



ICSS XV 2018

15<sup>th</sup> International Conference on Social Sciences

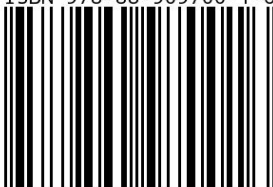
13-14 July 2018

Leuven

Conference Proceedings

Volume I

ISBN 978-88-909700-1-6



9 788890 970016 >

REVISTIA  
PUBLISHING AND RESEARCH

15<sup>th</sup> International Conference on Social Sciences

13-14 July 2018

Leuven

Proceedings Book

Volume I

ISBN 9788890970016

Every reasonable effort has been made to ensure that the material in this book is true, correct, complete, and appropriate at the time of writing. Nevertheless, the publishers, the editors and the authors do not accept responsibility for any omission or error, or for any injury, damage, loss, or financial consequences arising from the use of the book. The views expressed by contributors do not necessarily reflect those of Revistia.

Typeset by Revistia

Printed in Leuven

Copyright © Revistia. All rights reserved. No part of this book may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without written permission from the publisher or author, except in the case of a reviewer, who may quote brief passages embodied in critical articles or in a review.

Address: 11, Portland Road, London, SE25 4UF, United Kingdom

Tel: +44 2080680407

E-Mail: [office@revistia.com](mailto:office@revistia.com)

## **International Scientific and Advisory Board**

**Ewa Jurczyk-Romanowska**, PhD - University of Wroclaw, Poland

**M. Edward Kenneth Lebaka**, PhD - University of South Africa (UNISA)

**Sri Nuryanti**, PhD - Indonesian Institute of Sciences, Indonesia

**Basira Azizaliyeva**, PhD - National Academy of Sciences, Azerbaijan

**Federica Roccisano**, PhD -

**Neriman Kara** - Signature Executive Academy UK

**Thanapauge Chamaratana**, PhD - Khon Kaen University, Thailand

**Michelle Nave Valadão**, PhD - Federal University of Viçosa, Brazil

**Fouzi Abderzag**, PhD

**Agnieszka Huterska**, PhD - Nicolaus Copernicus University in Toruń

**Rudite Koka**, PhD - Rīgas Stradiņa universitāte, Latvia

**Mihail Cocosila**, PhD - Athabasca University, Canada

**Gjilda Alimhilli Prendushi**, PhD -

**Miriam Aparicio**, PhD - National Scientific and Technical Research Council - Argentina

**Victor V. Muravyev**, PhD - Syktyvkar State University of Pitirim Sorokin, Russia

**Charalampos Kyriakidis** - National Technical University of Athens, Greece

**Wan Kamal Mujani**, PhD - The National Universiti of Malaysia

**Maria Irma Botero Ospina**, PhD - Universidad Militar Nueva Granada, Colombia

**Mohd Aderi Che Noh**, PhD - National University of Malaysia

**Maleerat Ka-Kan-Dee**, PhD

**Frederico Figueiredo**, PhD - Centro Universitário Una, Belo Horizonte, Brazil

**Iryna Didenko**, PhD - Taras Shevchenko National University of Kyiv, Ukraine

**Carlene Cornish**, PhD - University of Essex, UK

**Sadegh Ebrahimi Kavari**, PhD

**Mohammed Mahdi Saleh**, PhD - University of Jordan

**Andrei Novac**, MD - University of California Irvine, USA

**Ngo Minh Hien**, PhD - The University of Da Nang- University of Science and Education, Vietnam

**Kawpong Polyorat**, PhD - Khon Kaen University, Thailand

**Haitham Abd El-Razek El-Sawalhy**, PhD - University of Sadat City, Egypt

**Ezzadin N. M.Amin Baban**, PhD - University of Sulaimani, Sulaimaniya, Iraq

**Ahmet Ecirli**, PhD - Institute of Sociology, Bucharest, Romania

**Dominika Pazder**, PhD - Poznań University of Technology, Poland

**Sassi Boudemagh Souad**, PhD - Université Constantine 3 Salah Boubnider, Algérie

**Lulzim Murtezani**, PhD - State University of Tetovo, FYROM

**Ebrahim Roumina**, PhD - Tarbiat Modares University, Iran

**Gazment Koduzi**, PhD - University "Aleksander Xhuvani", Elbasan, Albania

**Sindorela Doli-Kryeziu** - University of Gjakova "Fehmi Agani", Kosovo

**Nicos Rodosthenous**, PhD - Aristotle University of Thessaloniki, Greece

**Irene Salmaso**, PhD - University of Florence, Italy

**Non Naprathansuk**, PhD - Maejo University, Chiang Mai, Thailand

---

**TABLE OF CONTENTS**

<b>THE USE OF PEER ASSESSMENT TO IMPROVE STUDENTS' LEARNING OF GEOMETRY .....</b>	<b>15</b>
DK SITI NABILAH PENGIRAN OMAR .....	15
MASITAH SHAHRILL .....	15
MASRIATOL ZURAIFAH SAJALI .....	15
<b>EDUCATION OF CHILDREN AFFECTED BY BLOOD FEUD IN THE NORTH OF ALBANIA .....</b>	<b>34</b>
ELONA PRROJ .....	34
<b>CLT IN CHINES MAJOR'S COMPREHENSIVE CHINESE COURSE – A CASE STUDY OF KHON KAEN UNIVERSITY, THAILAND.....</b>	<b>41</b>
WATCHARAPON SIRISUWILAI .....	41
<b>THE DYNAMICS OF FOREIGN DIRECT INVESTMENT IN ALBANIA. COMPARISON WITH THE WESTERN BALKAN REGION .....</b>	<b>45</b>
LORENA ÇAKËRRI, PHD CAND. ....	45
PROF. AS .DR. FILLORETA MADANI .....	45
<b>PUBLIC REVENUES AND EXPENDITURES IN KOSOVO .....</b>	<b>54</b>
AZEM DURAKU .....	54
<b>ENTREPRENEURSHIP EDUCATION AND LEARNING SYSTEMS: DEVELOPING A HOLISTIC APPROACH TO ENTREPRENEURIAL UNIVERSITIES AND THEIR ECOSYSTEMS .....</b>	<b>62</b>
PROFESSOR JAY MITRA .....	62
DR. SU-HYUN BERG .....	62
<b>THAI YOUTH'S LEADERSHIP CODE: CHARACTERISTICS OF LEADERSHIP FROM THE PERSPECTIVE OF THAI YOUTH .....</b>	<b>82</b>
CHUTIMON SOMBONGSE.....	82
SMITH TUNGKASMIT .....	82
<b>CLINICAL AND ENVIRONMENTAL FACTORS ASSOCIATED WITH PULMONARY TUBERCULOSIS IN PRISONERS IN NORTHEASTERN BRAZIL.....</b>	<b>91</b>
CESARIO RUI CALLOU FILHO .....	91
CAROLINE ANTERO MACHADO MESQUITA .....	91
ETHEL ESTHEPHANE ALVES VIEIRA .....	91
JOÃO JAYME GIFFONI LEITE .....	91
CARINA BARBOSA BANDEIRA .....	91
FLAVIANO DA SILVA SANTOS .....	91

MARIA VIEIRA DE LIMA SAINTRAIN .....	91
<b>CORRELATION BETWEEN TOURISM DEVELOPMENT MODEL AND CARRYING CAPACITY ASSESSMENT IN THE COASTAL AREAS, THE CASE OF DHËRMI, ALBANIA.....</b>	<b>99</b>
GENCI PASKO .....	99
<b>ECONOMIC GROWTH IN KOSOVO AS A CHALLENGE TO ENVIRONMENTAL PRESERVATION IN THE REPUBLIC OF KOSOVO.....</b>	<b>109</b>
RUZHDI MATOSHI .....	109
BESA VESELI.....	109
<b>EAR TRAINING MADE EASY: USING IOS BASED APPLICATIONS TO ASSIST EAR TRAINING IN CHILDREN .....</b>	<b>118</b>
DR. EMINE SERDAROGLU.....	118
<b>INVESTIGATION OF LECTURER' ATTITUDES TOWARDS E-LEARNING ACCORDING TO DEMOGRAPHIC VARIABLES .....</b>	<b>126</b>
GAZMEND XHAFERI .....	126
ROVENA BAHITI .....	126
ARTA FARIZI.....	126
<b>FACTORS FOR SUSTENANCE OF LIVELIHOOD ENTREPRENEURS .....</b>	<b>132</b>
N. CHANDRASEKARAN .....	132
<b>PREDICTION OF DELAYS IN CONSTRUCTION PROJECTS IN ALGERIA .....</b>	<b>141</b>
SALHI ROUMEISSA.....	141
MESSAOUDI KARIMA .....	141
SASSI BOUDEMAGH SOUAD .....	141
<b>INVESTIGATING THE NEXUS BETWEEN FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH IN SEE 10 ECONOMIES.....</b>	<b>146</b>
ARLIND RAMA.....	146
<b>THE STATUS OF WRITER ILLUSTRATORS (AUTORSTRATOR) IN THE POSITION OF A WRITER AND ILLUSTRATOR IN POSTMODERN ILLUSTRATION BOOKS.....</b>	<b>162</b>
MASOUD MOJAVERI AGAH.....	162
<b>THE PRIORITIES OF GEORGIAN ECONOMIC DEVELOPMENT IN CONDITIONS OF GLOBALIZATION .....</b>	<b>168</b>
MAIA CHANIA .....	168
RAMAZ PUTKARADZE .....	168

---

<b>DECISION ANALYSIS FRAMING AND MOTIVATION APPLICATION IN BUSINESS AND TOURISM</b>	<b>172</b>
IOSIF KAFKALAS .....	172
<b>“SIGNIFYING MONKEY” –THE GUARDIAN OF AFRICAN TRADITION.....</b>	<b>178</b>
DOC. DR. NATAŠA VAJIĆ .....	178
<b>THE RELATIONSHIPS BETWEEN LECTURER FEEDBACK ABOUT ACADEMIC PERFORMANCE AND ACADEMIC PROGRESS OF STUDENTS.....</b>	<b>183</b>
DR. NAZMI XHOMARA .....	183
DR. GEZIM BARA .....	183
<b>DECONSTRUCTION OF GENDER STEREOTYPES THROUGH FASHION.....</b>	<b>191</b>
ASSIST. PROF. DR. NIHAN AKDEMIR .....	191
<b>PRIVATE ARMIES IN CONTEMPORARY INTERNATIONAL POLITICS .....</b>	<b>197</b>
ASS. PROF. DR. BUJAR AHMEDI.....	197
MSc. BESIAN AHMETI .....	197
<b>INVESTIGATING THE IMPACT OF GREEK EFL TEACHERS’ PARTICIPATION IN ONLINE COMMUNITIES OF PRACTICE AS A MEANS OF PROFESSIONAL DEVELOPMENT .....</b>	<b>208</b>
KATERINA KOURKOULI .....	208
<b>YOUTH CULTURE FEATURES IN THE LIGHT OF PREFERRED ROLE MODELS AND LIFE STYLES....</b>	<b>227</b>
PHD AMEL ALIĆ .....	227
PHD HARIS CERIĆ .....	227
MA SEDIN HABIBOVIĆ .....	227
<b>INTERNATIONAL SECURITY AT THE "CROSSROADS" OF GLOBALIZATION .....</b>	<b>238</b>
XHAVIT SADRIJAJ.....	238
<b>THEORETICAL APPROACH TO ENHANCE INFORMATION LITERACY AND LIFELONG LEARNING THROUGH MONTESSORI METHODOLOGY .....</b>	<b>244</b>
JUAN-JOSÉ BOTÉ .....	244
<b>THE TEACHER, TEACHING AND THE LEARNING STYLES OF THE STUDENTS .....</b>	<b>250</b>
DR. LINDITA LUTAJ .....	250
<b>AN ENVIRONMENT WITHOUT BARRIERS .....</b>	<b>257</b>
ADEM SPAHIU .....	257
MIMOZA ZYLFIU .....	257

<b>DEVELOPMENT OF INTERNAL CONTROLS IN SMALL AND MEDIUM ENTERPRISES - CASE OF ALBANIA .....</b>	<b>274</b>
PHD. NERTILA ÇIKA.....	274
<b>IMPACT OF POLITICAL INSTABILITY ON THE REALITY OF IRAQI POLITICAL PARTIES: A STUDY ACCORDING TO THE RESULTS OF THE 2018 ELECTIONS .....</b>	<b>283</b>
ASSIST. PROF. DR. HAMSA KAHTAN KHALAF .....	283
<b>CHARACTERISATION OF THE AVERAGE WORKER EMPLOYED UNDER FLEXIBLE FORMS OF EMPLOYMENT – REPORT ON THE STUDY OF INDIVIDUAL DIFFERENCES IN THE CONTEXT OF SOCIODEMOGRAPHIC DATA CONCERNING POLISH WORKERS .....</b>	<b>294</b>
MAŁGORZATA DOBROWOLSKA .....	294
MARIOLA PARUZEL-CZACHURA.....	294
MARTA STASIŁA-SIERADZKA.....	294
JAGODA SIKORA.....	294
<b>OPTIONS FOR OVERCOMING SEASONALITY IN BULGARIAN TOURISM.....</b>	<b>304</b>
ELENITA VELIKOVA .....	304
SVETLA TZVETKOVA.....	304
<b>ANALYSIS OF THE HISTORIC MOMENTS AND THE JURIDICAL ASPECTS OF THE GOVERNMENT SYSTEM AND THE CONSTITUTIONAL CHARACTER IN ALBANIA DURING 1920 TO 1939 .....</b>	<b>314</b>
PH.D. IRVIN FANIKO.....	314
<b>ORGANIZATIONAL COMMUNICATION-THE IMPORTANCE OF COMMUNICATION STRATEGY IN TIMES OF CRISIS FOR THE ORGANIZATION.....</b>	<b>319</b>
GAZMEND ABRASHI.....	319
<b>MONTESSORI METHODOLOGY APPLIED TO MATHS - THE MATH DAY .....</b>	<b>324</b>
NEUS CAMPÁN .....	324
ANNA MARIA RABELLA .....	324
JUANJO BOTE .....	324
<b>ISSUES IN VOCABULARY ACQUISITION; ACADEMIC AND TECHNICAL VOCABULARY IN MEDICAL ENGLISH.....</b>	<b>325</b>
ÇAĞLA TAŞCI.....	325
<b>RDA: WHO? WHAT? WHERE? - INTRODUCING THE RESEARCH DATA ALLIANCE AND ITS OPPORTUNITIES FOR THE SOCIAL SCIENCES.....</b>	<b>326</b>
RICARDA BRAUKMANN.....	326



---

<b>FINANCIAL LITERACY AND LEVEL OF FINANCIAL COMPETENCE IN PRE-UNIVERSITY STUDENTS: A COMPARISON BY ACADEMIC, PERSONAL AND FAMILY PROFILE.....</b>	<b>327</b>
SERGIO CAMISÓN-HABA .....	327
JOSÉ ANTONIO CLEMENTE ALMENDROS .....	327
MARÍA ISABEL BORREGUERO GUERRA.....	327
<b>ROLE OF ANALYSIS CVP (COST-VOLUME-PROFIT) AS IMPORTANT INDICATOR FOR PLANNING AND MAKING DECISIONS IN THE BUSINESS ENVIRONMENT .....</b>	<b>343</b>
MSc.ENKELEDA LULAJ .....	343
PROF.DR.ETEM ISENI .....	343
<b>FACTORS OF FINANCIAL BEHAVIOR AND RELATIONSHIP AMONG THEM - RELATIONSHIP OF PERSONALITY, ATTITUDE TOWARDS RISK, DEMOGRAPHIC FACTORS AND PSYCHOLOGICAL BIASES AS FACTORS OF FINANCIAL BEHAVIOR.....</b>	<b>361</b>
MSc.BLERINA DERVISHAJ.....	361
<b>FACTORS FACILITATING AND IMPEDING BEREAVED PARENTS' DECISION TO CONSENT FOR MINIMALLY INVASIVE TISSUE SAMPLING (MITS) - A QUALITATIVE STUDY.....</b>	<b>368</b>
NELLIE MYBURGH .....	368
JENNIFER GRANT .....	368
NOLIZWE MADINGA .....	368
ANDILE SOKANI .....	368
DUDUZILE ZIQUBU .....	368
LUNGILE SHIVAMBO .....	368
LERATO NTSIE .....	368
SHABIR MADHI.....	368
<b>A CASE - STUDY IN NEUROMARKETING: ANALYSIS OF THE INFLUENCE OF MUSIC ON ADVERTISING EFFECTIVENES THROUGH EYE-TRACKING, FACIAL EMOTION AND GSR .....</b>	<b>382</b>
PROF. UBALDO CUESTA .....	382
PROF. LUZ MARTÍNEZ-MARTÍNEZ .....	382
PROF. JOSE IGNACIO NIÑO .....	382
<b>INFLUENCE OF FOREIGN DIRECT INVESTMENT INFLOWS ON ALBANIAN EXPORTS THROUGH AN ECONOMETRIC ANALYSIS .....</b>	<b>391</b>
LORENA ÇAKËRRI .....	391
<b>THE ECONOMICS OF WASTE RECYCLING IN IRAQ: WASTED RESOURCES AND LOST OPPORTUNITIES.....</b>	<b>399</b>
ASSISTANT PROF. JASSIM MOHAMMED MUSHEB.....	399

---

<b>PROTESTS IN EUROPE IN TIMES OF CRISIS. THE CASE OF GREECE, IRELAND AND PORTUGAL .</b>	<b>408</b>
CÉLIA TABORDA SILVA.....	408
<b>ROLE OF COMMUNICATION AND TECHNOLOGY IN CRISIS MANAGEMENT .....</b>	<b>415</b>
DR. GUEMBOUR ABDERRAOUF .....	415
DR. RAKI NADIRA.....	415
<b>PERCEPTION OF LIMITATIONS BY INDIVIDUALS THREATENED WITH SOCIAL EXCLUSION UPON ENTERING EMPLOYMENT: REPORT ON A STUDY OF INDIVIDUALS WITH CHRONIC MENTAL ILLNESSES .....</b>	<b>420</b>
MAŁGORZATA DOBROWOLSKA .....	420
MARIOLA PARUZEL-CZACHURA.....	420
MARTA STASIŁA-SIERADZKA.....	420
MICHAŁ NACZYŃSKI .....	420
<b>CONCERNING THE APPARITION OF A MOBILE PHONE IN A 17<sup>TH</sup> CENTURY PAINTING AND ITS ISSUEFICATION .....</b>	<b>427</b>
SIYAVASH BAKHTIAR.....	427
<b>PURSUIING THE ISSUES WITH STUDENTS' UNDERSTANDING OF DECIMALS.....</b>	<b>435</b>
MASITAH SHAHRILL.....	435
MAUREEN SIEW FANG CHONG .....	435
<b>INNOVATIVE DEVELOPMENT OF EDUCATION STRATEGY IN RUSSIAN FEDERATION: EXPERIENCE OF "FUTURE SKILLS" SCHOOL GRADUATES FORMATION BY CITY ORGANIZATIONS' NETWORK INTERACTION.....</b>	<b>443</b>
SOROKINA ANASTASIYA LVOVNA .....	443
<b>SHIFTING PARADIGM? LONG-TERM VALUE CREATION AS A NORMATIVE PRINCIPLE IN A HOSTILE TAKEOVER: EVIDENCE FROM THE NETHERLANDS.....</b>	<b>455</b>
N.T. PHAM, T.L.M VERDOES .....	455
M.L. LYCKLAMA A NIJEHOLT .....	455
J. NIJLAND.....	455
<b>WOULD ISOLATIONIST PRESIDENTS CAUSE WAR? .....</b>	<b>467</b>
ASSOC. PROF. ISMAIL BURAK KÜNTAY .....	467
<b>TRADE OFF BETWEEN COMPETITIVE ADVANTAGE AND ENVIRONMENTAL THREATS: THE CASE OF MOLDOVA .....</b>	<b>476</b>
TATIANA PISCHINA .....	476
ROMEO FORTUNA .....	476

---

<b>A REVIEW ON PERFORMANCE IN NON-GOVERNMENTAL ORGANIZATIONS (NGOS).....</b>	<b>483</b>
HASAN METIN, PHD .....	483
<b>THE IMPACT OF EARLY EUROPEAN PRESENCE IN WEST AFRICA.....</b>	<b>491</b>
PR. DR. MALIKA SAHEL .....	491
<b>DESIGN OF A CONCEPTUAL MODEL FOR IMPROVING COMPANY PERFORMANCE BASED ON LEAN MANAGEMENT APPLYING THE VIABLE SYSTEM MODEL (VSM).....</b>	<b>499</b>
PHD CANDIDATE, ING. SERGIO GALLEGRO GARCÍA .....	499
PHD CANDIDATE, M.SC. RAYCO RODRÍGUEZ REYES .....	499
PROF. DR.-ING. MANUEL GARCÍA GARCÍA.....	499
<b>SUBSIDIARITY IN ENVIRONMENTAL ISSUES: NUANCES AND SHIFTS .....</b>	<b>514</b>
FLORENCIO R. RIGUERA .....	514
<b>ELECTRONIC SIGNATURE AND ELECTRONIC CONTRACT, COMPERATIVE ASPECT OF KOSOVO AND DEVELOPED COUNTRIES .....</b>	<b>522</b>
ISLAM QERIMI, MR.SC .....	522
<b>FINANCIAL INSTITUTIONS AND CHINESE INVESTMENT: THE REVIEW OF CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC) POLICY .....</b>	<b>533</b>
DR.SAMREEN FAHIM BABAR .....	533
MR.YASIR ZEESHAN .....	533
<b>GOVERNMENT’S DEFICIENCY OF COMMUNICATION AND THE IMPACT ON STAKEHOLDER’S (CASE OF YELLOW WASTE WTE IN ALBANIA).....</b>	<b>543</b>
ANA KEKEZI .....	543
<b>HOW TO INCORPORATE CORPORATE SOCIAL RESPONSIBILITY INTO DNA OF THE COMPANIES? .....</b>	<b>561</b>
ASSIST. PROF. DR. AYSE SAHIN .....	561
<b>GENDER DIFFERENCES IN HEALTH SELF-PERCEPTION IN OLDER ADULTS IN PRIMARY HEALTH CARE IN BRAZIL.....</b>	<b>569</b>
MARIA VIEIRA DE LIMA SAINTRAIN .....	569
CLEONEIDE PAULO OLIVEIRA PINHEIRO .....	569
ROSENDO FREITAS DE AMORIM .....	569
ZELIA MARIA DE SOUSA ARAÚJO SANTOS .....	569
FLAVIANO DA SILVA SANTOS .....	569
MIRNA ALBUQUERQUE FROTA .....	569
ANYA PIMENTEL GOMES FERNANDES VIEIRA-MEYER.....	569

---

<b>THE FACTORS THAT INFLUENCE IN HUMAN RESOURCES MANAGEMENT AT THE CLINICAL HOSPITAL IN TETOVO .....</b>	<b>583</b>
VALDRINA FETAI .....	583
NAXHIJE FETAI.....	583
<b>INTERNATIONALISATION WITH CHINESE CHARACTERISTICS – TRACING THE DEVELOPMENT PATH OF A THOROUGHLY MODERN CHINESE UNIVERSITY .....</b>	<b>587</b>
KATHY O’SULLIVAN .....	587
<b>SOCIAL ENTERPRISES LIKE THE RIGHT STEP FOR ECONOMIC DEVELOPMENT FOR KOSOVO ....</b>	<b>598</b>
PROF. ASOC. DR. AFRIM LOKU .....	598
PROF. MSc. FATLUM GOGIQL.....	598
MR.SC. VESË QEHAJA.....	598
<b>THE ROLE OF HUMAN RESOURCES MOTIVATION IN THE DEVELOPMENT OF HOTEL ENTERPRISES IN THE FERIZAJ REGION (REPUBLIC OF KOSOVO) .....</b>	<b>604</b>
DR. SC. NAIM ISMAJLI .....	604
MA. ARBERESHA BEHLULI.....	604
PHD CAND.. ROBERTA BAJRAMI .....	604
<b>THE EDUCATIONAL TECHNOLOGY STANDARDS COMPETENCY OF INSTRUCTORS AT ANADOLU UNIVERSITY SCHOOL OF FOREIGN LANGUAGES .....</b>	<b>610</b>
GÜVEN ÇAĞDAŞ GÜNDOĞDU .....	610
<b>INVESTMENT STRATEGY OF GEORGIA AS A COUNTRY OF TRANSITION ECONOMY: TRENDS, PROBLEMS, PROSPECTS .....</b>	<b>623</b>
BESIK BOLKVADZE .....	623
<b>RETHINKING JOURNALISM EDUCATION IN SPAIN: THE GAP BETWEEN UNIVERSITY STUDIES AND THE LABOUR MARKET .....</b>	<b>630</b>
EVA HERRERO CUIEL.....	630
<b>“GERMAN IS MY SECOND LANGUAGE, WHICH I ACTUALLY NOW MASTER BETTER THAN MY NATIVE LANGUAGE” – LANGUAGE BIOGRAPHIES AND THE LINGUISTIC INTEGRATION OF FUTURE TEACHERS .....</b>	<b>641</b>
VICTORIA STOROZENKO.....	641
<b>"MEANS OF LINGUISTIC EXPRESSION IN FRANG BARDHI'S 'APOLOGY OF SCANDERBEG" (ON THE OCCASION OF THE 550TH ANNIVERSARY OF THE DEATH OF THE NATIONAL HERO) .....</b>	<b>648</b>
PHD. ELVIS BRAMO.....	648

---

<b>A NEW CONCEPT OF THE SELF THROUGH THE RISE OF ENGLISH AS THE LANGUAGE OF GLOBALIZATION.....</b>	<b>655</b>
SLAĐANA ŽIVKOVIĆ, PHD .....	655
<b>ACCOUNTABILITY AND TRANSPARENCY CHALLENGES OF PUBLIC ENTERPRISES IN KOSOVO ..</b>	<b>660</b>
BAHRI HYSENI .....	660
<b>HOW MUCH ARTISTIC FREEDOM IS PERMITTED WHEN IT COMES TO LANGUAGE? - ANALYSIS OF A CRIME NOVEL .....</b>	<b>666</b>
MANUELA SVOBODA, PHD .....	666
PETRA ZAGAR-SOSTARIC, PHD .....	666
<b>DIVERSITY AND UNIQUENESS OF FAMILY BUSINESS IN THE NORTH OF PORTUGAL .....</b>	<b>676</b>
ANA PAULA MARQUES .....	676
<b>IMPACT OF UNEMPLOYMENT ON ECONOMIC GROWTH: EVIDENCE FROM WESTERN BALKANS .....</b>	<b>686</b>
DIELLZA KUKAJ, MSc.....	686
<b>RELATIONSHIP BETWEEN SOCIAL SUPPORT, CULTURAL VALUES, FAMILY-FRIENDLY ORGANIZATIONS AND PSYCHOLOGICAL WELL-BEING AMONG TURKISH AND THE DUTCH NURSES: THE ROLE OF RECOVERY.....</b>	<b>695</b>
HATEM ÖCEL .....	695
FRED R. H. ZIJLSTRA .....	695
MAASTRICHT UNIVERSITY .....	695
<b>DISCOURSES AND GENRE AROUND KINDERGARTEN OUTDOOR ACTIVITIES.....</b>	<b>696</b>
DR. WARDA SADA GERGES .....	696
<b>NAVIGATING VIOLENCE IN THE FACE OF VULNERABILITY: WOMEN IN THE VILLAS OF BUENOS AIRES .....</b>	<b>697</b>
MSc MARAL SHAFAY .....	697
<b>THE OPINIONS OF NON-ELT PRE-SERVICE ENGLISH TEACHERS ON TEACHING PRACTICE .....</b>	<b>698</b>
YELDA ORHON .....	698
<b>ALL TOO HUMAN: RECONTEXTUALIZING DELEUZE AND LEVINAS ON ART .....</b>	<b>699</b>
PROFESSOR TINA CHANTER.....	699
<b>SOME PROTOLOGUISTIC ASPECTS OF THE EAST SLAVIC STUDENTS STUDYING SPANISH AS A SECOND LANGUAGE.....</b>	<b>700</b>

N.LUKASHENKO.....700

## The Use of Peer Assessment to Improve Students' Learning of Geometry

Dk Siti Nabilah Pengiran Omar

Masitah Shahrill

Masriatol Zuraifah Sajali

Sultan Hassanah Bolkuah Institute of Education, Universiti Brunei Darussalam

### Abstract

This mixed-method action research study aimed to examine the effect of the use peer of assessment in a Brunei Mathematics classroom in the learning of Geometry. This study offered insights into the use of a student-centred learning approach, which the participants held the role as an assessor of peer's work, and the use of peer feedback as a potential learning source in changing students' conception and understanding in the topic of Angle properties. The study revealed that the use of peer assessment had significance in improving students' performance in the learning of Geometry and there was evidence of knowledge retention as a result from the intervention as seen in the improved post-test performance on similar mathematical problem. In addition, the mathematical works in the post-test still showed evidence of misunderstandings and misconception in the concept of Angle. Despite the unsatisfactory quality of peer feedback given by the participants, the assessing activity and the student' role as the assessor had increased cognitive, metacognitive awareness and self-regulation in their learning. Overall, the participants showed positive perception and attitude towards the use of peer assessment as a learning tool in Mathematics and considered it as a means for knowledge sharing. There was still concern of emotional sensitivity and anonymity despite the effort to maintain the anonymity of the students' work and identity as an assessor.

**Keywords:** Peer assessment, feedback, student learning, geometry

### Introduction

The term assessment is often closely associated to tests, examinations and interviews. According to Brown (2004), assessment is defined as "any act of interpreting information about student performance, collected through multitude of means or practices" (p. 304). Ghaicha (2016) argued that the terms like testing, evaluation and measurement may not be synonymous with assessment, however, Black and William (1998) mentioned that there is no universally agreed upon term. Assessment is an approach to enhance the quality of instructions to suit the learners' different learning styles and needs by gathering information pertaining students' academic performance by means of assessments.

In Mathematics learning, giving assessments is already a common situation in classroom and serve as a way to practice the mathematical concept and the procedural steps that have been taught in the classroom. This is evident as according to the national survey of 555 teachers by Plake and Impara (1993, 1997) that reported that three-quarters of the participants gave minor classroom assignments at least once every week. Assessments do not just merely serve as an instrument to measure students' performance and behaviour but also for instructional evaluation to promote towards better teacher instructions by judging the effectiveness of instructions on students (Brown, 2004; Boty & Shahrill, 2015; Damit et al., 2015; Ghaicha, 2016; Kulm, 1994; Mohammad et al., 2017) and for students' accountability in their learning. In addition, Ghaicha mentioned that assessment is also used to categorise group of students for instructional purposes as also seen in the work of Othman et al. (2016) where a classroom assessment is administered beforehand to identify the learning styles of students in order to carry out the tiered assignments. Classroom assessment is a primary source for the process of differentiated learning.

### Peer Assessment

Peer assessment is a form of formative assessment or assessment for learning that is used as a learning tool and no foreign in the field of teaching and learning. In educational context, the steps of peer assessment process are summarised

in systematic order as follows: establish rapport, give out works to be assessed, distribute rubric and performance criteria, peer assessment debriefing, training using sample work, discussion and work revision (Black & William, 1998). The constructive feedback from the evaluation is the expected outcome that should serve helpful purpose towards the assessees' personal developments. Peer assessment comes in various formats in terms of its implementation and evaluation process. In learning context, it ranges from just a simple marking of other's work for reducing teachers' load to assessing peers' performance and contribution towards group project.

In a traditional classroom setting, students are instructed to do a learning task and submit the completed task where a teacher will be in charge of making judgement and marking process. Once returned, there is likely students will not read the written feedback, as according to Thomas, Martin and Pleasants (2011) that once the work is off from the students' hands, they are no longer engaged with the work. Students are perhaps extrinsically motivated to complete or compelled to do learning tasks due to time-limit factor or fear of punishments. Subsequently, they become less reflective in doing the work and uninformed about what makes a quality work. In peer assessment, the students indirectly gain benefits for being reflective when judging or marking peer's work. The students are able to receive immediate feedback about their works.

In a study done by Adediwura (2015) on the use of peer assessment in Secondary Mathematics classroom, the findings revealed that the intervention had positive impact on the students' learning retention rate. In the study of 212 Secondary Mathematics students (Chukwuyenum & Adeleye, 2013) in Nigeria, the intervention had shown a significant improvement in the post-tests scores. In addition, students developed positive attitudes, behaviours and became more engaged in the learning process after being exposed to this learning approach (Kearney & Perkins, 2011; Topping, 2003). A study by Chan (2013) in an eighth grade Mathematics classroom in Macau had shown improvement in several aspects of students learning; mathematical reasoning skill, fluency in conceptual and procedural knowledge and positive growth of attitude towards Mathematics. These findings further support the benefits of peer assessment. According to Logan (2009), the improved academic achievement is resulted from the self-awareness and critical thinking that developed from the process.

#### ***Peer assessment to promote metacognitive thinking***

According to Topping (1998), peer assessment has influences on the following domains namely "cognition and metacognition, affect, social and transferable skills" (p. 254). As shown in the study by Pantiwati and Husamah (2017) on university students undertaking Science courses, the use of peer assessment had influences on their metacognitive thinking. In addition, peer assessment is an active learning model, which helps students to develop collaborative and reflective skills through the result of metacognitive processes (Husamah, 2015). Hence, peer assessment encourages students to be accountable of their learning (Langan & Wheeler, 2003; Vickerman, 2010) and leads to development of self-regulation, self-regulation and reflection (Egodawatte, 2010; Gielen, 2007; Langan & Wheeler, 2003). Moreover, this could potentially improve learning as it involves a task requiring students to engage and encouraging them to reflect on the quality of work for improvisation (Chukwuyenum & Adeleye, 2013).

#### ***Peer assessment as a platform for peer tutoring***

Peer assessment can be regarded as part of peer tutoring process (Chan, 2013; Donaldson & Topping, 1996). The characteristic of students interacting, supporting and learning from each other during the peer assessment reflects those of a peer tutoring activity (Topping, 2005). The students may not be interacting physically through verbal feedback but assessing their peers' works and giving feedback in the rubric are already considered as peer interaction. In this study, the students will be assuming the roles of both 'assessor' and 'assesse', which resembles reciprocal peer tutoring (Chan, 2013). According to Medcalfe (1992), cooperative learning is defined as a learning approach that encourages the learning of peers or peer tutoring. This indirectly implies peer assessment is a form of cooperative learning, which shares similar role to peer tutoring. While the feedback aims to help peers to improve their quality of works and evaluate their learning, the act of giving feedback to peers incorporates sense of cooperation and also collaboration as it involves interaction between a minimum of two (Kollar & Fischer, 2010). As a consequence, it stimulates motivation among group members for peer tutoring and peer assessment, subsequently correction, which produce enhanced learning (Slavin, 1996).

#### ***Peer assessment as observational learning***

A common feature of peer assessment is making judgement or evaluation of others' works. Not only this particular task provides opportunity to students to look into others' work, students get to monitor their current learning performance. This enables students to evaluate and make judgement by thinking critically and be reflective on the work, which becomes a learning opportunity for the learners. A study by Logan (2009) on implementing self and peer assessment on 11 higher education students revealed that majority of students found out they were able to learn more from looking at a variety of



peer's works. Another study by Wood and Kurzel (2008) reported that student realised the value of doing comparison of their own and others' work. This provides opportunities for students to learn from the mistakes made and the criteria that make up an exemplary work through exposure of different peers' works. By exposing students to others' works and instructing them to make judgements, it gives them the opportunity to extend their knowledge and look at the different approaches made by their peers in the work. (Logan, 2009; Zevenbergen, 2001). A study by Tsivitanidou et al. (2018) also reported similar finding on the use of reciprocal peer assessment on Secondary school students in the learning of Physics.

### **Feedback**

In peer assessment, peer feedback is the core component of the process meant for the peers (Topping, 1998). According to Gielen et al. (2010), the bidirectional nature of giving and receiving feedback potentially enhances students' learning as students could learn from different examples and approaches in the process. A classroom often consists of students coming from different academic ability and perhaps may have different perceptions towards peer assessment due to prior experience. Hence, the quality of peer feedback generated from the assessor is likely to be affected by his or her domain knowledge (Patchan & Schunn, 2015; Van Zundert et al., 2012). This explains the concern on accuracy of feedback produced by peers reported in several studies (Alqassab et al., 2018; Falchikov, 2004; Liu & Carless, 2006; Strijbos & Wichmann, 2018). This is because for the feedback to be effective on the students' learning lies on the assessor's ability to critically link his or her prior knowledge with the work (Liu & Carless, 2006).

### **Use of rubrics in learning**

A rubric is defined as a framework to assess students or mathematics learning task, which can be adopted or tailored by the teacher (Kulm, 1994). Rubric has been used to assess students' works across any disciplinary subject, often used to judge quality of performance or whether the criteria are met. Rubrics are used to help teachers analyse the information about students' understandings from performance-based task. Rubrics are categorised into different types according to its functions such as anaholistic rubric, process rubric, analytic rubric and anaholistic rubric (Kulm, 1994). Meanwhile, in a study by Idris et al. (2017) on the use of rubric in the History presentation of Year 10 student, it was found that students were motivated and anticipating the use of rubric which helped in completing the task by knowing teacher's expectations ahead. The explicitness of learning and task expectation set in the rubrics is an advantage for students in understanding clearly of the learning objectives to be reached (Andrade & Ying, 2005; Huba & Freed, 2000; Stiggins, 2001). Idris and colleagues stated that the use rubrics enabled teachers do systematic evaluation of their students' work and contribute to the students' learning process through constructive feedback whilst acting as the framework. On the other hand, Chong et al. (2017) used observational rubrics to monitor students' learning progress and to measure students' inquiry skill in the inquiry-based learning of conditional probability.

### **The Study**

The aims of this present study are to investigate the impact of peer assessment on students' conception on the concept of angles, to investigate whether peer assessment affects students' learning retention and transferability skill after assessing their peers and reading feedbacks directed to themselves, to identify students' misconceptions in the topic of Angle Properties, and to inform educators and researchers particularly in Brunei of the use of peer assessment in the learning of Mathematics.

With the aforementioned aims the following research questions central to this study were posed:

How does peer assessment affect the students' performance in the learning of Geometry?

What are the students' perceptions on the application of peer assessment and its peer feedback in the learning of Mathematics?

Following the first research question stated above, two hypotheses are formulated:

H<sub>0</sub>: There is no significant difference in students' performance after lesson intervention using peer assessment

H<sub>1</sub>: There is significant difference in students' performance after lesson intervention using peer assessment

### **Methodology**

This study adapted the Action Research design, which is known to employ a mix of qualitative and quantitative data collection approach. The rationale for choosing action research is because this particular research design aims to find solution to common problems encountered by schools and subsequently acts as a means of professional development

(Mills, 2011). In accordance to the research questions stated above, imply the need of quantitative data type to identify any difference prior and post intervention. Collection of quantitative data is preferred for the first research question as Denscombe (2010) noted that quantitative data is analysed not based on intuition and others can validate it for authenticity. Whereas, for the second research question, qualitative data is required to explore further on participants' attitudes and perceptions towards any parts of the intervention process.

The participants that were involved in this study were 23 Year 11 students aged between 14 to 16 years old, from an all-female government secondary school in Brunei Darussalam. All participants were from a Year 11 class that consisted of mixed ability students. All participants studied Mathematics 'D' and were not taking Additional Mathematics subject. The school is government funded where the local Bruneian students are waived from paying tuition fee. The participants of this study were selected by convenience sampling. The school was chosen for this study on the basis that it was within the convenient commuting distance. A follow-up qualitative data collection procedure after the intervention, which is the focus group interviews, required a small percentage of study samples.

Consent to conduct the research study were sought from the Department of School, Ministry of Education, Brunei Darussalam and the university. According to Declaration of Helsinki (1946), children of age under 16 will be required parental consent to participate in any research study. Hence, parental permission letters along with participant information sheet were distributed to participants of the study. Any students' names mentioned here are pseudonyms.

