer and mild winter with precipitations. The presence of Shkodra Lake and orographic barriers for cold northern winds affect the climate to be mild. Average temperatures vary from 14,5 °C up to 16,8 °C. Precipitations are estimated 1 200 -1 800 mm a year. Main water flow comes from Cemi River, which flows from the Albanian Alps and into Morave in Montenegro. Whereas torrents have larger flows during precipitations and are almost dry during summer. Scenery is dominated by the mountainous area in North, and field area in South. Mountainous meadows are also present, forest lands, brown meadows, too. Biodiversity is characterized by high beech forests and alpine pastures in North, whereas low oak vegetation and bushes in West and South.

Taking chance of the geographical position and the natural conditions where it is situated, Malesi e Madhe has a limited number of arable lands of about 15 955 ha. Agriculture is the main economic sector, which is mainly focused on field plants (37% fodder, 29% MAPs and 22% corn, wheat and vegetables), orchards (12% of the arable field) and farming too⁴. Over the period 2010-2014 there was a considerable increase of the planted area with MAPs: from 650 ha in 2010 to 3571 ha in 2014. This is related to grants given to farmers by the Government and the increase of the foreign market demands for MAPs from Albania.

Table 1 - The use of agricultural land by agricultural crops (ha) (2010-2014)

³ Regional Council Shkodër (www.qarkushkoder.org).

⁴ Regional Department of Agriculture, 2014.



Source: The regional Directorate of Agriculture, Shkodër, 2014

Other income sources are remittances from emigrants, farming management, cultivation of few agricultural varieties and fodder in field area, services sector and incomes generated by tourism in the northern part. Although this area is “deserted” and with little opportunities for watering agricultural varieties, its development perspective is seen from MAPs cultivation viewpoint. They have optimal growth conditions and do not require large water quantities. Nowadays, this activity is the main source of incomes for the rural population of the area and administrative units of Qendër and Kastrat (where they have the largest area for MAPs cultivation).

Cultivation of MAPs in Malesi e Madhe

Malesi e Madhe has a considerable potential for growing wild MAPs such as *Rosa canina*, *Primula veris*, *Malvia Silvestris*, *Gentiana Lutea*, *Salvia officinalis*, *Lavandula vera*, *Thymus vulgaris*, *Foeniculum vulgare*, *Colchicum autumnale*, etc, but the most important aspect is their cultivation. Considering the climatic – territorial conditions (skeletal – flinty land and lack of precipitations during summer), Field of Postoboje is the main area where MAPs are cultivated such as *Salvia officinalis*, *Lavandula vera*, *Thymus vulgaris*, etc.

Before the 90s, the field of Pustoboje was a state owned enterprise where MAPs like *Salvia officinalis*, *Lavandula vera*, *Thymus vulgaris*, *Colchicum autumnale*, *Sambucus nigra*, *Saturea montana*, etc were cultivated. After the 90s until 2005, the quantity of cultivating MAPs suffered a decline as result of political changes, privatization of lands, and lack of selling markets. During 1970-2000 there were exported considerable MAPs from Malesi e Madhe which were collected under wild conditions and cultivated about 1800-2500 tons/year⁵. After 2005, the increase of interest for the Albanian sage plant from the foreign market increased the farmers’ interest for its cultivation.

Field of Pustoboje has a potential area to be planted with MAPs – about 5 500 ha⁶. The interest in cultivating MAPs from farmers of Malesi e Madhe has increased more since 2008 onwards, which is a fact that is related to ensuring their selling market. In 2011, the area planted with sage in Malesi e Madhe was about 700 ha; in 2012 it grew by 320 new ha⁷. In 2013 however, the farmers’ demand for cultivating it was increased and it grew by 1200 ha⁸. Currently, there are 3500 ha MAPs planted in

⁵ Voci F., Sage and its cultivation in Malesi e Madhe area and other similar conditions, page. 14 .

⁶ Interview with Mr. Xheladin Zeka, Department of Agriculture, Malësi e Madhe, February 2014

⁷ Center of Agriculture Technology Transfer (QTTB), Shkodër, 2014.

⁸ Center of Agriculture Technology Transfer (QTTB), Shkodër, 2014.

Malesi e Madhe (five times than 2010), of which 2800 ha are planted with sage, 200 ha with lavender and 140 ha with thymus⁹. Actually, 80% of sage coming from Malesi e Madhe is exported mainly in European and US markets¹⁰.

Economic convenience of cultivating sage

Based on actual practices of sage cultivation in Malesi e Madhe, it results that incomes generated by selling it, are considerable and an important foundation for rural economic development. The economic convenience for cultivating sage is related directly with its productivity and the incomes generated by selling it dry. It is very interesting however, the practice that was applied these last years in producing seeds and saplings for planting sage and other MAPs.

The convenience in cultivating sage is related to its lifespan, when an area planted with sage lives and produces for a period 5-7 years and its market is ensured. The largest expenses the farmer could make for its cultivation are for the first year and they are related with preparing the land, buying saplings and fertilization and finally planting them. Expenses are reduced in the coming years and they consist of weeding and collecting sage. The farmers spend €3500 – 4000 in the first years for 1 ha planted area with sage. For the coming years, expenses are reduced and limiting them only in weeding and collection with a cost of €500-600/year.

1 ha land planted with sage produces about 30 kv dry sage which is being sold by about 1.5-2 euro/kg by generating €450/year. If this profit are deducted the expenses, it results that the farmers generated about €1500/ha for the first years; for the coming years profit is higher by about €4500-5000 a year/ha. Currently there are planted 2800 ha sage in Malesi e Madhe. From estimations based on total expenses, its productivity and the selling price, it results that Malesi e Madhe generates about €65 million from exporting sage for a 5-year period*. This is a satisfying figure which would be a safe support for a sustainable development of rural economy in Malesi e Madhe.

MAPs cultivation has its own advantages and disadvantages. The advantages of their cultivation are directly related to income generation of the inhabitants of rural areas and the use of wastelands that are inappropriate for other agricultural varieties. Also, sage cultivation has increased the numbers of labor force and especially women employment who are involved in planting, collecting and drying sage. As far as disadvantages of their cultivation are concerned, are mostly related to damages in natural habitats of sage plants. In order to avoid expenses of purchasing sage saplings or seeds, most of farmers have rooted up sage saplings that grow wild and have planted them into plots. Another disadvantage of sage cultivation is related to the fact of "market oversaturation" with sage, therefore a market study needs to be conducted and the area to be planted should be planned so that the product does not kept in stock.

Analysis of questionnaires conducted with the inhabitants of rural areas in Malesi e Madhe

In analyzing the role played by the cultivation process of MAPs in the economy of inhabitants in Malesi e Madhe, a study has been conducted with farmers that cultivate MAPs in Koplik i Sipërm, Lohë e Poshtme and Kalldrun villages of the

⁹ Interview with Mr .Xheladin Zeka, Department of Agriculture, Malësi e Madhe, February 2014.

¹⁰ Center of Agriculture Technology Transfer (QTTB), Shkodër, 2014.

administrative unit of Qendër and town of Koplik.

Questionnaires were addressed to almost all age groups, where the highest percentage goes to ages 41-50 and male gender. They are large households made up of 6 or 7 members. About 30% of the respondents are employed only in agricultural sector, whereas 70% in agribusiness. (sage cultivation and sale). About 90% of the respondents said that their main income source is the collection and sale of MAPs, whereas the remaining generates incomes from orcharding, vineyards and farming. The majority of respondents (60%) said that all family members are involved in collecting MAPs and 40 % said that only 2-3 family members are involved. It is interesting that all respondents are involved in cultivating MAPs and not in collecting them wild because they are far from their homes and it is difficult to get them. These two factors show clearly that planting MAPs plays an important role in employment and generating incomes for households. When asked about what kinds of MAPs they cultivate, about 90% of them answered that they plant sage, 6% lavandula, 3% thyme and 1% oregano. They expressed optimism and they hope they come to produce other plants which are wild such as elderberry, poppy, etc.

Most of farmers who cultivate MAPs, especially sage, they said that they generate €10 000 - 20 000/year, whereas employees who work as seasonal workers in these farms said that they earn below €1 000/year. They are paid €10-20/day depending on the work. All respondents consider these incomes as basic for their families, showing that MAPs cultivation in these areas has economic importance.

Main issues that farmers face in cultivating MAPs in this area are: lack of facilities for drying and storage, lack of cooperation with other farmers, low selling prices, lack of processing facilities, land ownership, lack of a regional lab for testing the quality of sage, bio-certification of domestic products, etc. As a conclusion, we may assert that farmers and inhabitants of Malesi e Madhe area consider the MAPs industry as interesting and long-term, so long their market is ensured. Also, they are optimistic that very soon investments will happen in improving the drying and processing technology domestically and will have competition in foreign markets with domestic and bio-certified products. This would increase the incomes and labor force.

Discussions and Conclusions

MAPs which are grown in Albania generate considerable incomes for the country. In studying the domestic and foreign markets, we can see that incomes generated in Albania from this sector are considerable and affect the development of rural economy. If there would be investments in Albania for improving the technology and bio-certify the MAPs, incomes from this activity would multiply and there would be a direct effect on employment in rural areas. Main issue today in MAPs sector which affects their future perspective remains the issue of bio-certification and improvement of processing technology. If these problems would be resolved, we might assume that the MAPs sector in Albania would become an important source of incomes in the agricultural aspect and would have a long-term and sustainable development.

Malësia e Madhe is one of the areas with the largest area for MAPs cultivation, where sage takes the precedence. About 80% of inhabitants who live in Koplik and villages around it are involved in cultivation and collection of MAPs. This activity

is fundamental for generating incomes. Increasing the planted area with MAPs (especially sage) from 2010 onwards came as result of several factors such as: incomes generated from the exports; ensuring selling markets through a network of domestic entrepreneurs and collectors with high collection and processing capacities for the domestic sage; decline of wild sage potential as result of careless use; decline of labor force involved in collecting wild sage; difficulties in collecting wild plants; financial support from SNV and ProMali by investing in machineries and equipments to those companies that are involved in collecting and processing MAPs ensuring a higher effectiveness; financial support from CURE program (Cultivation for Regeneration) for seeds and saplings; government support through grants estimated €2000/ha for farmers who cultivate MAPs, etc.

Based on the analysis of questionnaires and interview with farmers and agronomists, it results that this activity will continue to be a leader for incomes in rural economy and employment (especially women) so long the market is concerned in Albanian sage and other MAPs. It is important to conduct studies for determining the favorable conditions for MAPs cultivation. This can be done by studying climatic and land conditions of the area and what climatic and land conditions these MAPs require for growth. Conducting this study and designing an appropriate map with possible conditions for their cultivation would result in an increase of MAPs cultivation areas and their productivity. This would be reflected indirectly in generating incomes and sustainable development of the rural economy in Malesi e Madhe and all rural areas in Albania.

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Recognition of foreign judicial decisions under Regulation on Jurisdiction, Recognition and Enforcement of Foreign Judicial Decisions in Civil and Commercial Matters

Ermira Shtino

Abstract

Regulation No. 44/2001 of 22 December 2000 of the Council of the European Union on Jurisdiction, Recognition and Enforcement of Decisions (hereinafter referred to as the Brussels Regulation I) aimed at improving the circulation of judicial decisions. This regulation would serve as a legal instrument of the community, mandatory and directly applicable, in order to achieve the objective of free movement of decisions on civil and commercial matters.

The Brussels Regulation contains an amended scheme for the recognition and enforcement of decisions under Articles 32 to 56 thereof. The regulation formally separates recognition from enforcement, even through some provisions that are common to both. Above all, common judicial space means trust between member states and the same functioning of the courts of the member states. The joint legal space and the uniformity of the functioning of the courts in all Member States are clearly mentioned in Articles 36 and 45/1, which exclude any revision regarding the foreign decision in recognition.

The recognition of decisions is made by the courts of other member states and is automatic. No one is obliged during a proceeding to know about the consequences of a foreign decision. However, the decision on the declaration of enforceability may be appealed by the other party concerned, in accordance with Article 43 of the Regulation.