### *Instrumentation*

#### **For quantitative data collection, the following instruments were employed:**

The Pre-test was used to assess students' understandings and actual knowledge in Geometry at a point before the intervention is conducted. It assessed students' understanding on the concept of properties of angles. The pre-test allowed the researchers to tap into the students thinking by investigating the misconceptions and errors made by the students. The post-test assessed the change in the students' conception and understanding in Geometry after a period of intervention. In addition, the performance from the post-test served as an indicator whether the learning strategy, that is, the peer assessment approach, used in this study had effect on students' understanding. The contents of the post-test were an exact replicate of the pre-test instrument. The pre- and post-tests questions were pilot tested prior to the commencement of main study by test-retest reliability method. The pre- and post-tests were administered to Year 10 students at a different school setting. A one-week interval between the pre-test and post-test was ensured so there was no memory effect. Meanwhile the Pearson coefficient of correlation obtained from the Test-retest reliability (0.853) of the pre- and post-test instruments indicated a very high reliability.

The classwork consisted of nine questions including its subquestions. It assessed students' knowledge on the concept of Angle Properties with some questions possessed similarities with the questions in the tests. This classwork would be used as the work to be evaluated by the assessor during the peer assessment.

The 5-points Likert Scale survey explored the students' perceptions and attitudes towards the intervention conducted in the classroom whether there was any relation with students' performance in the post-test. The survey was adapted from Chan (2013) and slightly modified for this present study with the addition of a few items to fit the design of the research study and the topic chosen for the intervention. This survey was particularly adapted and chosen for this study because this study shared resemblance with Chan's design of the intervention, that is, peer assessment, for her action research study. The use of survey allowed the researchers to collect wide range of response in a relatively short amount of time yet very informative towards study (Johnson, 2008). According to Revilla, Saris and Kronick (2014), the 5-points Likert Scale survey is preferred because higher odd-numbered point scales lead to lower quality data. In addition, the use of 5-point Likert scale instead of 7-point Likert scales helps to reduce respondents' frustration level, increase response rate and its quality as well (Babakus & Mangold, 1992).

#### **For qualitative data collection, the following instruments were employed:**

The rubric acted as a medium for the students to write qualitative feedback and to assess their peers' works against the criteria being set. The rubrics for the peer assessment were developed and designed by adapting the common structure in a rubric developed by Chan (2013) for peer assessment in an eighth grade Mathematics lesson. The rubric was modified and designed to follow the content covered by the assessments given. The column under 'Steps to Success' was set blank for the purpose of student-teacher discussion of the required success criteria during later peer assessment. The modified rubric consisting of four columns is shown in Figure 1. Every student was required to fill in the success criteria they had

come up for each question after discussing with peers and the teacher. If the assessee correctly answered a question, the assessor had to write down the evidence found in the assessee's work that met the success criteria into the column 'How did you know your friend already achieved the criteria?' However, if the assessee did not correctly answer the question, the column is not required to fill in and the column to its right, 'What it should have been?' had to be filled in by correcting the mistake found in the mathematical working. In addition, the assessors were recommended to give qualitative feedback on the mistake or misconception the student had made in the last column, 'What your friend should revise on to improve his/her work'. This included constructive feedback that focuses on correcting the mathematical understanding.

Assessee's student no: _____			
Question No. _____			
Steps to Success (Success Criteria)	How did you know your friend already achieved the criteria? (Evidence)	What it should have been? (Correction)	What your friend should revise on to improve his/her work (Comment on Mathematical Aspect)
1			
2			
3			
4			
General comment: _____			

Figure 1. Modified Rubric.

The focus group interviews allowed the researchers to elicit information from the participants as they were all sharing similar experience under the same intervention treatment. The group setting created dynamic interaction that means more varied responses and opinions could be obtained, and to gain insights on why they held such views (Denscombe, 2010). The interviews were in semi-structured format, and were carried out by asking verbally a series of open-ended questions with guided prompts and follow-up questions. A pre-interview was conducted to determine whether the students had experienced peer assessment and their perceptions of similar processes, if they reported otherwise. The post-interview was to determine students' perception towards the use of peer assessment and its process as a learning tool in the learning of Mathematics.

Video recording of classroom observation was also employed to analyse the classroom behavior and interactions among the students. The information obtained helped to supplement what the interviews and surveys could not probe from the students, so that any important findings that caused concern would not be missed.

### Data analysis

For the reliability of the test instruments, Pearson correlation coefficient or also known as the Pearson *R* test was used to compute the correlation coefficient. The tests instruments were piloted on a different school through test-retest reliability. The variables would be the students' test marks at Time 1 and Time 2 respectively. If the correlation coefficient was greater than 0.5 then, the test was reliable, whereas, if the correlation coefficient was between -1 and 0.5, then the test instrument was not reliable. The reliability analysis was done using a spreadsheet package namely Microsoft Excel.

The mixed method research design of this study allowed the triangulation of the findings from both qualitative and quantitative sources such as between focus groups and questionnaire. This approach helped to increase the validity of findings by means of their accuracy to gain more confidence (Denscombe, 2010). For this study, methodological triangulation was used where comparison between qualitative and quantitative data was made (Denscombe, 2010).

Quantitative data were collected for the first research question, the mean and standard deviation for both pre-test and post-test were computed. To accept or reject the hypothesis formulated earlier, the significance of the difference between the two pairs of the descriptive statistics aforementioned was checked. A repeated-measures *t*-test, or also known as, paired

samples *t*-test, is an inferential statistics used to determine the statistical significant of the differences. If the *p*-value obtained is less than or equal to 0.05, then the null hypothesis is rejected. Whereas, if the *p*-value is larger than 0.05, the null hypothesis is accepted. This was done by statistical package namely SPSS (Statistical Package for the Social Sciences), which is known widely for its use in statistical analysis. Meanwhile, to analyse the quantitative data collected for the second research question, descriptive statistics were used to obtain a general view of students' perception towards the learning strategy implemented in this action study. Both video recordings of the classroom lessons and audio recording of the pupils' interviews were transcribed for the qualitative data analysis. Both focus group interviews were audio-recorded and transcribed verbatim. A word processing package, Microsoft Word, was used to create the interview transcripts. The transcripts were analysed to form descriptions or codings that were further categorized into themes, which gave overviews of the students' perception towards peer assessment.

### ***Intervention procedure***

Before the intervention was carried out, a pre-test was administered to measure students' knowledge and to identify existing misconceptions on the topic of Angle Properties. The test papers were subsequently marked to record and measure the students' current level of understanding on the topic prior to the intervention. A short classwork was assigned to students to be attempted individually within 20 minutes. Each student was assigned a 'student number' consisting of alphanumeric characters. The students were not allowed to write their name on the paper nor did they were allowed to share their identification number with their peers. The purpose was to keep the anonymity when the works were exchanged among students later. The classwork was collected and followed by a short briefing. The briefing aimed to define peer assessment, its purpose in learning, examples of success criteria, and list of learning objectives. Students were reminded to give constructive feedback and avoid hurtful comments. Handouts of sample classwork and sample rubric on the same topic as the intervention were given to students. The explanation of how peer assessment is conducted was supplemented along with a handout on learning objective and a list of common success criteria expected in the topic. A training on peer assessment and setting of success criteria was given to students to familiarise themselves with the rubric and assessing peers' works against the criteria.

A one-hour Mathematics lesson was allocated for the actual peer assessment. Prior to the assessment, a rubric sheet was given to every student and a short time was allocated for the setting of success criteria in the rubric for each question. Each student was given an anonymous classwork of his or her peers. The assessors were not allowed to write their name in order to minimise the negative consequences of the interpersonal procedures (Panadero, 2016). Students were instructed to form into a group of four students. The groups were formed on the basis of teacher's selections so that to create a heterogeneous grouping. The classwork and pre-test marks were used to assist the teacher in doing the selection. They were encouraged to discuss among their group mates on the given works. The students were expected to discuss the correct procedures to solve the problem and write feedback by commenting on the mathematical aspect and suggest the correct solution for inaccurate or incorrect work. The teacher did not provide solution at all. At the end of the class, the rubrics were collected and the teacher marked the rubric to avoid the students from utilising inaccurate feedback for later work revision. The teacher refrained from giving Mathematical solutions in the rubric. During the subsequent lesson, the rubrics were returned and a similar blank classwork was distributed to students. The students were instructed to individually revise the classwork based on the feedbacks they received in the rubrics. The completed revised classwork was returned and was evaluated by the teacher to check for its improvement and changes. A post-test was administered to students a week after the intervention. The post-tests were subsequently marked to compare the difference between their pre-tests and post-tests.

### **Results**

#### ***The affect of peer assessment on the students' performance in the learning of geometry***

To determine the significance of the effect of intervention on the participants' score mean, a parametric testing namely paired sample *t*-test was employed. Preliminary checks were made to ensure the data met the two assumptions for paired sample *t*-test. The two assumptions are the sampling distribution must be normally distributed and the data is measured at the interval level (Field, 2009).

The normality test was carried out using SPSS version 20 on the difference between the participants' scores in the pre- and post-tests. A histogram based on the difference between test scores was created and it could be seen that the sampling distribution is normally distributed (Figure 2). The normality of the distribution is further verified graphically as seen from the Q-Q plot diagram (Figure 3), which the plots are well aligned along the line. The absence of outliers in the boxplot diagram and both mean and median are in the centre, which forms a symmetrical-looking box indicating that the distribution

is normal (refer to Figure 4). The dependent variable is an interval variable since meaningful mean scores could be obtained for both samples of data. Hence the two assumptions were satisfied and the hypothesis testing could proceed with paired sample *t*-test.

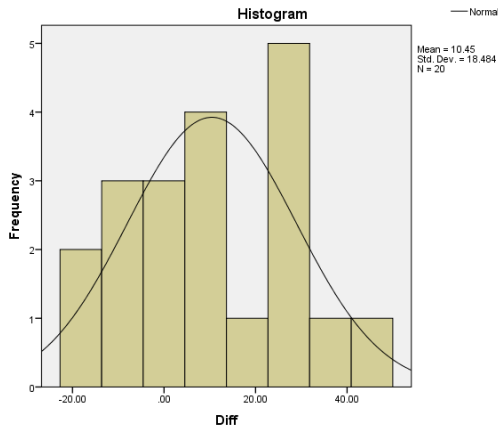


Figure 2. Histogram showing the distribution of the difference between the test scores.

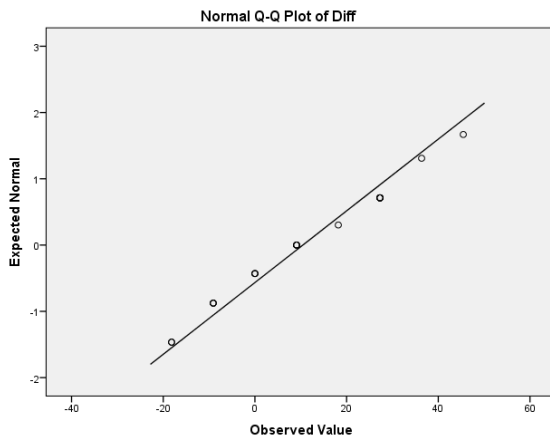


Figure 3. Normal Q-Q Plot of the mark difference between students' test scores

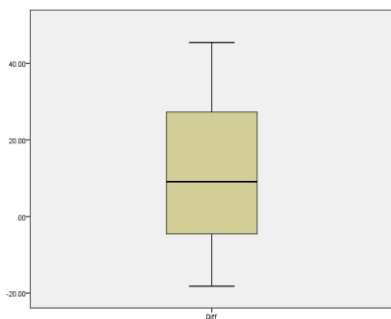


Figure 4. Boxplot of the mark difference between students' test scores

Table 1. Paired sample *t*-test, mean and standard deviation for mean differences between pre-test and post-test scores.

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Pre - Post	-10.45455	18.48433	4.13322	-19.10548	-1.80361	-2.529	19	.020

A paired sample *t*-test was conducted to evaluate the impact of the intervention, peer assessment, on students' test marks and to examine the differences in the scores of the sample group from pre-test to post-test (refer to Table 1). There was a statistically significant increase in test marks from pre-test ( $M = 25.0$ ,  $SD = 15.3$ ) to post-test ( $M = 35.5$ ,  $SD = 21.2$ ),  $t(19) = -2.529$ ,  $p < 0.05$  (two tailed). Thus, the null hypothesis ( $H_0$ ) is rejected and there was significant difference in students' performance after the intervention. The mean increase in test marks was 10.5 with a 95% confidence interval ranging from -19.0 to -1.80. The eta-squared statistics (0.25) indicated a large effect size. This indicates that the difference is of practical significance. The raw scores for both pre-test and post-test were 11 marks; one mark for each subquestion. The students' overall marks were then converted into percentage. Overall, 60% of the participants in this study showed improvement in post-test scores after the intervention.

Figure 5 below shows the difference in the pre- and post-test scores. The largest improvement recorded was a positive change of 45.5% (5 marks increase), which the student initially did not manage to score any mark in the pre-test. The smallest improvement recorded was 9.1% change (1 mark increase). There were five students recorded with decreased performance in the post-test. The largest decrease in scores was only two marks decrease from her pre-test score. There were three students whose scores showed no changes in both pre-test and post-test. The student who previously scored the highest in the pre-test (10 out of 11, 90.9%) obtained an improved post-test score with an increase of one mark.

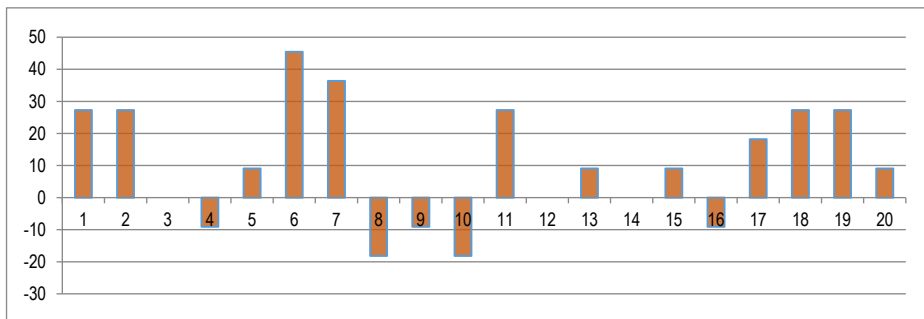


Figure 5. Difference in pre-test and post-test scores.

Table 2 shows the overall mean marks and standard deviations for both pre-test and post-test respectively. The scores for post-test are more spread out after the intervention compared to pre-test scores, as seen from the respective standard deviation values. Meanwhile, Table 3 shows the descriptive statistics of the students' scores in their pre-test and post-test following the intervention using peer assessment. There were only 20 students included in the analysis out of the actual 23 participants in this study due to absentees in either of the test administered. The comparison of test scores could then be made after excluding the absentees in order to ensure observable effect of the intervention. During the pre-test the highest score attained was 63.6%, while the lowest score was 0%. The mean mark for the pre-test was 25.0%, which is below the passing mark of 50%.

Table 2. Mean and standard deviation for pre-test and post-test.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre	25.0000	20	15.29043	3.41904
	Post	35.4545	20	21.24854	4.75132

Table 3. Descriptive Statistics for pre-test and post-test scores.

	N		Mean	Std. Deviation	Variance	Range	Minimum	Maximum
	Valid	Missing						
Pre	20	0	25.0000	15.29043	233.797	63.64	.00	63.64
Post	20	0	35.4545	21.24854	451.501	81.82	9.09	90.91

Following the intervention, the highest mark attained in the post-test was 90.9%, while the lowest mark attained was 9.09%. This shows a slight improvement than the pre-test with every student seated for the post-test were now able to answer successfully at least a question. The overall mean mark for the post-test was 35.5%. This is a noticeable improvement in the students' performance in post-test compared to in the pre-test. The change from the mean pre-test scores was 10.5%.

The rubrics were returned to respective students that were used in assisting them in making a revision of their classwork in individual setting. Both classwork were examined to identify any significant changes in the procedural steps or diagram work sketches before and after the intervention. The quantitative results (Figure 6) of the students' revised classwork show tremendous improvement in the quality and accuracy of their mathematical working of the problems. This shows that students utilised the feedback in the rubric in making revision of the work, although there were only few helpful qualitative feedbacks on improving mathematical understanding towards the topic.

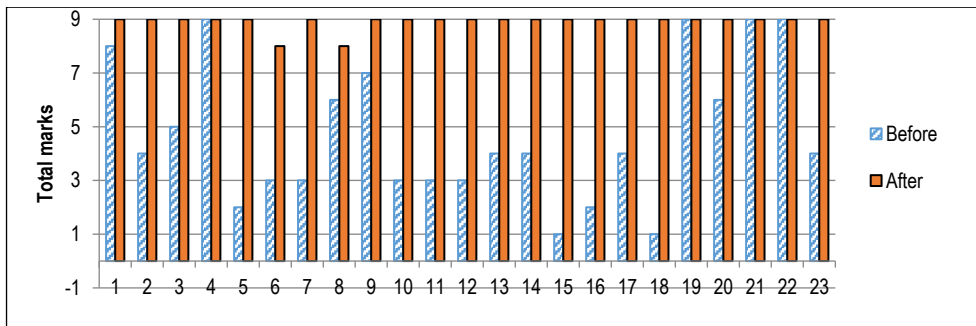


Figure 6. Classwork performance before and after revision of work using feedback from the returned rubric.

After the revision of their classwork, it could be seen that some students had shown improved mathematical reasoning in the work. Although the reasoning shown was often very brief and in short sentence, it was slightly accurate than before. As an example Farah previously stated 'parallel' to support her answer in Question 2b (Figure 7). After the revision of classwork, she wrote a more specific statement 'angle at alternate angle'. To state which angle property applied was not required in the question, however, this provided the opportunity to investigate the student' thinking and any possible misconceptions held.

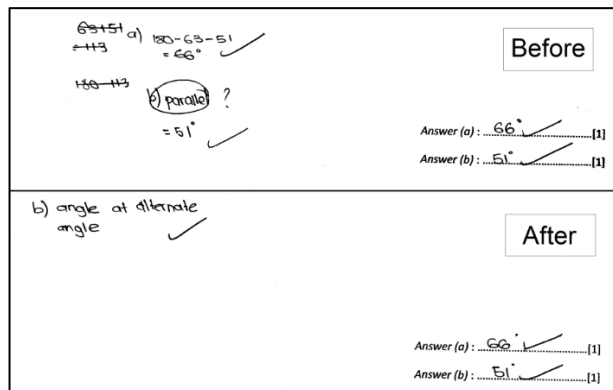


Figure 7. Sample work with improved reasoning.

Due to absenteeism during peer assessment, three students did not have an assessor for their work. Hence they received no feedback from peers. Despite the shortcoming, majority of these students were able to revise their classwork successfully without the aids of the written feedback. Perhaps the students' engagement in the discussion during peer assessment had memory effect on them.

The observation of rubrics revealed a few incorrect judgments and inaccurate mathematical explanations in the qualitative feedback. In the case of Wardah (a pseudonym), she successfully did the correct revision (Figure 9) for Question 3a despite the inaccuracy in feedback she received as seen in Figure 8. Perhaps Wardah's engagement in the discussion activity with peers or the assessing task, made her to reflect on her and peer's work, thereby allowed her to have a better understanding of the solution for the particular problem.

Assessee's student no: <u>CGMUL</u>			
Question No. 3a & 3b			
Steps to Success (Success Criteria)	How did you know your friend already achieved the criteria? (Evidence?)	What it should have been? (Correction)	What your friend should revise on to improve his/her work (Comment on Mathematical Aspect)
Question 3a			
1 apply the property of $\angle$ on a straight line ✓	$\frac{180^\circ}{2}$ ✓		Where did you find the answer? ✓
2 form the algebraic equations correct (✓) simplify it	$60^\circ$ ✓		
3			
Question 3b			
1 apply the property of $\angle$ , alternate angles are equal ✓	-	$q = 60$ ✓	alternate $\angle$ are equal ✓
General comment: _____			

Figure 8. Inaccurate evaluation by the assessor for Wardah for Question 3a.

QUESTION 3	Before	QUESTION 3	After
a) Calculate the value of p. b) Calculate the value of q.		a) Calculate the value of p. b) Calculate the value of q.	
Working:	$\begin{aligned} a) & p, 2p \\ p &= 180 - 2p \\ 2p - p &= 180 \\ 2p &= 180 \\ \frac{2p}{2} &= \frac{180}{2} \\ p &= 90 \end{aligned}$	$\begin{aligned} a) & 180 = 2p + p \\ 180 &= 3p \\ 3p &= 180 \\ p &= \frac{180}{3} \\ &= 60 \end{aligned}$	$\begin{aligned} b) & q = 60 \end{aligned}$
Answer (a): $60^\circ$ ✓ Answer (b): $90$ ✓		Answer (a): $60$ ✓ Answer (b): $60$ ✓	

Figure 9. Wardah's changes in the classwork for Question 3a before and after revision given inaccurate feedback.

The correct mathematical solution provided by the assessor may have resulted in the drastic improvement in classwork revision. It was observed majority students followed and heavily depended on the solution given in the feedback. This includes copying a minor mistake made by the assessor. This case shows that it was not clearly evident whether students deeply reflected while revising their work with the feedback given in the rubric.



*Students' perceptions on the application of peer assessment and its peer feedback in the learning of mathematics*

A 25-item questionnaire was distributed to 23 students involved in this study. The questionnaire was distributed within the same week as the post-test. This multidimensional survey aimed to explore students' attitude and opinions on different aspects of peer assessment and towards the topic Angle Properties. The internal reliability of the questionnaire after reversing the score for negatively worded statements had a Cronbach's Alpha of 0.919. The response from each item was coded and assigned a score according to its scale: Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). The negatively worded Items 1.1, 5.3 and 6.5 were reverse coded.

Table 4 shows the results of the responses from the questionnaire. Generally there was neutral and positive tendency of the participants towards the setting of success criteria. Although there were two participants (8.7%, Item 4.1) disagreed of liking to be involved in the deciding of success criteria prior to both training of peer assessment and actual peer assessment, there were no participants (0%, Item 4.2 and Item 4.3) of being against the two statements about the helpfulness of making success criteria explicit towards their subsequent understanding of the classwork and their ability in assessing their peers' works. Five participants (21.7%, Item 4.2) strongly agreed that this task had contributed to their understanding on the classwork.

Table 4. *Results of the questionnaire after reverse-coded on some items.*

Item	Statement	SD =1	D =2	N =3	A =4	SA =5	Mean (M)	Std. Dev. (SD)
1.1	The most difficult part of Mathematics is angle properties	1	5	11	6	0	2.96	0.82
1.2	I am good at angle properties topic	0	9	11	3	0	2.74	0.69
1.3	I like the topic of angle properties	0	1	16	5	1	3.26	0.62
2.1	The peer assessment training is sufficient to prepare me to assess my peer	0	4	6	11	2	3.48	0.90
2.2	I understand what my role and what I must do during peer assessment	0	2	3	14	4	3.87	0.81
2.3	Teacher's feedback on my assessment performance is useful to improve my skill on assessing peers.	0	0	2	10	11	4.39	0.66
3.1	I am aware and understand of the purpose of using peer assessment in mathematics classroom.	0	0	8	12	3	3.78	0.67
4.1	I like to be involved in the deciding of success criteria required for the classwork	0	2	8	11	2	3.57	0.79
4.2	The discussion of success criteria is helpful for me in understanding the classwork questions	0	0	8	10	5	3.87	0.76
4.3	I am able to assess my peer's work well when involved in deciding the success criteria	0	0	12	9	2	3.57	0.66
5.1	The rubric is easy to use	0	4	3	11	5	3.74	1.01
5.2	After the setting of success criteria, I am able to assess my peer's work	0	0	9	11	3	3.74	0.69
5.3	I find it difficult when writing qualitative feedback	0	0	14	6	3	3.52	0.73
5.4	I can assess my peer's work with fair	0	0	11	8	4	3.70	0.76
5.5	I feel more comfortable writing feedback when assessing my peers than giving marks	1	5	6	8	3	3.30	1.11
5.6	Assessing peer's work makes me more aware of key mathematical concepts in the topic of learning	0	0	14	5	4	3.57	0.79
5.7	I always reflect back to my work while assessing my peer	0	2	7	11	3	3.65	0.83
6.1	I understand the feedback given to me	1	1	4	15	2	3.70	0.88
6.2	The feedback given to me is accurate	0	1	15	6	1	3.30	0.63
6.3	The feedback is fair	0	1	10	9	3	3.61	0.78
6.4	The feedback given to me is helpful for me to improvise my work	0	1	3	11	8	4.13	0.81
6.5	I am unsure how to revise my work after reading	1	5	13	4	0	2.87	0.76

	the feedback							
6.6	I understand the topic better after reading the feedback and making revision of my work	0	1	8	12	2	3.65	0.71
7.1	I enjoy giving peer feedback	1	6	6	9	1	3.13	1.01

From Table, 4, it is found that 39.1% of the students agreed that they find it difficult in writing qualitative feedback for their peers. However 60.9% of the students were undecided about the difficulty of writing qualitative feedback. Item 5.5 had a wide range of response from the students. There were 6 out of 23 respondents who disagreed with the statement of Item 5.5 and preferred giving marks than writing feedback for their peers due to uneasiness feeling. For Item 5.7, two students admitted that they were not always reflective and thinking back to their works while assessing their peer's work. On the other hand, more than half of the respondents agreed that they thought about their work while assessing peer's work. About 65% of the participants were unsure of the accuracy of the feedback given by their peers. There were varieties of responses from the students when asked whether they enjoyed giving peer feedback (Item 7.1). It was also the second item in the questionnaire that found the highest number of participants disagreed with the statement besides Item 1.2 and also with lower overall mean. For Item 7.1, 30.4% of students did not enjoy giving feedback to their peers. This result could reflect with the highly varying responses from Item 5.5, "I feel more comfortable writing feedback when assessing my peers than giving marks". Another factors that might contributed to the percentage of students disagreed with the statement were the easiness in using the rubric (Item 5.1) or perhaps the 'demanding' requirement to write feedback in the rubric for every step of success criteria that were not met by the assessee. On the other hand, Item 7.2 ( $M = 3.87$ ) shows a higher mean than Item 7.1 ( $M = 3.13$ ), indicating that students enjoyed receiving peer feedback more compared to giving feedback.

Overall the responses from the questionnaire show positive perception towards the use of peer assessment in the learning of Angle Properties with an overall mean of 3.53 and standard deviation of 0.81. The encouraging responses also include the reverse-coded of the negatively worded items.

### ***Analysis of video recording***

Analysis of the video recording of a classroom observation during peer assessment shows that the activity started off with minimal noise level. Interactive discussion among group members was evident and students were motivated to assess peer's work. In one case the teacher researcher allowed a student to seek assistance from other group to understand the approach to solving Question 3 in the classwork. Students cooperated well while working on the same task together. There were instances of students looking over each other rubrics with very minimal interaction. Off task and unrelated conversations were commonly heard as students made progressed further in the assessing task when the teacher researcher made a class round. The teacher researcher offered minimal assistance and only facilitated the task.

### ***Result of the interviews***

Each interview had a different set of six selected students, except for a student who happened to be selected to attend both interviews. The students were chosen for pre-interview on a responsiveness basis. Meanwhile, for the post-interview, the six students were chosen based on their difference of marks between pre-test and post-test which were coming from three categories; two from 'improved performance', two from 'no changes in performance' and two from 'decrease in performance'. The rationale for this was to have a varied responses and opinions coming from different abilities. Several themes emerged from the analysis of the interview codings, and the emerging themes from the pre-interview are as follows:

### ***Use of peer assessment in classroom learning***

Before the intervention, the students had never heard the term 'peer assessment' but have had experienced a peer assessment process informally through the marking of their peers' works. The student felt that assessing peer's work was helpful because when they understood the mistakes made in the work they could teach their peers. In other words, they could assist their peers that had difficulty in understanding or solving particular Mathematics problem and help them to improve their understanding by tutoring them.

### ***Usefulness and reliability of feedback***

All students confirmed in the interview that they had experienced receiving feedback from peers. However, students admitted that they occasionally read the feedback given regardless from peers or teachers and hence in utilising the feedback in revising their work as well. The students showed positive attitude towards feedback by perceiving it as a step

towards confidence, a comment to enhance skills and a motivation to improve quality of work. Afina displayed positive mindset for learning growth as “*does not mean we are wrong forever.*”

Majority of the interviewee believed teacher’s feedback were useful than peer’s feedback. The reason for the preference from the teacher was the reliability and the concern of accuracy of the feedback given by their peers. A few students showed no preference over the other. Farah commented that teacher gave detailed feedback compared to their peers. Despite that, she believed that the peer feedback would help them to improve their work and work revision if the feedback commented on aspect they need to improve.

### ***The need of explicit assessment criteria and its alternative mathematical solution***

Students were sometimes unable to fully utilise feedback given because they were not able to comprehend the mathematical working given by the teacher. When the performance criteria of an assessment were not explicitly stated, students were unable to meet the teacher’s expectation. As Nurul said, “*we don’t understand [what] the teacher want*”. They further added on that they prefer detailed explanation consisting of step-by-step mathematical working and also a simpler approach to solving a mathematics problem.

### ***Exemplary learning***

From assessing the students’ work, students believed that they could learn how the mathematical formula was applied and the different approaches their peers used to solve the mathematical problems. A student said she preferred the mathematical feedback to be demonstrated rather than solely explained verbally by the teacher. She further specified that it had to be shown rather than just writing on the paper.

Meanwhile, the emerging themes from the post-interview are as follows:

#### ***Advantages of peer assessment***

##### ***Use of rubric and explicitness of assessment criteria***

Five out of six students gave positive responses in the interview, which implied the usefulness of the use of rubric in improving their understanding. The use of peer assessment also helped students to recall on the mathematical terms that might be necessary for their mathematical reasoning. For instance, peer assessment helped them to revisit the names given for each of the angle property such as ‘z-shape’, which were stated as success criteria.

A student responded that the use of rubric helped to improve the skills on remembering formula and on solving mathematical problems. The listing of success criteria in step-by-step characteristics in the rubric acted as a guide for the students to complete the work. In addition, another student said that the list of success criteria help to improve and clarify their understanding as it provided them examples to follow.

The use of rubric helped to supplement mathematics working with an explanation. A student stated that it helped to identify the mistakes they made in test. In addition the rubric provided clear expectation for the work as a student said “*it can helps us more understand the property by looking at the rubric, how to solve...*”.

#### ***Learning from others and knowledge sharing***

The peer assessment is also a way for students to learn from their peers the different approaches to solving mathematical problems such as, in this case, on the topic of Angle Properties. An interviewee added that they could follow the approach used by their peer and hence they could understand better. Peer assessment was perceived as a medium for knowledge sharing with peers, as evident from the following responses in the interview:

“*It [is] also we can share our understandings to any friends*” (Amy)

“*The way we try to understand the angle properties is different, isn’t it. And their way is also different. And we can also give which one is easier for them; [they can choose] either their method or our method.*” (Safi)

“*And then we can know . . . follow what they did. . . And then we can remember and we can understand.*” (Afiqah)

Assessing peers’ works allowed students to discern the mistakes in the work. In one instance in the interview, the researcher asked the student how they could identify mistakes in the work they had completed, which the student responded by noting the difference between the submitted work and the peer’s work they were assessing. All interviewees agreed that group

discussion had helped them in understanding Mathematics better. An account from Amy implied that the discussion allowed them to explore different, simpler and easier mathematical strategy.

### ***Disadvantages of peer assessment***

#### **Concern on anonymity and interpersonal sensitivity**

Issue of anonymity was a concern for a student when assessing peer. An interviewee explained that their handwritings exposed their identity as an assessor and their weaknesses in the subject when their works were being assessed. Students disliked when their mistakes in the work became known. Issue of comfortability in giving qualitative feedback was also another concern, as it could possibly hurt their peer's feelings.

#### **Reliability of peer feedback**

There was an issue on reliability of feedback given by peers because of inaccuracy. A student was unspecified when asked regarding the helpfulness of peer feedback in making the revision of work because she had received an inaccurate feedback before. Other factor that affected the confidence in assessing was the different solutions offered by the students during the discussion that were often not in agreement with the teacher's solution. The reasons for the discrepancy was the criteria (and hence implying the solutions) suggested by the students were incorrect and hence not chosen as the criteria, or the question had alternative criteria which were also correct but not mentioned properly or written on the board by the teacher due to time constraint.

#### **Issues pertaining success criteria**

The interviewees were not confident in evaluating the work, particularly questions with few alternative approaches to solving. The responses from the interview suggested that majority were sometimes not confident in selecting their own criteria. Although the interviewees acknowledged there was an alternative approach or success criteria, the discrepancy between the teacher and students' decision in choosing criteria resulted in students' losing confidence. As Amy emphasised that it was difficult to be sure which of the answer was correct or not due to different saying from the teacher. The low confidence resulted from weak mathematical knowledge led to heavy dependent on teachers' final say. In addition, the interviewees were confused by the success criteria listed, as they were not able to comprehend what each criterion meant.

### **Discussion**

The results from this study had provided insights on the effect of a student-centred learning approach through formative assessment. The quantitative result of paired sample *t*-test for difference in students' test marks showed that the intervention had significant effect on the students' performance in the learning of Angle Properties. Possible reasons that contributed to this improvement in test were the reflective cognitive activity that happened during any part of the peer assessment process. By exposure of different quality mathematical works to students through the assessing activity in a group, it encouraged students to reflect on their works while making judgement of the peer's work. This indirectly led students to measure their current level of understanding against other and make an initiation for a change towards improvement. The reflective practice had contributed to enhance understanding through learning from exemplary work (Langan & Wheather, 2003).

The three out of five students that were recorded decreased performance were among the absentees during the actual peer assessment. Subsequently, they did not assess any of the peers' work. Perhaps these students benefitted less from the peer assessment process specifically being the role as an assessor. This is because the learning gains from being an assessor are more significant than just being an assessee, as the assessing activity makes them self-reflective while they are comparing between their own works and their peers' (Logan, 2009; Tsivitanidou & Constantinou, 2016). It is important to note this study had provided opportunity on every participant to become both an assessor and an assessee at the same time, if they were present.

The discussion that was incorporated in the peer assessment through grouping had helped students in understanding the approach to solving a particular mathematics problem. As an example, Question 4ai seemed to capture students' interest during the peer assessment activity and more discussion was put into this question. The discussion allowed students to maximise the benefits of peer assessment. The interactions with peers on a productive discussion enabled students to share their thoughts and promote critical thinking (Piaget, 1971). In addition, the discussion promoted peer tutoring and subsequently students' understanding on this particular question was embedded in their memory. Their memory retention was further enhanced with their roles as an assessor to write down the correction or feedback for this question to their

peers. As Lin, Liu and Yuan (2001) stated that students are able to engage in important cognitive processes when writing feedback. Furthermore, Pugalee (2004) explained that writing assists students in critical or metacognitive thinking while engaging in the mathematical thoughts.

The use of rubric also indirectly acts as a medium for peer tutoring with others who were not assigned together in a group. This corresponded with a student's view towards peer assessment as a platform for knowledge or opinion sharing. This was consistent with the statements by Donaldson and Topping (1996) and Chan (2013) that peer assessment is a subset of peer tutoring activity.

The group discussion was lacking of explanation on the conceptual knowledge and often centred on the procedural knowledge. It did not contribute much in improving students' understanding of the topic, but the procedural steps to getting correct solution for the questions in the classwork. This was evident in Question 3 and 4bi of the post-test, which showed no improvement in marks, although there were similar questions in the classwork testing on the same concept knowledge. Although the students depended heavily on their peers as seen from the video observation and classroom observation, the assessing activity had shown to help in promoting self-reflection and awareness of their understanding (Langan & Wheeler, 2003; Logan, 2009; Wood & Kurzel, 2008). This was evident in the improved performance on some questions in the post-test. This showed that students retained the knowledge constructed during the peer assessment activity and consequently their ability to apply the knowledge (transferability) in similar context. This could be seen from the changes in approach to solving problems as evident from the large improvement in post-test for Question 2a, 4ai, 4aii that had similarities with Question 2b and 3 in the classwork.

Analysis of feedback in the rubric indicated that students did not provide sufficiently helpful feedback towards their peers and often lack of Mathematical content. Factors such as concern of emotional sensitivity, weak mathematical knowledge in Angle Properties and even time constraint, perhaps contributed to the low quality of feedback and students' willingness in giving feedback in the rubric. In addition, students' proficiency in English Language limits the students' ability to express their thoughts qualitatively. Writing in mathematics is perceived as a demanding task in the aspects of language skill and mathematical knowledge (Huang & Normandia, 2009), which perhaps resulted in some students preferred giving marks than feedback. This agrees with the result from the questionnaire that a proportion of participants did not enjoy giving feedback. This was further supported from a response in the interview, which the interviewee admitted of disliking writing feedback but numerical working only. Students' reluctance to participate in the peer assessment perhaps was also another factor, as this possibly contributes to the less reliable assessment (Liu & Carless, 2006), in addition to their weak fluency in the subject.

The students' domain knowledge influences the reliability and the style of feedback given (Alqassab, Srijbos & Ufer, 2018; Van Zundert et al., 2012). Hence, the students' strength of mathematical knowledge influences the quality and the reliability of the feedback given. It was observed that majority of the qualitative feedback given by the participants did not contribute much in correcting the students' misconception due to sometimes incorrect judgement and lack of accurate mathematical content. This was understood as the participants were coming from class of mixed ability. This corresponds to the findings from the large amount of respondents in the survey were undecided about the accuracy of the feedback they received and also one similar response from the interview. It was noted that students were dependent on their peers in the group to write feedback as evident in the strong similarity among several feedbacks.

After the intervention, it was observed that the improvement in the post-test was attributed to questions that required simple direct application of angle properties such as the angle property on a straight line, the alternate angle property formed between parallel lines, the vertically opposite angle property and those without requiring formation of algebraic equation. This revealed the current geometric level of thinking of the students in this study.

Time factor such as one-hour lesson might have limited the students from using the opportunity in the peer assessment to reflect deeply on other's works. Peer distraction and motivation could influence the student's engagement in the reflective process while assessing the work. Despite the discussion of success criteria conducted earlier, it was expected that students would internalise the criteria and would be able to solve similar problems. However, the weak prerequisite knowledge they possessed unable to let them to understand some of the criteria listed that led to the correct solution. Consequently, the students were having difficulty in making sense of the flow of the mathematical working. With the poor understanding of the criteria, this also affected their role as the assessor and consequently their ability to give differentiated feedback (Sadler, 1998). Time factor also seemed to be a concern when implementing the intervention using peer assessment approach especially when Mathematics lesson is bounded by syllabus content to be completed, because peer assessment was a time consuming process. An interviewee acknowledged the concern as they would be sitting for a public

examination for students studying in the final year of secondary education and they were constrained by extra classes. This is consistent with the reports from several studies regarding time issue in classroom implementation of peer assessment (Chan, 2013; Falchikov, 2001; Langan et al., 2005; Tsivitanidou et al., 2018).

Generally students found peer assessment and the feedback received as useful in their learning regardless from the teacher or their peers. They valued peer assessment as an opportunity to learn the different approaches and strategies of their peers in completing the work (Logan, 2009; Tsivitanidou et al., 2018; Zevenbergen, 2001), in this case, the Mathematical problems. In summary, the result of this present study on the effect of students' performance confirms the findings of the previous studies in the learning of Mathematics at Secondary Education level (Chan, 2013; Chukwuyenum & Adeleye, 2013).

## Conclusions

The result from the paired sample *t*-test to compare the means of students' pre-test and post-test marks had shown that the use of peer assessment had resulted a significant difference in the students' performance between both tests and there was an improved performance in the post-test. In other words, the intervention had positive impact on the students' performance in the learning of Geometry particularly on the topic of Angle Properties. In addition, the analysis of students' revised classwork after the feedback was returned had shown drastic improvement in the quality of their mathematical working. However it is important to note the revision was done with reference to the feedback in the rubric and that the feedback received may not be fully engraved in their understanding as it was found that the performance of the revised classwork did not fully reflect in the post-test. Despite that, the improved post-test scores indicated peer assessment had successfully made students becoming aware and reflective of their current understanding and subsequently their works.

The way in which the peer assessment was carried out indirectly plays a role in the students' learning. The discussion happened during the peer assessment had assisted students in understanding the approach to solve mathematical problems particularly the difficult questions from the classwork, as evidenced by the increased number of students in scoring similar questions in the post-test correctly. In summary, the intervention through peer discussion had positive impact on students' performance in the learning of Geometry, which promoted students' self-regulated learning and metacognition skills (Ahamad et al., 2018).

The findings from both interviews revealed that the students believed assessing peers' works allowed them to learn the mistakes made in the work and correct their peers by teaching. It was found that students occasionally utilise both teacher's and peer's feedback in revising their works. Despite that they preferred receiving feedback from the teacher and also showed positive attitude towards receiving feedback. The students perceived the peer assessment as a useful learning approach from which they could learn from their peer's works and the characteristics of accurate work through the criteria listed. Students showed positive attitude towards the use of rubric with success criteria listed. Negative perceptions only revolved around confidence in understanding and choosing the right success criteria, and those concerning anonymity in giving feedback. They were willing to have another session of peer assessment when there were no time constraints.

The quantitative results from the questionnaire showed an overall mean of above average. The outcome of the questionnaire was consistent with the responses in the interview. Analysis of video recording during the actual peer assessment showed that the students displayed positive behaviour through their interactions with their peers. The students were willing to discuss with their peers to assist them in the assessing task despite the difficulty they have. The group formation had contributed to this positive perception of the students as evident in the responses from students in the post-interview. To conclude, the multiple findings show generally encouraging responses that reflect students' positive attitude and perception towards the use of peer assessment as a platform for learning and knowledge sharing to improve their understanding in the topic of Geometry, that is, Angle Properties. Anonymity remained an issue despite names were being omitted from the works.

This study provides insights for the educators and researchers on the impact of peer assessment in the students learning. This study allows the readers to make evaluation how this approach could be implemented in the future classroom learning particularly in the learning of Mathematics. Peer Assessment promotes student-centred learning by making students accountable of their learning through making judgement of the quality of different works presented with less direct instruction from the teacher. It is an approach that provides students the opportunity to reflect and link with their prior knowledge when assessing against the assessment criteria.

The finding of this study is consistent with other studies done previously in the learning of Mathematics. For the effective use of peer assessment would depend on the class ability; students' fluency in Mathematics knowledge in the area being

assessed and the ability to express their Mathematical thoughts qualitatively. Students' confidence is also an important factor that has effect on how students would participate actively in the peer assessment task given. Students with weak knowledge in the topic of assessment are likely having lower confidence to assess their peers. More importantly, the effectiveness of peer assessment might result differently suppose it was done with higher degree of homogeneity in students' ability and even in a classroom of mixed gender. In addition, it is also important to note that this study investigated the impact of peer assessment on a closed-ended type of assessment, specifically, students' classwork. Different criteria and outcome of revised work might result suppose peer assessment is conducted on open-ended type of assessment such as Mathematics poster and presentation (Nor & Shahrill, 2014).

## References

- [1] Alqassab, M., Strijbos, J. W., & Ufer, S. (2018). Training peer-feedback skills on geometric construction tasks: Role of domain knowledge and peer-feedback level. *European Journal of Psychology Education*, 33(1), 11-30.
- [2] Adediwura, A. A. (2015). Relationship between learning outcomes and peer assessment practice. *European Scientific Journal*, 11(16), 353-368.
- [3] Ahamad, S. N. S. H., Li, H.-C., Shahrill, M., & Prahmana, R. C. I. (2018). Implementation of problem-based learning in geometry lessons. *Journal of Physics: Conference Series* (Vol. 943, No. 1, p. 012008). IOP Publishing.
- [4] Andrade, H., & Ying, D. (2005). Student perspectives on rubric-referenced assessment. *Practical Assessment, Research & Evaluation*, 10(3), 1-11.
- [5] Babakus, E., & Mangold, W. G. (1992). Adapting the SERVQUAL scale to hospital service: An empirical investigation. *Health Service Research*, 26(6), 767-786.
- [6] Black, P., & William, D. (1998). Inside the black box: Raising standards through classroom assessment. *Phi Delta Kappan*, 80(2), 139-144.
- [7] Brown, G. T. L. (2004). Teacher's conceptions of assessment: Implications for policy and professional development. *Assessment in Education: Principles, Policy & Practice*, 11(3), 301-318.
- [8] Boty, H. M. R. H., & Shahrill, M. (2015). A critical review of the school-based assessment in Brunei Darussalam. *International Journal of Education and Practice*, 3(1), 17-27.
- [9] Chan, K. M. (2013). *Peer assessment in Mathematics lessons: An action research in an eight grade class in Macau* (Master's thesis, University of Hong Kong, Pokfulam, Hong Kong SAR). Retrieved from [http://dx.doi.org/10.5353/th\\_b5210137](http://dx.doi.org/10.5353/th_b5210137)
- [10] Chong, J. S. Y., Chong, M. S. F., Shahrill, M., & Abdullah, N. A. (2017). Implementing inquiry-based learning and examining the effects in junior college Probability lessons. *Journal of Mathematics Education*, 8(2), 157-164.
- [11] Chukwuyenum, A. N., & Adeleye, B. A. (2013). Impact of peer assessment of performance in Mathematics among senior secondary school students in Delta state, Nigeria. *Journal of Emerging Trends in Educational Research and Policy Studies*, 4(5), 719-725.
- [12] Damit, A. H., Shahrill, M., & Roslan, R. M. (2015). Investigating the effectiveness of an assessment task through collaboration in a Bruneian classroom. *Mediterranean Journal of Social Science*, 6(6 S1), 214-223.
- [13] Denscombe, M. (2010). *Research guide for small-scale social research projects* (4th ed.). Maidenhead: McGraw-Hill Open University Press.
- [14] Donaldson, A. J., & Topping, K. J. (1996). *The peer tutor training handbook for higher and further education*. Dundee: Centre of Paired Learning, University of Dundee.
- [15] Egodawatte, G. (2010). A rubric to self-assess and peer-assess mathematical problem solving tasks of college students. *Acta Didactica Napocensia*, 3(1), 78.
- [16] Falchikov, N. (2001). *Learning together: Peer tutoring in higher education*. London: Routledge Falmer.
- [17] Falchikov, N. (2004). *Improving assessment through student involvement: Practical solutions for learning in higher and further education*. New York: Routledge Falmer.
- [18] Field, A. P. (2009). *Discovering statistics using SPSS: And sex and drugs and rock 'n' roll* (3<sup>rd</sup> ed.). London: SAGE Publications Ltd.
- [19] Ghaicha, A. (2016). Theoretical framework for educational assessment: A synoptic review. *Journal of Education and Practice*, 7(24), 212-231.
- [20] Gielen, S. (2007). Peer assessment as a tool for learning. (Unpublished doctoral dissertation). Catholic University Leuven, Belgium.
- [21] Gielen, S., Peeters, E., Dochy, F., Onghena, P., & Struyven, K. (2010). Improving the effectiveness of peer feedback for learning. *Learning and Instruction*, 20, 304 - 315.

- [22] Huang, J., & Normandia, B. (2009). Students' perceptions on communicating mathematically: A case study of a secondary Mathematics classroom. *The International Journal of Learning*, 16(5), 1-21.
- [23] Huba, M. & Freed, J. (2000). *Learner-centered assessment on college campuses*. Boston: Allyn & Bacon.
- [24] Husamah. (2015). Blended project based learning: Metacognitive awareness of Biology education new students. *Journal of Education and Learning*, 9(4), 274-281.
- [25] Idris, S., Jawawi, R., Mahadi, M., Matzin, R., Shahrill, M., Jaidin, J. H., Petra, N., & Mundia, L. (2017). The use of rubrics in developing students' understanding in History. *Advanced Science Letters*, 23(2), 901-904.
- [26] Johnson, A. P. (2008). *A short guide to action research* (3rd ed.). Boston: Allyn & Bacon.
- [27] Kearney, S. P., & Perkins, T. (2011, October). *Improving engagement: The use of 'authentic self and peer assessment for learning' to enhance the student learning experience*. Paper presented at The Academic and Business Research Institute Conference, Las Vegas, NV.
- [28] Kollar, I. & Fischer, F. (2010). Peer assessment as collaborative learning: A cognitive perspective. *Learning and Instruction*, 344-348.
- [29] Kulm, G. (1994). *Mathematics assessment: What works in the classroom*. San Francisco, CA: Jossey Bass Inc.
- [30] Langan, M. & Wheeler, P. (2003). Can students assess students effectively? Some insights into peer-assessment. *Learning and Teaching in Action*, 2(1). Retrieved April 22, 2018 from <https://www.celt.mmu.ac.uk/ltia/issue4/langanwheeler.shtml>.
- [31] Langan, A. M., Wheeler, C. P., Shaw, E. M., Haines, B. J., Cullen, W. R., Boyle, J., Penney, D., Oldekop, J., Ashcroft, C., Lockey, L., & Preziosi, R. F. (2005). Peer assessment of oral presentations: Effects of student gender, university affiliation and participation in the development of assessment criteria. *Assessment & Evaluation in Higher Education*, 30(1), 21 -34.
- [32] Lin, S. S. J., Liu, E. Z. F., & Yuan, S. M. (2001). Web-based peer assessment: Feedback for students with various thinking styles. *Journal of Computer Assisted Learning*, 17, 420-432.
- [33] Liu, N. F. & Carless, D. (2006). Peer feedback: The learning element of peer assessment. *Teaching in Higher Education*, 11, 279-290.
- [34] Logan, E. (2009). Self and peer assessment in action. *Practitioner Research in Higher Education*, 3(1), 29-35.
- [35] Medcalf, J. (1992). *Peer tutoring in reading*. Hastings: Medcalf Press.
- [36] Mills, G. E. (2011). *Action research: A guide for the teacher researcher* (with MyEducationLab). (4th ed.). Upper Saddle River, NH: Pearson/Allyn & Bacon.
- [37] Mohammad, H. H., Jawawi, R., Matzin, R., Shahrill, M., Jaidin, J. H., Mundia, L., & Shamsu, L. S. (2017). Engaging students' learning with elements of formative assessment. *Turkish Online Journal of Educational Technology*, December 2017, Special Issue for ITEC 2017, 12(1), 281-290.
- [38] Nor, H. N. H. M., & Shahrill, M. (2014). Incorporating the use of poster and oral presentations as an alternative assessment in the teaching of secondary mathematics. *Proceedings of the 2<sup>nd</sup> International Conference on Social Sciences Research* (pp. 369-378). Kota Kinabalu, Sabah, Malaysia: ICSSR 2014, WorldConferences.net.
- [39] Othman, R., Shahrill, M., Mundia, L., Tan, A., & Huda, M. (2016). Investigating the relationship between the student's ability and learning preferences: Evidence from year 7 Mathematics students. *The New Educational Review*, 44(2), 125-138.
- [40] Panadero, E. (2016). Is it safe? Social, interpersonal, and human effects of peer assessment: A review and future directions. In G. T. L. Brown & L. R. Harris (Eds.), *Human factors and social conditions of assessment* (pp. 1-39). New York, NY: Routledge.
- [41] Pantiwanti, Y. & Husamah. (2017). Self and peer assessments in active learning model to increase metacognitive awareness and cognitive abilities. *International Journal of Instruction*, 10(4), 185-202.
- [42] Patchan, M. M., & Schunn, C. D. (2015). Understanding the benefits of providing peer feedback: How students respond to peers' text of varying quality. *Instructional Science*, 43(5), 591-614.
- [43] Piaget, J. (1971). *Science of education and the psychology of the child*. London: Longman.
- [44] Plake, B. S., & Impara, J. C. (1997). Teacher assessment literacy: What do teachers know about assessment? In G. D. Phye (Ed.), *Handbook of classroom assessment* (pp. 55-68). New York: Academic Press.
- [45] Plake, B. S., Impara, J. C., & Fager, J. J. (1993). Assessment competencies of teachers: A national survey. *Educational Measurement: Issues and Practice*, 12(4), 10-12, 39.
- [46] Pugalee, D. K. (2004). A comparison of verbal and written descriptions of students' problem solving. *Education Studies in Mathematics*, 55(1), 27-47.
- [47] Revilla, M. A., Saris, W. E. & Krosnick, J. A. (2014). Choosing the number of categories in agree-disagree scales. *Sociological Methods & Research*, 43(1), 73-97.



- [48] Slavin, R. E. (1996). Research for the future: Research on cooperative learning achievement: What we know, what we need to know. *Contemporary Educational Psychology*, 21, 43-69.
- [49] Stiggins, R. J. (2001). *Student-involved classroom assessment* (3<sup>rd</sup> ed.). Upper Saddle River, NJ: Merrill/Prentice-Hall.
- [50] Srijbos, J. W., & Wichmann, A. (2018). Promoting learning by leveraging the collaborative nature of formative peer assessment with instructional scaffolds. *European Journal Psychology Education*, 33, 1-9.
- [51] Thomas, G., Martin, D., & Pleasants, K. (2011). Using self- and peer-assessment to enhance students' future-learning in higher education. *Journal of University Teaching & Learning Practice*, 8(1), 1-17.
- [52] Topping, K. J. (1996). The effectiveness of peer tutoring in further and higher education: A typology and review of the literature. *Higher Education*, 32, 321-345.
- [53] Topping, K. J. (1998). Peer assessment between students in colleges and universities. *Review of Educational Research*, 68(3), 249-276.
- [54] Topping, K. J. (2003). Self- and peer- assessment in school and university: Reliability, validity and utility. In M. Segers, F. Dochy, & E. Cacallaer (Eds), *Optimising new modes of assessment: In search of qualities and standards* (pp. 55-87). Dordrecht, The Netherlands: Kluwer Academic Publishers.
- [55] Topping, K. J. (2005). Trends in peer learning. *Educational Psychology*, 25(16), 631-635.
- [56] Tsivitanidou, O. E., & Constantinou, C. P. (2016). A study of students' heuristics and strategy patterns in web-based reciprocal peer assessment for science learning. *The Internet and Higher Education*, 29, 12-22.
- [57] Tsivitanidou, O. E., Constantinou, C. P., Labudde, P., Ronnebeck, S., & Ropohl, M. (2018). Reciprocal peer assessment as a learning tool for secondary school students in modeling-based learning. *European Journal Psychology Education*, 33, 51-75.
- [58] Van Zundert, M. J., Könings, K. D., Sluijsmans, D. M. A., & Van Merriënboer, J. J. G. (2012). The differential effects of task complexity on domain-specific and peer assessment skills. *Educational Psychology: An International Journal of Experimental Educational Psychology*, 32(1), 127-145.
- [59] Vickerman, P. (2010). Student perspectives on formative peer assessment: An attempt to deepen learning?. *Assessment & Evaluation in Higher Education*, 34(2), 221-230.
- [60] Wheeler, R., Durbin, B., McNamara, S., & Classick, R. (2016). *Is mathematics education in England working for everyone? NFER analysis of the PISA performance of disadvantaged pupils*. Slough: NFER.
- [61] Wood, D. & Kurzel, F. (2008). Engaging students in reflective practice through a process of formative peer review and peer assessment. In *ATN Assessment Conference 2008: Engaging students in assessment*.
- [62] Zevenbergen, R. (2001). Peer assessment of student constructed posters: Assessment alternatives in preservice Mathematics education. *Journal of Mathematics Teacher Education*, 4(2), 95-113.

## Education of Children Affected by Blood Feud in the North of Albania

Elona Proj

PHD Candidate in EUT,

Director in “No Blood Feud, Yes to Life Foundation” Tirana, Albania<sup>1</sup>

### Abstract

This study sets out the results of a quality observation done in Shkoder, the biggest city of northern Albania. It aims to present and identify the influence of blood feud phenomenon in the education of children that are part of families imprisoned in the house because of vendetta. For this purpose of the study, there is a selected group of families that live in Shkoder, but have mainly migrated from the deepest areas of North, where this phenomenon continues to be very strong. The main objective of the study is to have a better understanding of the actual educational conditions of these families' children and also to identify the factors that influence their education. The technique used is questionnaire which contain 32 questions, organized in different rubrics. Some are closed question with 2 choices and some are open question. We wanted to use the open ended questions to take as much information as we can from women we interviewed. The survey is conducted with 30 women of these families who responded directly to the questions put to them by the interviewer. These women have the role of mothers in their families and are directly involved in raising up their children and deciding for their education. We have chosen to interview 40 of them, but only 30 were able to be part of our research, as for the others it was too hard and emotionally tough to talk about their life conditions. All together these families have 85 children. It was not difficult to choose the target group because of the early contacts I have with them through my work. This made it easy to gather the information because of the relationships I already have with them. This study shows that blood feud phenomenon makes these children lives more stressed, anxious and insecure, and it influences directly in their quality of education. Blood revenge causes these families to live with great fear and with no hope for the future. There are a number of factors that are an influence on the situation they are going through. We have been able, through statements, discussions and different opinions given from the participants, to record a number of factors.

**Keywords:** Children, blood feud, education, Northern Albania, factors, prisoners, migration.

### Introduction

During the long transition of almost three decades in Albania, from the fall of Communist Regime to democracy, we have been witnessing many steps forward and many changes trying to come closer to the standards of many European countries. These positive steps have been accompanied with some other backward steps in different areas in the move towards progress, such as the resurgence of illiteracy, high unemployment, increased crime, violent use of firearms in a section of society, urban chaos, inappropriate choice of establishments, random intervention of man in the environment, numerous conflicts of ownership, security and public order easily destabilized, and corrupt segments of the State etc.

One of these negative steps is also the returning of the blood revenge. It may seem an unusual phenomenon in a country that has join NATO in 2009 and has positioning itself as an official candidate for the European Union membership. But in Albania the forces of tradition and modernity exert equal pull. The Canon of Lek Dukagjini dates back to the 15<sup>th</sup> century and has long served as a guide for social conduct, governing everything, from how to treat strangers and arrange marriages, to how to pay taxes and settle properties disputes. And the dark side of it is that sets out a brutal law: Blood must be paid forth with blood. The origin of this law is based in the Old Testament scripture that says: “An eye for an eye a tooth for a tooth Exodus 21:24, Bible”. Strict rules always have governed that precept, namely that only the

---

<sup>1</sup> Since 2010 the author is working with the families that suffer from blood feud in the north of Albania and is doing different researches about this phenomenon trying to find the factors that keep this phenomenon alive in the 21 century and which are the ways to stop it.

killer could be targeted in a blood feud. As applied today, however, the family members of the killer, included women and children, are also targeted, and this can go on forever, if someone does not have the courage to forgive first.

Blood feud is not just an Albanian phenomenon but a global one. It has been part of the past history of many countries. But in Albania this code continues to be wild and deadly for all communities that are involved in this mentality and in the revenge cycle. In some cases it is more powerful than the Constitution of Albania and even the state institutions feel powerless in its face.

Collins English Dictionary defines blood feud as a conflict in which members of hostile families or clans murder each other. Families in hostility with each other are under heavy social, economical and cultural pressure, causing them and their community strong deficiencies that are difficult to be recovered during all their life. Even though blood feud is a patriarchal phenomenon as it aims to deal with men alone, it damages all the family; keeping inside the house' walls all men and also young boys and leaving women to deal with issues outside the house, covering the two roles of husband and wife. The deformation of the Canon of Lek Dukagjini from which northern Albanians learned self-justice and the formula of revenge, has degraded to the killing of children, women and clerics, something the canon strongly forbids.

This study aims to provide a modest contribution towards recognizing the relation between this phenomenon and education of a particular category of children, those who suffer the consequences of their family being self-imprisoned in their homes, due to being involved in blood feud. If any man of this group goes out, they are threatened to be killed and are target of revenge, even though they have done nothing. The only two things that makes them target of revenge, is being blood related with the first killer and being a man. In 90% of the cases the revengers will take revenge in an innocent person, wanting the first killer to be alive and suffer the loss of someone in his family. We will not focus much in the explanation of this phenomenon, but we will see the influence that it has in the education of children of the families that are involved in this cycle.

Regardless of their number, they represent a segment of the category mentioned above. This subgroup is distinctive in that they are completely separated from their birthplace, in an attempt to escape a family feud, and are "concealed" somewhere near the Shkoder, to be out of reach of their "enemy".

But being out of sight of their enemies, these families who experience a dramatic situation, might also be invisible to the state, society and the community they live in?

How do parents and children see the need of education?

How has the experience of education changed with the changing of their situation?

How does the economic situation and the social status of their parents influents in the decision making for these children education?

The research and answers to these questions are not easy, moreover we cannot pretend that it is exhausted, but we are convinced that we have made an attempt, through a relatively long process of fieldwork and research, using scientific techniques, to approach a painful reality that must change.

## **Chapter I**

### ***A short history***

Among the many problems facing our country in this long and difficult post-communist era, is the problem of blood feud phenomenon, which is not only a Balkan phenomenon, but a universal one, based on ancient traditional laws. But whereas these ancient laws and blood revenge were forgotten by many European people, Albanians have coexisted alongside both of these and have more recently moved on into the functioning of state institutions and constitution.

The historical data, ethnic studies, various testimonies of native people and foreigners who have visited Albania before the beginning of the twentieth century, speak openly about the extent that this social plague affected many areas of life, especially in the northern parts of Albania. In the period of King Zog there was a reduction of this type of crime compared with the previous period, but again the situation was disturbing. The Penal Code of 1929 prohibited blood revenge and killings were legally condemned. This law indicated a drop in the number of killings. However, about 46% of the 1,652 murders nationwide in the years 1930-1938, were carried out for blood revenge. Although the number of general murders and those committed for taking revenge in 1938, compared with those in 1930, was declined by 2.1 and 2.5 times respectively, again the killings for revenge at the end of the King Zog period, accounted about 41% of total homicides. It is

recorded that 33% of these killings were within Shkodra district. During the Second World War period, there was a new beginning of a positive turning point, but in the post-war years things deteriorated again. Only 291 cases of killings for revenge were recorded during the war. After war, due to social and economic changes, the increase of the population's education level, and the greater repressive power of State, (including the implementation of the death penalty and the internment of warring families), as the years passed, blood revenge crime figures declined. The sanction of Constitution and a series of laws, the establishing of public order throughout the land, the increase of educational and cultural development, propaganda that the communist leader did against the Canon of Lek Dukagjini, general implementation of death penalty for those killing for revenge, was effective in speedily reducing the occurrence of actions committed associated with the Canon Law, and in the reduction of killings for revenge. So during the years 1946 - 1950, these killings accounted only 17% of the total homicides, this number drops by 13.5% during the years 1951-1955, and it is much lower from the year 1956 until 1982. After then until 1990 this figure was zero. It seemed thought that this phenomenon belonged to the history of the past, but unfortunately it was not so.

## 1.2 Nowadays

From data reported by the State' Police about the number of murders occurred from 1998-2012, there is an increment in the number of murders for revenge from 1998-2001. After this period there was a fluctuation of the % from year to year.

**Table 1**

Year	Nr. of murders	Nr. of murders for revenge	Percentage
1998	573	45	7.8
1999	496	41	8.2
2000	275	41	14.9
2001	208	32	15.3
2003	132	12	9
2004	190	11	5.7
2005	131	5	3.8
2006	87	4	4.5
2007	103	0	0
2008	88	5	5.6
2009	82	1	1.2
2011	135	5	3.7
2012 <sup>1</sup>	100	5	5

While regarding to the isolated families, data provided by the police show that there are 67 imprisoned families:

These are people locked in their homes:

- 93 men in Shkodra District, of which 21 children and 2 students;
- 16 people in Kukes District, of which 6 women and 7 children.
- 4 men in Lezha.
- 1 person in Tirana;
- In Durres 1 man, 1 woman and 3 children<sup>3</sup>

While we have these data from the state, we have to say that different sources provide different data, and especially when comparing official data with those of NGOs who operate in areas where these families live, they are extremely different.

According to data published by the Ombudsman in 2012, the number of murders for revenge has reached 152. According to National Reconciliation Committee, in Albania there are about 6,500 people resulting hidden or isolated as a result of blood feud phenomenon, 129 of them are children who remain imprisoned and in high danger. By geographical distribution,

<sup>1</sup>Albanian Reporter on October 17.2012.

killings for revenge are more frequent in the north and northeast of the country. For example, 2001' data show that killings for revenge in Shkodra's district occupied 57.8% of them for revenge in nationwide, so more than half. 1450 children, according to data of local government, are forced to stop education and lock themselves due to blood feud. This phenomenon is found in the regions of Shkodra, Lezha, Kukës and Dibrë<sup>1</sup>

## Chapter 2 - Data Analysis

The subjects of this study are people between 35 and 50 years of age. Due to security reasons all information was obtained from the households' mothers. We have observed the parents' level of education to see if there is a connection between it and their children' level of education. We found out that 75% of mothers had completed 8 years of education, 15% had completed high school and only 10% graduated from university. Whereas, the study showed different results for fathers. 60% of fathers had completed 8 years of education, 20% had completed primary school (4 years at the time) and 20% had completed high school.

When asked about their children' education they had different opinions for their sons and daughters. 90% of mothers and 100% of fathers when asked about their sons' education, they explained that they don't have any hope they will continue higher education, because as they grow older they have to hide with their fathers as they become also target of revenge. They mentioned also that if they were in a different situation their sons can continue studying as much as they can. But the reality was not the same with their daughters. Even though they are not targets of revenge it was impossible for them to continue higher education. 60% of mothers and 80% of fathers answered that their daughters can go to school till 9<sup>th</sup> grade, and then they will stay home, until someone comes and asks to marry them. It is important to mention that the girls don't have any right to decide about this, nor their mothers. It is the father and the brothers in the family that will decide about when the girl will remain in the house. Sometime if they grow fast physically they have been asked even not to finish the secondary school (9<sup>th</sup> grade). Also this is an indicator of gender inequality in these communities and of how strong patriarchal environment these children live in. This study suggests also that there is a strong correlation between the parents' and the children's level of education. 70% of mothers who are affected by blood feud are married, and 30% are widows. This narrows the possibility for these children to go on with higher education as the economic situation of these widows is really bad and they can't afford all life challenges alone.

**Family members** - 30% of families are made up of four members, 25% are made up of five members and 20% are made up of three members, and 25% have more than 7 people. There are some families which have 11 members. The average number is 6.

**The economic condition** - The economic conditions of these families are relatively unstable. 35% of families have a monthly income of 22 euro, 25% have a monthly income of 22-50 euro, 30% have a monthly income of 50-85 euro, 10% have a monthly income of 85– 210euro.

This extreme poverty has a negative effect for children to have access to higher education. The financial struggles make education seem like luxury rather than a basic human right.

**Employment** - The unemployment rate in our country is at the highest in this vulnerable group. This has had a drastic effect on our society. Only 15 % of these families have a permanent employment, the rest depend on temporary pop-up job opportunities. Many families rely on farming to make a living. Because of lack of education, coming down from deep areas of the north and hardly civilized in the city, makes this target group to be unqualified and not meeting the market requests for employment.

**Children** - The number of children per family has also decreased. 40% of families have 3 children, 15% have 2 and 15% have 2 - 4 children. The biggest family has 7 children and also 30% of them have over 4 kids. It is important to note that most of these families have migrated to the city countryside from the Dukagjin, Tropoje and Malesia e Madhe. These are deep mountain regions where there is no infrastructure and the access to education is very limited. So coming from these areas has had a negative effect in the children education.

**The economic conditions compared to the previous location** - Most of these families moved with the hope of finding a better place and a better future for them and their children. Also they were looking for a better financial situation and they

---

<sup>1</sup> Data from regional Offices of SHSHS, January 2003, SKZHES, 2004  
3. Albanian Reporter on October 17.2012

were very disappointed with the reality they faced when migrated to Shkoder. 56% of families state that their current situation is actually worse than in the previous location. Most of these families have been in blood feud for 6-10 years, and one in five of them has actually been in blood feud for 15-20 years. Moving to Shkoder has not been easy and well supported from the locals. They had to build houses without permission in empty lands, which they did not own. They had to leave all their livestock and land, which provided for most of their living back home. The main reason for this relocation has been to hide from their attackers. Due to the enemy fear their life has kind of stopped and they have not sought to progress or develop new ways of education or qualification for their future, as they can't see a future.

**Education in the isolated families** - Out of 85 children, 35 of them have finished the secondary school (9 years) and are not continuing the high school. 18 of them are at the primary school and 21 of them are in the secondary school. Only 4 girls are in high school and 2 in university. Two of the interviewed women, mentioned that 5 of their daughters that are married now, have not been in school at all, because at that time they were living in deep mountain villages. These families have migrated in Shkoder because of poverty and fear of blood revenge. When asked if they were aiming to send their children in further education, their answers were full of insecurity and lack of hope for the future. All showed the desire that they wanted to do as much as they can for their children but things were not depending all on them.

The reasons why these 35 children have stopped their education when they finished the secondary school, mentioned by the participants are:

**Poverty** - Education has expenses, children compare with each other and their requests are always growing and becoming unaffordable with the very low incomes that these families have.

**Fear** - The canon forbids taking revenge on children under 18, on women and clerics, but in some cases in the last years these killings have happened. Maria, a 17 years old was murdered for revenge only 5 years ago. A month later E.Llani, 9 years old was also killed for revenge. So these tragedies have shaken the security for the children of these families.

**Culture** - It has a negative influence especially in the education of girls. These families are fanatics of tradition and of the culture of their forefathers. Girls that has finished the secondary school, in their mentality are considered mature enough and ready to get married, so they have to be kept in the house under the parents' surveillance, until someone will come and ask them for marriage. Even in this early age they are trained to be responsible of all the activities and works in the house, and for their younger siblings. It is important to say that this community continues with the arranged marriages. If a girl falls in love with someone this is considered to be disgraceful and puts shame into her family. They can be punished for this from their fathers and brothers. In some cases fathers have killed their daughters for putting shame over the family. So these girls get married in an early age, in the middle or end of their teenage time. Education for them in their new families it is impossible and never happens.

**Emigration** - This is considered a luck for these families. So as they marry their daughters at an early age, they want to send their sons away in other countries. They want to keep them far from the reach of the 'enemy' and also to be able to earn some money, not just for themselves, but also to send some back to the family that remains in Albania, in danger and in extreme poverty. Usually there is one of their relatives that will wait for them in the other side of the country they emigrate, but there are cases also that they will depart with no support, but with the hope that the hosting place will grant them asylum. The possibility for education in these countries, especially in the first years, is zero. These children are psychologically traumatized and without support of their families, but with one instruction from them, that even though he is only 14 years old, now he is the man of the house and needs to provide for them.

**Results in school** - From the children of these families in which the study was conducted on, 58% of them had average grades at school, whereas 25% had bad grades and 17% had decent grades. One important factor which affects their grades is the large number of days they are absent due to the difficulty of getting to school, to heavy rain, bad roads and lack of transport and the fear that comes and goes in different periods. Children also lack the help of their parents when doing homework as they are often too stressed to deal with them and very busy with the house works. Moreover, the teachers are often unaware of these situations and fail to give special attention to these students.

**Support???** - Even though the Ministry of Education has advertised that they have organized special teachers to provide home-schooling for children affected by blood feud, and also provide them with free books, only 10% of these families have had some access to this help, 90% of them denied that they have ever received any support from the government. One of the mothers who took part in the study, shared a personal story about how one day the police had accompanied her children to school. She shared about the stress they all felt throughout this process and the shame her children felt towards their friends. This shame and fear had then, led children refusing to go to school again. We also asked whether they had received

any support by non-governmental organizations and 60% of them said yes. Different NGOs have helped them and have provided the greatest support to these families by donating education materials, computers, home-school teachers, basic food and books.

### **The opinion of imprisoned families for the relation between education and blood feud.**

Asked for their opinion if the education of children would have a positive impact on the prevention of blood feud, 20% of them answered that this phenomenon is very difficult to stop and education it is not that powerful to stop it. While 80% of them answered that education of children could influence on decreasing the impact of the phenomenon.

One of ladies shared her testimony: She had three brothers who were killed, and in asking about reconciliation she claimed that; "It is easier for the mountains to melt than to forgive the blood." In an open question, the interviewees were asked about what state should do for them due to education of their children, and 100% of them answered that **the state must find legal ways to stop blood feud**. 50% of them wanted from the government to give them an opportunity to escape from Albania, to take their children out of danger and extreme poverty, which has broken them down.

### **Some other stories extracted from the interviews:**

- A family was forgiven. The fear of blood feud does not pursue the children's life; they're free to attend school.
- A boy had completed eight years of school, and then he left it and became part of bad fellowship. Now he is in the state prison.
- A family of attackers gave their word (Besa) to the other family, to be free for 12 months, and have forgiven the 3rd generation of this tribe from imprisonment and their children can frequent school without fear.

### **CONCLUSIONS**

At the end of the study we got clear conclusions from families that are in blood feud;

They are living in extremely difficult economic, psychological and social conditions. These factors affect all family' members mainly the children; they reflect these influences also on their performance in school.

Because of these factors, parents have uncertainty about the future of their children's education.

Girls do not have their right to decide about their higher education, their fathers and brothers decide for them.

Tradition, culture, poverty and fear are the main factors that these children are not encouraged to continue with higher education.

Parents think that Emigration seems to be the best way out for these kids.

There is a high connection between the parents' level of education and the children' one. Most of these children have eight or nine years of education and later on they quit school. The same story as of their parents.

This is a community that has a great need for help with education of these children. Doing so it will be a real investment for their lives.

Also, the already created "army" of social workers should cover these areas, to cure what should be cured, and to prevent what could happen in the future.

The strategies and policies followed in the battle against blood revenge, in the northern and north-eastern areas, should also bear in mind this category that lives in this situation.

Today, the phenomenon of blood revenge, more than its extent but by its very essence, is a challenge which requires an extensive network of complementary participants, with state institutions at the center.

### **REFERENCES**

- [1] Albanian Reporter, 17 October 2012. Gazeta Shqiptare
- [2] Albanian studding center for the national security. Qendra shqiptare e studimeve për sigurinë kombëtare.
- [3] At Gjergj Fishta. "Forewords of Lek Dukagjini' Canon", Shkoder, 1933.
- [4] Civic Code, Kodi Civil, 1929

- [5] Durham Edit, "Balkan concerns and other writings about Albania and albanians" Tiranë, 1991
- [6] Elezi Ismet. "Murders for blood revenge and revenge". Vrasjet per gjakmarrje dhe hakmarrje. Tirane, 2000
- [7] Fuga Artan, "Conflict in urban area solving them through mediation." Konfliktet në zonën urbane dhe zgjidhja e tyre me ndërmjetësim, Tiranë, 2000
- [8] Gjeçovi Shtjefën. "The Canon of Leke Dukagjini" Kanuni i Lek Dukagjinit. Tiranë, 1993 Tiranë, 1993
- [9] <http://www.csmonitor.com/World/Europe/2008/0625/p01s02-woeu.html>
- [10] Jeffrey White, Peacemaker breaks the ancient grip of Albania's blood feuds, JUNE 25, 2008
- [11] *Korieri* press, 2004
- [12] Luarasi Aleks, Family Relationship, Studime për të drejtën zakonore shqiptare, Tiranë, 2002
- [13] *Mediation Magazine* 3, 1997; 3-4, 1998; 1, 2, 4, 2000
- [14] *Natalja Qana*, The study about the women who lives in blood revenge family in Bathore suburb of Tirana, Mediterranean Journal of Social Sciences, Vol 5, No 6, 2014.
- [15] National Strategy of the Economic and Social Development, SKZHES, Tirane 2004.
- [16] *Panorama* press, 2005
- [17] Sinani Fatri, "Dont let the conflicts convert in national dramas." Konfliktet të mos shndërrohen në drama kombëtare. Tiranë, 2001
- [18] Sinani Gjergj, "The state and the civil society in protecting of the right of life" Shteti dhe shoqëria civile në mbrojtje të të drejtës së jetës. Tiranë, 2002
- [19] State' Regional Office of the Statistical Service, January2003,



## CLT in Chinese Major's Comprehensive Chinese Course – A case study of Khon Kaen University, Thailand

Watcharapon Sirisuwilai

Eastern Language Department (Chinese Language), Faculty of Humanities and Social Sciences  
Khon Kaen University, Khon Kaen, Thailand.

### Abstract

Nowadays Chinese language is become one of the most important foreign language in Thailand reflexing by the growing popularity of the Chinese language. Traditional Chinese language teaching cause the lack of high communicative competence. Therefore, the study preliminarily attempt to combine the theory of Communicative Language Teaching with Comprehensive Chinese teaching so as to search for a feasible and effective instruction which conforms to the teaching features of comprehensive Chinese course in Khon Kaen University. After Pre-test and Post-test and compared by SPSS (T-Test sig (2-tailed) = 0.00<0.05), the result show that in Listening skill the difference is significant (sig. (2-tailed) = 0.01), Speaking skill the different is significant (sig. (2-tailed) = 0.00), Writing skill the different is significant (sig. (2-tailed) = 0.03), only Reading skill which the difference is no significant (sig. (2-tailed) = 0.324). As a result after a semester using Communicative Language Teaching method in comprehensive Chinese course for Chinese major student in Khon Kaen University, CLT effectively improve student Chinese language achievement and help them to improve their Chinese listening, speaking and writing skill. Moreover, this teaching method is highly recognized by students. This verified the important and necessity of communicative language teaching method to improve Chinese major student Chinese communicative competence.

**Keywords:** Communicative Language Teaching, Comprehensive Chinese, Chinese Major

### Introduction

Now, because of the growing of China's economic during this century, Chinese language become one of the most important foreign language for the countries around the world. In Thailand, The number of Chinese language learners are also increasing, reflexing by the number of Chinese major graduate in Thai's University in the past ten years. But a lot of learner still lack of language competence. Its affect Thai learner cannot use Chinese language to communicate effectively. A phenomenon that is usually associated with Thai learner of Chinese is that of becoming "Mute Chinese" The phrase is a calque of the Chinese phrase "哑巴汉语" (*yǎbā Hànyǔ* in Chinese pinyin). The phenomenon that express Thai Chinese learner who can read and understand Chinese, but cannot speak it well.

Comprehensive Chinese course is a basic Chinese language course for Chinese major students, which included Chinese four important skills: Listening, speaking, Reading, and writing. Normally Chinese comprehensive course is divided into basic, intermediate and advanced level. Chinese major student, as language learner who had learned Chinese intensively, the students should be able to interact orally each other through Chinese. But in fact, most of the students in Khon Kaen University did not perform Chinese in their language conversation. The lack of methods and innovation of instruction, and traditional teaching style in Chinese language classroom made Chinese atmosphere in classroom seem like a Chinese grammar course.

From the fact above, the researcher is interested in analyzing some problems about Comprehensive Chinese course teaching and learning and implementing Communicative Language Teaching (CLT) method to improve Chinese major students' Chinese communicative competence.

### Research Methodology

The method of this research is classroom action research. Sample group, there are 35 undergraduate Chinese major students as control group. Using the implementation of CLT method and techniques instruction for 15 weeks (1 semester).

The data was collected through a structured pre-test and post-test. In addition, the researcher made use of classroom observation to collect more information and students' satisfaction questionnaire for student feedback. The data is analyzed by using Means of Pre-test and Post-test, and compared T-test by SPSS program SPSS (T-Test sig (2-tailed) = 0.00<0.05) the result <0.05 were considered to be statistically significant.

**Results:**

1. Finding

A Pre-test were conducted on the 1<sup>st</sup> week and the post-test were conducted on the last week of instruction as a result below:

Table 1: Students' Pre-test and Post-test scores(mean)

	Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Pre-test	11.23	35	2.237	.378
	Post-test	12.46	35	1.788	.302

Table 2: Pre-test and Post-test T-test paired

	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
					Pair 1 Pretest - Posttest	-1.229			

From table above, the Pre-test score mean is 11.23 and the Post-test score mean is 12.4. Students test score have improvement. And after using T-test compared, the result were 0.000. Therefore, the score for Pre-test and Post-test developmental was significant.

2. Compared by skill

Table 3: Pre-test and Post-test divided by skill

	Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Listening (pretest)	2.74	35	.701	.118
	Listening (Posttest)	3.09	35	.507	.086
Pair 2	Speaking (pretest)	2.51	35	.781	.132
	Speaking (Posttest)	3.14	35	.648	.110
Pair 3	Reading (pretest)	3.29	35	.622	.105
	Reading (Posttest)	3.31	35	.583	.098
Pair 4	Writing (pretest)	2.69	35	.530	.090
	Writing (Posttest)	2.91	35	.445	.075

Table 4: Pre-test and Post-test T-test paired divided by skill

	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
					Pair 1 Listening (pretest) - Listening (Posttest)	-.343			
Pair 2 Speaking (pretest) - Speaking (Posttest)	-.629	.690	.117	-.865	-.392	-5.392	34	.000	
Pair 3 Reading (pretest) - Reading (Posttest)	-.029	.169	.029	-.087	.029	-1.000	34	.324	

Pair 4	Writing ( pretest ) - Writing ( Posttest )	-229	.426	.072	-.375	-.082	-3.174	34	.003
--------	---	------	------	------	-------	-------	--------	----	------

In Listening skill part, student pretest score mean is 2.74 and the Post-test score mean is 3.09. Student have improvement in this part. The T-test score were 0.01, Sig. (2-tailed) <0.05, which mean that the score for Pre-test and Post-test in Listening skill part was statistically significant.