The nature of the decisions recognized under the Brussels Regulation

Article 32 and Article 1 of the Brussels Rules set out decisions which benefit from the substantive purpose of this Regulation, referring to civil and commercial matters, excluding matters relating to income, customs or administrative matters: "For the purposes of of this Regulation, "decision" shall mean any decision rendered by a court or tribunal of a member state, to be called that decision, including a decree, order, decision or execution order, and determination of prices or expenses by an employee of the court ". Within the meaning of Article 72 and 4 of the Regulation, residence and nationality do not have any special significance in the application of the provisions of this Regulation.

Within the meaning of this Regulation, the decisions of the internal courts of the Member States will be recognized, whereas the decisions of the domestic courts will refer to the domestic law of the Member States in cases where recognition is required of their domestic courts . If this type of decision is to be recognized or not, it will be referred to ECJ jurisprudence and national case law. The form given to the decision in the sense of Article 32 of the Regulation is of no great importance in terms of recognition. Also, shortening a decision can be recognized, despite the fact that the reasoned part and the full decision are missing. In this case the court may also see in the submissions of the parties to control the decision. However, the court may not recognize a decision even if the domestic court referred to the Brussels I Regulation in its decision. This also happens in the case of seeking a recognition of a decision by

which the party seeks the costs of the trial, but that the dispute did not enter into the scope of the Brussels I Regulation.

The decision in the sense of Article 32 of the Brussels I Regulation refers to any decision rendered through a due legal process by any judicial authority, notwithstanding other state organs. In the case of *Solo Kleinmotoren GmbH v. Emnio Boch*, the ECJ has come to the conclusion that a decision to be recognized under the Regulation should be granted by a judicial authority of a Member State, ruling on disputes between the parties. It does not matter whether a decision is made by a civil, administrative or criminal court, but suffices to have been expressed in relation to a lawsuit within the scope of the Brussels I Regulation (eg, in the civil lawsuit in the criminal proceedings in which is determined in relation to the damage caused as a result of the criminal offense committed). In no case can the court's internal registration of a lawsuit be recognized.

Judicial decisions, those given by administrative bodies, are not considered, except when they exercise judicial functions and in their decision they have met the requirements of independence and a due legal process (such as quasi-judicial decisions). Likewise, the decisions by which an authority of the judicial administration has decided on the court expenses in a civil or commercial case, if the law so determines how to be recognized in a court of another state..

For a decision to be recognized, it is not to say that the decision is final, regardless of whether the case concerns contingent or graceful jurisdiction. Even a decision which is incomplete, but enforceable, while an appeal has been lodged against that decision, may be recognized in the framework of the Brussels Regulation I. In that context, as long as Article 32 of the Bmx I Regulation is not prohibitive it is up to court decisions, then provisional decisions and security measures shall be recognized and executed in accordance with the procedures set out in this Regulation, unless the party concerned has granted the opportunity to defend. The court orders for the conduct of various procedural actions may also be considered to be subject to recognition in a country referring to the content of the order (eg appointment of an expert on his duties, fines, etc.). A decision can not be recognized by which an order for the execution of a decision for which recognition has been issued has been issued. (Recognition of a decision to issue an order of execution for a decision to recognize a foreign judicial decision)

Cases of refusal to recognize a foreign judicial decision

The circulation of judicial decisions is a priority and should be progressively increased in any EU member state, but not only. In this context, the simplification of formalities should be simplified with regard to the recognition of judicial and extrajudicial decisions. The purpose of the restrictions imposed on the recognition of a foreign judicial decision in Article 34 of the Brussels I Regulation (ex Article 27 of the Brussels Convention) is not to restrict the freedom of movement of those decisions. The question that has been raised as in the Brussels Convention is: Can the cornerstones set in the regulations more strict than in the domestic legislation? The answer in this case is "the implementation of the most favorable conditions". In any case, despite the fact that the recognition is carried out without an opposing party, the court may verify whether there is a ground for refusal of recognition of a decision

as provided for in Article 34 of the Brussels I Regulation, which is different from the role of the court under the Convention which in every case was right, as well as the party *ex officio* raised the causes of refusal to recognize the decision. In other words, the court does not seek to find the reasons that may constitute a case of refusal but this should be obvious or known to the court.

One of the cases of refusal to recognize the decision envisaged by the Brussels I Regulation is the violation of the public order of this paper. In any case, the condition of public order refers to the state in which the recognition is to be realized, which in any case must conform to the interpretation made by the ECJ, means that it must comply with European law. The concept of international public order takes into account: Firstly, the implementation of that decision results in the violation of public order; Secondly, the effects brought about must be of a serious level; Thirdly, the assessment of the serious level of public order violation refers to the connection between the created situation and the legal system where recognition is realized. The closer this link is, the easier it will be to prove that knowing a foreign decision in the legal system of the state to which it is addressed constitutes an intolerable violation of the fundamental principles. Therefore, the public order violation test should be done on a case by case basis. Violation of public order refers to substantive and procedural violations. The ECJ has concluded that "In order to prevent the review of a foreign decision referring to its foundation, the violation must be clearly a violation of the legal system of the State in which recognition or a right recognized as fundamental in the legal system ". Procedural violations constitute a violation of public order. *GIED* has consolidated its position in the *Krombach* case *k. Bamberski*, where *z. Krombach* was not granted the right to defense in civil matters in respect of the indemnity sought by Mr. Bamberski and considered it a breach of public order and *Pellegrini k. Italy*.

Another reason for refusing to recognize a foreign decision is referred to Article 34 (2) of the Brussels I Regulation, in the case where the trial was conducted in *absentia* and the defendant was not notified at a reasonable time or did not a document was served to enable his defense, except when the defendant did not object to this objection while he was entitled to do so. In this case we may refer to the case *Hendrikman & Feyen k. Druck & Verlag GmbH*, who were unaware of the trial procedures and were represented by a lawyer without their authorization. The ECJ hereby ruled that "when proceedings have commenced against a person without his knowledge and a lawyer represents him without his authorization, then this person will be considered a defendant in *absentia*". As far as the party's notice is concerned, consideration is given to sufficient time, but on the other hand, and the manner in which it is made aware in order to realize the protection. Time is calculated by taking into consideration the moment that notice is made to the relevant person in his or her home or elsewhere and on the other hand the moment when he becomes aware of the proceeding. In this case, the formal conditions are important, which give validity to the document service and give it the opportunity to prepare the defense. In this case, the alternation is made with the implementation of Regulation 1348/2000 and the Hague Convention on Out of Judicial and Extrajudicial Outsourcing, presuming in the quality of service, as long as clear deadlines and methods of document service are set.

The Brussels I Regulation has a distinct distinction from the Brussels Convention of

1968, as it has foreseen that the cause of absence and failure to notify in time should have been challenged by the party to the domestic court at the moment when the offense referred to domestic law, in order to be considered as a reason for refusal to recognize a decision in a foreign country in which execution will be executed.

Any other reason for refusing a decision is the incompatibility of a decision required to be notified by a decision on disputes between the same parties in the Member State in which recognition is sought or if it is incompatible with a prior decision given in another member state or a third country involved in the matter.

Such decisions do not matter if they were given during the trial for a security measure or trial foundation. The parties' agreements are not included in the scope of Article 34/3 of the Regulation. These decisions must be incompatible with one another (eg, in a country, compensation has been set aside for contract failure, while in another country it has been decided in relation to the invalidity of the contract, a decision by which it is awarded the right to hold a child and in another state the opposing paternity). The Brussels Regulation I has a distinction with the Brussels Convention in its Article 27/4 regarding the legal contravention of the decision with that of the State where the decision would be known as a cause for refusal to recognize a decision.

Article 34/3 of the Regulation refers to the conflict of the decision required to be recognized by a decision given at the place where recognition is required. The decision given to the domestic court has immediate priority if there is a second decision required to be recognized. Recognition of a foreign decision should be recognized automatically and as a result a domestic decision given later can not affect the status of a foreign decision recognized. Yes in the case of *Hoffman v. The court's Krieg* considered that a decision of an internal court for divorce was contradicted by a decision on custody, despite the fact that the domestic court decision was later given in time to the foreign decision. In other words, the cause of refusal under 34/3 has an effect *ex nunc* from the date of issuance of the decision of the domestic court. Whereas, as regards the decisions of the domestic courts of the States without the Brussels I Regulation which are incompatible with a decision of a court of a third State, in this case the internal provisions concerning the recognition and execution of the foreign judicial decisions.

Conclusions

Deciding on the fundamental principles on which a civil process is being built, whether judicial or arbitrary, is of great importance and is necessary as people move freely all over the world, but the procedural systems are so different that they can not be immediately reformed. Therefore, the efforts focused on the approximation of procedural rules with regard to the recognition and enforcement of foreign judicial decisions, as a first step towards the total approximation of civil proceedings. That is why I have paid particular attention in the first part to the treatment of the Basic Principles of the Civil Procedure and I have translated them into Albanian language in order to be used at any moment by the world of jurists who draft internal procedural rules, or the world of judges who interpret domestic legislation in daily judicial practice.

The European procedural system is very different. Certainly, the Albanian civil

procedural legislation has its own features, which in some cases can create problems in the creation of free legal space in terms of recognition and enforcement of foreign judicial decisions. In the framework of the approximation and enforcement of European legislation, a major issue has been given to legislation in the field of civil proceedings, where the ECHR has played an important role.

Extension of ECHR competence to matters of Community law

Sara Hoxha

Abstract

If the state implements a measure taken by the EU, it will again be liable if this measure violates the ECHR. Matthews is related to this and is such that the citizens of Gibraltar who were treated in every respect as British citizens were not allowed to vote for the EP elections. The ECtHR has said that the responsibilities of member countries remain intact even if sovereign powers have transferred to the EU. Thus, the United Kingdom was found to be in violation of Article 3 of Protocol No. 1 to the ECHR. Thus, the last ECJ jurisprudence has overcome a delicate matter, that of the Union's separate personality from that of the member countries applying the 'beneficial effect' doctrine of the ECHR. The ECtHR affirmed that an effective control of respect for the ECHR would not be possible if it was not possible for the ECtHR to exercise control over the acts of the States in the sphere of powers transferred to the EU. In fact, this transfer of sovereignty should not have the effect that the transferred powers do not become subject to respect for human rights. In any case, external control by the ECHR applies to the relocation and execution of Community law by courts and local authorities. In fact, this is necessary as individuals do not have direct access to the ECJ for these types of issues. Since the EU is not part of the ECHR, the actions of its institutions are not controlled by the ECtHR. However, recently there are several applications against EU institutions before the ECtHR where all member states have been accepted as 'ignorant'. The EU itself is not part of the ECHR, but citizens are protected by the ECHR as nationals of the ECHR contracting parties. However, this extension of the ECHR's competences is considered as a de facto, indirect, 'bound' adherence of the Union to the ECHR. Meanwhile, there is no EU representative at the ECHR and no means for the EU to participate in acts relating to acts and the EU.

Are these two complementary or complementary documents of each other?

The Charter confirms the role of the ECHR within the EU legal system. The Charter is an extended form of the ECHR for the EU, and the aim is to fill the gap created with regard to human rights. The Working Group on the Charter states in the final report that 'Inclusion of The Charter in the treaties and the EU accession to the ECHR should not be considered as an alternative, but as complementary to enhancing human rights protection in the EU. The Charter's effectiveness does not weaken the benefits of increased control of the ECHR on EU acts and adherence in the ECHR does not diminish the values of the EU's human rights catalog. This leads to the same situation that the member states themselves are, where their constitutions protect human rights, but at the same time these states are also part of the Strasbourg control over the protection of these rights. The various interpretations of the ECHR by the ECHR and the ECJ have caused confusion in the minds of European citizens in the past. This may lead to the same situation if the EU does not become part of the ECHR. Although the Charter's rights are in line with those of the ECHR, the wording is not the same and therefore the Charter contains some clauses aimed at avoiding any deviation from the ECHR and its standards. It refers to the Articles 52 (3) of the Charter we have mentioned above. The Charter's Self-Exceptions, but without Adherence the EU in the ECHR could not easily provide uniformity in the protection

of human rights in Europe, which goes against the principle of the universality of these rights. In addition, a dual human rights system in Europe, such as that one is for the EU and the other for the other states, a division of the rights set would undermine the authority of the ECHR. Alert to the ECHR o Improve the protection of the rights of European citizens and lead to a coherent system. The EU has taken the necessary measures to avoid future conflicts by merging the two systems into one - and this system is the ECHR.