In speaking skill part, student pretest score mean is 2.51 and the Post-test score mean is 3.14. Student have much improvement in this part. The T-test scores were 0.00, Sig. (2-tailed) <0.05, which mean that the score for Pre-test and Post-test in Speaking skill part was statistically significant.

In Reading skill part, student pretest score mean is 3.29 and the Post-test score mean is 3.31. In this part there was not have too much change in the test score. The T-test score were 0.324, Sig. (2-tailed) >0.05, which mean that the score for Pre-test and Post-test in Reading skill part was not significant.

In writing skill part, student pretest score mean is 2.69 and the Post-test score mean is 2.91. For this part student have some change in the test score but not too much. The T-test scores were 0.03, Sig. (2-tailed) <0.05, which mean that the score for Pre-test and Post-test in Writing skill part was statistically significant.

## Discussion

Based on the result which found by researcher along the process of instruction, we could see that students have improve their Chinese language skill trough implementing Communicative Language Teaching method and technique in Comprehensive Chinese course. From the classroom observation, student have more confident to communicate with people through the class work and after class activities that arranged by instructor. Moreover, Communicative Language Teaching method could motivate student to have a great participation to the class activities than in the past. And from the student satisfaction reflexing through the questionnaire, most of students (80%) very satisfy with this method. From the interview, student reflex that this method help them to minimize the pressure during having communication and lead them to have much effort to express their ideas in front of others.

In teaching and learning activities, without language environment some class activities have to adapt from the content in the lesson by using the resource we have. For example, group work in the class about Chinese people “take a nap (睡午觉)” the instructor not only let student discuss and interview each other in the class, and also assign them go out to interview Chinese exchange students in the campus. The activities make student start to communicate in Chinese, not only the topic they have, but starting from introduce themselves and tell the objective of activities they made. After this activities some of students have made some of Chinese friends.

Reading skill, as the result above, it was not significant in this part. After analyzed the problem, researcher found several problem that affected the result: first content of the textbook. Many chapter included the reading part but just a few lines of reading content, which not quite interesting and cannot draw students' attention. Second student still stuck in the traditional learning method which try to translate all content. Third some of reading assignments activities in textbook is quite faraway from realistic environment that student can follow and understand. For example, reading the passage and go out to interview, but the content is all about a Chinese local food in Beijing. Moreover, the lack of suitable Medias and supporting learning facilities for example Book, external reading resource also affected students reading abilities.

Otherwise, during the process researcher found some problem that need to improve in the further study. First, the lack of Chinese language environment will directly affect student language learning. Because except the class work (pair work or group work), some assignments of instruction need them to work with the real language environment, for example, interviewing etc. Moreover, in Thai language living environment, student have less opportunities to practice outside classroom. Another, student itself. Thai student have lack of self-learning ideas so this directly affect the class activities because most of activities in this method require student to have preparation on vocabs, the instructor always waste time on vocab use. Another is the lesson and content in textbook is quite faraway from student realistic situation, so they have no chance to take what they learn in class to use frequently.

## Conclusion

To improve Thai student Chinese language communicative competence and Chinese language quality, to support the communication in all areas between Thailand and China effectively, and to innovate present Chinese language teaching, Communicative language Teaching (CLT) as the method is one of the important things that should be applied during teaching and learning process. The result of this research have useful information for development of Thai's Chinese Language instructor to applying the method in teaching to be able to improve student language competence and communicative achievement in the future.

## References

- [1] Dedi Efrizal. 2012. Improving Students' Speaking through Communicative Language Teaching Method at Mts Ja-alhaq, Sentot Ali Basa Islamic Boarding School of Bengkulu, Indonesia. *International Journal of Humanities and Social Science* Vol. 2 No. 20 [Special Issue].
- [2] Jack C. Richards. 2006. *Communicative Language Teaching Today*. Cambridge University Press.
- [3] Jiang Liping. 2013. *On Teaching Chinese as a Foreign Language*. Beijing Language and Culture University Press, Beijing, China.
- [4] Littlewood, William. 2002. *Communicative Language Teaching*. Cambridge University Press.
- [5] Sirisuwilai, Watcharapon, 2017. An action research on the application of Communicative Language Teaching approach to Chinese major's Comprehensive Chinese course teaching—A case study of A University, Thailand. Ph.D. dissertation of Southwest University, Chongqing, China.
- [6] Sirisuwilai, Watcharapon. 2018. Development and Chinese Teaching Trend in Thailand. The fifth International Symposium on Chinese Language and Discourse. University of Sydney, Australia.
- [7] The Office of the Higher Education Commission. 2010. *Strategies for Promoting Chinese Language Teaching in Thailand Bureau of International Cooperation Strategy*, The Office of the Higher Education Commission, Bangkok, Thailand.
- [8] Xia Wu. 2011. *Teaching Communication in the Chinese as a Foreign Language Classroom*. Master of Second Language Teaching. Utah State University.

## The Dynamics of Foreign Direct Investment in Albania. Comparison with the Western Balkan Region

**Lorena Çakërri, PhD Cand.**

Department of Finance  
University "Ismael Qemali "Vlorë , Albania

**Prof. As .Dr. Filloreta Madani**

Department of Finance  
University "Ismael Qemali "Vlorë , Albania

### Abstract

Foreign direct investment is an international financial flow that has grown in the last 25-30 years. These financial flows are desirable both from developing countries and developed countries. Although developed countries are those that absorb the largest share of foreign investment, during the last years has increased the share of foreign direct investment directed towards developing countries and countries in transition. Albania has also intensified its efforts to be more competitive in this "struggle" in attracting these international financial flows. Foreign investment can bring significant benefits to the recipient countries as the effect on economic growth of these countries. These efforts have been efficient in view of the growing trend of foreign direct investment inflows. However, it is necessary to see a broader picture to see if this trend has occurred in the countries of the Western Balkans region as well. The purpose of this paper is to analyze if foreign direct investment impacts the economic growth in Albania. Also this paper analyze whether Albania and the countries of the Western Balkans region have followed the global trend of the FDI flows or not, and to determine the decisive factors in these developments. The methodology of the paper is based on the descriptive analysis of the secondary data collected by the financial institutions in Albania, the region and the world.

**Keywords:** *Foreign direct investment, financial international flows, attractive policies ,economic growth.*

### Introduction

Over the last decades, Albania has undergone fundamental changes that have had a significant impact on the country's economy. Prior to 1990, the Albanian economy acted as a completely centralized economic system. After the collapse of communism in the early 1990s, Albania entered a phase of transition that was accompanied by a large number of social and economic changes. In 1993, Albania implemented a successful macroeconomic stabilization program (by controlling the budget deficit, currency growth and inflation rate), liberalizing prices and foreign trade, and privatizing agricultural land. These reforms focused on increasing attractiveness for foreign investors which were seen as indispensable for securing financial capital.

The other reforms undertaken were aimed at creating all the premise for moving quickly to a market economy. In the focus was the privatization of state-owned enterprises. (IMF 2004). Reforms also focused on adopting the legal framework for Albania, which was trying to move towards a market economy.

Soon the results of the effort were noticeable. Albania generally managed to stabilize the macroeconomic situation. The economic growth after 1997 shows a positive rate fluctuating at an average of 5% in the last decade and the 2009-2010 period shows the effects of the global crisis on the economic growth of our country, reducing it to 3.5%. The 2012 the economic growth rate was much lower than that of 2011. The global crisis affected Albania also through the recession experienced by its main trading partners, Italy and Greece( Curran 2009). Thus 2013 continued with a 1.1% decrease in economic growth. In 2014, Albania began to experience GDP growth. The growth of real GDP reached 2%, reflecting a

significant increase from the previous year. This improvement of the economic situation could be the effect of improving the economic situation of the European Union as the European Union is the main trading partner of Albania.

In 2015, economic growth in real terms climbed to 2.8%. This growth was caused by the increase in domestic demand, as a result of increased investment. It was the construction sector that had a significant impact on economic growth. It grew by 14%, recovering from the situation this sector experienced in the second half of 2014. In 2016, Albania experienced a better economic situation. Real economic growth amounted to 3.2%. This was caused by the formation of gross capital from the Trans Adriatic Pipeline project and by the increase of exports of goods and services.

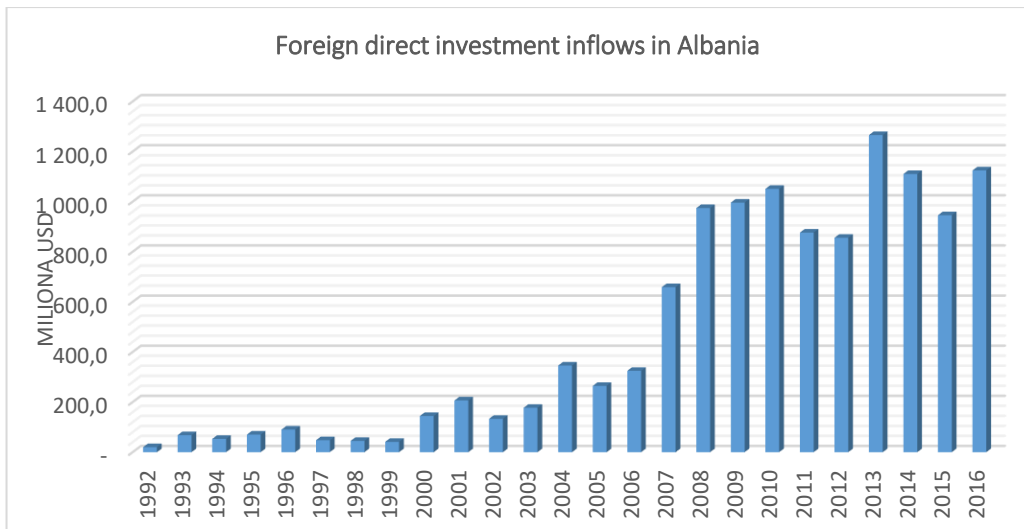
### 1. Dynamics of foreign direct investment development in Albania

Foreign Direct Investments in Albania began to emerge mainly after the 90s of the last century. At the beginning of these years, the number of FDIs was relatively small, but over time they began to grow significantly. Albania adopted a law on foreign investment in 1994. This law aimed to release the entry of foreign investors by increasing the legal protection for them.

A Law on Concessions was approved in 1995, which created some investment facilities in the fields of physical infrastructure, mining, tourism etc. This is because Albania is a country that offers great opportunities for foreign investors.

The graph below shows the performance of Fdi flows for the years 1990-1999.

Graph 1. Foreign direct investment, inflow, 1992-2016



Source: UNCTAD, FDI/MNE database ([www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics)).

From Graph 1 we see that over the years, FDI inflows have come to a generally upward trend until 1996. An important part of these flows at this time can be attributed to the ever increasing activity of the schemes pyramid.

The collapse of financial schemes in 1997 brought about a drop of around 50% of direct investment inflows compared to their best performance over 1995-1996. The Kosovo crisis in 1999, although a regional factor, had its impact in Albania as part of the Balkans. Thus, investments continued to decrease.

Synthesized in the years 1990-1999, the inflow of foreign direct investment inflows has been varied over the years. These developments are mainly attributed to political and macroeconomic stability.<sup>1</sup>

Foreign direct investments are considered as one of the decisive elements for Albania's economic growth. The generally growing FDI trend in Albania has helped transform the country's economy into a market economy, boosting the country's

<sup>1</sup> In fact, political and macroeconomic stability are crucial factors for FDI inflows (Global Investment Competitiveness Report 2017/2018)

level of opening up and helping Albania's economic integration. Also, the positions of the Albanian state for integration have reflected the growing of FDI. If we look at the performance of foreign direct investments in this period, we note that they have come to an upward trend. Among the developments of direct investment flows and GDP growth in Albania, we see a similar performance. In the years Albania experienced a rise in inflows of foreign direct investment, it has experienced growth of economic growth.

In 2000, FDI captured \$ 206 million. The privatization of the National Commercial Bank had a significant impact during this year. In the period 2001-2002 there was a decrease of FDI level compared to 2000, reaching a value of 133.1 million euros. In 2003, FDI surged to 177 million euros. The 2004 year saw another increase, FDI inflows totaled 345.7 million euros. In fact, the growth of foreign direct investment flows in 1999-2004 can be attributed mainly to successful privatization initiatives by the Albanian government, such as the sale of Amc to Cosmote, increased investment from Vodafone, privatization of the Savings Bank, privatization Alb Telecom and Armo.

In 2005, foreign investments experienced a reduction of \$ 264 million. Starting from 2006 until 2008, a significant increase in FDI was observed. This increase in investment flows in this period was mainly provided through concessional contracts in strategic sectors such as industry and energy. An undertaking and a set of other measures for the creation of industrial zones and parks and improvements in the field of legislation were undertaken.

What is also evident from the presentation in Chart 5, the performance of foreign direct investment, although fluctuating, has had a significant upward trend in 2000-2008. The total of FYIs in this period was 3.22 billion euros. From 2006 to 2008, FDI inflows increased by 300%, reflecting the growth of foreign business confidence in Albania's political and economic stability. Based on all macroeconomic indicators, during the course of the year, the Albanian economy during these years marked a positive performance.

In 2009-2010, foreign investment inflows continued to maintain the upward trend of previous years, not showing the effects of the global financial crisis. Again, an important role played privatization in the total inflow of investment inflows.<sup>1</sup> The sale of 76% of the shares of the power distributor (OSSh) to the Czech company CEZ contributed to maintaining the upward trend of FDIs.

In 2010, Albania ranked the second largest FDI in the region after Serbia when its FDI increased to more than \$ 1 billion for the first time. A feature of foreign direct investment by 2010 is the fact that they appear mainly in Merges and Acquisition form. Greenfield's investment is limited in this period. In 2011, foreign investments were oriented towards the energy sector, with the construction of small hydropower plants, which constituted an important part of the total FDI. FDIs during 2010 were green investments, with total privatization shortage. These investments went mainly to the energy sector. In 2011, FDI inflows dropped slightly to EUR 742 million. Even in 2012, FDI dropped slightly.

So if during 2008-2011, many countries were experiencing the effects of the economic-financial crisis, foreign direct investment in Albania continued to grow.<sup>2</sup> But it should be said that the growth rate slowed down compared to the 2006-2008 period.

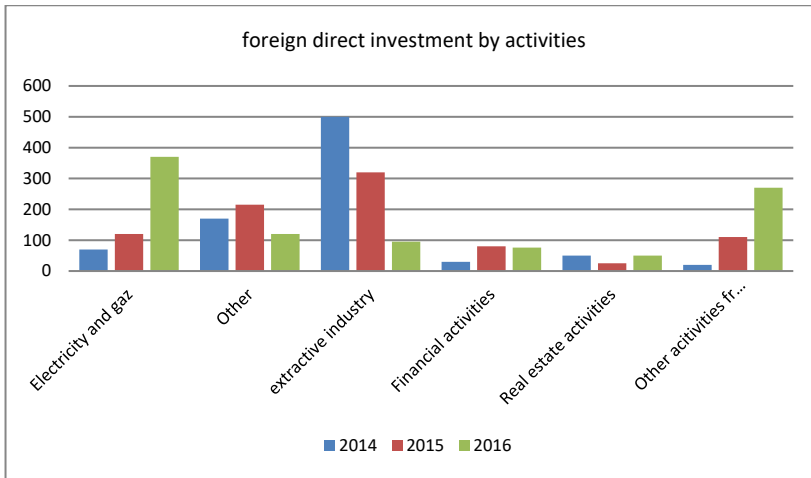
In 2016, foreign investments again marked a significant increase. Part of the Significant in this value are investments for Gas Pipeline (about 40%). This investment in the extractive industry made it in 2016 this sector with the largest share of FDIs.

Chart 1 Foreign direct investment by activities in Albania over years 2014-2016.

---

<sup>1</sup> In a study by Boubakri et al. (2011), it has been suggested that privatization could create an opportunity to improve the investment climate.

<sup>2</sup> The impact of the international financial and economic crisis in Albania was also mitigated by the limited importance of the export channel to convey the crisis in the country and Albania's relatively modest support to international financial markets. Monetary policy framework, prudent banking supervision and flexible exchange rate also had stabilizing effects

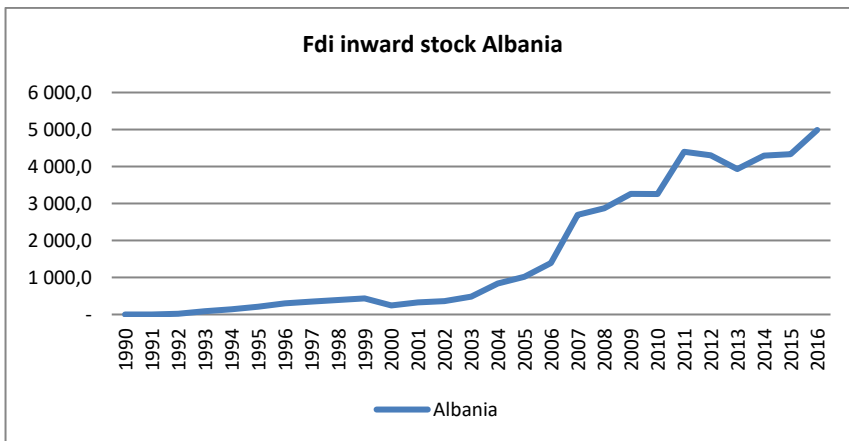


Source: Bank of Albania, processed by the author

Generally, over the past ten years foreign investment inflows have increased considerably. In the years 2008-2017, inflows inflated to an average value of \$ 1 billion a year. FDI inflows amounted to more than \$ 1 billion in 2017, compared to \$ 1.12 billion in 2016 and \$ 9.45 billion in 2015.

So what can be said about the inflow of foreign investment inflows into Albania during the period 1990-2017 is that there has been an upward trend in general, although it has been associated with fluctuations of values over the years. What is important, however, is the fact that the foreign direct investment stock in Albania has been growing steadily.

Graph 2. Foreign direct investment inward stock in Albania.



Source: Unctad, edited author

In fact, the growth of foreign direct investment stocks over the years is an element that explains the positive impact of foreign investment on economic development. Johnson (2006) states that FDI stock is the one that conveys the long-term effects of foreign direct investments in the host countries. This indicator for Albania is significantly increasing throughout the period.

## 2. An overview of the economic situation in the region

The Western Balkans region has all the opportunities to achieve a positive and lasting economic growth both short-term and long-term. And in 2016, the region experienced a growth of economic growth compared to the previous year. Not all



countries in the region equally affected this growth. They experienced growth of the economic growth rate of Albania and Serbia, thus affecting the economic growth of the region. These optimistic forecasts for the region are devoted to increasing the role of investments in the region and net exports. Employment also marked positive performance almost throughout the region.

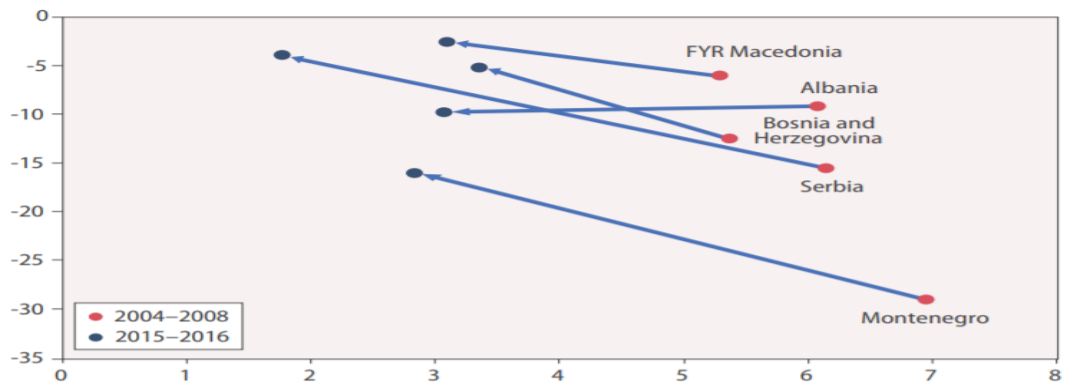
Table 1. Real GDP (Annual change in percentage)

	Average										Forecasting		
	2000–09	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2023	
<b>Albania</b>	5.9	3.7	2.5	1.4	1.0	1.8	2.2	3.4	5.9	4.3	3.7	3.2	
<b>Bosnia dhe Hercegovina</b>	4.2	0.8	0.9	-0.7	2.4	1.1	3.1	3.2	2.7	3.2	3.5	4	
<b>Kosovo</b>		3.3	4.4	2.8	3.4	1.2	4.1	4.1	4.1	4	4	4	
<b>Macedonia</b>	3.1	3.4	2.3	-0.5	2.9	3.6	3.9	2.9	0	2.8	3	3.5	
<b>Montenegro</b>		2.7	3.2	-2.7	3.5	1.8	3.4	2.9	4.2	3.1	2.4	3	
<b>Serbia</b>	5.1	0.6	1.4	-1	2.6	-1.8	0.8	2.8	1.8	3.5	3.5	4	

Source: IMF, *World Economic Outlook April 2018, Cyclical Upswing, Structural Change*

Infrastructure improvements are seen as an important element in achieving a sustained performance of economic growth, especially in Montenegro and Albania. But these large infrastructure projects have boosted imports, thus exacerbating external deficits. Also, these infrastructure projects financed by China<sup>1</sup> loans have exacerbated public debt, despite all fiscal consolidation efforts in the region. Also, current account deficits mean that these countries need foreign capital for financing. However, the pattern of growth in recent years in the region appears to be more balanced.

Chart 4. GDP growth and current account deficits in South East Europe



Source: IMF *International Financial Statistics and UN/DESA, World Economic Situation and Prospect 2018: Chapter 3; Regional Development and Outlook*

Thus, this situation made Foreign Direct Investment (FDI) an important way of securing capital in the Western Balkans region. But the Balkans region needs to create a growth pattern that is not so much dependent on foreign financial flows. In fact, the possibility of joining the European Union of Western Balkan countries will also condition the economic performance of these countries.

Table 2. Current Account Balance (Percent of GdP)

										forecasting		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2023	

<sup>1</sup> World Economic Situation and Prospect 2018: Chapter 3; Regional Development and Outlook

Albania	-11.3	-13.2	-10.1	-9.3	-10.8	-8.6	-7.6	-7.2	-6.7	-6.7	-6.1
Bosnie Hercegovina	-6	-9.5	-8.7	-5.3	-7.4	-5.7	-5.1	-5.2	-5.9	-6.5	-4.8
Kroacia	-1.1	-0.7	-0.1	0.9	2	4.5	2.5	3.7	3	2.1	0.3
Kosovo	-11.6	-12.7	-5.8	-3.6	-7	-8.7	-8.9	-8.7	-8.9	-8.6	-7.7
Macedonia	-2	-2.5	-18.5	-14.5	-15.2	-13.2	-18.1	-18.9	-19	-17.8	-10.2
Montenegro	-22.7	-17.6	-3.7	-1.3	-2.1	-0.6	-0.3	0	-0.9	-1.2	-2.1
Serbia	-6.4	-8.6	-11.5	-6.1	-6	-4.7	-3.1	-4.6	-4.5	-4.1	-3.8

Source: IMF, *World Economic Outlook April 2018, Cyclical Upswing, Structural Change*

### 3. Foreign investment in the Western Balkans

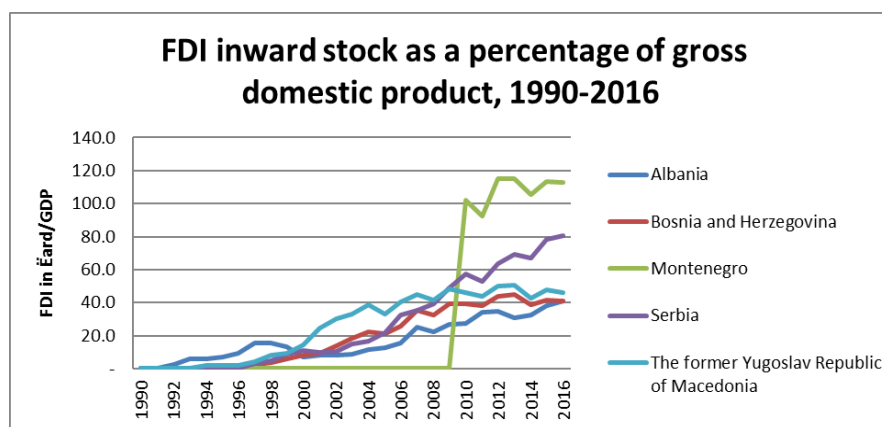
Western Balkan countries are characterized by growing current account deficits. These countries see inflows of foreign investment important, but at the same time this fact makes them more dependent on these flows.<sup>1</sup>

The region is increasing its competitiveness by improving the investment environment. Significant improvements are being made in all directions. Even improving infrastructure, as an important element in the absorption of FDI, the Western Balkans is paying much attention<sup>2</sup>.

All Western Balkan countries have institutionalized aspirations for attracting more foreign investment by creating agencies for fostering foreign investment. Even these countries are making efforts to create regional investment agreements, no longer agreements by special countries. For all these countries, the possibility of being part of the European Union is a fact that has influenced the positive performance of the inflows of the inhd. Many of the improvements made to the investment environment of these countries are the result of reforms needed for their membership in the EU.

For most Western Balkan countries except Montenegro, foreign investment has flourished in the period 2000-2010, including 2008, the year of the global financial crisis. In fact, the impact of the global financial crisis on these countries was felt in 2011 because these countries were not integrated into global networks. Consequently, this served as a protection for them.

Graph 5: Fdi inward stock as a percentage of gros domestic product, 1990-2016



Source: *Unctad, edited author*

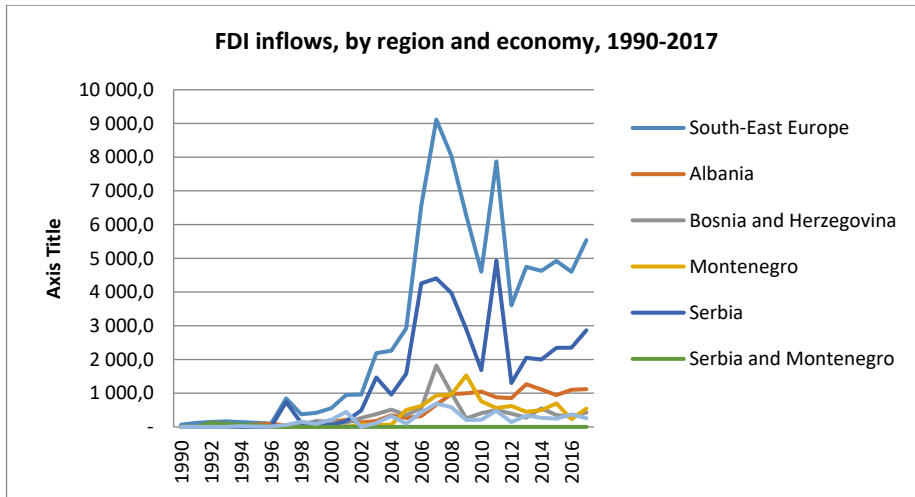
<sup>1</sup> United Nations, *World Economic Prospects*, 2018. [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018\\_Full\\_Web-1.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf)

<sup>2</sup> *Global Competitiveness Report*. 2017-2018.

Graph 5 shows clearly the trend of FDI stock growth. It is slowing down after 2011 compared to the rapid growth we see in the period 2000-2010.

If we look at the inflow of foreign direct investment inflows into the Western Balkans, we see that Serbia has the largest share of inflows. Albania is the second country in the region to assess the size of inflows. However, Albania has a positive feature compared to other countries. It is the only country that has a steady growth trend of inflows for the entire period, starting in 1990.

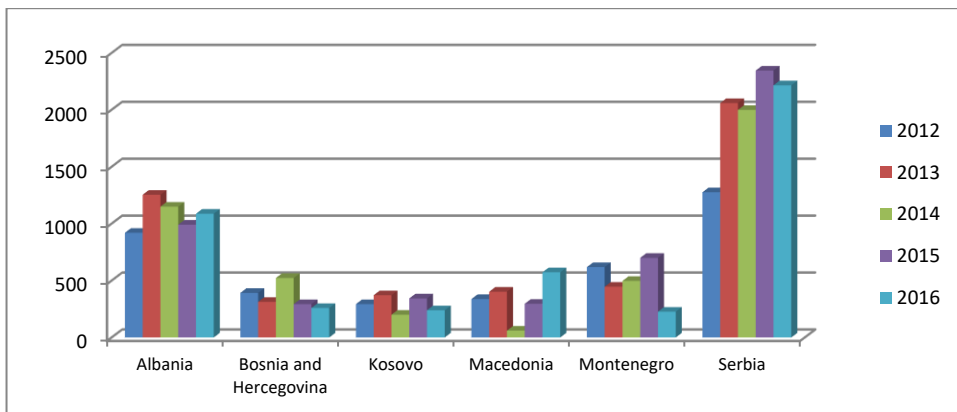
Graph 6: FDI inflows, by region and economy, 1990-2017



Source: *Unctad* <http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx>

The distribution of net FDI flows between the Western Balkan countries appears unevenly distributed (see Chart 2). Serbia has been able to absorb the largest amount of FDI net inflows over the past years, 2012-2016. Serbia has the advantage of being the largest market in the region, including the number of its population. Also, Serbia has a distinctive feature compared to other countries in the region as there are some economic zones devoted to foreign investment, focusing on industry development. The likelihood of EU membership also contributes to increased inflows.

Chart 2 Net FDI flows, for the period 2012-2016.



Source: *World Bank*

Also, Serbia has the largest share of foreign direct investments in the Greenfield form compared to the countries of the region. These investments in this form are known for their positive effects in the host country.

Table 3. Value of FDI projects declared greenfield, by destination, 2004-2016 (Million dollars)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Albania	135	660	445	4 458	3 324	116	58	450	326	56	53	132	39
Bosnia Hercegovina	455	2 282	640	601	1 981	1 316	311	1 235	1 338	888	981	3 145	925
Montenegro	-	-	131	695	715	120	372	388	340	755	1 177	43	608
Serbia	985	1 178	3 292	3 061	7 734	3 262	3 775	3 964	4 731	4 205	2 545	4 580	2 186
Macedonia	175	266	1 676	533	2 661	776	454	830	1 120	578	839	435	328

Source: ©UNCTAD, Financial Times Ltd, fDi Markets ([www.fDimarkets.com](http://www.fDimarkets.com)).

Albania ranks after Serbia in the region, attracting relatively constant amounts of FDI net flows over the years (averaging about \$ 1 billion). This amount is partly due to investments in projects in the energy sector that have occurred in recent years, especially the TAP project. Significant structural reforms have been undertaken, especially in the energy sector and in the financial sector. Albania is making efforts to strengthen the judicial system and the functioning of a rule of law. Foreign direct investments are mainly drawn from various privatization initiatives in sectors such as banks, telecommunications, production and energy. In 2017, Albania's IAs suffered a decline.

Macedonia has seen a steady growth of FDI inflows. Compared to 2012, the volume of FDI in 2016 has increased by approximately 70 percent. The year 2017 marked a significant decline compared to 2016. Macedonia has a wide network of special economic zones. Also Macedonia has paid attention to the effect of various incentives for foreign investors, extending the range of these incentives, involving tax and financial incentives.

While for Montenegro, foreign investments have declined in 2016. Macedonia has been aiming for legislative improvements over the years in order to stimulate the privatization process. In Montenegro in 2017, foreign investments marked a positive performance. The sector that contributed most was tourism. However, this economy needs to diversify the economic structure because it relies on very few sectors.

Kosovo has a small share of the total foreign direct investment in the region. These low FDI values can be explained through the country's troubled political situation. In 2016, FDIs in Kosovo declined. There was an increase in 2017, mainly in the sectors of financial intermediation, construction and real estate. What damages Kosovo is the political image.

Bosnia and Herzegovina's performance is not one of the best in the region in absorbing the flows of flies. Since 2014, there has been a decline in FDI. Bosnia and Herzegovina has not made much progress with the country's economic and structural reform. This has led investors to perceive many negative elements of the investment climate, such as high corruption.

## Conclusions

Foreign direct investment inflows in Albania showed a generally upward trend throughout the period from 1990 to 2017. Positive performance owing to continued improvements in the legal and regulatory framework devoted to the investment climate liberalization. Generally, over the past ten years foreign investment inflows have increased considerably. In the years 2008-2017, inflows inflated to an average value of \$ 1 billion a year. FDI inflows amounted to more than \$ 1 billion in 2017, compared to \$ 1.12 billion in 2016 and \$ 9.45 billion in 2015.

So what can be said about the inflow of foreign investment inflows into Albania during the period 1990-2017 is that there has been an upward trend in general, although it has been associated with fluctuations of values over the years. What is important, however, is the fact that the foreign direct investment stock in Albania has been growing steadily. The negative impact on foreign direct investment inflows has been turbulent political situations. Foreign direct investments in Albania did not show significant decreases as a result of the financial crisis that included the main investment countries in Albania.

For almost all of the Western Balkan countries, foreign direct investment recognized growth in the period 2000-2010. The impact of the global financial crisis on these countries was felt in 2011 because these countries were not integrated into global trade networks. Serbia is the country that has the largest share of the total direct foreign investment of the region. Also, Serbia has the largest share of Greenfield projects in the region. Albania is the second country in the region for foreign direct investment flows. Albania has a positive feature compared to other countries. It is the only country that has a steady growth trend of inflows for the whole period, starting in 1990. In Western Balkan countries, foreign direct investment has contributed to the financing of current account deficits. All of these Western Balkan countries have a problem with the judicial system and the credibility of the rule of law, thus damaging their image in the eyes of foreign direct investors.

## References

- [1] Boubakri, N., Cosset, J.-C., Guedhami, O. & Saffar, W. (2011). The political economy of residual state ownership in privatized firms: Evidence from emerging markets. *Journal of Corporate Finance*, vol.17: pp.244-258. Available online at [http://www.en.affi.asso.fr/uploads/Externe/08/CTR\\_FICHIER\\_407\\_1259662579.pdf](http://www.en.affi.asso.fr/uploads/Externe/08/CTR_FICHIER_407_1259662579.pdf)
- [2] Curran, L. 2009 "The Impact of the Crisis on EU Competitiveness in International Trade", *Intereconomics*, September/October 2009 Available online at <https://archive.intereconomics.eu/downloads/getfile.php?id=702>
- [3] Global Competitiveness Report. 2017-2018. Available at <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>
- [4] IMF International Financial Statistics and UN/DESA, World Economic Situation and Prospect 2018: Chapter 3; Regional Development and Outlook Available online at [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018\\_Full\\_Web-1.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf)
- [5] IMF, World Economic Outlook April 2018, Cyclical Upswing, Structural Change, Available online at <https://www.imf.org/~media/Files/Publications/WEO/2018/April/text.aspx>
- [6] INVESTMENT CLIMATE IN MONTENEGRO 2017, Available online at [www.srp.gov.me/ResourceManager/FileDownload.aspx?rd...2](http://www.srp.gov.me/ResourceManager/FileDownload.aspx?rd...2)
- [7] Investment policy review, Bosnia and Hercegovina, *United nations conference on trade and development*, 2015. Available online at [http://unctad.org/en/PublicationsLibrary/diaepcb2015d1\\_en.pdf](http://unctad.org/en/PublicationsLibrary/diaepcb2015d1_en.pdf)
- [8] Kikerkova, I. 2017, "Success or failure of the implemented strategy on attracting foreign capital in the form of FDI in the Republic of Macedonia" *EKON. MISAO I PRAKSA DBK. GOD XXVI. (2017.) BR. 2. (939-954)*, Available online at <https://hrcak.srce.hr/file/282103>
- [9] Osmani, R. 2016. "Improved Business Climate and FDI in the Western Balkans", *Journal of Economic and Social Studies*, Available at <http://eprints.ibu.edu.ba/2971/1/5%20Jecoss%206.1%20%28Osmani%29.pdf>
- [10] Prifti, E. 2014, "BOT Contract through the optics of Albanian legal provisions. Issues of the implementation and transfer framework" *Academicus - International Scientific Journal* Available online at <http://www.academicus.edu.al/nr14/Academicus-MMXVI-14-094-106.pdf>
- [11] Pula, E. Loxha, A. Elshani D. 2017, "How 'friendly' is Kosovo for Foreign Direct Investments: A Policy Review of Gaps from a Regional Market Perspective", *A POLICY REPORT BY GROUP FOR LEGAL AND POLITICAL STUDIES NO. 01 – FEBRUARY 2017*, Available online at <http://www.legalpoliticalstudies.org/wp-content/uploads/2017/03/How-friendly-is-Kosovo-for-Foreign-Direct-Investments-Policy-Report-GLPS.pdf>
- [12] Radenković, I. 2016. Foreign Direct Investments in Serbia, Research Paper Series of Rosa Luxemburg Stiftung Southeast Europe, Available online at [http://www.rosalux.rs/sites/default/files/publications/6\\_Radenkovic\\_engl\\_web.pdf](http://www.rosalux.rs/sites/default/files/publications/6_Radenkovic_engl_web.pdf)
- [13] Sanfey P, Milatovic J. 2018, The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy Available online at <https://www.ebrd.com/.../western-balkans-summit-2018-diagnostic-p...>
- [14] United Nations, World Economic Prospects, 2018. Available online at [https://www.un.org/development/desa/dpad/ep-content/uploads/sites/45/publication/WESP2018\\_Full\\_Web-1.pdf](https://www.un.org/development/desa/dpad/ep-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf)
- [15] Western Balkans : Regional Economic Integration Issues Notes June 2017.
- [16] [www.unctad.org](http://www.unctad.org)
- [17] [www.worldbank.org](http://www.worldbank.org)
- [18] Zoto, O. 2012, Investimet e huaja direkte ne Shqipëri, analizë e efekteve, politikave dhe lidhja me rritjen ekonomike, <http://www.doktoratura.unitir.edu.al/wp-content/uploads/2012/09/Oltjana-Zoto-Fakulteti-i-Ekonomise.pdf>

## Public Revenues and Expenditures in Kosovo

Azem Duraku

PhD Cand. Department of Finance, Faculty of Economy, University of Tirana, Albania

### Abstract

Within this Thesis, efforts have been made to explore, analyse and address the role and importance of Public Revenues and Expenditures, regarding their functioning in the country, with particular emphasis on the Republic of Kosovo during 1999 - 2018. Following the end of the war in June 1999, the Republic of Kosovo faced serious challenges, which it should have gone through. After the war, between 1999 and 2008, Kosovo was administered by UNMIK. With the declaration of independence in 2008, the Republic of Kosovo assumed all the responsibilities in the management of public finances, where state activities related to the collection of public revenues and public expenditure coverage are steered and managed by the Ministry of Finance within the State Government. According to the Legislation of the Republic of Kosovo, accountability in the management of public money consists of a chain of participants, each of which is responsible for achieving certain goals, and each is accountable to the highest level authority for achieving these goals. The highest authority in this hierarchy is held by citizens, who are represented by elected members of the Assembly and Municipal governments. The Government elected by the Assembly then assigns responsibilities to the Ministers, in order to enforce government policies, who within the scope permitted by applicable rules, through regulations, policies and administrative arrangements, assign further powers and responsibilities to the senior managers of budget organizations and other users of public property. The research question put forward is: How will the Government, through public revenues and public expenditures with a budget management, impact the growth of goods, public services for the citizens of Kosovo.

**Keywords:** Public Revenues, Public Expenditures, Budget, Accountability

### Introduction

In order to accomplish many tasks and measures that the state is obliged to perform under the constitution, other laws and provisions, there is a need also for certain incomes. The means by which the state meets its national and social needs in its power, we name it as public income. Income systems of developed countries with roughly the same revenues per inhabitant differs, depending on whether they are developed countries, are more or less oriented to foreign trade exchange, what is the organic composition of their capital etc. Oil-rich state income systems differ from oil-importing countries. There are three main functions of Public Finances: (1) distribution - optimum allocation of resources, which is also the main function; (2) redistribution of national revenues, between individuals and households, as well as between sectors of the economy; (3) sustainability - state intervention through economic policies when the economy is in disequilibrium.

Incomes comprise mainly of income from taxes and fees, as well as the profits of state-owned companies. The state budget revenues are divided into: tax and non-tax income. The most important forms of public incomes are: taxes, contributions, fees, customs, state loans, incomes from social assets, etc. The goals and tasks that can be accomplished with the collection of public incomes can be divided into these groups: Redistribution and accumulation of revenues are the main functions of public incomes. It is known that the national incomes are generated in the process of material production and the execution of manufacturing services. Certainly, it is quite normal for people who work in non-economic sector to participate in the distribution of national revenues by redistributing it. The distribution of national revenues generators is executed through market by prices and money, which this represents the primary distribution. Secondary distribution or redistribution of the national revenues for the benefit of non-economic activities is carried out through financial instruments such as taxes, contributions, fees, customs and other charges. These instruments redistribute primary distribution through budget and reserve funds. The division of manufacturing factors is made through public incomes. Through public incomes, are generated financial means which through public outcomes shall prompt division of economic factors in those economic activities, in that volume and structure of investments according to the desire of financial policy.

Economic and social stability. The impact of incomes on the national economy is important due to that it has stabilizing capabilities. If stabilization policy requires increasing the demand, which is smaller than the supply, the public income should be reduced according to the structure. On the other hand, if demand is required to be reduced, then public income will increase through financial policy.

Promotion (stimulation of economic development). Public incomes may affect in many ways the economic development, both directly and indirectly. In direct manner, they promote the economic development through the accumulation of incomes by funds, whose function is the funding of certain economic development programs. In indirect manner, through the promotion of export or import by economic branches and areas.

The Republic of Kosovo at the end of the war in June 1999 coped with serious challenges but had to overcome it. After the war, from 1999 to 2008, Kosovo has been administered by UNMIK. With the declaration of independence in 2008, the Republic of Kosovo assumed all responsibilities in the management of public finances, where State activities concerning the collection of public incomes and public outcomes coverage are governed and managed by the Ministry of Finance within the State Government.

### Research Methodology

The study was conducted on the basis of research in the field of incomes and public expenditures in Kosovo during 1999 - 2017, as well as the applicable rules on incomes and expenditures during this period. During this research, I have used secondary data from the Ministry of Finance, Kosovo Agency of Statistics, Tax Administration and other relevant institutions. In the assessment of public expenditures, are applied almost the same methods and techniques which are also applied to other areas of economic analysis, such as the selection method (cost-benefit analysis and cost-effectiveness analysis), the optimization method (linear programming method and other research methods). Subjected to the specific problems related to public expenditure, the most appropriate methods for assessing public expenditure are the Cost-Benefit method and the Cost-Effectiveness method (cost-effectiveness analysis - economic analysis).

### Incomes and Expenditures in Kosovo during 1999 - 2017 - comparative analysis

When it comes to generating incomes in the new Kosovo tax system, the circumstances imposed to start building a simple tax system. The devastated economic and public infrastructure, the devastated businesses and the poor social situation of the population that Kosovo inherited in the post-war period, did not provide realistic opportunities for quick building of internal governance structures and consolidation of the economic base and self-funding of budget needs. Based on this, in the first post-war phase after 1999, UNMIK mission focused mainly on external donations, as the only sources available for financing budget needs for the functioning of public administration, public sector, reconstruction and maintenance of infrastructure and public services. Initially it was based on sales tax, at a rate of 15%, which was replaced by VAT on 1 July 2001, which has also the rate of 15% and applies to all imports and domestic products to gross turnover over € 100,000; presumptive tax at a rate of 3% in gross turnover; service tax at 10% rate and customs rate of 10%. Moreover, excises are applied to various goods, where fuel, cigarettes, alcoholic beverages, refreshments, etc. prevail. Starting from 1 April 2002, starts the application of profit tax, while from 1 April 2002, starts the application of the tax on salaries and pension contributions. Public incomes in Kosovo are collected by: Value Added Tax (VAT); Personal Income Tax; Corporate Income Tax; Withholding taxes; Pension Contributions; Issuing licenses for gambling; Excise; Customs; and other income.

The government may decrease the taxes without reducing government expenditures, or may increase government expenditures by keeping unchanged taxes, or may use both government expenditures increases and tax cuts. When the government reduces taxes, individuals and firms have more revenues in their disposal and over this basis, they increase expenditures on consumption and investment that prompt growth in production and the economy enters in the growth phase.

Table no. 1, Total Income and Expenditures 1999-2007, in millions of Euros (000 €)

Description	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Incomes	-	-	-	-	584	619	641	656	682
Tax Income	-	-	-	-	512	533	544	551	618
Nontaxable income	-	-	-	-	44	52	56	50	40
Donor grants	-	-	-	-	69	13	94.9	43	46
General Expenditures	62	214	250	269	653.8	632	736	700	717
Current expenditures	50	139	155	165	495.7	336	329	332	326
Capital Expenditures	-	-	10	19	28	129	174	176	182

Expenditure on subsidies and transfers	12	68	79	71	192	273	172	174	164
--	----	----	----	----	-----	-----	-----	-----	-----

Source: Kosovo budget 1999 -2007

Table no. 2, Total Income and Expenditures 2008-2017, in millions of Euros (000 €)

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Incomes	862	956	1,106	1,264	1,384	1,423	1,345	1,470	1,634	1,725
Tax Income	752	841	890	1,060	1,128	1,182	1,162	1,269	1,410	1,512
Nontaxable income	54	58	130	159	170	208	171	188	212	201
General Expenditures	1,119	1,095	1,256	1,434	1,524	1,586	1,480	1,564	1,732	2,001
Current expenditures	375	444	507	590	637	687	1,058	1,149	1,221	1,273
Capital Expenditures	405	410	495	572	614	616	411	404	500	723
Expenditure on subsidies and transfers	194	220	248	272	282	303	11	13	12	12
Primary balances	(257)	(137)	(220)	(170)	(140)	(162)	(136)	(94)	(98)	(276)

Source: Kosovo budget 2008 -2017

Public expenditures serve to finance, respectively, meeting the public needs of the state. They enable and ensure implementation of tasks from state competence and its organs, defined by the constitution, law and other provisions. Public expenditure permeate these two characteristics: public expenditure serves to meet social needs and public interests, and public expenditures are converted into money.

Public expenditures are money expenditures, expended by the state and other public-law entities to meet general needs and public interests.

Public expenditures are closely connected to public incomes because public incomes are the source of public outcomes funding. Public needs, in historical perspective, have always increased with the increase of state functions.

Through public expenditures are met following needs:

1. general social needs (state administration needs, state representative bodies, maintaining embassies and foreign representation, internal and external insurance, as well as other needs funded by the budget).
2. common or collective needs (needs for education, culture, science, social insurance, pension health and disability insurance, as well as other common needs);
3. needs of state economic nature (state intervention in economy, international economic relations, investment in infrastructure etc.)

Human life is built in such a way that culture, wealth and civilization are transferred from one generation to the next. The older generation is born, grows, educates and transmits everything that is good and positive to the new generation. All this activity is well-organized and is implemented through the structures of responsible state institutions. For this purpose, there are education and educational institutions: schools, universities, academies of science, cultural and cultural institutions, information media, etc. States have duty to look after, above all, for the lives and health of people and community members.

The wellbeing of a community depends on the well-being of individuals in a community. Governments work on the principle of Pareto: if at least one individual is in better condition from the venture of a particular policy, and no other individual is worse than it was, then the community as a whole is better, and which this policy must be applied.

The state should become a guarantor in the application of three golden rules, which are the unchanged basis and the point of reference for the functioning of any means of communication between the state and community members. These rules are:

•Every member of a community must have equal and unrestricted access to benefit public goods, which are defined by the level of development and civilization of any country where there exist a community;



•Anyone who benefits a public good must financially contribute with a payment in favor of the state, which holds the burden of responsibility and its guarantee;

• Individuals which earn more revenues, which spend more or which own more assets, they contribute more in the favor of the state budget.

The cost-benefit analysis is oriented on minimizing the investment of means, time, talent and energy (input) to best accomplish, in the shortest possible time and at the lowest possible expense, the goal that is to be achieved with the expenditure of public income, respectively to maximize the output from public expenditures at the respective expense

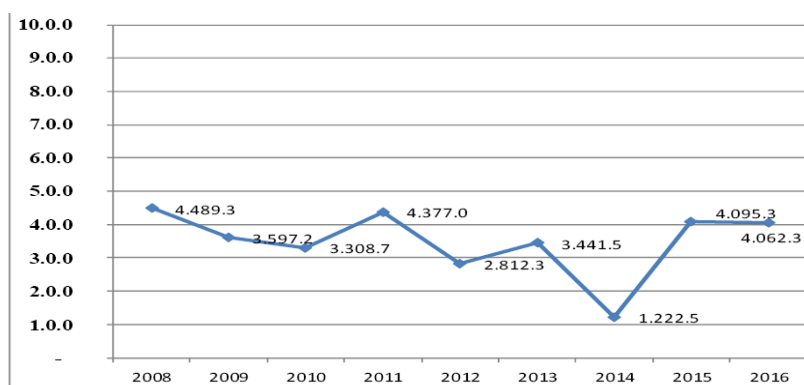
Government expenditures occupy a significant part of the country's gross domestic product. Public-sector expenditures can be grouped into three main areas: transfers, current government expenditures and capital expenditures.

Table no. 3, Turnover of goods in foreign trade, in millions of Euros (000 €)

Years	Exports (FOB)	Imports (CIF)	Trade balance	Percentage of coverage
1	2	3	4=2-3	5=2/3
2001	10.559	684.500	-673.941	1.5
2002	27.599	854.758	-827.159	3.2
2003	35.621	973.265	-937.644	3.7
2004	56.567	1.063.347	-1.006.780	5.3
2005	56.283	1.157.492	-1.101.209	4.9
2006	110.774	1.305.879	-1.195.105	8.5
2007	165.112	1.576.186	-1.411.074	10.5
2008	198.463	1.928.236	-1.729.773	10.3
2009	165.328	1.937.539	-1.772.211	8.5
2010	295.957	2.157.725	-1.861.769	13.7
2011	319.165	2.492.348	-2.173.184	12.8
2012	276.100	2.507.609	-2.231.509	11.0
2013	293.842	2.449.064	-2.155.221	12.0
2014	324.543	2.538.337	-2.213.794	12.8
2015	325.294	2.634.693	-2.309.399	12.3
2016	309.627	2.789.491	-2.479.864	11.1
2017	378.010	3.047.207	-2.669.196	12.4

Source: Kosovo Agency of Statistics, January 2018

Figure 1, Real growth rate 2008 – 2016



Source: Kosovo Agency of Statistics, GDP 2008 - 2016, October 2017.

## Budgeting process

Why is the budget process important? Decisions on the manner that how our money will be collected and spent are taken during the preparation and approval of the budget. This is a sufficient reason for us to know that who are the main participants in the budget process and what is their role?

The budget is state financial instrument, which derived under certain socio-economic and political conditions. The basic instrument for funding public expenditures in all contemporary states is the budget. The budget is a financial statement of incomes and outcomes of the state for a specified period, respectively for a budget year. There are three objectives of economic policy, which are implemented through the budget such as in the following:

1. Determination of public goods (services) for citizens. Since the market does not function perfectly, some of the goods and services are obtained as public services. These are, for instance, protection, construction of highways, public order services, etc. For this reason, a considerable amount of money should be taken by the private sector on behalf of the state, in order to enable the latter to generate these public goods by choosing the best combination from them, where there's more and where less.
2. Redistribution of wealth/ income. Given that we live in the same social milieu, the redistribution of wealth among different regions of the country from a more developed region to a less developed one (through various subsidies and grants) should be performed; from younger ages to the elderly (through the payment of pensions) and from the rich ones to the poor (through social services).
3. Sustainability. This is a continuous state obligation to ensure that the desired level of employment is combined with the low level of inflation.

The most important institutions involved in the process of preparing and approving the national budget are: Assembly (Legislative), Government (Executive), Ministry of Finance and other budget beneficiaries.

The Assembly is the highest representative institution of citizens, which controls the executive (government) and legal institutions in the country. The Assembly elects from its members the standing committee, and may also appoint special committee whenever necessary. Among the standing committee, we mention the Law Committee, the Economy and Finance Committee, etc. Through the work of committees and debates in plenary session, the Assembly analyzes the fiscal policy proposed by the government.

The Government implements policies approved by the Assembly. The role of government in the budget process is to propose fiscal policy and to define state budget policies based on economic, political and social objectives. The duty of the government is to determine all the necessary measures to collect revenues and make proposals about distribution and allocation of the budget money for particular purposes and priorities.

Ministry of Finance. Also, the Ministry of Finance is responsible for proposals and advice related to macroeconomic and fiscal policy strategies and also for the forecast of revenue flows and other contributions to the national budget.

By intending better management and use of resources, the Ministry of Finance is responsible for as in the following:

- determination of public expenditure for the coming year;
- proposal to road budget beneficiaries, on cutting the expenditure if their requirements exceed the number of resources available to budget;
- providing expertise regarding capital investments of beneficiaries;
- drafting budget documents;
- controlling the implementation of the state budget;
- summary of expenditure planning and analysis of revenue, expenditure, borrowing information, and so on;
- control of all budget (actions) transactions (its borrowing and payment) related to public debt.

Beneficiaries of the national budget are all institutions, ministries, government agencies and companies which are funded from the budget. This group sums up the Assembly, the President, the Government and the Ministry of Finance, which are also the main institutions on drafting the budget. Budget beneficiaries should use their budget resources for the purposes

and objectives for which they are created (Ministry of Transport for the construction of roads). Continuous control of the use of budgetary funds is performed through plan, which indicates the programs for which budgetary funds are used.

The budget goes into three phases: The first phase is the budget preparation phase, during which phase budget revenues and expenditures are planned. This phase lasts approximately six months. The second phase is the debate and the approval in the Assembly. Months of debate: November - December. The third phase is the execution of the budget - which includes implementation, supervision and control. Implementation includes the period from January to December and supervision includes the same period, while budget execution control includes the following year.

### **Significant issues of financing health and insurance health, as well as social and pension insurance**

It should be emphasized at the beginning the complexity of the problem of financing of health, social insurance, disability and pension insurance etc. From the aspect of interest to these services we distinguish citizens who seek services, employment service center or institutions as provider of services and the state as a subject which ensures the institutional form of exercising these activities.

The basic system is the main massive and protection system, also most consolidated system of social insurance. As such, it is supported and guaranteed to function properly by respecting and applying some basic principles: 1) Universality, 2) Uniformity (equality), 3) Complexity, 4) Adequacy, 5) Guarantee, and 6) Citizen Participation in Basic Security.

Social insurance compulsorily protects all economically active citizens who reduce or lose revenues as a result of incapability to work, maternity, retirement, disability, and loss of family custody. Of course, nothing in life is free. In one way or another, benefits should be paid.

By law, the state must regulate the problem of institutional organization of these activities, the rights and obligations of institutions or employment service center, as well as the rights and obligations of citizens who seek such public services. By law and legal norms must also be defined state rights and obligations related to health financing, pension and disability insurance etc. Even the Health sector, as well as other areas of social activity, should exercise activity based on the economic laws as well, respectively in the law of supply and demand. It should be mentioned that in modern states, health in principle is not funded by the budget but by health insurance. This does not mean that this manner eliminates state participation. The role of the state in funding health and social insurance is major, especially when it comes to the means allocated for the protection against infections, the minimum subsistence level, the financing of any long-term research program in the field of health, or for funding programs of national interest.

Another part of the tools should be provided by employers, such as the question is, for the forms of disasters at work, etc. The majority of health care means should be provided by citizens themselves in the form of compulsory and voluntary contributions, or in some other forms of participation or humanitarian aid. In practice, must be applied the principle of combined insurance, which implies citizens' assurance in participation, the principle of solidarity and reciprocal dependence applied in contemporary states.

The government plays an important role in providing economic insurance to individuals and families. Social insurance programs are developed first as a response to the need of the society for certain types of insurance that neither the individual itself nor the private insurance companies can provide. Compulsory social insurance relies on the principle "Pay as you go". The social insurance system comprises of: Compulsory social insurance, Voluntary social insurance, Supplementary social insurance and special state Pensions.

Rights and obligations of health and social insurance and etc, should be implemented on the basis of norms of international conventions. International conventions also set the minimum insurance rates and rights for health insurance, pension, disability and child protection insurance etc.

However, this is essentially a long-term issue, since it is difficult to predict the payment of unemployment benefits on the basis of contributions.

### **Conclusion**

According to the analysis of revenues and expenditures flow in the Republic of Kosovo which are presented in this study, in the following we will make some conclusions, which we consider to be of assistance in the further growth and improvement of management of public revenues, as well as the public expenditures, that will have an impact on the country's economic growth.

In the absence of monetary policy instruments, fiscal policy remains the only tool available to the Government of the Republic of Kosovo to promote private sector investment. Therefore, a sound and prudent fiscal policy is required, which is of crucial importance for maintaining macroeconomic stability, especially considering that fiscal policy in Kosovo is the main instrument of economic policy.

The tax system in Kosovo is known as a relatively simple and low tax system. In this context, it will continued with the implementation of this tax simplicity by focusing on the preparation of fiscal policies oriented towards promotion of investments and domestic production and also building up an attractive environment for foreign investment. At the same time, the Government is oriented to maintain macro-fiscal stability by being careful concerning social requirements, public sector wages and expenditures on goods and services.

The adequate tax system and favorable business environment are the most important pillars for the sustainable development of the private sector in the country. In this regard, fiscal policy reforms include VAT escalation, reducing the VAT threshold, VAT exemption of production lines and machinery, VAT exemption, and customs liability on key inputs of sectors with competitive advantage, and functionalization of industrial and technological parks in the framework which it is foreseen the provision of various tax incentives.

General revenues during the medium term in the coming years are planned to be increased at an average annual rate of 3% to 5%. The largest contribution to income growth is from tax revenues, respectively incomes collected domestically, while the increase in total income is foreseen to be stopped from one-off revenues because most of the enterprises are privatized, the Post in the near future is expected to be privatized and in the current situation it seems that there is no good performance of incomes.

Planning is required to be timely and as much as possible accurate on the budget incomes and budget expenditures to be planned with greater precision. Budget expenditure planning should be decreased to the level of detailed planning of the programs, sub-programs and within them as well as project planning. Good timely planning enables a great rationalization of the means, the realization of a larger number of investment projects and consequently greater economic growth. The Medium-Term Expenditure Framework (MTEF), drafted by the Ministry of Finance, should be as accurate as possible in the evaluation of investment projects of spending agencies and updated every year. Orientation of public expenditure on financing capital projects that have rationality and future expectations to return the investment made, it influences the development of the economy. From the participation of the funds for capital projects in the budget, we have growth trends from year to year with the planning of the budget for 2019 to reach the amount of € 810 million which is a much larger amount compared to the previous years.

There is a need to improve the database of macroeconomic indicators, as well as of those fiscal. There are still no sufficient macroeconomic indicators that are estimated to be prepared by the Macroeconomic Department at the Ministry of Finance and the same should be updated in monthly, quarterly, six-monthly, and annual periods and to be published on the Ministry of Finance website.

It should have fiscal facilities in primary agricultural production, processing, storage and marketing of agricultural products as well as incentive and subsidizing incentives and improvement of public infrastructure. It should have also, gradually increase of the fund for subsidies and grants; cooperation with development partners for the development of the agricultural sector. Small and medium-sized enterprises shall also set up a mechanism to eliminate legal barriers and reduce bureaucracy and impose a mechanism to guarantee loans.

Implementation (execution) of the budget in Kosovo needs to be improved. This can be done by improving at least two of the most important activities: a) increase the control on expenditure; and b) increase the efficiency of public expenditure. Therefore, regarding the budget execution, care should focus in particular on: timely allowance of funds; cash planning shall be done in accordance with budget authorizations, taking into consideration the following budget commitments; Effective control of expenditures at each phase of the budget cycle (ex-ante control, intern and exterior control, etc.); adequate budget monitoring at each phase of the expenditure cycle (commitment, verification and payment); strengthening of the internal control system (internal audit) in expenditure agencies.

In the framework of social policies, social welfare, and inter-societal solidarity, the Government is committed on strengthening the market economy and economic development as a key tool for mitigating poverty and unemployment, also by providing cross-social solidarity through economic redistributive economic policies. Social policies shall ensure the financial stability and sustainability of the mandatory contributions scheme.

## Bibliography

- [1] Bundo, SH., (2011): Teoritë Finaciare, Cikël Leksionesh, Tiranë.
- [2] Bundo, SH., (2012): Financë, Tiranë.
- [3] Bundo, SH., (2012): Fiskalitet, Tiranë.
- [4] Hilmia, S., Angjeli, A., (1994): Financat Publike, Tiranë.
- [5] Hogle, M., (2000): Local and Regional Tax Administration in Transition Countries, Budapest.
- [6] Kadriu, S., (2002): Financimi Publik me Vështrim të Posaçëm në Kosovë, Prishtinë.
- [7] Komoni, S., (2008): Financat Publike, Prishtinë.
- [8] Kristo, I., (2004): Biznesi Nderkombetar, botimi i dytë, Tiranë.
- [9] Limani, M., (2013): Makroekonomia, Prishtinë.
- [10] Mayo, B., H., (2012): Bazat e Financës, Tiranë.
- [11] MF, (2015): Korniza Afatmesme e shpenzimeve, Prishtinë.
- [12] Mings, T., (1993): Studimi i Ekonomisë, Tiranë.
- [13] OECD, (2000): Fiscal design across levels of government year 2000 survey.
- [14] RIINVEST, (2002): Report on the Progress of Building Taxation and Tax Policy in Kosovo, Prishtina.
- [15] RIINVEST, (2003): Ecuria e ndërtimit të politikës së tatimeve dhe taksave në Kosovë, Prishtinë.
- [16] RIINVEST, (2003): Sistemi buxhetor i Kosovës-Politikat dhe qëndrueshmëria, Prishtinë.
- [17] RIINVEST, (2015): State and Budget, Prishtina.
- [18] Rosen, S., H., (2010): Financa Publike, Tiranë.
- [19] Sharku, G., Leka, B., Bajrami, E., (2017): Financa, Cikël leksionesh, Tiranë.
- [20] Stamp, J., (2009): The Fundamental Principles of Taxation in the Light of Modern Developments.

## Entrepreneurship Education and Learning Systems: Developing a Holistic Approach to Entrepreneurial Universities and their Ecosystems

**Professor Jay Mitra**

Essex Business School

University of Essex

Wivenhoe Park, Colchester CO4 3SQ, Essex

United Kingdom

**Dr. Su-Hyun Berg**

Independent Business Consultant

Wacholderbogen 15

D-24944 Flensburg, Germany

### Abstract

This paper explores critically the phenomenon of campus entrepreneurship ecosystems of higher education institutions and their impact on entrepreneurship education and learning. The paper draws on empirical evidence to propose a conceptual model for the effective evaluation of the capacity and capabilities for creating an institutional, internal ecosystem to support an innovative, multidisciplinary form of entrepreneurship education and creative learning. Following Miller and Acs (2017), the paper first employs the Turnerian trinity (Turner, 2008) model of available assets, liberty and diversity to formulate a capacity approach to an understanding of the ecosystem. The authors then draw on Amartya Sen's capabilities approach (Sen, 1989; 1984) to augment Turner's thesis and connect the substance and meaning of entrepreneurship education and learning systems to the entrepreneurial ecosystem in the context of two research universities in two very different economic and social environments: 1) Hanyang University in South Korea, and 2) University of Essex in the UK. The paper examines five propositions and address two conceptual challenges: a) understanding higher education institutions as entrepreneurial campus ecosystems (internal ecosystem) and b) taking entrepreneurship to mean more than new business creation, helping to develop creative new mind sets for effecting change and innovation in learning and practice for dissemination and interaction in the wider environment (external ecosystem).

**Keywords:** Entrepreneurship education, campus entrepreneurship ecosystems, capacity, capabilities

### Introduction

Both entrepreneurial activity and entrepreneurship education are seen by researchers, policy makers, and the media as two important societal necessities which are indispensable to economic growth and development, social cohesion, job creation and increased standards of living in the knowledge economy. While commentators, thinkers and practitioners have weighed in on these two fields in growing numbers, policies intended to spur entrepreneurship and improve higher education output continue to be difficult to validate (Miller and Acs, 2017). In many of the studies, the agents (entrepreneurs) and their interactions with institutions and other agents are keys to the successful functioning of the ecosystem in which they operate. These agents can be found in both entrepreneurial campuses and outside. Together they form part of an ecosystem. Numerous studies (Stam, 2015; Mason and Brown, 2014; Isenberg, 2014; Audretsch and Thurik, 2000) have made clear arguments about entrepreneurial ecosystems forming a crucial line of inquiry given that we live in an entrepreneurial economy, but less is known of the dynamics of the internal university campus ecosystem that enable institutions to evolve as entrepreneurial campuses in a wider entrepreneurial ecosystem.

What would be the purpose of an entrepreneurial campus? And what entrepreneurial activities can be deemed legitimate in these campuses? We contend that in exploring entrepreneurial activity in an entrepreneurial campus, adopting an ecosystem approach could be useful because the ways in which the university interacts with different stakeholders to

advance learning and knowledge creation could have implications for the entrepreneurial activities of the university. Making links with external stakeholders requires universities to have the *capacity* for such connections and also the *capability* in terms of knowledge creation, sharing and absorption. Given the diversity of the academic and intellectual base of the university and the historical trajectory of developing knowledge in specific arenas of knowledge, institutions have also developed their own internal ecosystems. Exploring how these internal ecosystems are used and managed as part of an entrepreneurial campus and how they connect with the wider, external ecosystems could be important for answering the two questions raised above.

The *capacity* for ecosystem-based entrepreneurial activity in universities means the assets, the liberal culture and diversity of the institution (Miller and Acs, 2017). The term *capabilities* refers to the fulfilment of aspirations for knowledge acquisition, knowledge creation and self-fulfillment of individuals (student and staff) by means of cross-departmental and cross-curricula entrepreneurship research, education and other extra-curricular programmes in institutions of higher education. In this paper the focus is on how these capabilities and capacities obtain within the internal ecosystem of campus entrepreneurship in higher education institutions.

The findings show that the entrepreneurial ecosystem is dependent on the Turnerian trinity of available assets, liberty and diversity (Turner, 2008). These characteristics provide the basis of governance of the campus as an entrepreneurial ecosystem and the necessary capacity for the output produced by that campus ecosystem. It is also noted that using the capacity to create capabilities is possible when the decentralized governance structures underpin organic developments in the campus. The entrepreneurial campus ecosystem fosters opportunities for the creation of new ventures together with a higher education platform for mind-set change, critical thinking, problem solving. Indeed, the compendium of capabilities vital for entrepreneurial value creation in different environments.

Mixing available assets, diversity and liberty with stakeholder engagement and economic, social, cultural and personal value creation, allows universities to foster opportunity development for both regional and global impact. The paper argues that while enabling socialization with external agents can be useful for student entrepreneurs, the establishment of an internal ecosystem which fosters liberty, diversity and makes available the institutions assets is critical for the campus to foster entrepreneurial capability. This internal aspect of the ecosystem of an institution has largely been ignored in the literature.

While entrepreneurship research, education, training and enterprise creation activities proliferate across universities worldwide, neither their utilitarian value (new ventures, new product, service, new forms of organization or job creation) nor their intrinsic education value (mind set change, new content creation or pedagogic experimentation, embedded entrepreneurial learning across the curriculum or value creation) find necessary purchase in the development of an entrepreneurial ecosystem at the level of a region or any other external unit of ecosystem assessment. Equally, a ritualistic engagement with the non-campus world does not necessarily create an entrepreneurial university (Mitra, 2017). Systematic support for organic, decentralized and novel combinations of resources and capabilities can be considered to be a better option. Such support can yield entrepreneurial people who can either start new ventures or manage innovative organisations in private and public spheres, and contribute to society and the wider environment as entrepreneurial citizens. The university's emergence or evolution as an entrepreneurial campus is, therefore, a function of its capacity to generate entrepreneurial capabilities across the board. In other words an entrepreneurial campus is not simply an aggregate of multiple spin-offs, student enterprise, knowledge transfer, and other new, self-sufficient initiatives. Rather, and in keeping with a Humboldtian vision of higher education, it is in its ability to use its capacity to realise the different capabilities of individuals and the cross-fertilisation of knowledge to generate new opportunities, appropriate to its context, that a university can lay claim to being an entrepreneurial campus.

By campus entrepreneurs reference is made to all students or staff engaged in creative ways to develop new ideas and implement them in the form of new venture creation by mobilising resources in novel ways. This interpretation stretches the meaning of campus entrepreneurship to beyond starting up new ventures (utilitarian value creation) to include the entrepreneurial education experience (intrinsic education value creation). Frederick Jackson Turner's "Frontier Thesis of the United States" (Turner, 2008) model of available assets, liberty and diversity is used to construct a framework for understanding the university campus as an entrepreneurial ecosystem. The paper identifies commonalities and distinctive features of the two different campuses of Hanyang and Essex universities in South Korea and the UK without necessarily trying to construct an ideal model based on a simplistic comparison of the two institutions. These empirical reference points are used to develop our conceptual framework for an ecosystem approach to entrepreneurship education in entrepreneurial campuses.

Drawing on the capabilities approach developed by Amartya Sen, 1989; 1984; and others (Nussbaum, 2011) enables augmentation of Turner's frontier thesis to develop a replicative framework for obtaining insights into the setting of multiple objectives for campus-based opportunity development, entrepreneurship and innovation.

The rest of the paper provides an overview of the literature on ecosystems, Turner's frontier thesis and the capabilities approach to present a conceptual model for understanding campus ecosystems. The review of the literature is used to develop five propositions that are the building blocks for the conceptual model. This is followed by a brief explanation of the secondary material and case study methods used for the study before proceeding to the findings. The paper ends with an analysis of the findings and a discussion including some observations for future research and policy development.

## **Overview of the Literature and Propositions**

### **Entrepreneurial Ecosystems**

James Moore's (1993) influential article in Harvard Business Review claimed that businesses do not evolve in a 'vacuum' but that the relationally and socially embedded nature of firms imply interactions with suppliers, customers and financiers. Since then numerous writers have drawn our attention to the idea of 'entrepreneurial ecosystems' (Zacharakis et al., 2003; Isenberg, 2010 Napier and Hansen, 2011; Malecki, 2011; Kantis and Federico, 2012; Feld, 2012). Ecosystems are born out of the mix of localized cultural outlooks, social networks, investment capital, universities, and focused economic policies that create environments supportive of entrepreneurial ventures. Their various guises are found within and shaped by the academic literature (Acs et al., 2014; Feldman et al., 2005), policy outlines (Isenberg, 2010; World Economic Forum, 2013), and also the popular business literature (Feld, 2012; Hwang and Horowitz, 2012). It is argued that in dynamic ecosystems new firms have better opportunities to grow, and create employment, compared with firms created in other locations (Rosted, 2012).

Stam (2015) states, that at its most basic, an entrepreneurial ecosystem is an independent set of actors that is governed in such a way that it enables entrepreneurial action (p. 1). Feld (2012) and others go much deeper in developing these concepts, but at its core, an entrepreneurial ecosystem and its output relies on a core of large established businesses, (including some that have been entrepreneur-led);" entrepreneurial recycling"(which involves previously successful entrepreneurs reinvesting their money, acumen and time in promoting new entrepreneurial activity); an information-rich environment in which this information is relatively easily accessible and shared within the community, culture and institutions for absorptive capacity for innovation and new firm creation, start-up and growth finance, universities and service providers (Mason and Brown, 2014). There is a reliance on a variety of voluntary relationships among independent agents with some form of agreed upon and acceptable but implicit (therefore, potentially dysfunctional) governance structure.

The entrepreneurial ecosystem approach supports Schumpeter's (1942) claim that entrepreneurs are change-makers in capitalist economies, and that their actions and ability to create new combinations of economic assets are what lead to improved standards of living.

### **External and Internal Ecosystems**

There remain critical analytical problems with ecosystem models especially in terms of their application to campus entrepreneurship and entrepreneurship education. There is the problem of governance of the ecosystem. Ecosystems are evolutionary, complex, self-directed, loose systems where each organisation carves out its own rules of conduct. Entrepreneurial universities with their global reach in terms of research, education and outreach activities are not entirely dependent on these localized systems even though they could use them for specific purposes. This raises the question of there being the need to recognize a firm/organizational level ecosystem which provides a basis for absorbing externalities of regional ecosystem and the wider global environment.

While ecosystem studies have proliferated, insufficient attention has been paid to the idea of different ecosystems that need sustaining at both the macro level of the environment (the ecosystem) and at the micro level of the organization (the internal ecosystem). In much the same way that that relationships between markets and firms thrive on their mutual interdependence, the wider network of the 'external ecosystem' made up of multiple organisations is dependent on the effectiveness of the 'internal ecosystem of each of those organisations. This is especially significant when we reflect on the role of the larger stakeholding organisations of the ecosystem. While larger firms can replicate market behaviour and structures within the firm, there are differences in those very structures and behaviours as organisations seek levels of efficiency and consolidation of economic activity not available in the market. The differences can be accounted for in terms



of permeability and openness. While markets are 'open' for any player they are not permeable in relation to individual organizational interests. The internal ecosystem of an organization compensates for this opaqueness in the market place by creating its own environment. These arguments here lead to a consideration of two propositions (P1 and P2).

**P1:** *Entrepreneurial ecosystems are social, networking systems achieving entrepreneurial outcomes for different types of organisations and the wider economy.*

**P2:** *Entrepreneurial ecosystems consist of interrelated external and internal ecosystems, at the level of the wider economy and at the level of the organization.*

### **The University Campus and its Internal Ecosystem**

A basic assumption in an effective ecosystem is the incorporation of the idea of diversity. Such diversity is expressed in terms of the race, class and gender of actors, the multiple institutional agencies, the cross-section of sectors or value chain agglomeration, and key inputs of talent and technologies (Miller and Acs, 2017). These, taken together with the human capital of institutions (its staff and students) constitute a range of assets that complement the physical ones of property and finance. The "spontaneous order" in which this diverse set of assets are brought together evokes Hayek's (2010) idea of liberty as much as it does Turner's (2008) capture of this essential value of freedom uncorralled by path-dependent systems and institutional antecedents. A combination of these features of diversity, assets and freedom of spontaneous liberty create a capacity for institutions and networks to be part of an effective ecosystem.

### **Turner's Frontier Attributes**

Turner argued that the United States of America's past and especially its 400 years of frontier experience (till 1890) had an outsized impact on developing American democracy, culture and economy, and as a place of change and renewal, with a dynamic, hybridized, innovating people creating a new kind of nation with a new kind of citizen, breaking away from Europe (Miller and Acs, 2017). This frontier was marked first by considerable economic opportunities and available assets (fertile lands, rivers, timber, fur and mineral resources). The second enabling factor, liberty that is associated with distance from establishment institutions, values and culture coupled with a desire to question those establishment principles. This sometimes meant adaptation and adoption of the old set of values to create hybridized institutions. (Turner, 1894; 1920) The third critical attribute is the diversity of people who settled in the American frontier. This diversity which was a function of large scale but varied immigration, helped create a unique national identity, supported the development of hybrid institutions and enabled an evolving political and economic structure that deviated from European norms (Miller and Acs, 2017). The distinctive flow of immigration over the centuries has led now to the territorial uniqueness of innovation and enterprise in numerous parts of the country, although much was achieved via the brutalization of indigenous people and the egregiousness of slavery.

Miller and Acs (2017) have shown how the innovative American frontier that closed at the end of the twentieth century has reemerged in the entrepreneurial economy on the U.S. campus. The characteristics of Turner's frontier: assets, liberty and diversity can now be found in the tangible and intangible assets in the campus, liberty which is the cornerstone of university research and education, and the diversity of its people. They are the 'frontier' catalysts for creating opportunity, and fostering entrepreneurship and innovation. Their appropriate mix and the linkages between them create the campus ecosystem. Their deployment and utilisation have created campuses which are asset-rich environments: students with disposable cash (often from loans, scholarships, and grants), advanced research and technologies, talented people (academic staff, alumni, etc.), and extensive extracurricular and co-curricular options. Given the growing interest in entrepreneurship as a subject of study in universities across the world, is it possible to find entrepreneurial ecosystems with these critical features of assets, liberty and diversity in different ecosystems? The frontier model is adapted for the purpose of analyzing two institutions outside the USA to examine how the frontier model can apply in different contexts.

The internal ecosystem of the campus is of particular significance because of the tendency of academic departments to operate in subject or discipline-based silos. So even if sociologists explore social relations in an entrepreneurial context, economists make the case for optimizing resource allocation among entrepreneurs, psychologists discover different characteristics or behavioural patterns, technologists test algorithms for forecasting entrepreneurial deal-making, and business schools are busy domain hopping, they do so in silos. The incorporation of courses modules and electives in non-business departments tend to be items gathered from Business School shelves for cursory deployment in various academic departments. However, when attention is given to activities such as research collaborations, public lectures, art galleries and museums, student and staff exchanges and transfers, recognition can be given to universities as open institutions (Miller and Acs, 2017). This internal ecosystem interacts with the wider, non-campus ecosystem stakeholders but the

differences are noted in the boundaries within and around the campus. As Figure 1 below shows, the filled lines of the non-campus represent the lack of permeability and openness in off-campus institutions in the region or the city in which those universities are located.

*Insert Figure 1 here*

Crucially, while the idea or the reality of an ecosystem is mooted, limited attention is paid to how best can the institution obtain value from ecosystem membership. Equally, absent from discussions of entrepreneurial campuses and entrepreneurial ecosystems is the consideration of the capabilities necessary for both the institution and its students and staff to realise their different aspirations, which may or may not have purchase in local ecosystems.

### **Entrepreneurship and the Capabilities Approach Complementing Frontier Assets.**

The capabilities approach can be traced back to, among others, Aristotle, Adam Smith, and Karl Marx but its most prominent, modern form has been pioneered by the economist and philosopher Amartya Sen (1984, 1989, 1999), followed by some significant development of the ideas by the philosopher Martha Nussbaum (2011) and others such as Deneluin and Shahani (2009). Although it has been tested in a wide range of fields, in particular in development studies, welfare economics, social policy and political philosophy, it has by and large been ignored in the innovation and entrepreneurship literature.

Sen's capabilities approach deals with well-being issues as 'functionings' at the wider economic and societal levels (Sen, 1999, 1989, 1984; Robeyns, 2005). The argument in this paper is that 'functionings', such as autonomy, environmental mastery, personal growth, self-acceptance, creativity, freedom to grow, training and development, are what people (both student and staff) want to achieve in their universities. When people are able to select from an option of functions they acquire "achieved functionings". A set of 'functionings' constitutes entrepreneurial well-being; with people being able to choose their functionings based on their own understanding of well-being.

Allowing for the necessary freedoms individuals can have to pursue their own learning, improve their self-efficacy and sharpen their perceptions about what they could achieve, would be important considerations for entrepreneurs, managers of organisations, and an informed citizenry. The focus here is less on personal utility, the acquisition of specific assets, reputation or wealth, overcoming restrictions to rights, and more on the capability to function or the turning of capability to "functionings. The distinction between functionings and capabilities is between "the realised and the effectively possible; in other words, between achievements on the one hand, and freedoms or valuable options from which one can choose on the other". Figure 2 below provides a diagrammatic interpretation of Sen's Capability Approach model.

*Insert Figure 2 here*

One of the entrepreneur's 'functioning' is being entrepreneurial (to start a new venture) (Gries and Naude, 2011; Naude, 2013; Naude et al, 2008; Baumol, 1990) and having the means to do so. The other 'functionings' referred to above are also regarded as characteristics of entrepreneurs. These other 'functionings' when realized are also the basis for informing innovative organizational activities through entrepreneurial managers, and creative citizens.