Arguments for and against the accession of the Union to the ECHR

There have been mainly two main arguments against the accession of the Union to the ECHR. In addition to the general attitude related to the process of creating a unique defense system, the first argument relates to the autonomy of the EU legal system, and the second with the problem of 'subordination' ECJ by the ECHR.

The first argument relates to the ECJ's competence to interpret Community law as a last resort. However, it has been argued that: 'EU accession to the ECHR does not mean that the EU will be involved in a foreign legal order for its nature. Instead, it will simply recognize the international monitoring system that applies to all EU member states. "The existence of this system as above, which controls the national legal systems and operates independently, gives the public a a great guarantee. The ECtHR's role will be exactly the same for the EU, as for any other party to the ECHR and there is no reason why the EU authority should not be subject to the same control. Secondly, it has been argued that the creation of a court sequence by the ECJ and the ECtHR would leave the ECJ subject to the Council of Europe. Adherence to the ECHR also pay attention to the structure of the ECHR, which is also composed of judges of non-member countries the ECJ will only be limited to matters relating to the Charter's and ECHR rights. Whereas socio-economic rights are not in the field of the ECHR, the ECtHR has no jurisdiction over them. Furthermore, the principle of subsidiarity, leading the ECHR system to national authorities, will also be applied. The 'control' of the ECtHR will be subsidiary. The issue here concerns final decisions on human rights violations by a body uniform, specialized, pan-European, with the main power to verify that EU measures are compatible with human rights. Article 19 of the ECHR establishes the link between the ECtHR and the national courts, where the ECtHR serves as an observer of the implementation of commitments undertaken by the states. It states that the ECtHR is not in a superior hierarchical position. However, with the EU's accession to the ECHR, the ECJ's and ECtHR's tasks will be complementary. The ECJ will continue to make final decisions on EU affairs. If the ECHR finds discrepancies between the ECHR and Community legislation, EU institutions will be responsible for taking measures to bring the situation in line with the ECHR requirements line.

Regarding pro arguments, we can mention some of them.

First, accession to the ECHR by the Union demonstrates its increased readiness to protect human rights both internally and externally. Secondly, this accession will result in greater coherence between the European legal system and that of Thirdly, European citizens will be afforded the same protection of human rights as they are protected by the acts of their states. Fourthly, this step will affect the avoidance of any divergence in the interpretation of human rights by both courts. The fact that

the ECJ will be under the direct, external and specialized oversight of the ECHR, as are the national courts of the Member States, is seen as one desirable development.

Conclusions

The ECtHR has said that the responsibilities of member countries remain intact even if sovereign powers have transferred to the EU. Thus, the United Kingdom was found to be in violation of Article 3 of Protocol No. 1 to the ECHR. Thus, the last ECJ jurisprudence has overcome a delicate matter, that of the Union's separate personality from that of the member countries applying the 'beneficial effect' doctrine of the ECHR. The ECtHR affirmed that an effective control of respect for the ECHR would not be possible if it was not possible for the ECtHR to exercise control over the acts of the States in the sphere of powers transferred to the EU. In fact, this transfer of sovereignty should not have the effect that the transferred powers do not become subject to respect for human rights.

The EU Charter of Human Rights. Purpose and rights that it guarantees

Sara Hoxha

Abstract

At the Cologne Council, the EU authorities managed to create this Charter. Its inclusion as an integral part of the Constitutional Treaty showed its value within the EU. In accordance with the conclusions of the Cologne Council, to compensate for the so-called deficit of democracy within the EU, the time had come for European citizens to be aware of their rights that effectively existed within the EU included within the rule of law. The Charter's purpose is not to create other new rights for citizens European. The aim was to make visible and recognized the rights that were left unnoticed by Europeans to this day. This is also mentioned in the Preamble of the Charter itself. The purpose of the Charter was to strengthen the culture of EU rights and responsibilities. The collection of these rights in a document will have a strong effect on governments, legislators, regarding the rights that citizens have and the need to their respect. Presentation of the concept of European citizenship was an important milestone for the adoption of the Charter. With the introduction of this concept, the EU is not just a structure created for economic purposes, but a constitutional order where relations are established on a basis rights and values. At this point another important issue is raised, which is the question of legal certainty. The chart manages to fill the gaps, as from now on European citizens know what rights they enjoy in front of community institutions, thus guaranteeing the principle of legal certainty. Every state The EU has signed the ECHR, but the EU as a separate entity has not done so yet. This means that the ECHR provisions do not apply directly to the EU or its institutions. The Charter ensures a sustainable protection of human rights in the EU and reduces discretionary discretion of the ECJ and national courts in matters pertaining to the community law of fundamental rights.

To whom the Card is addressed

The main actors to whom the Charter is addressed are the EU institutions when acting within the sphere of their competences and not the Member States when operating in areas considered within their national competence. of the EU, in accordance with the principle of subsidiarity. The purpose of the Charter is to show the limits of the powers of the EU institutions.

As far as the member states are concerned, the Charter is not addressed to them unless they are implementing Community law. For example, when a Member State is making a part of its internal legislation a directive, it is subject to the same requirements arising from the protection of human rights, just as the Union itself.

On the other hand, states in the implementation of their internal law within the context of human rights are not limited to the Charter. The internal human rights application will be directly under the control of the ECHR, since all the member states of the Union have signed the Convention. However, in practice, it is difficult to distinguish between EU actions and the actions of member states. Indeed, the EU

has its own legal system, distinct from that of member states, but at the same time these systems are very integrated.

The Charter does not extend EU competences. Its purpose is not to give Brussels new powers or tasks but to limit these powers by making the restrictions clear, stressing that they can not violate human rights'.

The rights and freedoms contained in the Charter

The Charter encompasses a wide range of human rights and freedoms, such as classical civil and political rights that are included in the ECHR, the rights deriving from European citizenship under the EC / EU Treaties and socio-economic rights. Some of them are applicable to all persons within the Union, while the rest are limited only to Union citizens.

The Charter in essence reproduces the rights envisaged in the ECHR. Moreover, 'in accordance with the mandate given in 1999, the Cologne Council goes beyond these rights and includes some economic and social rights. These rights come from the European Social Charter, the Community Charter of Fundamental Rights of Workers and other International Conventions where the Union or its Member States are parties.

Some other rights of the Charter derive from international human rights instruments, including states such as the ECHR, the constitutional traditions of these countries, and the jurisprudence of the ECJ and the ECtHR. The general principle of common standards is also affirmed in the Charter. Apart from referring to the ECHR and its jurisprudence, the Preamble to the Charter refers to universal values such as: the principle of democracy and the rule of law, freedom, peace and justice, and a legacy of European Charter. The chart specifically contains a new description of the existing rights. It is noted that these redistributed rights are largely unlimited, unconditional and often appear to have a wider scope.

The Charter has 7 headings that contain these freedoms and rights: dignity, freedoms, equality, solidarity, citizens' rights and justice. The latter has to do with general provisions regarding the interpretation and application of the Charter. The Charter covers traditional rights and classics such as the right to life and liberty, freedom of thought and expression, the right to private and family life, equality, the prohibition of torture and non-discrimination, etc. The charter also covers aspects that have emerged since the adoption ECHR, such as: bioethics, children's rights, the rights of persons with disabilities. However, these are not new rights. They are found in the jurisprudence of ECHR and constitutional courts, but also in international agreements.

Socio-economic rights included in the Charter caused serious discussions. Such rights could be mentioned: social security and social assistance, elderly rights, integration of people with disabilities, etc. Great Britain was hesitant to include these but a compromise was reached, albeit with some limitations. Also, the Charter includes rights deriving from European citizenship, such as: participation in EP elections, access to documentation and the Ombudsman, right to petition, right of movement and residence, right to good administration.

Conclusions

Firstly, regarding the subjects we say that the Charter is addressed to EU institutions and then to member countries when they are implementing community law.

Secondly, the structure of the two documents is not entirely correspondent, as, in addition to civil and political rights, the Charter also envisages socio-economic rights and the rights of European citizens.

Third, according to the Charter, the ECHR and Strasbourg jurisprudence constitute the minimum standard for the interpretation of fundamental human rights. This prediction was made to avoid inconsistent interpretations by both courts.

Last but not least, the link between the Charter and the ECHR appears in the EU's goal of joining the ECHR. Only the Lisbon Treaty projections make it clearer this will.

Connecting the Cox, Ross and Rubinstein and Black-Scholes Option Pricing Models

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Abstract

This paper introduces and shows the connection between two of the most important models for option pricing in a complete market: the random Cox-Ross-Rubinstein (CRR) Model and the Black-Scholes Model. The CRR Model, developed in 1979 by the financial economists/engineers John Carrington Cox, Stephen Ross and Mark Edward Rubinstein is a simplified and faster model to achieve the Black-Scholes formula. The CRR Model uses a lattice-based model, which takes into account expected changes in various parameters over an option's life, thereby producing a more accurate estimate of option prices.

As the derivation of the Black-Scholes formula from the Black-Scholes Model requires advanced mathematical tools and intuition, through this paper it will be illustrated, from a theoretical and applicative perspective, how a simple binomial model (CRR) can be used instead in case of European Options.

Keywords: CRR Model; Black-Scholes pricing formula; geometric Brownian motion; Binomial tree Model; European/American Option.

Introduction

Financial markets are basic structures of financial theory. A financial market is a term describing any marketplace where trading of securities including options, equities, bonds, currencies and derivatives occur. They are also the primary concern for mathematical theory of finance and the reason why so much emphasis is put into developing new techniques and models to predict its volatility.

Options, being one of the key securities on a financial market play a very important role. An option is by definition a contract in which the option seller grants the option buyer the right to enter into a transaction with the seller to either buy or sell an underlying asset at a specified price on or before a specified date. An option can be categorized according to when it may be exercised by the buyer or the exercise style. In this paper only the European Option will be discussed. European options can only be exercised at the expiration date of the contract. As mentioned before, options play a key role on a financial market, but their calculation and pricing models remain complicated.

In the year 1973 Fischer Black and Myron Scholes offered first satisfactory model of option pricing. The Model called the Black-Scholes Model offered the first insight to estimate of the price of European-style options and show that the option has a unique price regardless of the risk of the security and its expected return. Then Robert Merton extended this model in some important ways. Many other important papers and formulas were derived in the upcoming years, but one of the most essential ones was developed in 1979. In 1979 Cox, Ross and Rubinstein presented a discrete-time option pricing formula. The base of their numerous results is the model for a

call option on a stock which does not pay any dividends and the explanation that their approach includes the Black-Scholes Model as a special limit case. Both models are based on the same theoretical foundations and assumptions (such as the geometric Brownian motion theory of stock price behavior and risk-neutral valuation) and throughout this paper it will be discussed how these two crucial pricing theorems came to be and how they are connected to one and other.

Black-Scholes Model

The Black-Scholes Model is a mathematical model developed in the 1973 which served as a foundation for most development in the later pricing models. The Black-Scholes Model uses a mathematical approach on a financial market containing derivative investment instruments, to calculate the value of a stock option. From the partial differential equation in the model, known as the Black-Scholes equation, one can deduce the Black-Scholes formula, which gives a theoretical estimate of the price of European-style options and shows that the option has a unique price regardless of the risk of the security and its expected return. The formula assumes the underlying stock price follows a geometric Brownian motion with constant volatility. The geometric Brownian motion can be shown as follows

$$dS = \mu S dt + \sigma S dw$$

where S is the current price of the stock, dS the change in the stock price, μ is the expected rate of return, σ is the volatility and dw is the part that follows a Wiener process*. The former is used to model deterministic trends, while the latter term is often used to model a set of unpredictable events occurring during this motion.