The modern entrepreneurial environment is characterised by capabilities for collaboration, engagement, discovery-driven learning and integrative decision making. They help to achieve both individual and organisational 'functionings'. The development of an entrepreneurial campus which responds to societal and organisational change is made possible by the application of the frontier assets of the institution. In the entrepreneurial campus, ensuring that students and staff can have the space to choose to function innovatively is critical to entrepreneurial outcomes. Supporting innovative people in their effective opportunities to undertake the actions and activities that they want to engage in, and be whom they want to be on an entrepreneurial platform, need to be factored into institutional policy and practice. Removing barriers in their work so that they have more freedom to function creatively to deploy their skills, to generate new ideas and to fulfil objectives (their own and those of the university) so that they have a reason to value what they do and can do, is part of the evaluation process. The end objective of an innovation outcome and the recycling of the innovation process have intrinsic importance. In reality ends and means may blur because some ends are simultaneously also means to other ends (for example the capability of being technologically savvy could be an end in itself but it may also be a means to achieve the capability for innovation practice) (Mitra, 2017). The freedom to choose what 'functionings' they wish to achieve indicates that they have the 'capability' (Sen, 2008; Robeyns, 2005). This also means that they have access to the assets, and the liberty to enhance their human capital; and agency (Sen, 1999; Robeyns, 2005), in a diverse environment.

The breaking down of silos and collaborative learning and doing through a variety of entrepreneurial learning projects help to develop capabilities among students and staff to achieve their aspirations or what Sen refers to as 'functionings'. The creative combination of capacity and capability within an institution helps to establish an internal campus ecosystem, which suggests a third proposition (P3) stated below.

**P3:** *The creative combination of a capacity for entrepreneurial activity with the capabilities for achieving aspirations for entrepreneurial individual and organizational outcomes, helps to establish an internal, entrepreneurial campus ecosystem.*

The entrepreneurial campus is not simply a spawning ground for start-ups. Many are called to the idea of entrepreneurship but only a few actually become the high impact entrepreneurs of modern folk lore. What is germane to the entrepreneurial ecosystem is the "collective effervescence" (Durkheim, 1912) of a range of entrepreneurial activities, from boot camps to business plan competitions, crowd funding and investments, short electives courses on business and social enterprise, to fully-fledged education and doctoral programmes on entrepreneurship.

There is as much entrepreneurship in the creation of new business or social ventures, as in serious research, and cross-disciplinary programmes of study designed to help students achieve entrepreneurial capabilities and mind set change. There is entrepreneurial endeavour in new forms of pedagogy development combining multidisciplinary experiential learning, the mobilization of resources for social change and outreach community engagement. Crucially, there is entrepreneurship in the ability of graduates emerging from universities as engaged employees or entrepreneurs and as citizens who can make a contribution to social change. The entrepreneurial ecosystem evolves through this holistic approach to entrepreneurship which fosters learning for achieving capabilities.

The assets at disposal in the campus, the liberty enshrined in free thinking, and the diversity of the varied user-producer groups, have ecosystem purchase only when the capabilities represent the set of aspirations that have desired outcomes for the nodes of individuals in the ecosystem. Not all outcomes are guaranteed but the systematic practice of innovation through a focus on capabilities in universities can at least provide pathways for desired ends. All students can, therefore, have a go at working towards achieving entrepreneurial well-being, a view that supports the fourth proposition (P4):

**P4:** *Entrepreneurial universities provide for frontier assets, liberty and diversity to enable multiple entrepreneurial outcomes for its students, including new firm formation, entrepreneurial career development and entrepreneurial citizenship.*

The use of the Capability lens in conjunction with the Turnerian themes enables the exploration of the entrepreneurial campus beyond what human capital and institutional theories allow. A reliance on Human capital theory may limit insights to formal and informal forms of learning and the trade offs between nurturing them locally or as a public good. Dynamic capabilities (Teece, 2012) emerging from an interplay of routines in and entrepreneurial action by an organisation, are essentially acquired attributes of the organisation. The capability approach recognizes the agency function of the individuals in the organization in terms of their ability to use and benefit from the capacity of the organization.

This mix of frontier characteristics with the approach to capability development plays out well in the making of a research university campus's entrepreneurial ecosystem, as Figure 2 below shows. It also allows for a consideration of a fifth proposition (P5):

**P5:** *Achieving the capability for being entrepreneurial in a variety of environments is a function of the use of assets, liberty and diversity in the campus.*

Figure 3 below encapsulates the use of the capacity and capability concepts as part of a conceptual model for our arguments.

*Insert Figure 3 here*

## Methods

The paper is conceptual in scope but has empirical reference points in the form of two case studies. Although reference is made to secondary empirical data, the paper is conceptual in scope and purpose. The case studies provide illustrative material but, in this paper no attempt is made to validate or triangulate any data through other empirical devices generally associated with case studies. The objective was to find illustrative reference points for the building of a conceptual approach to the study of entrepreneurial campuses and entrepreneurship education.

Frederick Jackson Turner's "Frontier Thesis of the United States" (Turner, 2008) is used to construct a framework for understanding the university campus as an entrepreneurial ecosystem particularly at Hanyang but also at Essex. Both

commonalities and distinctive features of the two different campuses are identified before drawing on the capabilities approach (Nussbaum, 2011; Sen, 1989; 1984) theory to augment Turner's thesis in the context of research universities. The five propositions above are examined through the two case studies to address the two conceptual challenges referred to above. Secondary material is used to sketch the entrepreneurial university ecosystems of the two universities.

Epistemologically, the approach is constructivist in that use is made of inductive reasoning to build the analytical models for studying entrepreneurial campuses. In doing so qualitative research is carried out following Yin's (2009) rationale for using case studies to understand complex, social but bounded phenomena (Gerring, 2004) or the application of new social constructs in unfamiliar settings. This helps to identify characteristics and patterns of evolving phenomenon that yield ideas, data, and interpretation with which to elucidate features of potentially a larger unit of similar phenomenon.

The entrepreneurial campus of the two universities constitutes the primary unit of analysis so that various features of this contemporary experience may be explored (Miller and Acs, 2016). The selection of the two universities is based on the specific excellence in experiential entrepreneurial knowledge creation (South Korea) and the social science driven excellence (Essex) in developing an entrepreneurship curriculum. The locations of the 2 institutions are markedly, different. Hanyang boasts of a thriving urban presence in the heart of Seoul, the capital of South Korea, a city known for its bustling economic prowess, while Essex is located in primarily rural environment in the east of England, not known for its entrepreneurial excellence. Essex has a diverse, internationally-oriented people-profile, while Hanyang's essential Korean identity defines its organization. These differences provide for different capacities and capabilities. We account for both the commonalities and the differences but do not evaluate them against a common set of pre-ordained metrics to determine any possible hierarchy of entrepreneurial campus capacity or capability. Rather we offer them as illustrations to develop an analytical, internal ecosystem model with which to examine critically, different types of entrepreneurial campuses.

## The Two National Contexts

### South Korea

In the early 1960s, Korea pushed ahead with export oriented economic development plans. US support may have helped with the formulation of economic policy and exchange of know-how and strategy, but the growth of the Chaebols and the sharp focus on technological advancement in Korea, are, essentially, part of the country's own endeavours in economic advancement. We have a different formulation of assets, the granting of liberty and diversity, which is primarily locally driven. The focus on export-oriented policies led to the sharp growth of the Korean economy from the early 1960s to the late 1980s. Gross Domestic Product (GDP) increased by an average of more than eight per cent per year, from US\$2.7 billion in 1962 to US\$230 billion in 1989. Per capita GDP increased from US\$103.88 to US\$5,438.24 in the same period. This rapid growth of the Korean economy led to the country being called one of the 'Asian Tigers', along with Taiwan, Singapore and Hong Kong (KCIS, 2015). At present, the country has a number of industries that boast solid international competitiveness, such as shipbuilding, iron/steel and chemical industries. Hanyang University played an important role in the economic development of Korea by educating engineers focusing on technological innovation and technology transfer (Cho, 1994; Jones and Il, 1980). Moreover, it was the first university in Korea to establish the *Industry-University Cooperation Foundation*, an organized program for cooperative research with industrial partners, in 2003. The foundation has built up a one-stop total incubating system from education, training, networking, incubating and investment, and research and cooperation to provide comprehensive and systematic support for startups Figure 4 below shows the different components of the Foundation's activities.

*Insert Figure 4 here*

### The United Kingdom

Europe, and in particular, the United Kingdom, cannot boast of a similar frontier evolution to that of the USA. However, the exact opposite can be found in Great Britain's 'Britannia' experience in the colonies. In moving out to the colonies, the English forged new identities through that experience even when the values of the establishment hierarchy carved out a position of enforced superiority over the colonized in Africa, Asia, the Caribbean and the Americas. Assets were plundered and looted, but access to land, spices, fabrics, minerals, gold and commodities, enabled creative combinations and economic opportunity development. None of this development could have occurred without the experience of the diversity of people, the environment, and the different sources of knowledge and technology that was obtained in the colonies. The UK's unique experience has attracted in return the flow of talented migrants and creative organisations which dominate the landscape today. Britain's academic entrepreneurial endeavours have been less spectacular with notable exceptions such as the Durham University spin-out, Applied Graphene Materials, Circassia Enterprise from Imperial College, and Fermavir,

in Cardiff the company set up to commercialise the laboratory's work on shingles treatment. Here too can be found an alternative formulation of assets, diversity and liberty, forged by a sustained effort at maintaining global connectivity, even if part of that involved egregious empire building and appropriation of the assets of others.

## Illustrative Case Studies

### A Sketch of the Entrepreneurial Ecosystem at Hanyang University, South Korea

#### Capacity Building

Hanyang University is a private research university in South Korea (hereafter Korea). The university began as 'Donga Engineering Institute', which was founded by Kim Lyun Joon in 1939, whose intention was to produce science and technology experts for the nation. The Institute expanded and was later renamed 'Hanyang Engineering College' in 1948, with the objective of contributing toward rebuilding the nation through practical education and technological expertise. The College continued to develop and was transformed into 'Hanyang University' in 1959, offering comprehensive education and training in various fields. Its main campus is in Seoul, and the second one, the Education Research Industry Cluster at Ansan (ERICA) campus, is located in Ansan, lies about 30 km southwest of Seoul. As of the end of 2017 33,065 students - 24,536 undergraduate and 8,529 graduate students in 2017- are registered under 24 colleges and 105 departments in two campuses. In 2015, it was ranked 1st for the number of CEO alumni of venture companies<sup>1</sup> and it won the 'Best Practice Prize' in start-up support<sup>2</sup> in 2016. In 2017, QS ranked Hanyang University 155th in '2017 QS World University Rankings'<sup>3</sup>.

#### Entrepreneurial Capacity

Since Hanyang Industry-University Cooperation Foundation introduced major in entrepreneurship in 2015, its subject offering spread to twenty one practice focused start-up lectures, as described in Annex 1, and seven compulsory tech-major startup courses particularly organized for engineering college students. In addition, it organizes Hanyang Start-up Academy, Hanyang Tech Ventures, and Venture Business CEO Academy once a year. The education of Hanyang is designed to instill students' startup drive and cultivate their competence by running a practical program such as start-up competitions, entrepreneurship camp, 3D printing education, idea realization and business development support, start-up festivals and company visits that students can participate in directly. Moreover, the university regularly offers networking and mentoring opportunities with successful entrepreneurs and the experts of diverse industries. It organizes every quarter Entrepreneur Forums, Mentoring Café and Alumni-Students Mentorship Program. The institute also provides venturing space for startup preparation and incubation which is sponsored by alumni and open to venture companies, startup clubs, and student entrepreneurs. Exchange and joint program with the entrepreneurship centers at home and abroad<sup>4</sup> is also arranged to foster research and development of practice entrepreneurship. In sum, Hanyang University supports the students by offering practice based incubating system, regardless of their major. This practice oriented approach consisting of five elements - education, training, networking, incubating and investment, and research and cooperation - has enabled students to access a broad pool of innovation and entrepreneurship programs across diverse disciplines in line with a holistic approach to entrepreneurship education (Mitra, 2013: 216), expanding assets, together with the freedom to pursue those assets.

The university established an open platform "Hanyang Startup Lounge" which provides easy access to shared information about startup support education, related programs, and mentor-mentee connection in 2009. In addition, it also provides business start-up support which is comprised of Global Entrepreneur Center, Entrepreneurial Lab and Technology Holdings Company.

The Global Entrepreneurship center has been established in 2009 by initiative of the alumni entrepreneurs and government support. The center aims at fostering not only prospective entrepreneurs, but also supporting established and students. In particular, the center provides Hanyang Tech Venture Program (HTVP) which directly support the entire cycle of startup, from the development to the commercialization of a new business model that combines the university technologies of next generation growth engine and unused ideas of large companies, as shown in figure 5 below.

<sup>1</sup> Korea Economic Daily <http://news.hankyung.com/article/2016102537611> (Oct/26/2015)

<sup>2</sup> Dong-A Daily <http://news.donga.com/3/all/20160711/79125298/1> (July/12/2016)

<sup>3</sup> QS World University Rankings <https://www.topuniversities.com/qs-world-university-rankings> (Dec/13/2017)

<sup>4</sup> (U.S.) Silicon Valley · New York · Las Vegas, (China) Shanghai · Beijing, (Indonesia) Jakarta · Bali, (Vietnam) Hanoi · Ho Chi Minh, (Canada) Ottawa.

*Insert Figure 5 here*

By doing so, it contributes to stable business development, securing intellectual property rights for startup items and enables startups to create a new business model combining university-owned technology and the unused ideas of large companies. Furthermore, startups have free access to entrepreneurial lab in where they can develop university-industry collaboration through technology commercialization. Furthermore, Hanyang holds seven Technology Holdings Companies in the field of Nano biotechnology, material components, software, semiconductor, Information and communications, energy and education, involved more than 30 % of the capital investment of the holding companies. It allows technology holding companies to commercialize the university's technology and research, and to facilitate the formation of spinouts. Superb technology thus can be commercialized through the Technology Holdings Companies and direct investment.

### **Capability Development**

Overall, Hanyang enjoys its urban settings in two campuses and strong alumni ties with financial supports on startup support systems. Their technology-oriented support systems and commitment to lecture freedoms promote wide-ranging entrepreneurship to students and entrepreneurs of early startups, and foster 'prepared technical startup entrepreneurs' trained with the live on-site experiences and practical insight of entrepreneurs.

Although Hanyang University has established diverse centers and organizational bodies to excavate alumni entrepreneurs and nurture the university's entrepreneurial ecosystem, its capability (Sen, 2008; Robeyns, 2005) can be characterized as a *top-down* approach embedded in Korean industrial culture. To understand this point we first need to acknowledge the Korean *Chaebol* (large, family-owned Korean conglomerates) system which has had a certain influence on capability by investment especially in the assets and diversity of institutions. For instance, Chung Mong Koo (Chairman of Hyundai Motor Group, Graduated Industrial Engineering in 1967) is an alumnus of Hanyang University, and he invested 14 million USD and established "Chung Mong-Koo Automotive Research Center" in 2015. A basic idea is that 'investment in universities → Securing source technology for future industry development → securing excellent manpower in basic technology research'. The research center is expected to be used as a space for cultivating technical experts who can design technology for future cars such as green cars and smart cars. However, the research center mainly supports selected startups in the field of mechanical engineering, electrical and electronics and IT software sectors. Second, the organization of Center for Global Entrepreneurship acts as the "*control tower*" for specific types of startup support operating as a closed control mechanism rather than as an open organization enabling different types of startups to emerge organically. Third, the Center for Global Entrepreneurship provides pre-defined goals and visions. For instance, the center aims to foster 30,000 startups generating 15 percent of GDP by 2030, without considering changes in external factors such as consumer demand, market trends and regulations.

### **A Sketch of the Entrepreneurial Ecosystem at the University of Essex, UK**

#### **Capacity Building**

The paper's second short case study is about a relatively small university in the UK. Established in 1963 as a public research university, the University of Essex received its Royal Charter in 1965. Its location at Wivenhoe, near Colchester in the county of Essex – a small urban oasis in a predominantly rural setting- does not reflect a presence in an environment of dynamic, innovative organisations (its smaller Southend campus is, however, is in an urban environment).. The university's entrepreneurial antecedents can be found in other forms of innovative and creative endeavour. Its international and diverse identity was forged in the smithy of radical thought and action in the 1960s as exemplified in the work of leading academic intellectuals in the fields of politics, economics, sociology and the diverse body of the student community. Together they created a rich, research-led resource environment of knowledge creation with a particular, but not exclusive, focus on the social sciences, and a dynamic action-oriented presence wedded to the values of diversity, freedom of thought and internationalization.

The 1970s saw the development of larger departments and relationship with local businesses, allowing it attract substantial research grants which eventually led to the location of the British Household Panel Survey headquarters at the University in the 1990s and the Data Archive of the Economic and Social Research Council of the United Kingdom. The University is considered to be one of the top 2% of universities in the world by Times Higher Education World University Rankings with a particular track record as a provider of excellent research and teaching for over fifty years (THE, 2017). The University of Essex was rated in the top 20 in the UK in the Research Excellence Framework (REF 2014)

## **Entrepreneurial Capacity**

The University established its first School of Entrepreneurship and Business (SEB) at its new Southend campus in 2004-5, with its first Professor of Business Enterprise and Innovation, marking another radical departure from tradition in higher education in the UK. The idea of an entire new school dedicated to entrepreneurship and innovation in business was a novel concept in the country, made possible by the prevailing vision of the university leadership for contributing directly to the region and the local community while establishing international links. A range of different programmes were developed to address a range of issues about entrepreneurship in different contexts, working as it were towards creating a new discipline

The primary objective was to establish programmes which were thematically and sectorally focused and functionally oriented. The programmes reflected the messages obtained from market intelligence about the topics and themes. For example, 2005-6 was a critical point at which the creative industries were gaining ground in the UK economy. Similarly, international business activities were marked by highly entrepreneurial developments in the orientation, strategies and methods of operation of externally focused businesses with the rapid spread of globalization. This compendium of courses was offered to local and international students for the first time at Essex in the academic year 2005-6. Their key learning features included the critical resolution of organisational and environmental problems, coupled with resolution of personal development issues, with particular reference to new venture opportunities. Students could complete the programmes with either a research-based business plan for an organisation or a traditional dissertation. Underpinning the content, the processes, pedagogies and the assessment structures are three distinctive drivers. These drivers are the interpretation of entrepreneurship as value creation, the systemic or holistic approach to entrepreneurship education based on the idea that it is for all who sup at the table of creativity, endeavor and newness, and the mix of different pedagogies and tools with which to impart entrepreneurship education (Mitra, 2017)

Starting with three postgraduate Masters programmes on theories and practice of entrepreneurship and innovation, entrepreneurship in the public sector and creative industry innovation, the portfolio developed rapidly to cover diverse areas such as Marketing, International Business, Human Resources, Social Ventures and Small Business Management, all with an entrepreneurial twist. The SEB established the first PhD in Entrepreneurship Programme in 2005-6. Innovations continued with the creation of the University's first ever Centre for Entrepreneurship Research in the same year, which has mutated into the Venture Academy, with its focus on applied R&D and action-research oriented projects with local and international ventures. The Centre attracted the first ever investment from a major Chinese medical devices company to explore innovative market entry strategies for Europe. The direct involvement of graduate students in these projects ensured the embedding of some of the project-based learning components in the academic programmes.[

An early proliferation of programmes led over time to their inevitable consolidation coinciding with the merger of the SEB with the School for Accounting, Finance and Management in 2008 to form the new Essex Business School. The idea was to avoid possible duplication and redundant provision especially where content and methods could be integrated. The MSc programmes for the Creative Industry and Small Businesses were subsumed in the overarching MSc in Entrepreneurship and Innovation, together with the MSc in Entrepreneurship and Regional Development. What was lost in breadth was more than compensated by the reworking and the new richness of key programmes. Furthermore, new routes were explored with the introduction of entrepreneurship and innovation modules in the MBA programme leading to the its revision as an Entrepreneurial MBA in 2013-14 highlighting the importance of the topic to modern day managers along with sustainability and internationalization.

## **Capability Development**

While consolidation at the departmental level met departmental organizational priorities, proliferation of entrepreneurship education and extra-curricular activities has marked the University's motivation to support students and staff with alternative opportunities. These opportunities enable students to articulate and crystallize their learning gain through business plan competitions, participation in boot camps, counselling sessions, organized by the Employability Office. They sit alongside an entrepreneurship concentration through a Postgraduate Certificate programme in 'Creating and Growing a New Venture' for all graduates of the University, offered by the Business School. Bio and Computing Science Masters students are able to opt for an elective on a similar but technologically biased course that allows them to develop entrepreneurial capabilities to complement their technological prowess. A separate initiative based on crowd sourcing and crowd funding enables any student to mobilise resources to develop and implement entrepreneurial projects of their choice and complement their graduate studies. The establishment of a new Innovation Centre together with an Incubation Centre enables the presence of new firms by students, staff and entrepreneurs from outside the University.

What we see emerging here is a new entrepreneurial ecosystem in the campus. Underpinning this development is the progressive integration of assets, freedom and diversity with the emerging capabilities of the students. A growing number of faculties (approximately 8) across the campuses are complemented by entrepreneurial colleagues from other departments and support staff from professional services. An increase in the involvement of guest lectures and visits is contributing to the forming of the necessary building blocks to help facilitate the achievement of capabilities. The holistic approach to entrepreneurship education in an entrepreneurial campus is summarized below in Figure 6.

*Insert Figure 6 here*

### **Analysis and Discussion**

It may not be possible to generalise from the case studies but they offer insights into the types of agents, institutions, cultures, and resources that are contained in an entrepreneurial ecosystem, thus confirming the value of Proposition 1 (P1). More specifically they provide an understanding of what it takes to develop an 'internal ecosystem' that utilizes the capacity for entrepreneurial endeavor by developing capabilities for their realization, which suggests that Proposition 2 (P2) could be used for further critical examination of entrepreneurial campus ecosystems..

The assets are made up of the infrastructure, the people, the courses and the projects, but it also includes diverse governance structures enabling entrepreneurship to develop across the campus in different forms. The liberty and freedom is characterized in the openness, and decentralization of activities that have played a role in supporting entrepreneurial learning (multiple courses, concentrations, electives) and a strong sense of entrepreneurial value creation (entrepreneurial outcomes). They complement capabilities for research and teaching excellence) across the curricula and through sustainable resource mobilisation opportunities (dedicated institutional start-up funding at Hanyang and a crowd funding platform for entrepreneurial activities beyond business start-ups at Essex), enabling the realization of aspirations for entrepreneurial thought and action. Proposition 3 (P3) is, therefore, a viable consideration for developing entrepreneurial campus ecosystems.

Crucially, using this ecosystem approach helps with the realization of two very distinctive insights. First, the combination of capacity and capabilities help generate a range of activities across the campus, thus reinforcing the point about entrepreneurial campuses being defined by a clear entrepreneurial focus. Second, the ecosystem approach, allows us for the consideration of a holistic approach to entrepreneurship education which derives its meaning from multiple forms of provision enabling the realization of different sets of aspirations of its students and staff. The utilization of this ecosystem approach does, however, vary with the context.

In both institutions there has been a rapid escalation of entrepreneurial initiatives both organically as a direct manifestation of interest in entrepreneurship. In Hanyang in particular, the school's leadership capitalized on a national start-up agenda to bolster its strong engineering and technology base, thus enabling a clear focus on technology –based entrepreneurship. The direction of travel for entrepreneurship here was to meet specific targets of the nation and the institution. To do that it developed its capacity in terms of infrastructure, courses, funding, alumni support and pronounced government support to help their students to fulfill their aspirations for becoming technology entrepreneurs.

The case of Hanyang University offers insights into the types of agents, institutions, programs, and (internal and external) resources that are contained in an entrepreneurial ecosystem, thus confirming the value of Proposition 1 (P1). In addition to, it enhances an understanding of the 'internal ecosystem' by illustrating how Hanyang Industry-University Cooperation Foundation coordinates startup supports programs with the help of critical assets and the setting up of diverse agents across internal and external ecosystems, which is framed as Proposition 2 (P2). While technology-based entrepreneurship is a strategic choice of the university, the openness and range of entrepreneurial support measures centred round technology commercialization, bears testimony to a sense of liberty with key Korean characteristics. It is a form of functional liberty informed by the national economic agenda which is striving to redirect Korean's economic future towards high technology entrepreneurship through start-ups from its previous reliance on Chaebol largesse and protection. The "functionings" of students and staff are moderated by this functional approach. Where, there is a correspondence between the technology and start-up -oriented "functionings" of individuals and the directed policy agenda for start-ups, there are significant opportunities for "achieved functionings" or capabilities. We could, therefore, argue that the Korean case does not fully support Proposition 3 (P3).

Hanyang University established a Korean-type of entrepreneurship education system, starting from startup practice courses, incubation, attracting investment, entering the global market and launched own education systems in Silicon Valley, New York, Shanghai, Beijing and Hanoi. In addition, it set up a Department Business Incubation and Integration in



undergraduate and graduate school aiming at providing customized education particularly for the engineering college. Together with alumni entrepreneurs and government support, Hanyang university proactively supports entrepreneurs both inside and outside of campuses by offering them a wide range of opportunities to identify and achieve their 'functionings'. Hence, the Hanyang case well demonstrates the potential value of Propositions 4 (P4) and 5 (P5) as it applies in a specific context.

Essex's entrepreneurial campus development has a more organic trajectory. Its predominantly social science driven research and education profile raises questions about what entrepreneurship means and how it works from a critical perspective. However, the concentration of entrepreneurship education and knowledge exchange programmes in the Business School and in the Computing and Bio Science departments have also provided for platforms with a more practical agenda. The mix probably, contains more of the hues of critical social science thinking with students learning about the extensive range of possibilities that lie in pursuing entrepreneurship as a subject of study. To be able to do this alongside typical social science majors, or as part of more traditional business subjects and science education, opens up opportunities for realizing a diverse set of "functionings". Unlike Hanyang, Essex is not driven directly by a national policy agenda for start-ups. The encouragement for entrepreneurial activities remains a secondary objective finding articulation in the form of various policy exhortations about knowledge exchange, impact drawn from research (limited to the influence of research on practice but not the generation of practice from research).

It remains to be seen how the university 'internal ecosystem' evolves over time and space, and interacts with 'external ecosystem'. Political regulation changes should be also considered in Korea, as the Moon Jae-In administration recognizes the importance of the roles of universities, relaxing some regulations and introducing new initiatives aimed at university startups (Forbes 2017).

Essex has a relatively low base of physical assets compared to Hanyang, but its asset base is wide with "soft" connotations in that attempts have been made to introduce entrepreneurship programmes and electives for non-business students. Its "soft" asset base is also diverse in that it has allowed for an approach to entrepreneurship which is as much about business start-ups and growth or technology- centred incubation, as it is about the creation of new ventures to address social ventures, the development of new pedagogies based on entrepreneurial outcomes to enhance learning, and entrepreneurial social projects that complement the study of traditional social science subjects. The entrepreneurial outcome is manifest in the development of new creative mind sets through the range of innovative, integrative, problem-solving, analytical, learning, and adaptive skills sets.

Hanyang and Essex are of course very different institutions as noted above. Their regional and national contexts and the systems of higher education are all relatively important to the making of entrepreneurial ecosystems. Hanyang's well-established engineering and technology focused internal ecosystem owes its success to many years of engagement with state policies and economic agendas, coupled with significant levels of involvement with the business and alumni community. It has carved out a unique regional national position in entrepreneurial campus history in Korea. It appears to have established a balanced portfolio of excellence in teaching and outreach (start-up building) supported by applied research, acknowledging the importance of entrepreneurship as both a systemic necessity and a form of institutional achievement. By combining different sub-disciplinary and stakeholder interests oriented around the making and selling of high technology products and services the entrepreneurship ecosystem, has benefited students and staff in creating new combinations of capacity and capability specific to its needs. Essex is carving out its approach to creating its own ecosystem as a much younger institution through staged developments. Starting first with the success of its academic programmes in entrepreneurship it is now expanding both its capacity and its capabilities for a unique campus, entrepreneurial ecosystem. It faces challenges in the enforced national structures of the Research Excellence Framework (REF) and the putative Teaching Excellence Framework (TEF) which do not recognize the varied outcomes afforded by an entrepreneurial ecosystem.

A summary of the findings from the analysis above is provided in Table 2 below:

*Insert Table 2 here*

### **Concluding Observations**

The holistic approach for the creation of a fountain head for entrepreneurial learning prevails at different levels and various contexts in both institutions. This is made possible through strategies for developing internal ecosystems. In doing so both universities have addressed the two challenges posed at the beginning of this paper: a) an understanding the higher education campus as an entrepreneurial campus ecosystem (an internal ecosystem) within which entrepreneurial activities,

find their role; and b) taking entrepreneurship to mean more than new business creation, helping to develop new mind sets for effecting change in work and as citizens. In providing for the key assets, encouraging liberty of thought and expression and promoting diversity of people, ideas and practice, both universities enable capabilities for economic, social, cultural and personal value creation. Figure 7 below attempts to capture diagrammatically the essence of our arguments about the links between capacity and capabilities for the development of a conceptual framework for ecosystems based entrepreneurial campus.

*Insert Figure 7 here*

What differentiates the two institutions is the focus on Hanyang's contribution as an incubator for Korea's start-up agenda, or a policy driven agenda to create a distinctive entrepreneurial campus, and the organic evolution of entrepreneurship education and learning contributing to a particular type of entrepreneurial campus, at Essex. While the former harnesses technological capacity to generate entrepreneurial capabilities, Essex, enables potential mind set change using its learning capacity to create entrepreneurial possibilities.

The model for an internal ecosystem closely linked to an external ecosystem should be useful for universities to determine how entrepreneurial thinking and action can help create entrepreneurial campuses. Rather than an exclusive focus on new business creation through specific, and often isolated instruments, the idea is to examine the whole campus as an entrepreneurial unit of analysis. Such a holistic approach to entrepreneurship breaks down silos of research, teaching and knowledge exchange by augmenting it with the equally strong outcome of entrepreneurial endeavor. This could also support university management in creating new pathways to the enterprise of learning, decentralized administrative structures and openness to capacity and capability building. The application of this approach could accommodate the harnessing of very specific capabilities such as those for technology-based start-ups, as in Hanyang, or an organic, mind set development approach leading to many different manifestations of entrepreneurship in society.

Researchers could use the five propositions in this paper to test empirically new combinations that create entrepreneurial campuses through capacity and capability building identifying what is relevant and appropriate in different contexts. The paper opens up possibilities for further new research on entrepreneurial universities and their impact on learning, institutional change and opportunity development. A direct contribution is made in this paper by way of the augmentation of entrepreneurship education and development in the campus through the advocacy of an internal ecosystem approach to both campus development and entrepreneurship education with a close, symbiotic link between the two.

Finally, both education and economic policy could provide for better solutions to growth and development through the use of the ecosystem framework and the novel approach to campus entrepreneurship. Rather than be hamstrung with notions of increased capital and revenue spending for greater impact with shrinking resources, and limited appreciation of accelerating changes to the ways we learn and think in the digital age, policy makers could open up opportunities for universities to redefine themselves in terms of both the Humboldtian vision of all around education together with experiential learning, fostering the diversity of knowledge assets with which to make a real impact on the wider economy.

## References:

- [1] Acs, Z., Autio, E., & Szerb, L. (2014). National systems of entrepreneurship: Measurement issues and policy implications. *Research Policy*, 43, 476-494.
- [2] Audretsch, D., & Thurik, R. (2000). Capitalism and democracy in the 21st century: From the managed to the entrepreneurial economy. *Journal of Evolutionary Economics*, 10, 17-34.
- [3] Baumol, W. (1990). Entrepreneurship: productive, unproductive and destructive. *Journal of Political Economy*, 98, 893-921.
- [4] Cho, S. (1994). *Dynamics of Korean Economic Development*, The. Peterson Institute Press: All Books.
- [5] Deneulin, S. and L. Shahani (2009), '*An Introduction to the Human Development and Capability Approach: Freedom and Agency*', London, Earthscan/IDRC
- [6] É. Durkheim (1912). '*Elementary Forms of Religious Life*'. English translation by Joseph Swain: 1915) The Free Press, 1965:
- [7] Etzkowitz, H. (2008). *The triple helix*. New York: Routledge.
- [8] Feld, B (2012) *Startup Communities: building an entrepreneurial ecosystem in your city*, Hoboken: NJ, Wiley
- [9] Feldman, M. A. Francis, J. and Bercovitz, J. (2005) Creating a Cluster While Building a Firm: Entrepreneurs and the Formation of Industrial Clusters, *Regional Studies*, 39, 129-141.
- [10] Florida, R. (2002). *The Rise of the Creative Class*. New York: Basic Books.

- [11] Forbes (2017) '5 Promises South Korea's New President Is Making To Startups', May 31, 2017, available from <https://www.forbes.com/sites/elaineramirez/2017/05/31/5-promises-that-south-koreas-new-president-made-to-startups/#3ee4b97d6444> (last accessed 23 Dec 2017).
- [12] Gartner, W. (1985). A conceptual framework for describing the phenomenon of new venture creation. *The Academy of Management Review*, 10, 696–706.
- [13] Gries, T. and Naudé, W., 2011. Entrepreneurship and human development: A capability approach. *Journal of Public Economics*, 95(3), pp.216-224.
- [14] Hanyang Startup Lounge <http://startup.hanyang.ac.kr/en/views/index.html>
- [15] Hayek, F. (2010). *The Road to Serfdom: Text and Documents. The Definitive Edition*, ed. B. Caldwell, Vol. 2, *The Collected Works of F.A. Hayek*; Chicago: University of Chicago Press,
- [16] Isenberg, D. (2014, May 12). What an entrepreneurship ecosystem is. *Harvard Business Review*.
- [17] Jones, L. P., & Il, S. (1980). Government, business, and entrepreneurship in economic development The Korean case. *Harvard East Asian Monographs* 91.
- [18] Kantis, H. and Frederico, J. (2011) *Entrepreneurial Ecosystems in Latin America: the role of policies*, Download from: [http://www.innovacion.gob.cl/wp-content/uploads/2012/06/Entrepreneurial-Ecosystems-in-Latin-America\\_the-role-of-policies.pdf](http://www.innovacion.gob.cl/wp-content/uploads/2012/06/Entrepreneurial-Ecosystems-in-Latin-America_the-role-of-policies.pdf)
- [19] KCIS (Korean Culture and Information Service). (2015). *FACTS ABOUT KOREA. Ministry of Culture, Sports and tourism*. Seoul, Korea.
- [20] Malecki E. J. (2011) Connecting local entrepreneurial ecosystems to global innovation networks: open innovation, double networks and knowledge integration, *International Journal of Entrepreneurship and Innovation Management*, 14, 36-59.
- [21] Mason, C, and R. Brown (2014) 'Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship'; Background paper prepared for the workshop organised by the *OECD LEED Programme and the Dutch Ministry of Economic Affairs, Paris OECD-LEED*, Paris France
- [22] Miller, D.J. and Z.J. Acs (2017) 'The Campus as Entrepreneurial Ecosystem: the University of Chicago, *George Mason University*, Fairfax, Virginia; March
- [23] Mitra, J (2017) 'Holistic experimentation for emergence: A creative approach to postgraduate entrepreneurship education and training'; *Industry and Higher Education Journal*, Vol. 31(1) 34–50
- [24] Mitra, J. (2013). *Entrepreneurship, innovation and regional development: an introduction*. Abingdon, Routledge.
- [25] Napier, G and Hansen, C (2011) *Ecosystems for Young Scaleable Firms, FORA Group*.
- [26] Naudé, W., 2013. Entrepreneurship and economic development: Theory, evidence and policy. Browser Download This Paper.
- [27] Naudé, W., Gries, T., Wood, E. and Meintjies, A., 2008. Regional determinants of entrepreneurial start-ups in a developing country. *Entrepreneurship and Regional Development*, 20(2), pp.111-124
- [28] Nussbaum, M.C. (2011), 'Creating Capabilities: The Human Development Approach' Belknap, Harvard University Press, Boston, MA
- [29] REF (2014). 'The Research Excellence Framework, HEFCE. UK
- [30] Robeyns, I. (2005). The Capability Approach: a theoretical survey; *Journal of Human Development* Vol. 6, No. 1, March 2005
- [31] Saxenian, A. (1996). *Regional advantage: Culture and competition in Silicon Valley and Route 128*. Cambridge, MA: Harvard University Press.
- [32] Schumpeter, J. (1942). *Capitalism, socialism and democracy*. New York: Harper.
- [33] Sen, A. (1984) 'Rights and capabilities', in *Resources, Values and Development*, Harvard University Press, Cambridge, MA.
- [34] Sen, A. (1999), 'Development as Freedom', New York, Knopf
- [35] Sen, A.(1989), 'Development as capability expansion' *Journal of Development Planning* Vol. 19, pp 41-58
- [36] Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23, 1759-1769.
- [37] Teece, D.J.,(2012). Dynamic capabilities: Routines versus entrepreneurial action. *Journal of Management Studies*, 49(8), pp.1395-1401.
- [38] THE (2017) . "University of Essex". <https://www.timeshighereducation.co.uk/>. Times Higher Education.
- [39] Turner, F. (1894). *The significance of the frontier in American history*. Madison: State Historical Society of Wisconsin.
- [40] Turner, F. (1920). *The frontier in American history*. New York, NY: Holt and Company.
- [41] Turner, F. (2008) *The Frontier in American History*. Bibliobazaar: Charleston, SC

[42] Zacharakis, A. Shepard, D. and Coombs, J. (2003) The development of venture-capita-backed internet companies: An ecosystem perspective, *Journal of Business Venturing*, 18, 217-231.

## Annex 1. Tables

**Table 1: Startup Lectures**

Subject Name	Unit Credit	Lecture Hours	Practicum Hours	Category	Year (Recommended)	Offered Semester	Department
Social Center for Global Entrepreneurship	2	2	0	Core Foundation	All years	Semester 1	Center for Global Entrepreneurship
Startup Talk Concert	2	2	0	Core Foundation	All years	All semesters	Center for Global Entrepreneurship
Startup Basic: Understanding and utilizing of 3D Printing	3	3	0	Core Foundation /Major Intensive	Second year	All semesters	Center for Global Entrepreneurship
Startup Basic: Understanding of Culture and Art Industry	3	3	0	Core Foundation /Major Intensive	Second year	All semesters	Center for Global Entrepreneurship
Startup Basic: Startup and Center for Global Entrepreneurship	3	3	0	Core Foundation /Major Requirement	Second year	Semester 1	Center for Global Entrepreneurship
Advanced Practice: Actual Startup Workshops	3	3	0	Core Foundation /Major Requirement	Second year	Semester 1	Center for Global Entrepreneurship
Startup Practice 2	3	0	3	Core Foundation /Major Intensive	Second year	Semester 2	Center for Global Entrepreneurship
Advanced Startup: Global Startup Seminar	3	3	0	Core Foundation /Major Intensive	Third year	All semesters	Center for Global Entrepreneurship
Advanced Startup: Startup A to Z3	3	3	0	Core Foundation /Major Requirement	Third year	Semester 1	Center for Global Entrepreneurship
Startup Practice: Strategy of Financing and Investment	3	3	0	Core Foundation /Major Intensive	Third year	All semesters	Center for Global Entrepreneurship
Techno-Business Administration (Startup Capstone Design)	3	3	0	Required Foundation	Second, Third year	Semester 1	Center for Global Entrepreneurship
Startup Basic: Design Thinking	3	3	0	Core Foundation /Major Requirement	Second year	Semester 1	Center for Global Entrepreneurship
Advanced Startup: Finance and Law for Startups	3	3	0	Core Foundation /Major Requirement	Third year	Semester 1	Center for Global Entrepreneurship

Advanced Startup: Patents and Creative Business Strategy	3	3	0	Core Foundation /Major Requirement	Third year	Semester 1	Center for Global Entrepreneurship
Startup Practice: Campus CEO	3	3	0	Core Foundation /Major Intensive	Second year	Semester 1	Center for Global Entrepreneurship
Startup Practice 1	3	3	0	Core Foundation /Major Intensive	Second year	Semester 1	Center for Global Entrepreneurship
Startup Practice: Capstone Design	3	3	0	Core Foundation /Major Requirement	Second year	Semester 1	Center for Global Entrepreneurship
Startup Basic: Business Strategies of Successful Korean Entrepreneurs	3	3	0	Core Foundation /Major Intensive	Second year	Semester 1	Center for Global Entrepreneurship
Advanced Startup: Cooperatives and Startup	3	3	0	Core Foundation /Major Intensive	Third years	Semester 1	Center for Global Entrepreneurship

Students who have not applied for major in Center for Global Entrepreneurship can also take classes as their core courses.

**Table 2: Comparison of Internal Ecosystems of Hanyang and Essex Universities**

Ecosystem Constituents	Essex	Hanyang
<b>Assets</b>	Social Science base; Research base with new knowledge exchange base;	Technology & Engineering base; Experiential knowledge baseline; technology infrastructure; start up courses; strong government & alumni support
<b>Liberty</b>	Entrepreneurship as Social Science; Research driven agenda; dispersed decision making	Entrepreneurship as experiential knowledge; Centralised with functional branches
<b>Diversity</b>	International Community; large race & gender diversity	Largely local & aimed at local start-up capability; gender diversity
<b>Capabilities as Achieved Functionings</b>	Entrepreneurship as embedded in social learning system; open ended	Entrepreneurship as start up capability; policy impetus

## Annex 2: Figures

**Figure 1: The Entrepreneurial Ecosystem of Research Universities: The Internal and External Ecosystem Interface:**

..

Source: partly adapted from Miller (2016) cited in Miller and Acs (2017)

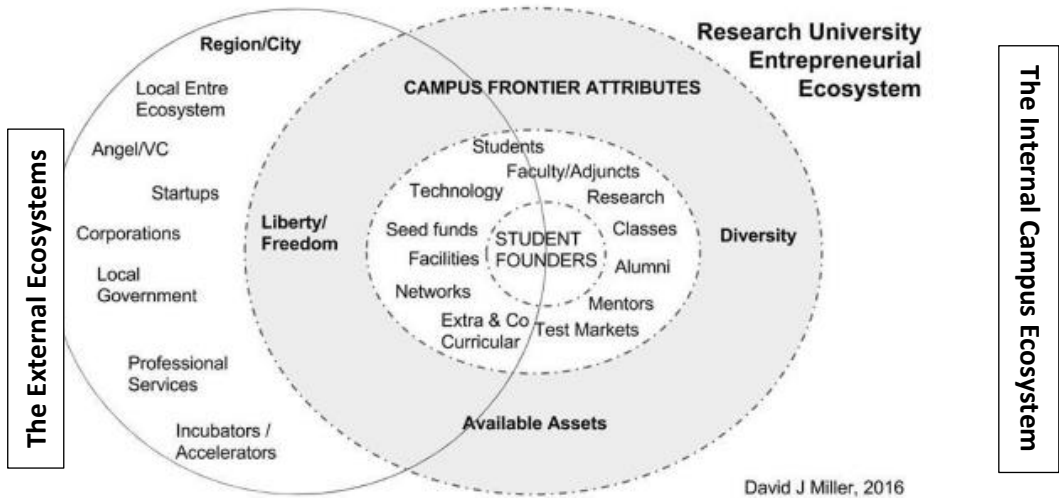
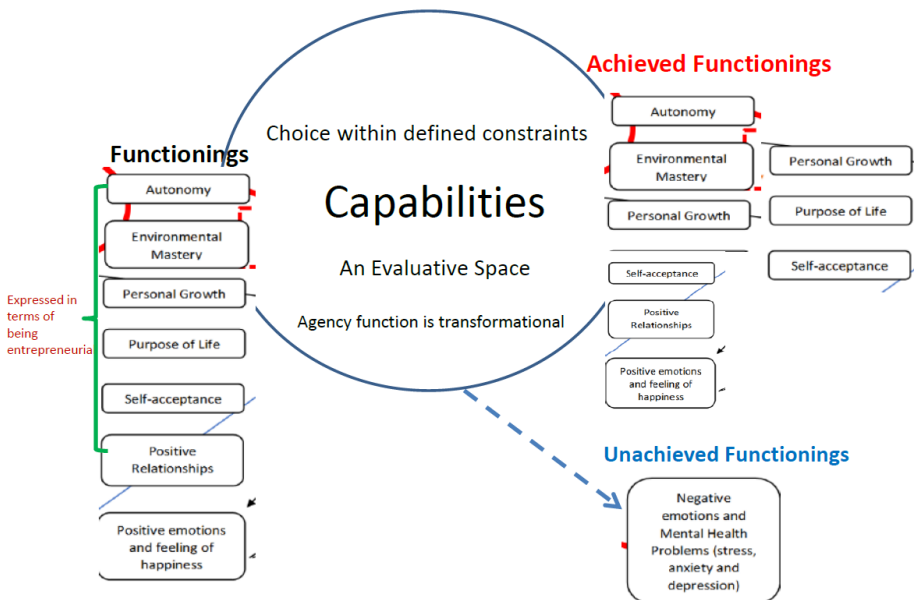


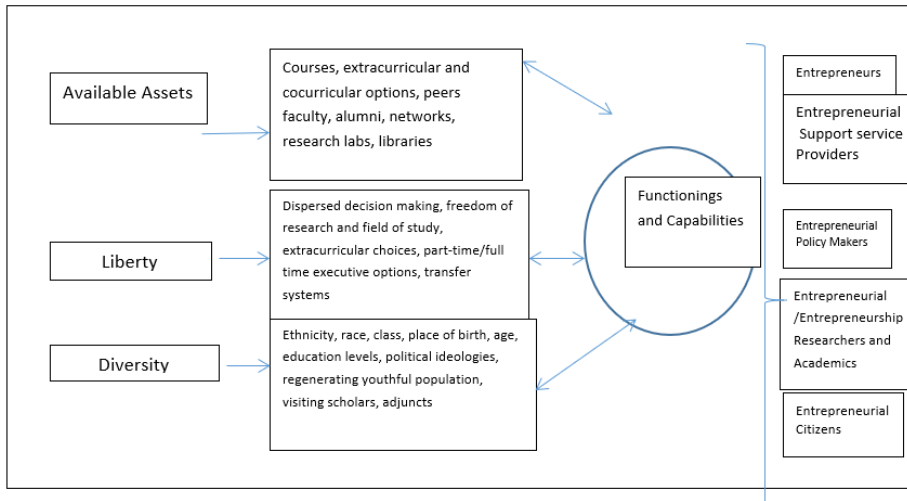
Figure 2: The Capability Approach: An Interpretation

## Adapting Sen's Capabilities Approach



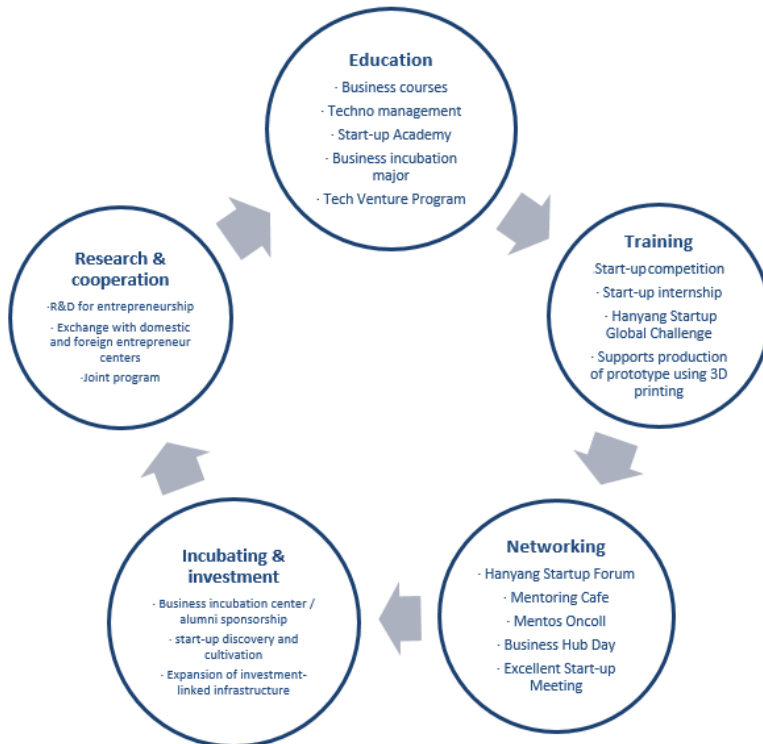
Source: Authors

Figure 3: The Frontier Campus and its Internal, Entrepreneurial Ecosystem



Source Authors

Figure 4: The Industry-University Cooperation Foundation and its linked Activities.



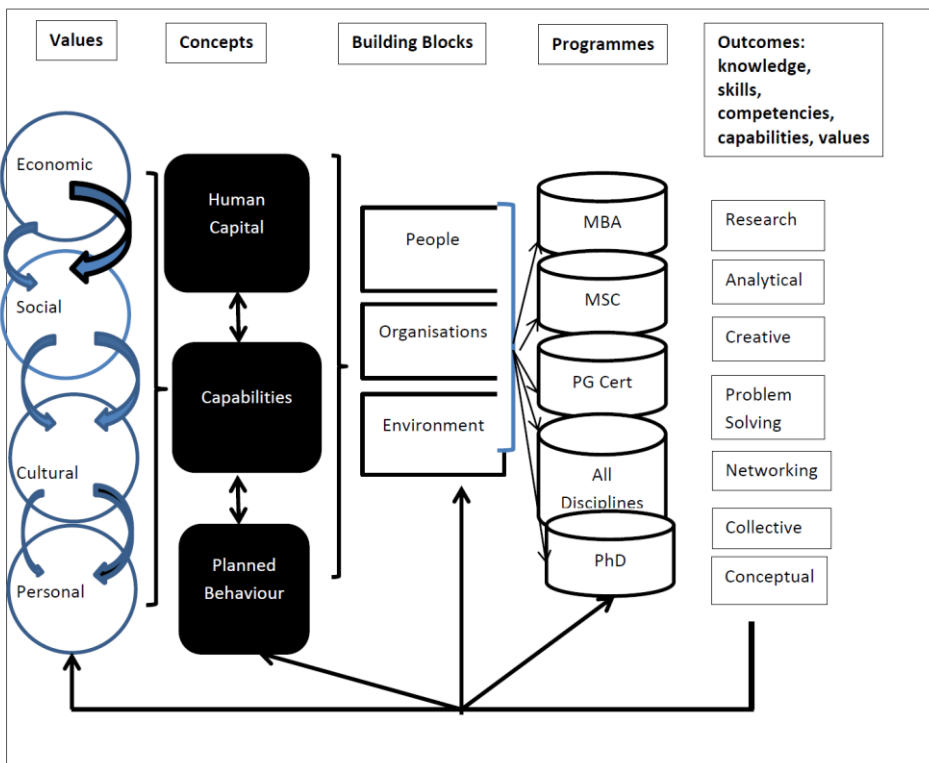
Source: Authors

Figure 5: Business start-up support, Hanyang University: One Stop Incubation System



Source: Authors

Figure 6: A Holistic Framework for Developing an Entrepreneurial Campus through Entrepreneurship Education

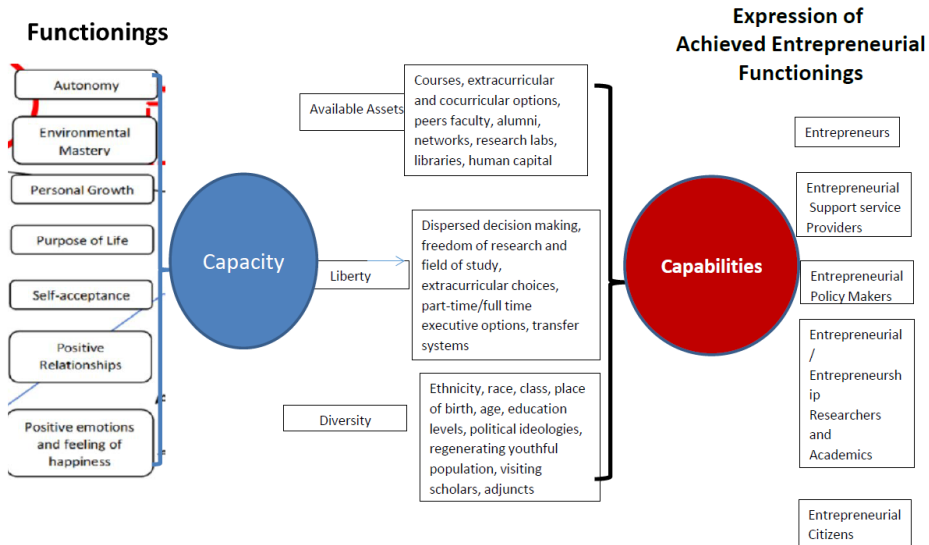


Source: Mitra (2017)



Figure 7: Towards a Conceptual Model of an Ecosystem Model for the Entrepreneurial Campus

## A Capacity and Capability Model for Campus Ecosystems



Source: Authors

## Thai Youth's Leadership Code: Characteristics of Leadership from the Perspective of Thai Youth

Chutimon Sombongse

Smith Tungkasmit

College of Social Innovation, Rangsit University, Thailand

### Abstract:

The purpose of this study were: 1) to define the characteristics of leadership from the perspective of Thai Youth and 2) to investigate the Thai Youth Leadership Code by using Leadership Code Model. This study is qualitative research using Descriptive Methodology. The informants of the study are 16 Thai youth leaders (15 – 24 years old) who had participated in any oversea high school exchange student program to represent group identity. The data was collected by in-depth interview using key questions to define physical traits, style, situation, competencies, results, and brand of leadership. Data was analyzed following the Leadership Code Model which have 5 rules of leadership and 2 dimensions of time and attention. The findings indicated that Leadership from youth's perspectives can be classified as Personal Proficiency, Executor and Strategist respectively. The context of time has been found in Near-term operational dimension and the context of attention has been found in Organization dimension. Youth's Leadership prioritizes developing themselves first while the meaning of the organization is their society. In conclusion, this study found that the Leadership Code Model is the decent baseline for organizational leadership study rather than society, and is incomplete for youth's leadership evaluation. The recommendation is to conceptualize Youth's Leadership Code Model that is appropriate for youth's leadership study.

**Keywords:** Leadership, Youth, Leadership Code, Characteristics

### Introduction:

Youth development is a global issue that draws a lot of attention. Whether it is to develop young people with both hard skills; knowledge, profession skills, and teachable abilities, and soft skills; personal attributes, social skills, and emotional intelligent. It is necessary to provide a learning balance between academic skills and social skills because all those skills are helpful for young people to live and work effectively in today's society that would lead to further nation's development.

In the fast changing world, it is a very challenge for young people to strive for higher education in order to reach the work requirements. This issue has been concerned in Thailand also, where young people are still experiencing a failure in career life or even during the high school years. Focusing on developing the academic skills in school are not enough for the young generation. There are other skills that critical for their career and future life such as communication skills, critical thinking, decision making, time management, language skills, teamwork, leadership etc. (Partnership for 21<sup>st</sup> Century Skills, 2009) that young people should be cultivated at an early age as the development basis for learning other skills.

There are various development program for youth to be a better learner in school or an effective worker in organization, one of which is youth leadership development that has become increasingly popular nowadays. Meanwhile, there is ambiguity in the meaning of youth leadership. What is the suitable definition? What is the difference between leadership in youth and adult? Therefore, understanding the leadership in youth should be the first thing to do before creating the development program. (Woyach and Cox, 1996)

In addition, the development of youth leadership should begin with a study of youth's perspective on leadership in order to know the meaning and characteristics of youth leaders from their point of view. (van Linden and Fertman, 1998) By using the Leadership Code model (Ulrich, Smallwood and Sweetman, 2008) to define characteristics of youth leaders who live in the same society and culture, including similar personal experiences that influence their perspectives. Because of the meaning and characteristics of youth leadership are varied in each group context, the youth leadership in one society may not decent for another society.

What leadership characteristics are mentioned by youth? After decoding the youth leadership, it demonstrated the understanding of youth towards leadership styles and how they value the youth leadership. Which can be analyzed from the study results by using the Rules of Leadership as a framework to classify the leadership styles, and to indicate the uniqueness of youth leadership.

### **Youth Leadership:**

There are multiple researches on leadership. Mostly, focused in adult leadership or leadership in organization. There are some scholars who gave the meaning of youth leadership. In general, it is similar to adult leadership. Leadership in youth is narrower and more specifically than adult leadership. For example, the National Order of the Arrow (1992) implies that leadership in youth is the ability to lead oneself or work together with others for the ultimate goal or vision. On the other hand, the ERIC Clearinghouse on Disabilities and Gifted Education (1990) is defined as the ability to bring self and to work with others, but not necessarily to influence other people's actions.

Moreover, leadership in youth is the ability to point out people to action, influence the opinions and behaviors of others, and be a role model. (Wehmeyer, Agran and Hughes, 1998) Similar to the Adolescent Employment Readiness Center, Children's Hospital (n.d.) has suggested that youth leadership is the ability to analyze their strengths and weaknesses, be able to set their own goals and lives, and have self-confidence. This includes the ability to identify resources and use resources in their communities, not the only person who will live independently, but encourage community cooperation and make change in social also.

Sipe, Ma and Gambone (1998) describe that there are 3 types of the youth leadership role: 1) Formal role is a team or group leader who leads others group member in any activity or task. 2) Informal role is the facilitator of activity planning, regulation, and group management, as well as the provision of tools or materials. 3) Representation is representative on behalf of the group, such as fundraising activities.

In this study, the meaning of Youth Leadership is the ability of the youth to know and understand themselves. Have the ability to bring themselves and others to work together for the purposes of the work. Know how to manage people and their resources. Be responsible for the community, be able to support others and make changes in the community or society in a good way. Leadership in youth does not always need to be a leader of the group, but can be determined by roles within the group and personal qualities.

### **Leadership Code:**

This study used Leadership Code Model as a conceptual framework to define the characteristics of youth leadership. According to the Leadership Code Study (Ulrich, Smallwood and Sweetman, 2008), using 6 key questions to studied and defined the Leadership Code of top leaders from global business organizations such as Nike, Nokia, Microsoft, Cisco, Walmart and others. The purposes were to help leaders become better leaders and to help those who are leadership developers work better in organization.

6 key questions:

- 1) Physical traits: Who is a leader?
- 2) Style: How do you behave as a leader?
- 3) Situation: When and where do you focus on the person or the task?
- 4) Competencies: What exactly do leaders know and do?
- 5) Results: Why does leadership matter?
- 6) Brand: For whom are you leading?

The results were summarized into a model calls "Leadership Code" which have 5 rules of leadership that leaders must know and understand at least the base knowledge of these rules to be an effective leader in organization. There are 2 dimensions of time that leaders take to think and take action in short term or long term, and attention that leaders focus on individual or organization. In each rule also refers to a leadership characteristics and style that will be used to classifying youth leadership style or what we calls youth's leadership code in this research. (Figure 1)

5 rules of Leadership:

Rule 1: *Shape the future* is to see where we are going in the future. (The Strategist)

Rule 2: *Make things happen* is to create a work with the strategy. (The Executor)

Rule 3: *Engage today's talent* is to know how to manage people properly. (The Talent managers)

Rule 4: *Build the next generation* is to develop the next generation for the future. (The Human capital developers)

Rule 5: *Invest in yourself* is to learn to develop your own talents. (The Personal proficiency)

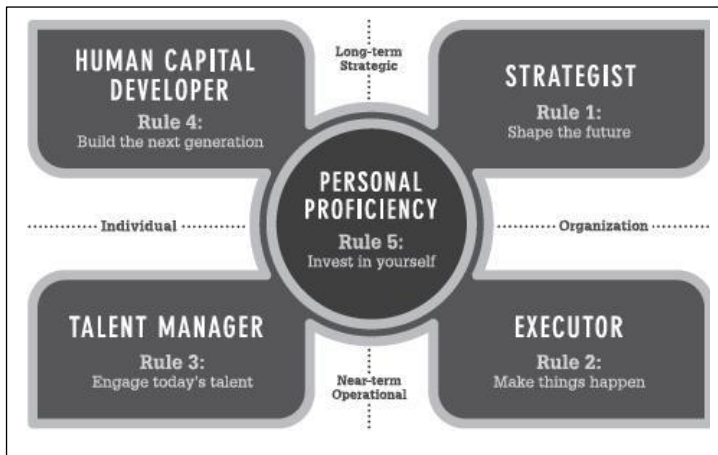


Figure 1: The Leadership Code Model (Ulrich, Smallwood and Sweetman, 2008, P.14)

### Research design and Methods:

This research is to study youth leadership by using Leadership Code Model as a conceptual framework. The researcher used key questions to define the characteristics of youth leadership through the perspective in order to getting insight information of Thai youth who currently live in Bangkok, Thailand by in-depth interview Thai youth leaders (aged 15-24) that allow them to reflect their views on physical traits, style, situation, competencies, results, and brand of leadership.

In order to understand the situation of the leadership role, and to represent the unique perspective of the group, The informants were selected from the youth leader who have leadership roles in any activities whether in academic, athletic or volunteer activities such as the student president, class representative, captain of the sport team, and the show manager etc., and who had participated in any long-term international exchange students program in any countries for an academic year (during the year 2010 – 2017). This group of participants can reflect their unique perspective on leadership through personal experiences, especially the experience gained from participating in the High school exchange students program that represent the identity of this youth group. (Sussman, 2002)

Informants selection process were enabling young people to sign up and answer basic demographic information, leadership roles, and countries participating in High school exchange program to selected variety informants of ages, leadership roles (formal, informal roles and participants) and the various activities; academic, athletics, recreational and volunteering in order to define the common and difference characteristics of leadership among diverse factors.

The study begins the demographic questionnaire by asking about their background, family, school, work, personal interests and experience from high school exchange student program to understand the context and influence of their ideas. The primary information were used for the In-depth interview combined with 6 key questions to gain insights about youth perspective on leadership characteristics and styles that can be conclude as a youth's leadership code of this research.

The selected Leadership Code model is the showcase example of how to define a youth leadership characteristic from their perspective, and investigate the characteristics by following 5 rules of leadership accompany with dimension of time and attention. This means that the results of this research are only a study of the leadership characteristic of this informants group, which may be different or similar to other youth group in another social context or different personal experience.

In addition to creating the youth's leadership code, this study aims to investigate the leadership code model that derived from leadership studies in adult by implementing in youth leadership studies. The results of this research can also demonstrate the similarity or differentiation of leadership criteria between adults and youth.

**Results:**

The selected informants were 16 Thai youth Leaders (aged 15-24), 5 were male and 11 were female. (Table 1) Out of these 16 youth leaders who had participated in long-term international exchange students program, 7 of them were participated in the United States of America, 2 were in Japan, others 7 were in Russia, Germany, Italy, Norway, Republic of Latvia, Dominican Republic, and Costa Rica.

Table 1: Number of Informants by aged and gender		
Aged	Male	Female
16	-	1
17	1	-
20	-	1
21	1	2
22	-	2
23	1	2
24	2	3
<b>Total</b>	5	11

According to the table 1, there are more female youth leaders than males. The missing age range from 18-19 year olds can be understood as transitional age from high school to university when Thai youth are more focused on the freshman activities from their seniors, and adjusted themselves to new educational system in university.

These 16 informants are the youth who have leadership roles in any school or outer-school activities which some of them might have many leadership roles at the time. In other words, the youth have a multifaceted leadership role, based on their abilities and interests such as the youth who have leadership roles in the student council also have a role in preserving music, sports and other extracurricular activities. Therefore, the leadership roles in this study can be classified following Sipe, Ma and Gambone study (1998). (Table 2)

Table 2: Classified Youth Leadership Roles		
Formal Roles	Informal Roles	Representation
School/University president Class/Faculty president Art/Music club leader Sport team captain Sports news facebook page editor Research team leader Startup business owner	Student council member Club/Sport team manager Rural development camp volunteer Student art gallery crew Academic camp staff National Chemistry Olympiad liaison Charity concert crew	Arts and Crafts competition Athletes representative University cheerleader Journalist contest Outstanding Youth Award Thai exchange student representative

**The perspective on Leadership Characteristics**

The results from In-depth Interview were categorized following the 6 key questions from the Leadership Code Model which are physical traits, style, situation, competencies, results, and brand of leadership. Each feature was grouped to reflect on the unique idea of youth leaders that reflected from their identity and personal experiences, including the researcher observations on the youth informants that were grouped by ranking based on their opinions. (Table 3)

<b>Table 3: Thai youth's perspective on each leadership characteristic</b>	
Physical traits	Overlooked the physical appearances Given the importance of leadership personalities Communicated effectively Other abstract attributes influenced by social norms
Style	Focus on people management Focus on teamwork Use the voting method Work in sequence
Situation	Look at the overview and plan first Making a rational decision Being decisive leader Being flexible and adaptable leader Take into account the impact on the followers
Competencies	Planning skill Communication skill Psychological skill Tactical skill
Results	Trustworthy Collaboration Happy work place Effectively work
Brand * Followers' behavior reflection	Responsive and effective followers Responsive with ineffective followers Unresponsive followers

#### 1) Physical traits: Who is the leader?

The concrete physical, appearances and personalities of leadership that can be seen from the outside that reflects the image and opinion from the perspective of youth. Most of the informants believes that good leaders have to be from the inside out, so they overlooked the physical appearances but more focus on the behaviors. However, they accepted that personality is important for leaders to provide creditability and effective communication, speaking fluently with proper voice tone, directly visualize, and persuasive ability. Some of the informants mentioned about other abstract attributes influenced by social norms such as polite, humility, mercy, and honesty etc.

#### 2) Style: How do you behave as a leader?

The behaviors or working style of the leader that the youth behaved when they take the role of leadership. Mostly, the informants focus on managing people, distributing jobs according to each individual's skills, thus saving time and work more efficiently. Secondly, they were more likely to work as a team, brainstorming and finding common agreements before starting the tasks could reduce conflicts within the team. Surprisingly, all the informants who had participated in High school exchange program in The United States mention that they always uses the voting method to make decision, and to be fair to everyone. Only a few said that they like their followers to work in order that they were assigned. They only have responsibility on their task and unable to interfere with others.

#### 3) Situation: When and where do you focus on the person or the task?

The way of working that leader focus in each situation, person or task. The informants explains how they begin the task by look at the overview and plan first whether it is the content of the work or the people management. When started operating, it is the time to make a rational decision which depends on the situation. Occasionally, some jobs need leaders who are decisive who not hesitate to decide whether to go either way. At the same time, flexibility and adaptability were needed for leader who can handle any immediate situation and understand the various circumstances. Including take into account the impact on the followers to balance the positive and negative effects on both followers and tasks as much as possible by not leaving anyone behind.

#### 4) Competencies: What exactly do leaders know and do?

There are several competencies and skills that leaders should possess, but the informants of this study focused on top 4 needed skills that leader should know and master. The first skill they mentioned were the ability to plan in advance, not

only planning for the roadmap but also provide an individual plan for each task, including backup plan. The communication skills were often mentioned during the interview, they focus on speaking, listening, and presenting what the leaders want to convey to their followers, including the ability to communicate persuasively. So the skill that follows is the psychological skill that will be used to understand others. As a leader, understanding individual needs and conditions are important in order to lead someone. Another skill mentioned was tactical skill, the leaders know how to behave, and how to use authority in circumstances.

#### 5) Results: Why does leadership matter?

The importance or effect of leadership showed as a result on tasks. The informant opinions about the positive results that occur after the effective leadership are trustworthy which take time to build. Once the follower believes in the leader, the followers are willing to be supportive in any work. Good leadership cause collaboration in work. When we have trust in the team, there will be more cooperation which creates mutual agreement and makes everyone want to be part of the work. Collaboration between leaders and followers creates a happy work place that is conducive to effective work.

#### 6) Brand: For whom are you leading?

The followers' behavior reflection on the leadership brand that the informants give an example on how their followers behave while working together, and how they response to the leader that can be categorize in 3 types. The first type is responsive and effective followers, who have the ability to understand the task, to be able to share the ideas, and to be responsible on the task by themselves. This type of followers always willing to support the leader in anyway. The second type is responsive with ineffective followers, who being able to understand some part of the task, but cannot take the responsibility and handle the task by themselves. This type of follower will have to stay on track and ask for task explanation more than usual which may cause damage or delays on the task. And last type of followers who have been activated but not showing any responsibility in the tasks assigned, this type of followers call unresponsive followers which impeding others' work and overall task accomplishments.

The criteria of youth leaders in this study do not allowed them to reflect on their leadership brand because of the different experiences and roles of leadership between youth and adults, so youth are unable to reflect the brand of the leadership. This raises the question of what is the youth leadership, due to the limitations of this study, there is ambiguity in the characteristics and definitions of youth leaders. Therefore the research asked the informants to define youth leadership characteristics from their point of views that can be define as follows.

#### **The youth leadership characteristics from the perspective of Thai youth**

- 1) Make changes in society – Focused on making change and development in their society, such as creating a movement or campaigning that youth raised up for their own society.
- 2) Being confident and think different - The courage to express the thought of the youth in order to be creative and different from the original idea. Dare to think outside the box.
- 3) Understanding the modern world and stay wisely - Understand the modern world that is constantly changing. Keep up to date. Cognizant of adults, listen carefully and think critically.
- 4) Develop themselves before develop others - They believed that self-development enable them to be able to help or develop others.
- 5) Be a prototype, idol, or youth icon - Because of the impersonating behavior of the youth, good youth leaders should be role models or idols in a good way for other youth.
- 6) Not everyone can be a leader, but everyone can develop a leadership - They believe that having leadership leads them to succeed, even if all youth are not leaders, but everyone is able to develop the skills and characteristics of leadership in some way.

#### **Findings and Discussion:**

The finding of youth leadership characteristics in this study shows that how youth defined and valued the meaning of the youth leadership. These can be used to classify leadership Characteristics from the Leadership Code model by considering the leadership characteristics that youth informants mentioned from their perspective about physical traits, style, situation, competencies, and results first, then considered the characteristic of youth leadership with 5 rules of leadership characteristics from the model. (Ulrich, D., Smallwood, N., and Sweetman, K., 2008) (Table 4)

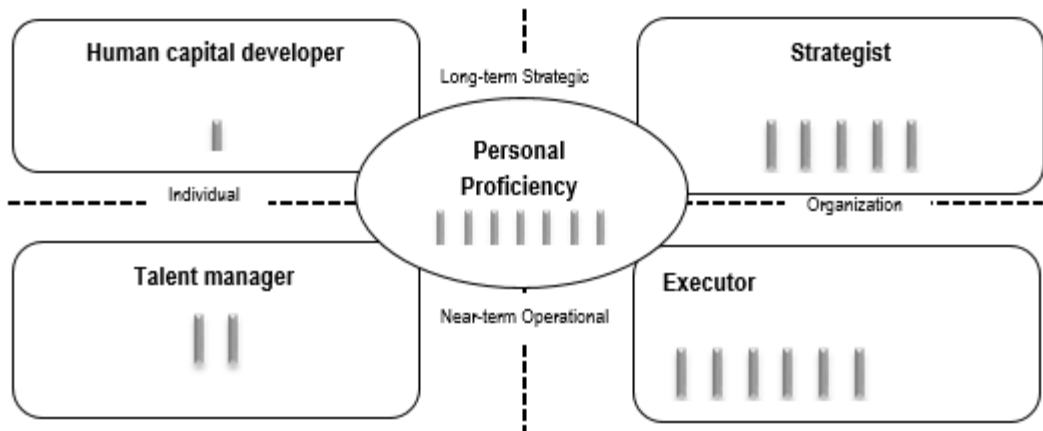
<b>Table 4: 5 Rules of Leadership Characteristics vs. Youth Leadership Characteristics</b>	
5 Rules of Leadership Characteristics	Youth Leadership Characteristics
<u>Rule 1: The Strategist</u> Have point of view about the future Invite savvy outsiders inside Engage the organization – no one know enough Create strategic traction within the organization	Look at the overview and plan first Planning skill Psychological skill Tactical skill Being confident and think different
<u>Rule 2: The Executor</u> Make change happen Follow a decision protocol Ensure accountability Build Teams Ensure technical proficiency	Focus on teamwork Use the voting method Work in sequence Making a rational decision Take into account the impact on the followers Make changes in society
<u>Rule 3: The Talent managers</u> Effective communication Create aligned direction Strengthen others Provide people with the resources to cope Create a positive work environment Have fun at work	Communicated effectively Communication skill
<u>Rule 4: The Human capital developers</u> Map the workforce Create a firm and employee brand Help people manage their careers Find and develop next-generation talent Encourage networks and relationships	Focus on people management
<u>Rule 5: The Personal proficiency</u> Practice clear thinking Know yourself Tolerate stress Demonstrate learning agility Tend to your own character and integrity Take care of yourself Have personal energy and passion	Given the importance of leadership personalities Being decisive leader Being flexible and adaptable leader Understanding the modern world and stay wisely Develop themselves before develop others Be a prototype, idol, or youth icon Not everyone can be a leader, but everyone can develop a leadership

When compared youth leadership characteristics with 5 rules of leadership, it was found that youth leadership was classified as **The Personal proficiency** who focused on understand and invest in themselves, find their personally proficient, and develop themselves before develop the others and society. In fact, it is good that young people prioritize with self-development, because they are in the age of learning and gaining experiences for the future life. Finding out their capabilities would help the youth set future goals, and know what they really want in life. They believed that if they developed well, they will have the strength and ability to help others and their society. (Wehmeyer, Agran and Hughes, 1998)

In order to make change in the society, the youth leadership was classified as **The Executor** who knows how to achieve the goal, and who have rational decision making processes that take into account the effects on many aspects, especially the impact on the followers. When we were young, it is possible that we were more likely to work as a team, rather than working alone, either in school or university or even in the future, working in a company or organization. Teamwork training would allowed young people to work effectively with others without conflict. (Partnership for 21<sup>st</sup> Century Skills, 2009) When they know how to build a team in order to reach the goal, they will be a great leader of a powerful team.

The first rules of leadership is the leaders who can designs the future plan, so the youth with this ability were classified as **The Strategist**. From the perspective of youth informants on an effective leadership characteristics, they mentioned about the abilities to plan systematically, think critically and to imagine what will happen in the future. These abilities are the basis for leaders that should learn and practice professionally, future visibility leaders will figure out the way to cope with what will happen in advance. Leaders need to be open to the different ideas of others to find the best strategy, and leaders must learn other skills to use in that strategy such as planning skill, psychological skill, and tactical skill. This type of leader must be confident and able to think differently.





**Figure 2:** Youth Leadership Characteristics in Leadership Code Model

In considering the dimension of time, youth are characterized by **Near-term Operational**, i.e., the role of youth leadership is overlapping, and often changes in the context of individual youth. A youth leader's tasks could be characterized as a one-time or a session task, such as presiding over a student's academic year, being a charity music concert crew, or representing a school athlete for a season.

The dimension of attention found that youth leaders focused on **The Organization**, although most of them focused on self-development, but it was for the team or the others. Saying that young people like to work as a team, whether small or large teams, every youth leaders wanted to create or change something at the end, and that is their society. So the meaning of the organization of the youth is the society itself.

#### **Conclusion and Recommendation:**

In conclusion, the results of this study describe the characteristics of youth leadership from the perspective of youth. Using leadership models is a framework for the study, which results in the description of each leadership characteristics, however, it not indicated that youth leaders must have the following characteristics. This is a study on viewpoints of specific youth group who reflect on the individual's identity and personal experience, which allow us to understand how young people are knowledgeable about leadership, their feelings and their opinions toward effective leadership.

Research on leadership code model has found that there were differences in context between leadership in adults and youth, therefore this study findings cannot used to conceptualize models of youth leadership completely. The Leadership Code Model are more decent with the organizational leadership study rather than society which identified by the youth informants. However, this study provides useful findings for study of youth leadership, and conceptualize the suitable youth leadership models in the future research.

In addition, the results of this study also remarked on the cultural dimension as the youth were Thai exchange student in foreign country for a period of time that may be possible to reflect the similarity of the thought which influenced from another culture that could be found in further study.

#### **References:**

- [1] Adolescent Employment Readiness Center, Children's Hospital. D.C. (n.d.) Youth Leadership Forum. Washington, DC.
- [2] Boyatzis, R.E. (1982). *The competent Manager: A Model for Effective Performance*. NY: Wiley. Cited in Ulrich, D., Smallwood, N., and Sweetman, K. (2008). *The Leadership Code*. Boston, MA: Harvard Business School Press.
- [3] ERIC Clearinghouse on Disabilities and Gifted Education (1990). *Developing leadership in gifted youth*. Retrieved from <http://ericec.org/digests/e485.html>. Cited in Edelman, A., Gill, P., Comerford, K., Larson, M., and Hare, R. (2004) *Youth Development & Youth Leadership*. National Collaborative on Workforce and Disability for Youth.

- [4] National Order of the Arrow (1992). *Identifying and developing youth leaders*. Retrieved from [www.sr3a.org/resources/training/noac/92/25.htm](http://www.sr3a.org/resources/training/noac/92/25.htm). Cited in Edelman, A., Gill, P., Comerford, K., Larson, M., and Hare, R. (2004) *Youth Development & Youth Leadership*. National Collaborative on Workforce and Disability for Youth.
- [5] Partnership for 21st Century Skills (2009). *P21 Framework Definitions*. Retrieved from [http://www.p21.org/storage/documents/P21\\_Framework\\_Definitions.pdf](http://www.p21.org/storage/documents/P21_Framework_Definitions.pdf). 2009. Cited in Rehm, C.J. (2014) An Evidence-Based Practitioner's Model for Adolescent Leadership Development. *Journal of Leadership Education*. 13, 83- 97.
- [6] Sipe, C. L., Ma, P., and Gambone, M. A. (1998) *Support for youth: A profile of three communities*. Philadelphia, PA: Public/Private Ventures.
- [7] Sussman, N.M. (2002) Testing the cultural identity model of the cultural transition cycle: sojourners return home. *International Journal of Intercultural Relations*, 26: 391-408.
- [8] Ulrich, D., and Smallwood, N. (2007). *Leadership Brand: Developing Customer-Focused Leaders to Drive Performance and Build Lasting Value*. MA: Harvard Business School Press. Cited in Ulrich, D., Smallwood, N., and Sweetman, K. (2008). *The Leadership Code*. Boston, MA: Harvard Business School Press.
- [9] Ulrich, D., Smallwood, N., and Sweetman, K. (2008). *The Leadership Code*. Boston, MA: Harvard Business School Press.
- [10] van Linden, J. A., and Fertman, C. I. (1998) *Youth leadership: A guide to understanding leadership development in adolescents*. San Francisco, CA: Jossey-Bass.
- [11] Wehmeyer, M. L., Agran, M., and Hughes, C (1998). *Teaching self-determination to students with disabilities: Basic skills for successful transition*. Baltimore, MD: Paul H. Brookes Publishing Co.
- [12] Woyach, R. B., and Cox, K. J. (1996) *Defining principles to guide youth leadership development*. Columbus, OH: The Ohio State University Mershon Center.

## Clinical and Environmental Factors Associated with Pulmonary Tuberculosis in Prisoners in Northeastern Brazil

**Cesario Rui Callou Filho**

Grupo de Estudo em Saúde Coletiva (GESC), Fortaleza, Ceará, Brazil.

**Caroline Antero Machado Mesquita**

Grupo de Estudo em Saúde Coletiva (GESC), Fortaleza, Ceará, Brazil.

**Ethel Esthephane Alves Vieira**

Grupo de Estudo em Saúde Coletiva (GESC), Fortaleza, Ceará, Brazil.

**João Jayme Giffoni Leite**

Faculdade Metropolitana de Fortaleza – FAMETRO, Fortaleza, Ceará

**Carina Barbosa Bandeira**

Curso de Medicina, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Flaviano da Silva Santos**

Curso de Psicologia, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Maria Vieira de Lima Saintrain**

Av. Washington Soares, 1321, Edson Queiroz

CEP 60.811-905, Fortaleza, Ceará, Brasil

### Abstract

This study aimed to assess clinical and environmental factors associated with pulmonary tuberculosis in prisoners. We carried out a documentary, retrospective, epidemiological study of records of tuberculosis cases in a prison hospital in Northeastern Brazil. The sample consisted of data from medical records of prisoners diagnosed with TB from January 2015 to January 2016. Information such as age, race, marital status, education level, weight, height, harmful habits, and clinical data on mucous membrane, cough, sputum, breathing pattern, bacilloscopy, initiation and type of treatment, treatment duration, prison of origin and time spent in prison were assessed. A total of 109 medical records of prisoners were analyzed. Mean age was 28.5 ( $\pm$  7.9) years, and most prisoners ( $n=87$ ; 79.8%) were single. In all, 78.0% ( $n=85$ ) of the prisoners had primary education and 73.4% ( $n=80$ ) were self-declared *Pardos* (mixed-race Brazilians). Statistically significant associations were found between level of education and prevalence of cough ( $p=.042$ ), time in prison and presence of cough ( $p=.014$ ), and BMI and mucous membrane coloration ( $p=.001$ ). The habits of most prisoners are different from those expected for a good quality of life. In addition, the health conditions of prisoners also contribute to the infection. These findings emphasize the need for actions targeted at eliminating tuberculosis in prisoners and actions to raise awareness about hygiene and life habits.