Black-Scholes Assumptions*

To determine an explicit solution for the pricing of European call and put options, a derivative calculation of the Black-Scholes formula from the geometric motion base, is needed. Before getting into the mathematical calculations, it is essential to acknowledge that the Black-Scholes formula can be obtained only when certain assumptions are in place. The assumptions being:

- constant risk free interest rate r
- no transaction costs
- it is possible to buy/sell any number of stocks
- no restrictions on short selling

Derivation of the Black-Scholes Equation

Before getting into the arithmetical computations, it is necessary to notate the following variables:

S = stock price

t = time

$V = V(S, t)$ = option price

Portfolio: 1 option, δ stocks

$P = P$ = value of the portfolio: $P = V + \delta S$

Change in the portfolio value: $dP = dV + \delta dS$

From the assumptions: $dS = \mu S dt + \sigma S dw$

As the calculations and steps to get to the Black-Scholes Formula, through the Black-Scholes equation are difficult, long and require very developed mathematical knowl-

edge and attention, the approach taken here is to explain it on a step-by-step base. In this way, its technicality will be broken down, to properly be understandable for everyone.

$$dV = \left(\frac{\partial V}{\partial t} + \mu S \frac{\partial V}{\partial S} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} \right) dt + \sigma S \frac{\partial V}{\partial S} dw$$

$$dP = \left(\frac{\partial V}{\partial t} + \mu S \frac{\partial V}{\partial S} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + \delta \mu S \right) dt + \left(\sigma S \frac{\partial V}{\partial S} + \delta \sigma S \right) dw$$

Eliminate the randomness: $\delta = -\partial V / \partial S \delta = -\partial V / \partial S$

As a non-stochastic portfolio, its value has to be the same as if being on a bank account with interest rate r : $dP = rP dt$ $dP = rP dt$.

$$\frac{\partial V}{\partial t} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + rS \frac{\partial V}{\partial S} - rV = 0$$

Consider continuous dividend rate q - holding a stock with value SS during the time differential dt brings dividends $qSdt$.

In this case, the change in the portfolio value equals

$$dP = dV + \delta dS + \delta qSdt = dV + \delta dS + \delta qSdt$$

$$\frac{\partial V}{\partial t} + \frac{1}{2} \sigma^2 S^2 \frac{\partial^2 V}{\partial S^2} + (r - q)S \frac{\partial V}{\partial S} - rV = 0$$

The key financial insight behind the equation is that one can perfectly hedge the option by buying and selling the underlying asset in just the right way and consequently "eliminate risk".

Black-Scholes Formula

The Black-Scholes formula is used to calculate the price of European put and call options. This price is consistent with the Black-Scholes equation as above.

The value of a call option in the Black-Scholes Model can be written as a function of the six variables: volatility, type of option, underlying stock price, time, strike price, and risk-free rate.

The value of a call option for a non-dividend-paying underlying stock in terms of the

$$d_1 = \frac{1}{\sigma \sqrt{T-t}} \left[\ln \left(\frac{S_t}{K} \right) + \left(r + \frac{\sigma^2}{2} \right) (T-t) \right]$$

$$d_2 = d_1 - \sigma \sqrt{T-t}$$

The price of corresponding put option based on put-call parity is:

$$P(S_t, t) = Ke^{-r(T-t)} - S_t + C(S_t, t)$$

$$== N(-d_2)Ke^{-r(T-t)} - N(-d_1)S_tN(-d_2)Ke^{-r(T-t)} - N(-d_1)S_t$$

For both, as above

- $N(*)N(*)$ is the cumulative distribution function of the standard normal distribution
- $T - t$ is the time to maturity (expressed in years)
- S_t is the spot price of the underlying asset
- K is the strike price
- r is the risk free rate (annual rate, expressed in terms of continuous compounding)
- σ is the volatility of returns of the underlying asset

Advantages of the Black-Scholes Model

The main advantage of the Black-Scholes Model is the speed. The model allows the fast calculation of a very large number of option prices in a very short amount of time, shortening the time and power needed to make the computations.

Limitations of the Black-Scholes Model

On the other hand, the Black-Scholes Model has one major limitation: it cannot be used to accurately price options with an American-style exercise^o as it only calculates the option price at one point in time, which is at its expiration. This constrains the Black-Scholes Model to focus only in the calculation the prices of European options and not making it eligible to calculate the prices of other different option types.

Another downside of the model is that it is a “black box” calculator and it does not offer the flexibility required to value options with non-standard features.

Cox, Ross and Rubinstein (CRR) Model

The other model discussed in this paper is the binominal options pricing model. The model developed by Cox, Ross and Rubinstein in 1979, to which throughout this paper is going to be referred as the CRR Model, is another important and key option pricing model, used on the financial markets. The CRR Model makes the assumption that the underlying asset, hereafter referred to as a stock, takes on one of only two possible values each period. While this may seem unrealistic, the assumption leads to a formula that can very accurately price options.

How does the model work?

The binomial model has a very easy structure and algorithm to follow, in order to understand and use it to calculate European option prices. In its core the model breaks down the time, into smaller numerous time intervals, making it easy to compute the prices in every time frame. In order to make the computations simpler, a stock tree price is introduced. The tree starts by working from the initial time, to its expiration date. At each step it is assumed that the stock price will move either up or down, by a specified amount, calculated using the volatility and the time to expiration. The probability of a move up, is noted with q and the probability to go down, is computed by its composition being: $p=1-q$. This is illustrated as:

uS with probability q

dS

dS with probability $1 - q$

The binomial tree represents all the possible lanes/paths that the stock prices can take. The end of the tree represents, the time of the expiration of the option, when all the prices have been calculated through the tree algorithm and are known to the

buyer/seller of the option.

CRR Binomial Tree

Suppose an option with maturity τ and strike K is to be priced, using a binomial tree with n time increments on a stock with spot price S with volatility σ when the risk free rate is r .

The stock moves up in increments $u = \exp(\sigma\sqrt{t})u = \exp(\sigma\sqrt{t})$

The stock moves down in increments $d = \frac{1}{u}d = \frac{1}{u}$

Each time step of length is $t = \tau/nt = \tau/n$

The probability of an up move is $q = (\exp(r \times t) - d) / (u - d)$

$q = (\exp(r \times t) - d) / (u - d)$

The probability of a down move is $1 - q$

The stock Price movements in the Binomial Tree (Stock Price Lattice)

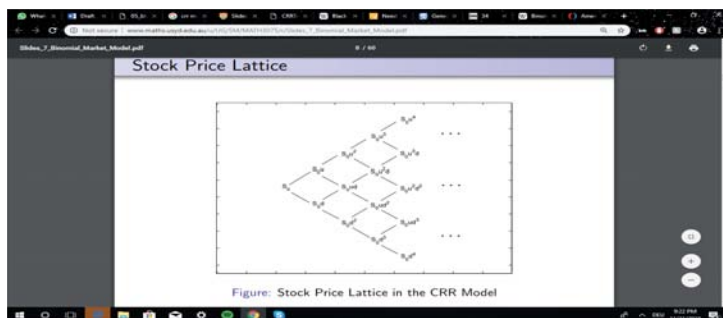


Figure1: Stock Price Lattice in the CRR Model*

Advantages of the CRR Model

The biggest advantage the binomial model has over the Black-Scholes Model is that it can be used to accurately price not only the European options but also American options. The binomial model makes it possible because of its tree structure. The tree structure makes it is easy to check at every point (at every given time) in an options life (at every step of the binomial tree, see Figure above) for the possibility of early exercise of the option.

Secondly, to compute and determine the prices of both American and European option prices, the mathematical background needed to understand and it, is lesser than the knowledge required for the Black-Scholes Equation.

Furthermore, on the opposite of the Black-Scholes Model, the binomial model also offers more flexibility as it offers the user the opportunity to alter the inputs at each step in the process.

Limitations of the CRR Model

The main limitation of the binomial model is its relatively slow speed in computation. The disadvantage is that the model has a complex construction and depending on the number of steps used in the model, the power needed to compute the results can sometimes be incredibly unmanageable.

Toward the Black-Scholes formula

The goal of this paper is to show the connection between the Black-Scholes and the

Cox-Ross-Rubinstein Model through simplified mathematical steps. As it is known one model has derived from the other[®]. These mathematical steps will be illustrated in the following paragraphs.

As nn increases, the stock price ranges over ever larger numbers of possible values, and trading takes place nearly continuously.

Calibration of the Binomials parameters u, d, u, d , and $\hat{r} \hat{r}$ is needed, to make the model converge to the continuous-time model.

First, $\hat{r} = r\tau / n\hat{r} = r\tau / n$. Where $\tau\tau$ denotes the time to expiration of the option measured in years and rr be the continuously compounded annual rate. Each period is $\tau/n\tau/n$ years long. Assume the stock's true continuously compounded rate of return has mean $\mu\tau\mu\tau$ and variance $\sigma^2 \tau \sigma^2 \tau$. Call $\sigma\sigma$ the stock's (annualized) volatility. One more condition is needed to have a solution for u, d, q, u, d, q . Impose $ud = 1, ud = 1$. It makes nodes at the same horizontal level of the tree have identical price.

With Eqs. (1) below, it can be checked that the mean $\mu\tau\mu\tau$ is matched by the binomial options pricing model.

$$u = e^{\sigma\sqrt{\tau/n}}, d = e^{-\sigma\sqrt{\tau/n}}, q = \frac{1}{2} + \frac{1}{2} \frac{\mu}{\sigma} \sqrt{\frac{\tau}{n}}, d = e^{-\sigma\sqrt{\tau/n}}, q = \frac{1}{2} + \frac{1}{2} \frac{\mu}{\sigma} \sqrt{\frac{\tau}{n}} \quad (1)$$

The choices result in the CRR binomial model. So to summarize:

1. The Black-Scholes formula needs 5 parameters: $S, X, \sigma, \tau S, X, \sigma, \tau$, and rr .
2. Binomial tree algorithms take 6 inputs: $S, X, u, d, \hat{r} S, X, u, d, \hat{r}$, and nn .
3. The connections are

$$u = e^{\sigma\sqrt{\tau/n}}, d = e^{-\sigma\sqrt{\tau/n}}, \hat{r} = r\tau / n.$$

5. The binomial tree algorithms converge reasonably fast.
6. The error is $O(1/n), O(1/n)$.
7. Oscillations can be dealt with by the judicious choices of uu and dd .

What is the limiting probabilistic distribution of the continuously compounded rate of return $\ln(S_\tau/S)\ln(S_\tau/S)$? It approaches $N(\mu\tau + \ln S, \sigma^2 \tau) N(\mu\tau + \ln S, \sigma^2 \tau)$.

8. $S_\tau S_\tau$ has a lognormal distribution in the limit

From this point onwards, an example will be given for clarification.

Black-Scholes is the continuous time model, in comparison to the CRR Model which only works and is applicable in discrete time. The formulas $(u, d)(u, d)$ describe the up and down movements per unit of time for the binomial. t is introduced as $t = \tau / nt = \tau / n$ where $\tau\tau$ is the life of the option and nn is the number of periods within that lifetime. It is known that $\sigma^2 \sigma^2$ is the variance of the density function.

$$u = \text{Exp}[(r - \sigma^2/2)(\tau/n) + \sqrt{(\sigma^2 \tau/n)}]; d = \text{Exp}[(r - \sigma^2/2)(\tau/n) - \sqrt{(\sigma^2 \tau/n)}]$$

While using the above defined formulas, we come to the result:

$$u = \exp^{\sigma\sqrt{t} + \left(r - \frac{\sigma^2}{2}\right)t}$$

$$d = \exp^{-\sigma\sqrt{t} + \left(r - \frac{\sigma^2}{2}\right)t}$$

Example: Transforming Black-Scholes into a CRR Model

The process of converting the continuous variance in a Black-Scholes Model to a binomial tree is not as complicated as one would assume. Assume that there is an asset that is trading at \$50 currently and that you estimate the annualized standard deviation in the asset value to be 30 percent; the annualized risk free rate is 7 percent. For simplicity, let's assume that the option that is being valued has a five-year life and that each period is one year. To estimate the prices at the end of each of the four years, begin by estimating the first ups and downs movements in the

$$d = \exp^{-0.3\sqrt{1} + \left(0.07 - \frac{0.50^2}{2}\right)1} = 0.7012$$

Based on these estimates, the prices are calculated at the end of the first node of the tree (the end of the first year):

$$\text{Up price} = \$50(1.2776) = \$63.88$$

$$\text{Down price} = \$50(0.7012) = \$35.06$$

$$\text{Down price} = \$50(0.7012) = \$35.06$$

Progressing through the rest of the tree, the following numbers (expressed in the Figure below) are attained:

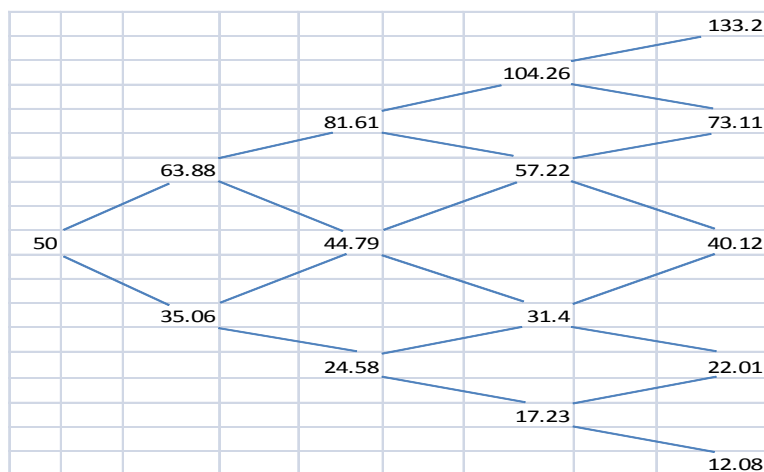


Figure 2: Binomial tree results

Conclusion

In conclusion, after having described and defined the Black-Scholes and the CRR Model, it is clear to see that the two models are very similar and use the same basic principles of probability. Both models follow a stochastic process described by the

geometric Brownian motion, to calculate the prices for European options. As proved above, the binomial model converges to the Black-Scholes formula, as the number of binomial computation increases. So, it is easy to say that the Black-Scholes formula describes a specific case of the Binomial model, where the number of steps is infinite.

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Albania's relations with the organization of Islamic cooperation - The process and advantages of this cooperation

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Abstract

Based on the need for a broader and deep analysis of Albania's relations with international organizations, as a integration and development process, this study will examine the relations between Albania and the Organization of Islamic Cooperation(OIC). This analysis will consist in a geo-historical aspect, starting from the fall of the communist regime until today. This research will focus on the commercial, political and the economic field, and will also analyze the reasons of its membership, the advantages and problems during its transition period. This analytical study is based on documents of high state institutions and articles of scientific assessments.

The organized structure and content of this research explains the intents and purposes of Albania's relations in accordance to internal and external development plan. The main aims were to take advantage of the international forum, economic and political support and seeking potential political and economic allies is one of the main causes of Albania's membership in the Organization of Islamic Cooperation. The efforts and priorities of the foreign policy of Albania were to restore the stability in the country, facing with the challenges that arise since the isolation of the country. This article presents the concept of Albania's foreign policy following the collapse of the communist regime and relations with the Islamic countries, with the main goal of increasing political-economic co-operation, which became the main agenda of Albania's foreign policy makers.

Keywords: international organization, OIC, international relations, transition.

Introduction

Given the difficult situation in all areas currently underway in Albania, the transition from a centralized economy to the market economy is accompanied by great economic and political difficulties. The difficult conditions that Albania came out from rigid regime, was a necessary to make steps towards strengthening the relations with the Arab world¹. The democratic processes in the country that led Albania to great openness, and in particular to the freedom of religion, encouraged member states of the Islamic Conference to propose Albania country as a full member. Under these conditions, the assistance of Islamic countries on loans and funds from various institutions was very important. The democratic processes of Albania in the political, economic and social perspective led to freedom of religion, have driven the various member countries of the organization like Turkey, Egypt, to suggest Albania's entry into the organization and this step of Albania's membership will give a way for Albania to a significant number of benefits such as, political, economic and social fields, etc.

The collapse of communism set the stage for the western wing as the most vital and

¹ Arkiva e MPEJ, Dosja 78, nr prot.1908, Tirane 1/7/1991, 80,87-88.

successful. The West has taken the place of the superpower, irreplaceable and decisive in resolving conflicts not only in the Middle East but also beyond this region². Small countries such as Albania with low economic and political potential will need to seek support for their economic developments, in the same time seek the implementation of democratic principles in international relations. Following the collapse of the rigid communist regime that presumes the changes in the country's economic, political and social system according to the Western model, in the same time the alignment of Albania with the European Union up to its membership. To build up the foreign policy of a small country as the present case of Albania is that the treatment of the historical factor has to be considered as the main pillar, where the determining factor is their continuous democratization, the historical factor is neither taken for historical curiosity nor is it required to correct it, putting "in the place of historical injustices" at every cost and denying slow developments and new national interests³.

The historical background of the Organization of Islamic Cooperation

In order to assess the Organization of Islamic Cooperation (OIC) as an institution, its extension, its functioning and its transformation, the history and geographic scope of this international institution should be seen. As it is named, the Organization of Islamic Cooperation aims the inclusion of all Islamic countries in this international organization. At the end of World War II, the concept of the Islamic world changed to a considerable extent. After the collapse of the Ottoman Empire, which held somehow the legitimacy of the mobilization of the Islamic world, has joined for the first time in an organization and began the efforts for a common political attitude. This movement has to be seen as an unlimited geography extension of countries in the composition of the Organization of the Islamic Conference.

The OIC was established in Rabat, Morocco in 1969, two years after the sixday war and shortly after the al-Aqsa Mosque in Jerusalem was set on fire. Islamic countries with the initiative of Saudi Arabia, Morocco, Iran, Turkey, Iran, Pakistan, Malaysia, Somalia, Nigeria, being former allies to the West, in particular the US, initiated the establishment of an Islamic Organization with the main objective of enhancing the Islamic solidarity of the member states of this organization, supporting and cooperating among them in various fields such as, economic, cultural, scientific, social, etc. The Organization of Islamic Cooperation was established in May 1971 in Saudi Arabia's Jeddah after a high-level conference of heads of state and government on 22-25 September 1969 in Rabat-Morocco, followed by the Conference of Foreign Ministers in Jeddah March 1970, and Karachi on December 1970. It has grown in membership from the twenty-two countries that attended the founding conference in Rabat, Morocco, to fifty-seven countries. Preserving the Holy Places and support to the Palestinian people to regain their rights has been part of the aims of the Islamic Conference⁴. The current name was approved on 28 June 2011 at the 38th meeting of the Islamic Conference of Council of Foreign Ministers held at Astana, Kazakhstan, where the OIC Charter was also amended.

² Goga Harilla, *Shqipëria mes zhvillimeve të Sotme Ndërkombëtare*. Shtëpia Botuese Dituria, Tiranë 1999. p.8

³ Goga Harilla, *Shqipëria mes zhvillimeve*, 20-27.

⁴ Dovutoglu. Ahmet, 2010, *Thellësia..*, Logos, 305, Shih, Leci. Elmas, (2011), *Organizatet dhe Institucionet Ndërkombëtare*, Tirane, 279-280.

OIC institutions and its features

The Organization of Islamic Cooperation (OIC) is the second largest international organization after the United Nations with a membership of 57 states spread across four continents, Asia, Africa, Europe and South America. The main body of the OIC is the meeting of heads of state every three years and the meeting of foreign ministers once a year. The General Secretariat headed by the Secretary General manages and organizes the work of all relevant institutions and sectors. Based on the OBI charter, member states are equal, respect for self-determination rights, and non-interference with the internal affairs of member states, respect for sovereignty, independence and territorial integrity of each state, resolving the conflict between member states on a peaceful path through dialogue between member states⁵.

The structure of this organization is based on the UN and the former common market of European countries framework. The Islamic Organization has a universal nature in terms of religious, cultural, etc., where, in addition to the general secretariat, there are other auxiliary bodies in the organization of Islamic countries. There are the four committees formed at the meeting held in Makkah in 1988, such as; the Palestinian Affairs Committee, the Economic and Financial Affairs Committee, the Science and Technology Issues Committee and the Culture and Information Committee.

In addition, there are bodies that depend on the secretariat general; Islamic Center for Trade Development (ICDT), Islamic Center for Historic, Cultural and Artistic Studies - Istanbul (IRSICA), Trade Development Center - Kazablanka (ICDT), Islamic Center for Trade Development (ICDT). Specialized institutions such as the Islamic Development Bank (IDB), the Islamic Educational, Scientific and Cultural Organization (ISESCO), as well as independent bodies such as the Union of Islamic Chambers of Commerce and Industry-Karaci (ICCI), City Organizations and Islamic-Makah (OICC) capitals⁶.

Parliamentary Union of OIC member states (PUIC) has established in 1999, with the main objectives to provide a framework for comprehensive and fruitful cooperation and coordination among parliaments of OIC members in international arena, since that time Albania become a member of the Union.

Charter and membership criteria of OIC

The principles underlying the Islamic Cooperation Organization's charter are; a) Full equality between member states, b) Respect for the right of self-determination and non-interference with the internal affairs of member states, c) Respect for the sovereignty, independence and territorial integrity of each member country, d) Resolving the conflicts that may eventually arise in a peaceful way such as negotiation, intermediation, etc, e) Non-use of force against territorial integrity.

According to the founding charter of OIC, the goals of this organization are; solidarity and Islamic support among members, co-operation in economic, cultural, political and other fields, as well as maintaining their identity and rights, preserving holy places and eliminating racial differentiation. OBI has signed and ratified a number

⁵ Feltham. Ralph G,(2010).Diplomacia, AIIS, 127.

⁶ Arkiva e MPEJ, Dosja 1543, Tirane 19/10/1991, 64-68. Shih, Dovutogllu. Ahmet, 2010, Thellësia,305-6.

of multilateral agreements with member states such as the agreement on trade and economic cooperation between member states, the agreement on investment protection between the members of the OIC, agreements on the arrangement of trade preferences among member states, the agreement of the statute the Member States' telecommunications unions, the Convention on the Fight against Terrorism, the Convention on the Rights of the Child in Islam, and so on.

Any state with a Muslim percentage has the right to become a member of the Conference by submitting a request, showing the desire and readiness to adapt to the card, which has to be filed to the Secretary General of the OIC and to submit it at the conference of foreign ministers. Acceptance is made with the approval of two-thirds of the members. Each state may withdraw from membership in the Islamic Conference by filing a written notification to the General Secretariat of the OIC, which informs all member countries⁷.

Albania's membership in OIC

In September 1979, during a visit by the Albanian Minister of Trade in Iraq, was recommended to state that our goal is not only trade but to expand friendship with the Iraqi people and other Arab peoples. Expanding relations with Arab countries was the main goal of foreign policy during the 1980s⁸. Albania's foreign policy towards Arab countries is to support friendly countries with all of our strengths in their difficult moments and this has been expressed by President Nasser during a message he sent to our country. At the invitation of Husni Mubarak at a conference "The Future of Arab and Muslim Nations after the Gulf War" where was discussed on the forms of cooperation and the future of Muslim countries⁹. This occasion was make use of expanded ties with the Arab world.

Albania has started to build relations for co-operation with Muslim world before the 1990s. A visit of the OIC delegation to Tirana in the beginning of the 1991, headed by Secretary General Dr. Hamid Al Ghabid accompanied by the Secretary General of the World Islamic Calling Association Dr. Mohamed Sheriff, were received by President Ramiz Alia, and members of the government. The main discussion was the possibility of cooperation with Muslim world and investment in Albania by providing medical assistance and other fields to the Albanian government. So, the government of Albania purpose was to be member of IDB, in order to receive financial support¹⁰. The difficult situation in the Balkan region, in particular in Bosna Hercegovina and Kosovo and the genocide exercised over this population pushed the Secretary General of the OIC to convene specifically in order to discuss the war in Bosnia-Herzegovina of Albanians in Kosovo and the genocide exercised against this population, in order to make the international Muslim community aware of this issue.

The Albanian government under the leadership of President Ramiz Alia on December 7, 1991, was admitted as an observer to the Islamic Cooperation Conference. Dr. Hamid El-Gabid The Secretary General of the OIB sends an invitation to the Information Minister to attend as an observer at the Second Conference of Information Ministers

⁷ Arkiva e MPEJ, Dosja 1542, 58.

⁸ Hoxha, Enver. 327-328.

⁹ Arkiva e MPEJ, Dosja 213, (Kajro 19/3/1991), 24.

¹⁰ Arkiva e MPEJ, Dosja 1542, 19 tetor 1991, 19, 50, 47, 70-71

held in Cairo from 15 to 16 January 1992¹¹. At the end of 1992, under the leadership of President Sali Berisha, the Albanian government became a full-fledged member of the Islamic Conference. Berisha, at that time the President of Albania, stated that the goal of membership was to obtain the possible aid from Islamic countries. The condition for economic support, Berisha informed the government, was Albania joining the Organization of the Islamic Conference. He hoped this would provide desperately needed aid and push the West to give more. Berisha said; "There is no tendency to see religion play a political role in Albania,". To stress the point, he invited Pope John Paul II and NATO Secretary General Manfred Werner to Albania. Albania soon became the first former communist country to request membership in the NATO alliance¹².

Another reason for Albania joining the Organization of the Islamic Conference was the war in Bosnia. According to former government officials, Berisha offered Albania as a "gateway" to the Bosnian Muslims for arms and foreign fighters, despite the UN arms embargo on Yugoslavia in place since September 1991. He offered this with the knowledge of at least the United States, which was looking for ways to support the Bosnian Muslims.

Reasons for Co-operation with OIC

The establishment and development of this cooperation is not based only on ideological or historical reasons. Firstly, the OIC was born and developed as a reality reflecting the development of multilateral relations which appears in the form of state cooperation as the need for the development of the peoples of the region. Secondly, this wide and diverse territory includes natural resources from the richest of gas, oil, coal, etc. Third, OBI members are important international and strategic communications points favoring its members both from a commercial and political point of view. Lastly, some of the member countries have developed the tourism industry and possess significant development potential in the areas of economic, energy, etc. The official orientation of post-communist Albania continuous to be on the Euro-Atlantic integration, the natural connection with Western civilization. It is clear that this orientation does not hinder friendship, but it also encourages co-operation with other states in the Middle East¹³.

Co-operation with this organization does not contradict our interests as a state in this organization, where more than one-third of the population and one-third of the UN member states belong. Islamic organizations have always been alongside the Albanian people in different areas such as economic, political, cultural, scientific, tourism, and agriculture, etc., despite the fact that its investments were not in the level due to the fact that Albania just emerged from self-isolation. Minister of Trade Mr. Ylli Cabiri suggested to the government that after the visit of Secretary General Dr. Abdullah Nasif of the Islamic World League in Tirana, on May, 1991, express interest in the possibilities of cooperation and the creation of favorable conditions that make it possible for membership in the Islamic Development Bank, which provides significant value assistance for long-term and advantageous loans.

¹¹ Arkivi i OIC, IS/SG-INF/2-91, Jeddah, 4 janar 1992, Arkivi i MEPJ, (1992), dosja 1059, nr. 92/2.

¹² Abrahams.Fred, (2015),Modern Albania: From Dictatorship to Democracy in Europe, New York University Press,

¹³ Murati. Shaban, (2012), Hije në Diplomacinë Shqiptare, Botimet Eneas, 99,124.

Foreign Minister of Albania, Muhamet Kapllani, seeing that Albania's relations with the outside world and in particular with the Arab world are expanding, and the traditional and spiritual, cultural and economic ties are getting closer and closer, asks the Secretary General of Oi. Hamid Alghabidi to express on behalf of the Albanian government its participation in the Organization of the Islamic Conference with the status of the observation country which is in the interest of the overall cooperation and understanding, friendship and brotherhood of both sides. With the official request of the government in 1990, Albania was accepted as observer state in the 7 December 1991.

On 30 November - 3 December 1992 at the invitation of the King of Saudi Arabia and the Secretary General Dr. Hamid Al Ghabid, President of the Republic of Albania Prof. Dr. Sali Berisha paid a visit to the Kingdom of Saudi Arabia and participated in the extraordinary 6th edition of the Conference of Foreign Ministers of this organization which carried out the work from 1 to 3 December 1992 in Saudi Arabia's Xheddah, Mr. Berisha delivered a speech in which among others (according to the final press release of this extraordinary conference on the situation in Bosnia and Herzegovina expressed the desire for Albania to become a full member state in this organization, the conference approved the "requests of the Republic of Albania, the Republic of Kyrgyzstan, Zanzibar and the Tajik Republic for full membership in the OIC¹⁴.

The circumstances of establishment of the cooperation

In democracy and alliance with the West

One of the reasons for Albania's membership in international organizations is the collapse of the communist regime. It begins in the first months of 1990, where President Ramiz Alia states in his speech on 1 May in Korça that "*the country's democratization is an irreversible process*" until the spring of 1992 when the relay takes over democratic forces. Resettlement of diplomatic relations with the United States, USSR, Great Britain, Germany, Italy and many other Western countries. Albania participates in the OSCE and becomes a member of the IMF. Balkan relations are reinforced, particularly with Turkey, where its presence has not ceased to be present during the 1980s¹⁵. Major economic transition reforms have been taken into consideration; price liberalization, devaluation of the local currency, restoration of the fiscal system. Since Western aid was below the level of needs and what was hoped, Albania directed to the Arab and Muslim world.

At the time of the rule of law

The first government after the elections of August 1991 presented the parliament to the first package of economic reform bills. Following the adoption of Law 7512 on the Protection of Private Property and the free initiation of independent private activities, and Law 7501.

Despite the transformations that occurred in all areas such as liberalization of trade, privatization of agricultural activities, financial independence of state-owned enterprises, etc., and the development steps walked at a slow pace.

¹⁴ Arkiva e MEPJ, Viti 1993, Dosja 29, 5, shih, Leci. Elmas, 2011, Organizatat dhe Institucionet Ndërkombëtare, , Tirane, 281;

¹⁵ Lory. Brenard, 2007, Evropa Ballkanike nga 1945 në ditët tona, Shtëpia Botuese Dituria, 232 -235.

After the first pluralistic elections

The first step that led to the first pluralistic elections on 31 March 1991 was the first demonstration in Shkodra in January 1990, and in March 1990 was followed by an anti-communist demonstration in Kavaja. The opening of the embassies on July 2, 1990, the massive entry into them and the search for asylum were the first steps that showed that Albania is towards the irreversible European path. Thus "*December students*" formed the first opposition party after nearly 50 years, the Albanian Democratic Party on December 8, 1990, which is based on the ideals of democracy, freedom, pluralism and the free market.

Following the adoption of the constitutional package proposed in April 1991

With the collapse of the communist regime in 1990-91, the first steps were taken in efforts to adopt a democratic constitution. In the circumstances created by the cancelation of the 1976 constitution, the new system with full consensus among the political parties adopted the main constitutional provisions for the well-functioning of the new governing system. These provisions were modified over the years and in 1998, following the completion of the draft the country went to a popular referendum. Consequently, the constitution was adopted by direct ballot, referendum on October 21, 1998. Thus, the era of improvements and adjustments to constitutional changes has taken the first steps towards democratic change. This decision gave legal power to the constitution making it the main document of building and functioning of the Albanian state, which was congratulated by international organizations.

Islamic Development Bank (IDB) and its membership criteria

The Islamic Development Bank (IDB) is a financial development institution established at the Conference of Ministers of Finance of Islamic Countries held in Jeddah in December 1973. The Bank was officially opened on October 20, 1975. Its branches are four; First; Regional Office in Rabat Morocco, opened in 1992, the second; Regional Office in Kuala Lumpur Malaysia opened in 1994, third; Regional Office in Almaty, Kazakhstan in 1997 and quarter; Regional Office in Dakar, Senegal 2007. The Bank's goal is to promote the economic development and social progress of member states in accordance with the principles of Islamic Law.

At the Islamic Development Bank, IDB has joined 57 countries from four continents: Africa, Asia, Europe and South America¹⁶. For membership in IDB, each state must meet certain conditions. First, the country must have been previously accepted as a member of the Organization of Islamic Cooperation (OIC); secondly, must pay the first tranche of its minimum registration at IDB's central bank; and thirdly, to accept such terms and conditions as may be set by the Board of Governors of IDB. IDB's goal is to promote the economic development and social progress of member countries and Muslim communities in non-member countries individually and collectively in accordance with Islamic principles. IDB's mission is to promote a comprehensive development, and focus on priority areas such as poverty alleviation, education promotion, and people's wellbeing. The goal is to support the Muslim world with the power of innovation, to promote joint activities between member states, research institutions, technology and to secure enterprise development.

¹⁶ <https://www.isdb.org/who-we-are/about>

Albania's cooperation with the Islamic Development Bank

By the end of 1990, Albania expressed the desire to take steps to co-operate with IDB. During a meeting of representatives of the Albanian government in Cairo with the Vice President of the Islamic Development Bank Dr. Kayed Abdulhak who expressed the desire to visit Albania for a chance of cooperation by building in our country schools and health institutions. He points out that IDB finances only for member states in building educational and health facilities that are provided free of charge. The Bank of Albania offered its readiness for cooperation with the Islamic Development Bank and in March 1991 was the first visit of its representatives in Tirana¹⁷. After full membership in the OIC, Albania automatically became a member of IDB. Following the visit of President Sali Berisha to Saudi Arabia, the first international economic forum was held in Tirana on April 14-16, 1993. In addition to other areas of interest there is infrastructure, education, health, cooperation and investment¹⁸.

On May 13, 1993, IDB opened the first bank in Albania, which was registered as the first second-tier bank in Albania, and in 1994 marked the start of the operational activity of the Arab-Albanian Islamic Bank (A.A.I.B). In 2003, the Bank has changed its name from the Arab Albanian Islamic Bank to the United Bank of Albania (UBA). In August 1997, Prime Minister Nano during a meeting with senior executives of the United Bank of Albania, formerly A.A.I.B. praised the activity and projects of this bank stressed that the Albanian government will continue to provide the necessary support for the normal functioning of operations and financial markets without any prejudice based on the motto as *"bankers and banks have no nationality"*¹⁹.

Albania is also a member of the Islamic Corporation for Private Sector Development (ICD), which is part of the Islamic Development Bank group. During the proceedings of the 8th General Assembly, the agreement between the Deputy Minister of Finance Sherefedin Shehu and the President of the Islamic Development Bank, Dr. Ahmed Muhamed Ali, has been signed in Jeddah – Saudi Arabia. In this way, the Albanian government undertook an important step towards the use of funding from the Arab world. The Albanian government signed a loan with the Islamic Bank for financing the Kalimash-Rexhepaj road segment, 5.6 km long, which is one of the hardest parts of the Durrës-Morinë road with a sum of 30 million USD²⁰. This was the second case when institutions of the Albanian state accepted the terms of foreign laws. Though our country has long been associated with the Islamic Conference and is also part of the Islamic Development Bank, receiving such loans has been avoided for various reasons. Berisha during the two mandates secured loan from the Islamic Bank for the ambitious program for investments in road infrastructure. The Islamic Development Bank for Reconstruction and Development, an organization part of the Islamic Conference, accorded to the Albanian government more than \$ 200 million of loans, which the government intends to use to build the Tirana-Elbasan road. IDB has also given a fund for upgrading the Milot-Morinë, road segment of Qafe Plloce-Korce Fund \$ 80 million.²¹ Membership at OIC took special importance in recent years

¹⁷ Arkiva e MPEJ, Dosja 1543, 7/02/1991, 5,7.

¹⁸ Arkiva e MEPJ, Viti 1993, Dosja 33, 4

¹⁹ Zeri i popullit, E enjte 14 gusht 1997, f.2.

²⁰ Ligji nr. 9830dt.12.11.2007 me dekret te presidnetit nr.5522 dt. 20.12.2007.

²¹ http://www.seetoint.org/wp-content/uploads/downloads/2013/08/Investment-report_2004-2012.pdf

after being seen by the government as a potential source of funding for the Tirana-Elbasan road financing.

Advantages of such Membership.

Political - Economic Advantages

Investments from Arab countries seem to encourage the government of Albania to maintain a pro-Palestinian and anti-Israeli approach to the UN, which is liked by the Islamic Conference. Investing in the 41 million dollar project of the project: Vlorë - Kuç - Qeparo and also Peshkëpi - Selenica, including the bridge over the Vjosa River connecting Selenica with the national road Levan - Tepelenë. In principle, the loan agreement between the Republic of Albania and the Kuwaiti Fund for the Arab Economic Development (KFAED) for the financing of the project "Rehabilitation of the Vlora River Road", with a loan amounting to 12 million Kuwaiti Dinars. Economic, Commercial, Financial, Investment, Education, Bank, Tirana Square, Municipality, Humanitarian Aid, etc. The OBI has been used by Egypt, Algeria, the former Russian republics that have benefited from colossal investments from this bank. Albania's Ambassador to the UAE, Ermal Dredha, points out that the United Arab Emirates has contributed to important projects through the Abu Dhabi Fund for the extension of the Tirana Boulevard and the construction of the tunnel in the Elbasan road segment. Kuwait State has signed the agreement for the Fund provided to the Republic of Albania 6 loans to US\$ 75.5 million, to assist in the financing of projects in transport and irrigation sectors²².

Cultural Relations with OIC.

Apart from relations of Albania with the Islamic Cooperation organization in political and economic terms, there are also relations in the cultural field, and special case is also cooperation in the field of sport. Albania for the first time in history participated in Islamic games. As a member of the Islamic Conference since 1992, Albanian country for the first time participated in the Olympic Games in Baku in May 2017. Stavri Bello, secretary-general of the Olympic Committee, stresses that these activities will serve the unity among peoples and the faiths despite that sport is out of religious politics. For the first time, the Games of Islamic Solidarity were developed in 2005 in Saudi Arabia.

The future of OIC

Seeing that the OIC was born and established in the Cold War circumstances and particularly under the influence of Palestine developments. Achievement an unsatisfactory level that cannot give way to the various crises and to protect the interests of member countries also did not bring any significant change in the cultural, economic, and political scope in the Islamic world. The productive way the OIC is to have an active structure and use the initiative for various issues. In line with the usual development, the impact of the organization increases with its empowerment. As a result of the ineffective functioning of the internal system in the conflicts, made the expectation of this important organization, the second behind the UN, to become a loss of sense and security institution²³. Failure to perform duties and instructions is the main reason that the Organization of Islamic Cooperation did

²² https://kuwait-fund.org/en/web/kfund/current-news-events/-/asset_publisher/8Vn82dPrFd8B/content/signing-a-loan-agreement-in-the-republic-of-albania

²³ Dovutogllu. Ahmet, 2010, Thellësia Strategjike, 323

not give its expectations to the expected level.

Concluding remarks

The efforts and priorities of the foreign policy of Albania were to restore the stability in the country, facing with the challenges that arise since the isolation of the country. The reasons for Albania's membership in international organizations is the collapse of the communist regime, in democracy and alliance with the West, at the time of the rule of law, after the first pluralistic elections, and when following the adoption of the constitutional package proposed in April 1991. The Albanian state most often is pointed out as a bridge between East and West.

Although the member states of OIC has developed spirit of cooperation within countries, it still lacks effectiveness in managing and resolve the conflicts the among its members. This wide and diverse territory of Islamic Countries includes natural resources from the richest of gas, oil, coal, the tourism industry and possesses significant development potential in the areas of economic, energy, etc. OIC members with the important international and strategic communications points favoring its members from a commercial and political point of view.

The official orientation of post-communist Albania continuous to be on the Euro-Atlantic integration, the natural connection with Western civilization. It is clear that this orientation does not prevent friendship, but it also encourages co-operation with other states in the Middle East. After full membership in the OIC, Albania automatically became a member of IDB, which was the main purpose of Albania government, in order to receive financial support from IDB. The condition for economic and political support was the purpose of joining the Organization of the Islamic Conference. In addition, the OIC should also be more involved in dealing with political problems as a matter of economic and diplomatic priority.

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Artistic transposition through contemporary art expression in Xhevdet Xhafa's art

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Abstract

Selection of this treatment it refers to the reflection of the artistic vocation of the figurative creator Xhevdet Xhafam who through his art overcome national frameworks.

This creator was strongly influenced by modernist currents and famous painters, thanks to the great spiritual world dare to change concepts and styles at the time when interference and uniformism continued to hinder creative research.

Xhafa with artistic dignity and invention derived from the internal explosion broke the clichés and managed to be himself.. As a consequences created capital works with museum values, who not casually ranked as the precious treasure of our national culture.

Purpose:

Purpose of work is to offer an analytical look at the creation of the painter, who speaking with a particular figurative language, harmonized, unified and transformed elements of folk tradition into contemporary art, with the only purpose that the national value is elevated and reflected as a universal value.

Xhevdet Xhafa through the decades created unique art. He was first concerned with the enlightenment of our national history, where in a fragmented manner, through the fragments of ethnic tradition, returns the nation's past giving her life.

Methodology:

During the research work, have been used standard scientific research methods.

Work is based in the main and secondary sources, direct analyses of the painters creativity, catalogs, journalistic writings, as well and materials and other varied publications that argue Xhevdet Xhafa's artistic achievements.

Results:

Through this articulation, in parallel with the outline of creativity we try to promote artistic values of painters which left traces not only in Albanian art, but also in the international too. Therefore, writing will necessarily will lead to results in the show of the creative work of the Kosovar Painter Xhevdet Xhafa who throughout his life cycle cultivate contemporary artistic expression.

Conclusion:

Artist Xhevdet Xhafa, is identified among the first Kosovars that through the contemporary concepts of specific creative authenticity which he based in the autochthonous treasure of his own area through the process of figurative creation created a unique set of structural purity. Consequently we conclude that Xhafian creative opus deserves analytical study and institutional care, in order to increase the awareness of cultural authorities that unrepeatable paintings of Xhafa be preserved through the prestigious Galleries and of the Museum of Contemporary Albanian Art, as a cultural and national capital value.

Keywords: Xhafa, painter, vocation, authenticity, value, etc.

Xhafa's art as an autochthonous and authentic value

My art has to do very much with Albanian history. I feel that I am Albanian artist. Autobiography is mine and of all Albanians. Everything expressed is a true. Everything is purposeful... I need to continue. Inks, rags, all I love. With these materials I express my feelings and worries, related to my heart, with my mind, time. Inspiration, imagination, courage, psychic load... I am in this paintings (Dedaj,2017, web)

Xhevdet Xhafa

Xhevdet Xhafa – Artist who through the figurative creativity overcome national frameworks. Strongly influenced by modernist currents, and famous painters, artist with big spiritual world, who dared to change the concepts and styles (at the time when in the country uniformism continued to hinder creative research), through the artistic invention created capital works with museum values, which are not casually ranked as the precious treasure of our national culture..

Painter Xhevdet Xhafa which belongs to the golden generation that laid the foundations of contemporary art in Kosovo, who in the beginning of the artistic formation dared to experiment.

Speaking in a special figurative language has harmonized, unified and transformed the elements of folk tradition into contemporary art, with the sole purpose that the nationality be elevated and reflected as a universal value.

Xhevdet Xhafa is aware “that the present came out of the past, and the future will come out from the present” (Tirta, 1999,5) early dealt with our Albanian history, tradition, ethnography and identity values.

With intellectual courage and a prominent talent fragmentary through the scraps of our tradition returns the nation's past giving to her life.

From the beginnings of his creativity we find him tracing cultural, material and spiritual heritage, as endless estates of aesthetic and artistic values which he reproduces in modernist spirit, completely authentic way.

And artistic authenticity of Xhafa is very specific, based on the autochthonous treasure of his own area where with the outfits created by the people's hand (made from natural resources of the country) which characterizes structural and artistic purity (such as tirqit, xhamadanet, vests, shirts, gajtans, carpets, buttons and other elements) transforming and restructuring them through the process of figurative creation, creates unique complex.

Life and professional journey of Xhevdet Xhafa

So Xhafa chose that on the fabric (cloth):

“to sew sewed”
“to knit knittedtë thururën”
“to new model modeled”
“to reconstruct constructed
creating many tier forms

duke krijuar forma shumë shtresore over which he paints with pasteurized ink, to bring abstraction-lyric compositions.

Born in 1934 in Peja, in the city with ancient civilization and with cultural tradition, in a handicraft family where her father was a shoemaker and her mother's dressmaker, Xhevdet Xhafa as a child man, was distinguished with artistic tendencies.

Thanks to his special talent, in 1954 we found him as a student of the fifth generation of the Handicrafts School in Peja.

Five years engagements and efforts to absorb the basic information's for arts succeeded in 1959, when he was able to graduate.

In meantime, artistic rise and further intellectual formation trusted to the Academy of Fine Arts in Ljubljana.

Selection done by Xhafa to study in in remote Slovenia was not a coincidence.

"My desire was to study the as far is possible, to have the possibility to create a lot", confesses in the interview for the Ars show Xhafa (Haradinaj, 2017 ,TV Show).

Being persistent in the realization of professional dreams, thanks to the ambitions accompanying him, Xhafa challenged longing for the family just to achieve results. So, in 1970 completed painting studies in the class of Gabriel Stupices. In meantime in the same academic institution, in the Graphics branch at Riko debenjask, continued postgraduate studies which completed in 1972.

From the beginning of Xhafas work we find him out of the preoccupations with classical rules of painting. He was free totally of the visual view of nature, object, because it decides to focus on their materialization in its expressive way.

Impressions scaled to under the conscience, since the childhood, when she saw his mother and knitting old rugs their clothing, and father sewing torn shoes, inevitably became the inspiration of the artist, while in his paintings he described the bitter social reality, extreme poverty, injustices, sorrows and perplexities through which the nation passed which had left an indelible mark on his being.

Experiences deeply embedded inside him decided to expose it through figurative creativity creating organic connections between folk art and modern art.

By virtue of emotional power, artistic temperament, he produced abstract compositions with strong color sound, deep contradictions, metaphoric elements, and many associations.

Xhevdet Xhafa the specter of his spiritual world built it up on the foundation of traditional art, melting up in a whole the national elements, historical, ethnographic and contemporary.

And exactly unique figurative language based in our folk tradition made that Xhafa as and other artists which belonged to the constellation that laid the foundations of contemporary art in Kosovo, to shine throughout the former Yugoslavia and at the European metropolitan centers and world as well which is confirmed by the artist himself in the interview in 1977 for RTP, among other things, expresses enthusiasm for the results of Kosovo artists.

According to him the 70s mark group and individual Renaissance of Kosovar creators who were successful abroad. And the success of our artists attributes highly specific artistic expression that reference has the folk source of the Nation.

"We all common figurative language have the folk elements" declared further Xhafa(Haradinaj, 2017 ,TV Show).

And no doubt or folk source is a key of the success for our artists in general. So this national source necessarily also occupied and Xhevdet, which grew to the lap of popular tradition and lived with folk art.

Therefore, not by chance the artistic creativity of the people with endless artistic and aesthetic values became the inexhaustible fountain of inspiration for the artist who with high creative modernity, creates tremendous harmony of form, color, symbols building up an authentic world in which everyone can find the past but to know and a present (Aliu, Bislim, 2017, web).

Xhevdet Xhafa fragmentarily unfolds national history. Life, human, poverty, walk of the nation, political injustice, wars, violence, eviction, killings, pains and over all efforts for the protection of identity and national survival.

Paths of artistic creation of the artist

Since the artist in the beginning of creativity was characterized for courage and inventive creativity through which he acted immediately fell into the eye focusing on the interest of figurative criticism in broad terms:

One of the critics most reputable in the former Yugoslavia, the historian of conceptual art, Slovenian Jesha Denegri in the preface to the catalog of the exhibition wrote: "In Xhafa I see an artist whose originality of the completed works during last years should take a place of merit on the scene of contemporary Yugoslav art" (Drançolli, 1979, 7).

The French critic Oskland Strari emphasizes "Yugoslav art does not represent worldly power in artistic terms, however there are some artists the importance of which exceeds its limits". He points out the works of Shutel, Xhafa, Rotary and Abramovich (Walmsley, 2017 web).

While known critic Vlado Buzhancic, categorizes Xhafa as a high-ranking Yugoslav and international high-level artist of the current decade (referring to the period of time 1975/78).

While talking about the creative generation (Xhevdet Xhafa, Shzqri Nimanin, Agim Salihun, and others) he call them "Master of the transcript of his faithful love towards the "folk" of its source and the characteristics of hundreds of years of the world of its birthplace in figurative symbolism, first-hand artifact in a figurative work that is also valid as an expression of the source as well as a universal characteristics figurative ingenious. According to him, their work is valuable also and as a very meaningful visual metaphor, but special" (Buzhançiq, 1988, 12).

He lists Xhafa among the first names, where Kosovo gives to Yugoslavia fifteen figurative artists with the representative value ((Buzhançiq, 1988, 12).

Also in Vienna of Austria, in the exhibition "Aspects of Contemporary Art in Yugoslavia" organized in 1975 Xhafa received the attention of criticism.

On this occasion in the Zagreb daily "Oko" Z Kovaç wrote "Alternative Neo-Geometric Abstraction" speaks that group of artists known for the public of Yugoslavia, in the capita of Austrian culture presented with the invention and simplicity of technical action presenting what is emphasized in the variant mentioned.

Xhafa and J. Bujiq reflect the true examples of our peculiarities at the level of contemporary aesthetics" writes among others Kovaç (Drançolli, 1979, 7).

Xhafa creation continued to be closely watched in Yugoslavia. Kosta vasilkoviç when presenting the graphic art in Belgrade in the article published in the magazine "Umetnost" speaks of the art of Kosovar creator.

"Xhevdet Xhafa with combined technique undoubtedly demonstrates a culture and expression within the framework of the abstract association" (Ferizi, 1985, 11).

While Nikola Kosovac in the magazine "Express Politic" in 1985 he exalts artistic invention, and the sincerity of Kosovar artist.

"It's a creative nature among the most interesting in Kosovo, which with the power of great talent and with unprecedented creative sincerity managed to create a powerful work that is characterized by contemporary artistic sensitivity.

Without improvisation and without false openness, in a committed manner.

Better than any other artist Xhafa expresses the beauty of the Kosovo life" (Hajdari, 1971, 11)

Creativity, original style possessed by the Albanian artist with the trend of cosmopolitan art, evaluated strongly also and from the critics in Kosovo.

Rexhep Hajdari in article titled "Folklore elements in artistic works speaks about the Xhafa's impressive creativity which he reflects him as an artist with a revolutionary spirit, at the same time elevates his human virtues emphasizing his controversy with regard to injustice to humanity..

"Xhafa fights captivity, invasion. Is known for its frank sincerity where enthusiastic demands justice and freedom. We find that reacting and against wars and massacres all over the world, revolted addresses the problematic of today's world peoples' rights(Goqi, Rexhep,1988,16).

Painter that is famous for creative intuition which retrospectives return to perspective through the artistic language, expresses the truth in time. His creativity appreciated also and the art scholar Rexhep Goçi in the article "Contemporary Art of Kosovo, with title "Picture".

"Xhafa using objects and color creates a time retention. He knows very well that in his combinatory to reflect all of the existing and forgotten truths, giving a meaning of more direct figurative as images of its own concrete subjective worldview.

He approaches with great dedication to the present time and want to present it as symbols-witnesses of the past, of his childhood, but also all that is impassable, deeply existential in them. This unforgettable cultivates with artistic craftsmanship, convincingly.

He composes this by giving things good sense. This changes their usual nature in permanent figurative poetics, concluded by Goqi (Ferizi, 1985,11).

Cycle "Autobiography" living and artistic truth

The artist who immortalized fate of human and a nation, was not preoccupied with titles of works. He through the cycle "Autobiography" strongly rejoin the spiritual ties with walks, ups and downs of the human of this land. Therefore his paintings are not named separately, which artist considers and called them spiritual autobiography (Haradinaj, 2017 ,TV Show)

Life cycle of Xhafa "Autobiography", in so far as it coincides with his individuality even more marks the collective and national biography.

"I am in these works, my autobiography, Albanian autobiography" (Aliu, 2017, web), declared Xhafa.

This cycle is rightly considered to be the most meaningful in its creative opus, because it pervades the original grade of expression

"Autobiography of Xhevdet Xhafa is ours, of this land, of this ambient, and over all is Autobiography of all of us. it is his special, ego, sun and spirit. In this intimate

and sensual confession is also expressed the collectivity of the country where he was born, established and formed Ferizi, Mustafa, 1985, 11).

At the exhibition organized at the Contemporary Art Salon in Belgrade, in 1985, Vera Llukovac in the magazine "Intervju" works of Xhafa call "Dramatic Autobiography". The painting of Xhevdet Xhafa is full of intuitive evocation, magic and mythic. With a characteristic sensitivity that develops within expressive relationships and new artistic researches. The artist successfully presents his own spiritual autobiography by fixing the subjective and intimate character, emphasizing culture, existential feeling, tragic and dramatic, concludes Llukovac (Dedaj, 2017, web).

While famous critic Jase Denegri while speaking for isolated artist that avoids stereotypes, during the artistic treatment of his work name it "Xhafa's Spiritual Autobiography".

"Xhafa is a figure of the artist that always existed. This is the figure of the artist away from the prevalent phenomena, isolated artist, totally withdrawn focused solely on its own concerns. Turned from its cultural and life environment, completely uninterested for the great world of artistic events. Xhafa's desire is to create a painting that will be based on the tradition of his cultural environment. Paintings of Xhafa have a particular names, in its entirety create a great strip of artwork who thinks and titles "His spiritual autobiography (Ferizi, 1985, 11):

"Brilant picture" without hesitation, name works of the autobiographic cycle of Xhafa, Zoran Markush.

"They are made up of materials placed on the surface, where through the pictorial intervention emphasizes the semantic value.

Earlier Values of Paintings that integrate into new artistic content creates a mosaic of Xhevdet Xhafa's memoirs, whose painting is authentic powerful, brilliant, and as such reveals the soul of the creator. It is a component of modern Yugoslav art, which is not to be unnoticed (Aliu, 2017, web).

So we say that the publicist and writer Bislim Aliu with the right Cycle "Autobiography" ranked among the most anthological cycles not only in Kosovo's painting, but also in the nationwide painting.

"Biography of Xhafa it is mature and made when problems occurred at the time. And these problems constantly emerges as a permanent dialogue of the composite forms which proves a high degree of imaginative creation (Haradinaj, 2017, TV Show).

Sign Language and Symbols in Creativity of Xhevdet Xhafa

The painter compared to world-class artists such as Duchamp, Canogar, Cesare, Hains, due to the peculiarities and individuality it possesses, really brought us very unique art, meaningful, multi-layered and multidimensional.

The work of Xhevdet Xhafa in quintessence carries a philosophical meaning.

Harmonious synthesis of collage, painting, sculpture and installation within the composition creates a value.. Meaning ... and a lot of Truth.

The direct and explosive artist throughout my life creates sincere works, full of tragic and dynamic, however they are perceived with complexity, symbolic, delicates, purity and simplicity. It is characterized by the use of essential colors, such as: black, white, red, which the author prefers to call the "Nation Colors", Just as the willingness to avoid excessive elements.

The very way of conceptualizing and structuring in compositional works reveals the subjectivity of the artist, the sharpness of the prosperous imagination he possesses.

Ethnic elements that coexist well with contemporary creativity, the artist outlines in a modernist spirit. However without any hesitation we conclude, that the work of Xhevdet Xhafa above all sounds Albanian, very Albanian.

Letter "ë" according to the author, presents the dignity of the Albanian written word, as a symbol of the Albanian alphabet, it ennobles, enriches and cultivates the physiognomy of the Albanian written word, explains Xhafa in the occasional speech, during the organization of his personal exhibition in honor of the 80th anniversary of his birth, in the exhibition spaces of the Academy of Sciences and Arts of Kosovo in 2013 (2015, web). Significant space on his picturesque tabloid gives the shoe which he collected all over. They were shoes of children, adults, soldiers' shoes which had remained in different environments, and the author to testify the suffering and the time of the biblical exodus of mass expulsion of Albanians from their lands, as well as to reveal the national collective tragedy, violence, torture, persecution, and murders that had made by the Serbian conqueror over the Albanian civil population in Kosovo, as evidence of time had perpetuated in artistic works.

However the big letter "V", does not remain untouched by the artist of emotional outbursts. It symbolizes the victory of the Albanian people in Kosovo, While does not exclude deep appreciation and deep gratitude to the international factor, with emphasis on US President Bill Clinton and General Wilson, who contributed to the change of historical flows in Kosovo.

There is a wide range of signs and symbols, associations and metaphor in Xhafa's work. Creators who are not accidentally rated among the most powerful Popular artists that our nation can have (Dedaj,2017, web).

"Albanian iconologist" considers Suzana Varvarica the painter of international size Xhevdet Xhafa Dedaj,2017, web).

Xhafa's distinctive value lies in that conceptually and as a realization that he did it original work in some deeper and more indispensable aspects, says famous publicist and critic Shkelzen Maliqi, which separates Xhevdet Xhafa from the generation of Kosovar painters even with his contemporaries and closer to the coherent movements of world art (Dedaj,2017, web).

The original painter engraving composition as a whole of the genre of art such as pop art, collage, assembly, Dadaism, modernism, postmodernism belongs to the best galleries in the world.

His art is of a very high standard, express James Walmsley, London curator of Xhevdet Xhafa's exhibition at the Art Gallery in Tirana in September 2018. He among others emphasizes:

"The whole life is here. The universe in the fabric. Human condition and our common universal experience has become apparent. These epic paintings scream for complications, the objections and sufferings of our humanity and our common experience. Colors, textiles, and things found are carved, braided and intertwined with history, memory and our common emotions. Beauty, sensuality and innocence are spotted and destroyed by violence, rudeness and loss. We have contemplated the abyss and the abyss has contemplated us. Xhafa contemplated the abyss, but it is not conquered or spent. He is the mirror and the leader of universal forces within. It is a guide, map and compass for our inner humanity. Poetry of Xhafa's emotional integrity and dignity emerges from his paintings. He is a modern, post-modern and contemporary. He is vital and current. He is everyone and everywhere. He is the

past, present and future. He is Xhafa (Dedaj,2017, web).

James Walmsley (Curator)

Exhibitions

From 1971 onwards, he was an active participant of many Yugoslav and world collective exhibitions, where he was praised with many rewards and acknowledgments.

Conclusions

Artist Xhevdet Xhafa, is identified among the first Kosovars, who refers to the modernist conceptions of highly specific creative authenticity.

Xhafa based on the autochthonous treasure of his own area, through the process of figurative creativity created a unique set of structural purity.. He in his painting composed, knitted and sew, clothes, ethnographic things from the past, which he transformed through the modernist artistic expression, reorganizing and re-composing, as well as using intense primary colors.

It is worth pointing out that Xhafa reveals his emotional connection with the past, the painful tragedy of our ethnicity, which is entirely outlined in his creative opus.

This brave artist never preoccupied with the academic rules and titles of the pictures, he almost during all his way devoted himself to the cycle "Autobiography", a cycle that was rightly described as the Autobiography of the Albanian Nation all over.

With his exclusive creative language, he left traces in Albanian and international art, including the former Yugoslavia.

Xhafa since the first initiatives of the artistic journey was embedded in art. he never stopped creating, even in the most difficult times our nation was going through. The painter still today, though old age, still continues to create.

The artistic vocation of Xhafa painting is a precious treasure of our national art. This work even in the world art mosaic occupies a special place.

Therefore we say that Xhavdet Xhafa's art deserves analytical study, intellectual



devotion. As well as requiring special institutional care, so that Xhafa's work as an unrepeatabe national painting is to be preserved through the prestigious Gallery of Contemporary Art Museums in Kosovo and Albania, always as a museum, artistic, and cultural capital value throughout the nation.

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