**Keywords:** Tuberculosis; Tuberculosis in Prisons; Epidemiology; Cough.

### Introduction

Pulmonary tuberculosis (TB) is still a major public health problem worldwide. In 2015, 10.4 million people fell ill with TB and 1.8 million died from the disease. Over 95% of TB deaths occur in low- and middle-income countries, including Brazil (World Health Organization [WHO], 2016).

Official data from Brazil show that there were 73,000 new cases of pulmonary tuberculosis (TB) between 2005 and 2014, with 4,577 deaths in 2013 (Brasil, 2015). Within this context, Brazil ranks 16<sup>th</sup> in number of TB cases among the 22 high-burden countries that account for over 80% of the world's TB cases. The TB incidence rate estimated for 2015 in Brazil was 84/100,000 inhabitants (WHO, 2016).

Tuberculosis in prisons is a major challenge to TB control. Eliminating TB in prisons is complex and depends on other aspects of both the health and criminal justice systems, and the cultural, historical, and economic situations of each country (Dara et al., 2015).

In recent years, there has been an increase in Pulmonary Tuberculosis (TB) in prisons in both developed and developing countries (Baussano et al., 2010). The prevalence of TB in prisons is up to 100 times higher than that of the civilian population in both low- and high-income countries (WHO, 2014). Therefore, the occurrence of TB in prisons has a significant relevance for public health, particularly in Brazil, where incarceration rates continue to grow (Brasil, 2014a).

In the State of Ceará, located in Northeastern Brazil, 3.4% of a population of 620,000 inhabitants were incarcerated in 2014, which corresponds to a prison population of 21,000 inmates and an increase of 67% compared with the year 2008 (Secretaria Estadual de Justiça do Ceará, 2014). In addition to overcrowding, prisons lack hygiene and infection control, which makes inmates vulnerable to infectious diseases (Sarang, Platt, Vyshemirska, & Rhodes, 2016). The latest data from the Ceará Correctional System Coordination Office have reported a total of 24,472 prisoners in the state (Secretaria Estadual de Justiça do Ceará, 2016).

TB diagnosis includes some fundamental procedures, such as radiological, serological, biochemical, histological, pathological, bacteriological and tuberculin tests. Clinical examination should check for cough, sputum and weight loss, which are the most common symptoms. Importantly, a positive sputum culture is proof for infection (Ryu, 2015).

Given that, the present research aimed to assess clinical and environmental factors associated with pulmonary tuberculosis in prisoners.

## Material and Methods

This is a quantitative retrospective epidemiological study that carried out a documentary analysis of medical records of prisoners diagnosed with tuberculosis. The study was conducted from February to April 2017 at the Professor Otávio Lobo Prison Hospital and Sanatorium, located in the municipality of Itaitinga, state of Ceará, Northeastern Brazil. The hospital is a reference in the male correctional system of the state and opened in 1968.

The sample consisted of data from medical records of prisoners diagnosed with TB from January 2015 to January 2016. Information such as age, race, marital status, education level, weight, height, harmful habits, and clinical data on mucous membrane, cough, sputum, breathing pattern, bacilloscopy, initiation and type of treatment, treatment duration, prison of origin and time spent in prison were assessed.

The information collected were initially organized in an Excel spreadsheet and later analyzed using the Statistical Package for the Social Sciences for Windows (SPSS Inc. Chicago, IL, USA), version 22.0. Categorical variables are described as absolute and relative frequencies and mean, median, standard deviation, and minimum and maximum values. The Chi-squared test and Fisher's Exact Test were used to check for associations between categorical variables. P-value was set at  $p < 0.05$ .

The study is part of a larger research project entitled "Prison Health: the reality of a prison in the State of Ceará", which was approved by the Research Ethics Committee of the Faculdade Metropolitana da Grande Fortaleza – FAMETRO under Approval No. 1.937.168. Written informed consent was obtained from the legal representative responsible for the patients' medical records.

## Results

A total of 109 medical records of prisoners admitted to the prison hospital were analyzed. Age ranged 18 to 58 years, with a mean of 28.5 ( $\pm 7.9$ ) years.

Ages 18 to 29 years (72; 66.1%) and single individuals (89; 81.7%) predominated. Most of the prisoners had 1 to 5 years of study (56; 51.4%), 80 (73.4%) were self-declared *Pardos* (Mixed-race Brazilians), 55 (50.5%) were underweight, and 46 (42.2%) had been in prison for 1-3 years.

After the diagnosis of tuberculosis, the treatment took on average 13.4 ( $\pm 53.5$ ) days to be started, and the result of the sputum smear examination for control took an average of 43.2 ( $\pm 93.0$ ) days.

According to data from the records, 76 (69.7%) of the prisoners had pale mucous membranes, 105 (96.3%) presented with cough, 91 (83.5) had sputum production, 93 (85.3%) had positive bacilloscopy, and only 12 (11.0%) had normal breathing pattern.

The bivariate analysis of health conditions (presence of pale mucous membranes, cough, sputum, breathing pattern, and positive Bacilloscopy) detected statistically significant association of positive Bacilloscopy with age group ( $p=0.042$ ) and time spent in prison ( $p=0.028$ ). In addition, Body Mass Index (BMI) was associated with pale mucous membranes ( $p=0.009$ ), cough ( $p=0.026$ ) and sputum production ( $p=0.046$ ).

Table 1 describes the analysis of the association between the characteristics of the medical records of prisoners following treatment for TB and their sociodemographic characteristics (Table 1).

Table 2 describes data on harmful habits (smoking, alcohol, illicit drug use). In all, 70 (64.2%) prisoners reported smoking, 35 (32.1%) reported drinking, and 29 (26.6%) reported using illicit drugs. There was a statistically significant association between drinking and sputum production ( $p=0.037$ ) (Table 2).

## Discussion

Tuberculosis is a major health problem in prisons and it can generate costs to both the prison and health care systems. Thus, it is important to identify the main risk factors for TB in prisoners in order to prevent its onset and spread. If proper attention is given to the risk factors for TB, especially in the more susceptible populations, such as prisoners, such a major health problem may be more easily prevented. Therefore, the present study provides evidence on the risk factors for TB in prisoners that can assist policy makers in the development of actions to tackle TB in prisons.

About 607,731 people are in prison in Brazil. One of the concerns with this population group is related to the health of these individuals, mainly with regard to Tuberculosis (Negreiros & Vieira, 2017). The growing epidemic of tuberculosis in prisons is associated with the lack of effective control of tuberculosis within these institutions, such as late diagnosis and failure to isolate prisoners with symptoms or suspected TB and failure to provide treatment (Souza et al., 2012). Thus, poor hygiene conditions, greater physical contact between prisoners and high rates of TB in prisons demonstrate the need for constant epidemiological surveillance among incarcerated population groups in order to determine the health indicators and vulnerability factors in prison populations.

In the present study, the mean age of infection was 28.5 years, which is consistent with other studies that confirm that highest tuberculosis rates are found in people aged 20-30 years (Owokuhausa, Thokerunga, & Bazira, 2014).

The mean age found in the present study is similar to that found by Alarcón-Robayo et al. (2016) in a study carried out in ten prisons in Colombia, where the mean age found was 27 years. However, such condition may vary across countries and regions. For instance, research carried out in South Africa shows that 52% of inmates with TB were aged 31–40 years (Nyasulu, Mogoere, Umanah, & Setswe, 2015).

In our research, 73.4% of the prisoners with tuberculosis had only elementary education. This fact corroborates the pattern found in the Brazilian prison population (Brasil, 2014b). These findings confirm that, in addition to being in prison, people with low levels of education are more likely to be infected with TB – most of the prisoners (78%) had only one to nine years of study, and more than half of these (51.4%) had only one to five years of study. Thus, these factors synergistically disadvantage imprisoned people compared with the general population (Jones, Craig, Valway, Woodley, & Schaffner, 1999).

Most of the prisoners analyzed in our study (73.4%) declared themselves to be *Pardos* (Mixed-race Brazilians). This race was also predominant in a study conducted in the city of São Luís, Northeastern Brazil (Câmara et al., 2016).

Research on the risk factors for TB in prisoners has highlighted malnutrition (Kalonji et al., 2016). This finding is consistent with the statistically significant association between underweight and epidemiological characteristics of prisoners with TB (presence of pale mucosa  $p=0.009$ , cough  $p=0.023$ , and sputum production  $p=0.046$ ) in the present study.

The symptoms presented by most of the prisoners are consistent with the symptoms of tuberculosis, although most of them have presented with normal breathing pattern (89%). It should be noted, however, that TB is not always accompanied by changes in breathing patterns (Ferreira et al., 2005). Although coughing had low yields in tuberculosis screening (Valença,

Cezar-Vaz, Brum, & Almeida da Silva, 2016), the statistically significant association between cough ( $p=0.026$ ) and underweight in prisoners is corroborated by a study in which 68.8% of the prisoners interviewed presented with cough lasting 2 or more weeks and 40.7% reported weight loss (Owokuhaisa, Thokerunga, & Bazira, 2014).

Time spent in prison is one of the factors that predisposes the prisoner to have tuberculosis (Silva Junior, 2004). In this regard, the longer the time in prison, specifically more than 12 months of imprisonment, the greater the chances of developing tuberculosis symptoms (Valença, Possuelo, Cezar-Vaz, & Almeida da Silva, 2016). In the present study, 96.4% of the inmates who had been in prison for more than five years presented positive bacilloscopy ( $p=0.028$ ). These are the most cited symptoms in previous studies (Nogueira & Abrahão, 2009; WHO, 2000).

Secretion with blood seldom occurs in cases of *Mycobacterium tuberculosis* infection (Silva Junior, 2004). This finding is in agreement with that of the present study. According to data from the medical records, tuberculosis was diagnosed using smear microscopy and x-ray, the latter being a complementary examination. The majority (85.3%) of the prisoners tested positive and began the treatment right away. The time spent between diagnosis and the beginning of treatment was on average 13 days. In a study carried out in a prison in Rio Grande do Sul, the time taken to start treatment was on average 24 hours after the diagnostic confirmation (Valença, Possuelo, Cezar-Vaz, & Almeida da Silva, 2016). Another study has shown that inmates who tested negative (sputum smear and x-ray) also received anti-tuberculosis therapy as a form of chemoprophylaxis, as this process can prevent possible contamination of healthy prisoners (Aerts et al., 2000).

According to the World Health Organization (Oliveira et al., 2014), the BMI of most prisoners (56.8%) is within the range of 18.5 to 24.9 ( $\text{kg}/\text{m}^2$ ), which indicates that the individual is at normal weight. In another study, weight loss and lack of appetite were observed in only 3.2% of prisoner. On the other hand, in some Colombian prisons, weight loss was found in 16.8% of prison inmates with tuberculosis (Alarcón-Robayo et al., 2013).

In the present, half of the inmates were underweight (50.5%) and there was a statistically significant association of BMI reduction with pale mucosa ( $p=0.009$ ), cough ( $p=0.026$ ) and sputum ( $p=0.046$ ). One of the signs observed in the patients was the pale mucosa, which may be related to xerostomia, that is, insufficient production of saliva. Xerostomia can have a subjective etiology, without evidence of alteration as to the salivary flow (Fávaro, Ferreira, & Martins, 2006). In this case, this sign may be associated with psychological factors, since deprivation of freedom entails mental problems (Valença, Possuelo, Cezar-Vaz, & Almeida da Silva, 2016).

Another important issue that should be highlighted is the fact that most of the inmates with TB were smokers (64.2%). Although there was no statistically significant association between harmful habits and TB, the high percentage of inmates who reported harmful habits and presented with cough, sputum production and positive bacilloscopy should be highlighted. Importantly, all the inmates were receiving hospital treatment, which may certainly have influenced such causality.

Smoking is considered a potential risk factor for pulmonary infections, including tuberculosis, since cigarette smoke promotes the reduction of mucociliary clearance of the respiratory tract, increasing the adherence of bacteria and breaking the protective epithelium (Rabahi, 2012). It has also been demonstrated that life habits prior to imprisonment are important factors for the diagnosis and treatment of tuberculosis (Severo, Leite, Capela, & Simões, 2007).

Although most of the inmates were not drinkers, almost all of those who reported drinking (35; 32.1%) presented with sputum production, with a statistically significant association between these variables ( $p=0.037$ ).

Use of illicit drugs was reported by 26.6% of the inmates, but it was not significantly associated with other variables. However, all the inmates who reported using illicit drugs presented with cough and nearly all the inmates who reported using illicit drugs presented with pale mucosa, sputum production and positive bacilloscopy.

Illicit drug users constitute a group at high risk for tuberculosis and other diseases. The physiological effects of drug use, along with the environment and risk behaviors of drug users, may contribute to the high prevalence of TB among drug users, thus demonstrating the importance of strategies for TB control among drug users, particularly when it can be combined with drug rehabilitation (Deiss, Rodwell, & Garfein, 2009).

The present study showed that TB is more prevalent in younger age groups and lower BMI in imprisoned individuals. These findings suggest that TB in prisoners may be associated with the living habits they have been exposed to.

It is known that the architecture of prisons and the general living conditions in these facilities increase the risk for TB. In addition, the time spent in prison increases exposure to such conditions and therefore to TB, which is also influenced by illicit drug use (Nyasulu et al., 2015).

These findings emphasize the need for actions within the prisons aimed at tracing inmates with the characteristics presented in the present study. Also, there should be actions to raise awareness of the importance of hygiene and living habits of prisoners and the community in order to minimize damage to physical and psychological health. After all, these prisoners are not totally restrained from the bond with the community, since they receive visits and have direct contact with penitentiary agents and health professionals.

It should be noted that only one single prison was included in the present research, which prevents its results from being extrapolated, thus constituting a limitation of the present study. However, the study was conducted in a large prison hospital in Northeastern Brazil; therefore, its results may also be found in other prisons and hence allow the measurement of the impact of TB in addition to serving as a basis for improving public health care policies targeted at prison populations.

Thus, although the present study is limited to one single large prison hospital, it is expected to draw attention to the magnitude of the problem and the need for further research on the issue globally.

## Conclusion

TB is more prevalent in younger age groups and lower BMI in imprisoned individuals. These findings suggest that TB in prisoners may be associated with the living habits they have been exposed to. In addition, the time spent in prison increases exposure to such conditions and therefore to TB, which is also influenced by illicit drug use.

It should be noted that prison time was a relevant factor for acquiring the disease and that the majority of the inmates presented with cough, weight loss, smoking, pale mucosa and clinically altered secretion.

The habits of most prisoners are different from those expected for a good quality of life. In addition, the health conditions of prisoners also contribute to the infection. These findings emphasize the need for actions targeted at eliminating tuberculosis in prisoners and actions to raise awareness about hygiene and life habits.

## References

- [1] Aerts, A., Habouzit, M., Mschiladze, L., Malakmadze, N., Sadradze, N., Menteshashvili, O....Sudere, P. (2000). Pulmonary tuberculosis in prisons of the ex-USSR state Georgia: results of a nation-wide prevalence survey among sentenced inmates. *International Journal of Tuberculosis and Lung Disease*, 4:1104-1110.
- [2] Alarcón-Robayo, J. F., Martínez-Casallas, L., Sánchez, M. S., Valderrama-Mendoza, J. S., Enriquez, D. M. B., & Jiménez-Canizales, C. E. (2016). Prevalencia de tuberculosis pulmonar en población privada de la libertad de 10 centros penitenciarios en Colombia, 2013. *Acta Médica Peruana*, 33, 202-207.
- [3] Baussano I., Williams, B. G., Nunn, P., Beggiato, M., Fedeli, U., & Scano, F. (2010). Tuberculosis incidence in prisons: a systematic review. *PLoS Medicine*, 7, e1000381.
- [4] Brasil. Ministério da Saúde. Boletim Epidemiológico Tuberculose. (2015). Retrieved from: <http://portalarquivos.saude.gov.br/images/pdf/2015/marco/25/Boletim-tuberculose-2015.pdf>.
- [5] Brasil. Ministério da Saúde. Mapa do Encarceramento: os jovens do Brasil. (2014a). Brasília: Ministério da Saúde. Retrieved from: [http://juventude.gov.br/articles/participatorio/0010/1092/Mapa\\_do\\_Encarceramento\\_-\\_Os\\_jovens\\_do\\_brasil.pdf](http://juventude.gov.br/articles/participatorio/0010/1092/Mapa_do_Encarceramento_-_Os_jovens_do_brasil.pdf).
- [6] Brasil. Ministério da Saúde. Programa Nacional de Controle da Tuberculose. Situação da Tuberculose no Brasil. (2014). Brasília: Ministério da Saúde. Retrieved from: <http://bvsmms.saude.gov.br/bvs/publicacoes/ProgramaTB.pdf>.
- [7] Câmara, J. T., Menezes, J. B., Pereira, B. M., Oliveira, T. R. C., Oliveira, T. M. P., & Ribeiro, N. S. (2016). Perfil epidemiológico de pacientes com diagnóstico de resistência de mycobacterium tuberculosis. *Revista de enfermagem UFPE*, 10, 4082-4089.
- [8] Dara, M., Acosta, C. D., Melchers, N. V. S. V., Al-Darraj, H. A. A., Chorgoliani, D., Reyes, H....Migliori, G. B. (2015). Tuberculosis control in prisons: current situation and research gaps. *International Journal of Infectious Diseases*, 32, 111-117.
- [9] Deiss, R. G., Rodwell, T. C., & Garfein, R. S. (2009). Tuberculosis and Drug Use: Review and Update. *Clinical Infectious Diseases*, 48, 72-82.
- [10] Fávoro, R. A. A., Ferreira, T. N. R., & Martins, W. D. (2006). Xerostomia: etiologia, diagnóstico e tratamento. *Revista de Clínica e Pesquisa Odontológica*, 2, 303-317.
- [11] Ferreira, A. A. A., Queiroz, K. C. S., Torres, K. P., Ferreira, M. A. F., Accioly, H., & Alves, M. S. C. F. (2005). Os fatores associados à tuberculose pulmonar e a baciloscopia: uma contribuição ao diagnóstico nos serviços de saúde pública. *Revista Brasileira de Epidemiologia*, 8, 142-149.

- [12] Jones, T. F., Craig, A. S., Valway, S. E., Woodley, C. L., & Schaffner, W. (1999). Transmission of tuberculosis in a jail. *Annals of Internal Medicine*, 131, 557-63.
- [13] Kalonji, G. M., De Connick, G., Okenge Ngongo, L., Kazumba Nsaka, D., Kabengele, T., Tshimungu Kandolo, F., ... Giet, D. (2016). Prevalence of tuberculosis and associated risk factors in the Central Prison of Mbuji-Mayi, Democratic Republic of Congo. *Tropical Medicine and Health*, 44, 30. <http://doi.org/10.1186/s41182-016-0030-9>.
- [14] Negreiros, D. E. H., & Vieira, D. S. (2017). Prevalência de hepatites b, c, sífilis e hiv em privados de liberdade - Porto Velho, Rondônia. *Revista Interdisciplinar*, 10, 43-52.
- [15] Nogueira, P. A., & Abrahão, R. M. C. M. (2009). A infecção tuberculosa e o tempo de prisão da população carcerária dos Distritos Policiais da zona oeste da cidade de São Paulo. *Revista Brasileira de Epidemiologia*, 12, 30-8.
- [16] Nyasulu, P., Mogoere, S., Umanah, T., & Setswe, G. (2015). Determinants of Pulmonary Tuberculosis among Inmates at Mangaung Maximum Correctional Facility in Bloemfontein.South Africa. *Tuberculosis Research and Treatment*, 2015, 752-709.
- [17] Oliveira, M. G., Delogo, K. N., Oliveira, H. M. M. G., Ruffino-Netto, A., Kritski, A. L., & Oliveira, M. M. (2014). Anemia in hospitalized patients with pulmonary tuberculosis. *Jornal Brasileiro de Pneumologia*, 40, 403-410.
- [18] Owokuhaisa, J., Thokerunga, E., & Bazira, J. (2014). Prevalence of Pulmonary Tuberculosis among Prison Inmates at Mbarara Central Prison, South Western Uganda. *Advances in Research*, 2, 618-625. <http://doi.org/10.9734/AIR/2014/10676>.
- [19] Rabahi, M. F. (2012). Tuberculose e tabagismo. *Revista Pulmão RJ*, 21, 46-49.
- [20] Ryu, Y. J. Diagnosis of Pulmonary Tuberculosis: Recent Advances and Diagnostic Algorithms. (2015). *Tuberculosis and Respiratory Diseases*, 78, 64-71. doi:10.4046/trd.2015.78.2.64.
- [21] Sarang, A., Platt, L., Vyshemirskaya, I., & Rhodes, T. (2016). Prisons as a source of tuberculosis in Russia. *International Journal of Prisoner Health*, 12, 45-56.
- [22] Secretaria Estadual de Justiça do Ceará (BR). Monitoramento semanal do efetivo de presos nas unidades prisionais do Ceará. Ceará. (2014). Retrieved from: <http://www.mpce.mp.br/wp-content/uploads/2016/03/Portaria-1220.2014-Regimento-dos-Estabelecimentos-Prisionais-Cear%C3%A1.pdf>.
- [23] Secretaria Estadual de Justiça do Ceará (Brasil). Coordenadoria do Sistema Penal. Núcleo de dados e estatística. Monitoramento semanal do efetivo de presos nas unidades prisionais do Ceará. (2016). Retrieved from: <file:///C:/Users/User/Downloads/relatrio%20semanal%20externo%20-%202023.12.14.pdf>.
- [24] Severo, N. P. F., Leite, C. Q. F., Capela, M. V., & Simões, M. J. S. (2007). Características clínico-demográficas de pacientes hospitalizados com tuberculose no Brasil, no período de 1994 a 2004. *Jornal Brasileiro de Pneumologia*, 33, 565-571.
- [25] Silva Junior, J. B. (2004). Tuberculose: Guia de Vigilância Epidemiológica. *Jornal Brasileiro de Pneumologia*, 30, S57-S86.
- [26] Souza, K. M. J., Villa, T. C. S., Assolini, F. E. P., Beraldo, A. A., França, U. M., Protti, S. T., & Palha, P. F. (2012). Atraso no diagnóstico da tuberculose em sistema prisional: a experiência do doente apenado. *Texto & Contexto - Enfermagem*, 21, 17-25.
- [27] Table 1. Analysis of the association between characteristics of medical records of prisoners following treatment for TB (n=109) and sociodemographic characteristics. Fortaleza, Ceará, Brazil, 2017.
- [28] Valença, M. S., Cezar-Vaz, M. R., Brum, C. B., & Almeida da Silva, P. E. (2016). O processo de detecção e tratamento de casos de tuberculose em um presídio. *Ciência & Saúde Coletiva*, 21, 2111-2122.
- [29] Valença, M. S., Possuelo, L. G., Cezar-Vaz, M. R., & Almeida da Silva, P. E. (2016). Tuberculose em presídios brasileiros: uma revisão integrativa da literatura. *Ciência & Saúde Coletiva*, 21, 2147-2160.
- [30] World Health Organization. (2000). The control of tuberculosis in prisons: a manual for program managers. Retrieved from: [http://apps.who.int/iris/bitstream/10665/66823/1/WHO\\_CDS\\_TB\\_2000.281.pdf](http://apps.who.int/iris/bitstream/10665/66823/1/WHO_CDS_TB_2000.281.pdf).
- [31] World Health Organization. Global tuberculosis report. (2016). Retrieved from: [http://www.who.int/tb/publications/global\\_report/gtbr2016\\_executive\\_summary.pdf](http://www.who.int/tb/publications/global_report/gtbr2016_executive_summary.pdf).
- [32] World Health Organization. Tuberculosis in prisons. (2014). Retrieved from:<http://www.who.int/tb/areas-of-work/population-groups/prisons-facts/en/>.



Variables	n (%)	Pale mucosa n= 76 (69.7%)	Cough n=105 (96.3%)	Sputum n=91 (83.5%)	Abnormal breathing pattern n=12 (11.0%)	Positive bacilloscopy n=93 (85.3)
<b>Age group</b>						
18 to 29 years	72 (66.1)	49 (68.1)	70 (97.2)	60 (83.3)	7 (9.7)	65 (90.3)
30 to 39 years	23 (21.1)	17 (73.9)	21 (91.3)	20 (87.0)	3 (13.0)	19 (82.7)
40 years and over	14 (12.8)	10 (71.4)	14 (100)	11 (78.6)	2 (14.3)	9 (64.3)
p value		0.950 <sup>2</sup>	0.270 <sup>2</sup>	0.857 <sup>2</sup>	0.721 <sup>2</sup>	0.042 <sup>2</sup>
<b>Marital status</b>						
With partner	20 (18.3)	15 (75)	18 (90)	14 (70.0)	2 (10.0)	15 (75.0)
Without partner	89 (81.7)	61 (68.5)	87 (97.8)	77 (86.5)	10 (11.2)	78 (87.6)
p value		0.570 <sup>1</sup>	0.153 <sup>2</sup>	0.095 <sup>2</sup>	1.000 <sup>2</sup>	0.167 <sup>2</sup>
<b>Years of study</b>						
None	3 (2.8)	2 (66.7)	2 (66.7)	2 (66.7)	-	2 (66.7)
1 to 5 years	56 (51.4)	38 (67.9)	55 (98.2)	45 (80.4)	8 (14.3)	48 (85.7)
6 to 9 years	29 (26.6)	20 (69)	28 (96.6)	26 (89.7)	3 (10.3)	25 (86.2)
More than 9 years	21 (19.3)	16 (76.2)	20 (95.2)	18 (85.7)	1 (4.8)	18 (85.7)
p value		0.917 <sup>2</sup>	0.138 <sup>2</sup>	0.470 <sup>2</sup>	0.687 <sup>2</sup>	0.694 <sup>2</sup>
<b>Race</b>						
White	11 (10.1)	6 (54.5)	11 (100)	10 (90.9)	-	9 (81.8)
Black	18 (16.5)	13 (72.2)	17 (94.4)	14 (77.8)	3 (16.3)	15 (83.3)
Pardo	80 (73.4)	57 (71.3)	77 (96.3)	67 (83.8)	9 (11.3)	69 (86.3)
p value		0.512 <sup>2</sup>	0.716 <sup>2</sup>	0.691 <sup>2</sup>	0.457 <sup>2</sup>	0.735 <sup>2</sup>
<b>BMI</b>						
Underweight	55 (50.5)	45 (81.1)	54 (98.2)	48 (87.3)	7 (12.7)	49 (89.1)
Normal weight	46 (42.2)	25 (54.3)	45 (97.8)	39 (84.8)	5 (10.9)	38 (82.6)
Excess weight	8 (7.3)	6 (75.0)	6 (75.0)	4 (50.0)	-	6 (75.0)
p value		0.009 <sup>2</sup>	0.026 <sup>2</sup>	0.046 <sup>2</sup>	0.899 <sup>2</sup>	0.326 <sup>2</sup>
<b>Time in prison</b>						
< 1 year	16 (14.7)	13 (81.3)	15 (93.8)	15 (93.8)	2 (12.5)	10 (62.5)
1  -- 3 years	46 (42.2)	30 (65.2)	43 (93.5)	36 (78.3)	5 (10.9)	39 (84.8)
3  -- 5 years	19 (17.4)	13 (68.4)	19 (100.0)	17 (89.5)	2 (10.5)	17 (89.5)
> 5 years	28 (25.7)	20 (71.4)	28 (100.0)	23 (82.1)	3 (10.7)	27 (96.4)
p value		0.716 <sup>2</sup>	0.383 <sup>2</sup>	0.510 <sup>2</sup>	1.000 <sup>2</sup>	0.028 <sup>2</sup>

<sup>1</sup> Chi-squared test; <sup>2</sup> Fisher's Exact test

Table 2. Bivariate analysis of respiratory problems according to harmful habits in prisoners with Tuberculosis. Fortaleza, Ceará, Brazil, 2017.

Variables	n (%)	Pale mucosa n= 76 (69.7%)	Cough n=105 (96.3%)	Sputum n=91 (83.5%)	Abnormal breathing pattern n=12 (11.0%)	Positive bacilloscopy n=93 (85.3)
<b>Smoking</b>						
Yes	70 (64.2)	47 (67.1)	68 (97.1)	62 (88.6)	7 (10.0)	60 (85.7)
No	39 (35.8)	29 (74.4)	37 (94.9)	29 (74.4)	5 (12.8)	33 (84.6)
p value		0.432 <sup>1</sup>	0.616 <sup>2</sup>	0.055 <sup>1</sup>	0.752 <sup>2</sup>	1.000 <sup>2</sup>

**Drinking**

Yes	35 (32.1)	8 (22.9)	34 (97.1)	33 (94.3)	2 (5.7)	31 (88.6)
No	74 (67.9)	25 (33.8)	71 (95.9)	58 (78.4)	10 (13.5)	62 (83.8)
p value		0.246 <sup>1</sup>	1.000 <sup>2</sup>	<b>0.037<sup>1</sup></b>	0.331 <sup>2</sup>	0.510 <sup>1</sup>

**Use of illicit drugs**

Yes	29 (26.6)	21 (72.4)	29 (100.0)	26 (89.7)	2 (6.9)	25 (86.2)
No	80 (73.4)	55 (68.8)	76 (95.0)	65 (81.3)	10 (12.5)	68 (85.0)
p value		0.713 <sup>1</sup>	0.572 <sup>2</sup>	0.389 <sup>2</sup>	0.510 <sup>2</sup>	1.000 <sup>2</sup>

<sup>1</sup> Chi-squared test; <sup>2</sup> Fisher's Exact test

## Correlation Between Tourism Development Model and Carrying Capacity Assessment in the Coastal Areas, the Case of Dhërmi, Albania

**Genci Pasko**

*PhD Candidate*

*Tirana University, Faculty of Economics, Tirana, 1001, Albania*

### Abstract

Tourism has been identified as a major economic sector where Albania holds an international comparative advantage. The target of the Albanian Government is to develop tourism industry and transform it into a basic branch of the economy. Consequently, during the last twenty years, there have been considerable attempts to invest in tourism sector, especially in the coastal areas. These investments have contributed to a substantial increase of foreign visitors, employment opportunities and stabilisation of balance of payment. In the same time, these investments have been accompanied with negative effects resulting in overexploitation of natural ecosystems, improper settings of constructions and settlements, coastal and marine pollution, etc. The major factors impacting such negative consequences are related with the lack of a consistent and sound tourism policy, as well as improper management of tourism carrying capacity in the coastal areas. Therefore, the development of a proper development option and calculation on this basis of carrying capacity for Albanian coastal destinations has taken a paramount importance for the implementation of sustainable development that allows for optimum level of usage of coastal ecosystems. This article presents the necessity of applying the carrying capacity concept during the course of development of the coastal areas, depending on various development scenarios with focus on sustainable tourism development option.

**Keywords:** Tourism development scenario, coastal areas, carrying capacity assessment, sustainable tourism development, Dhërmi destination

### 1. Introduction

Coastal areas in Albania represent one of the country's most valuable assets from the development and environmental point of view, as well as the opportunities offered for the country's socio-economic development. Recognising the tremendous potentials for tourism development the Albanian Government has made considerable attempts to draft and consolidate the legal and institutional framework for the sustainable development of the coastal areas. These attempts include the gradual drafting of legislation on priority tourism development zones, the national legislation on urban and physical planning, nature and environment protection, the development of National Biodiversity Strategy and Action Plan, the implementation of various technical assistance and investment programs supported by donor agencies, etc. Coastal areas in Albania have attracted the major part of investments which have enabled enormous physical tourism physical facilities that have boasted the socio-economic development. However, this development has been associated with negative impacts that can lead to an unbalanced and short-term development of coastal resources. Thus, due to ad-hoc types of development, environmental limits of the coastal ecosystems not only are not taken into account, but in most of the cases, are overexploited, thus creating a hazard conflict with coastal resources and local population.

Within this frame, the calculation of maximal number of tourists that a coastal area can withstand without causing environmental damages, or carrying capacity assessment (CCA), has become a crucial element for a sound tourism policy and sustainable tourism development. Such a calculation should take a primary importance during the process of drafting policies and development plans for the coastal areas in order to ensure a harmonized balance between economic, social and environmental resources. Therefore, the defining of a clear and consisted tourism development policy and assessment on this basis of CCA in planning and management of tourism project should be considered as an important directional instrument that should guide the development process (Pasko, 2016). In setting out to achieve its sustainability this process should be done through the participation of all stakeholders involved, including the decision making authorities at the central and local levels, private sectors investors, civil society organizations and local communities in particular.

## 2. Methodology

During the course of preparation of this paper, a wide variety of publications, reports and articles, prepared by international organizations, institutions, practitioners and researchers were consulted. In addition, a detailed desk research on Albania's strategic tourism development documents, relevant data and published materials was carried out. Besides the substantial primary information on CCA and tourism strategic frameworks, a survey on the preferred scenario for tourism development in coastal areas of Dhërmi was carried out as well. The survey aimed at collecting extensive data and individual perceptions on the preferred scenario for tourism development and tourist amenities and facilities to be developed accordingly. Hundred and forty interviewees, encompassing tourism planners and managers at central and local institutions, as well as local population representatives of the study area participated in the survey. The survey with tourism planners and managers employed a questionnaire designed to use a set of open questions to assess their opinion on the most suitable tourism scenario for the study area. In parallel with this, a second panel of interviews was conducted to the beach users to assess their perceptions on the beach crowding and beach facilities, including beach quality, safety, cleanliness, and catering facilities. Out of 140 correspondents, interviewed randomly at the beach and local community, only 16 did not respond.

In order to calculate the carrying capacity of the study area, it was needed to determine its natural boundaries, including the hilly range, the river streams in Palasa beach and the total available area, used by visitors for sunbathing. The area's surface was computed based on the aerial photography of State Authority of Geospatial Information (ASIG), taken in the year 2015, with a spatial resolution of 20 cm (1 pixel equal to 20 cm). On screen digitalization of three beaches of Dhërmi area was made using GIS system techniques by interpreting the scale 1:500.

### 3. A theoretical overview of tourism models and carrying capacity concept in the coastal areas

Usually the development of tourism activities in coastal areas is based on planning or/and management decisions, taken mainly on the basis of financial criteria, while environmental considerations are taken into account only in a sense that can be described as "trying to minimise effects given the available budget (UNEP, MAP/PAP, 2009). Over recent decades, coastal destinations in many countries have attracted the major portfolio of tourism investments which have also lead to a conflicting situation with other competing sectors and users of local resources. Mass tourism as a basic model of coastal development has lead to certain specific type of pressures (seasonality, spatial concentration, etc.) on land and natural resources and to a specific type of impact, like crowding, large visitors flow, etc (Coccosis, 2009).

Within this context, CCA in coastal areas is considered a useful concept and as such it can be used in a variety of planning and policy making, like tourism strategy formulation, development of goals and objectives, consensus building among stakeholders, awareness rising of local population and private sector developers, etc. Hence, it can facilitate the process of developing the goals and objectives for coastal destinations, thus providing the basis for their strategic orientation in the future. CCA can assist tourism managers and entrepreneurs, local and regional administrators, NGOs, and civic society to identify their own roles and ways to incorporate their actions into a broader approach that can lead to the formulation of a tourism strategy (Coccosis and Mexa, 2009).

The early concept of carrying capacity was initially introduced in biological science to indicate the limit, or the level a species population size attains given the environmental resistance indigenous to its location (Lein, 1993), by being perceived as the capacity of an ecosystem to support healthy organisms while maintaining its productivity, adaptability, and capacity for renewal (CARC, 2002). Although the first analysis of the ability of parks and protected areas to absorb tourist and to study their impact was made in USA at the beginning of 1930s (McCool and Lime, 2000), the tourism carrying capacity (TCC) concept emerged as an important discipline during '70s and '80s. Since that time, many international organizations dealing with tourism development, have elaborated their own definitions of TCC. Thus, the WTO has proposed the definition of TCC as "the maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic and socio-cultural environment and an unacceptable decrease in the quality of visitors 'satisfaction" (UNWTO, 1981).

Initially, TCC was concerned with environmental considerations, but later on with evolution of theory and practices on sustainable tourism and with the need for a multidimensional approach, the simultaneous combination of social, economic and environmental dimensions took much more emphasis. Consequently, the existence of three different types of carrying capacity was developed by Pearce, 1989, as following:

*Physical carrying capacity*: the maximum number of people who can use a site without an unacceptable alteration in the physical environment and without an unacceptable decline in the quality of experience gained by visitors (Matheson and Wall 1982).

*social carrying capacity*: the level of tolerance of the host population for the presence and behavior of tourists in the destination area;

*economic carrying capacity*: the ability to absorb tourist functions without squeezing out desirable local activities and avoiding the decline of the tourist destination caused by the disruption of the local attractions;

On the basis of the main dimensions of the development, the impacts of tourism in a given area can be analysed in terms of three main groups of parameters: physical environment, social –demographic and political and economic (Trumbic, 2009).

The interaction between the above dimensions varies in accordance to the characteristics of a tourist destination including local resources, sensitivity of natural ecosystems, size and composition of the population, economic structure, local cultural heritage, types of tourist visiting the area and the model of tourism development. Therefore, CCA should be applied individually for each specific tourist destination by using an individual approach that takes into consideration its specific features (UNEP/MAP/PAP, 1997).

Since it is recognized that tourism carrying capacity in general and the carrying capacity of the coastal areas in particular is not a fixed category, it is clear that a number of different development options can be offered to a given area for CCA. These options should be elaborated as separate models of tourism development, which in turn should be analysed to identify the most suitable for that particular area. This process should enable the selection of the most suitable development option, which in turn should form the basis for determining the exact carrying capacity of the area concerned. UNEP/MAP/PAP, 1997, suggests that in principle, the basic development scenarios should be the same for all areas (whether in or outside of the Mediterranean Basin), and may be subdivided into 4 basic types:

- (a) Free development without any restrictions;
- (b) Intensive tourism development, with some elements of control;
- (c) More limited development, of alternative tourism or "eco-tourism";
- (d) Balanced, sustainable tourism development

The above options should form the basis for the assessment of tourism carrying capacity. The fact that the sustainable model is closer to the upper, or to the lower limits of theoretical carrying capacity depends on the specific features of a given destination. These features are related to the requirements of the local, regional and country needs. Obviously, the CCA is not a definitive process; changes in carrying capacity assessment are always possible, even within a given area, depending upon changing of economic conditions, infrastructural development, migration of the population, level of education, norms of behaviours of local populations toward tourist, etc (UNEP/MAP/PAP PAP 1997).

#### **4. Analysis of tourism development strategies and carrying capacity considerations for the costal areas in Albania**

As part of background analysis made in this paper, four tourism development strategies were analyzed and presented briefly, as follows:

##### **4.1. Albania Tourism Development Guidelines, 1993-2010**

After establishment of the first democratic government in 1992 this document, commissioned by European Bank for Reconstruction and Development, highlighted the first strategic direction for tourism development in Albania. It crafted the vision of what kind of tourism destination Albania should be for the next 25 years. This vision encompassed the characteristics of a destination:

where tourism would be developed in sympathy with the environment and Albania's people and culture;

that catered specifically for individuals and small groups, people interested in adventure, culture, sports, environment, exploration, and new experiences.

Recognising the unique opportunity to become Europe's leading eco-tourism destination the guidelines recommended a range of tourism products and activities which were designed to capitalize on the strengths of Albanian natural resources,

heritage, culture and people, while recognising considerable constraints of infrastructure at that time. The Guidelines also put strong emphasis on the preservation of the ‘unspoiled coasts, in particular, not only for Albanian heritage, but also for competitive advantage in tourism markets’ (Albania Tourism Guidelines, 1992, p.5).

With regards to CCA, the study had proposed the first physical considerations of territorial planning by recommending the maximum building density for hotels and apartments (including ancillary facilities, car parking, landscaping) of 100 tourist beds for hectare of land, together with a maximum height for buildings depending on topography. As part of medium term actions and from calculations of appropriate building densities and physical constrains it was recommended that the Adriatic coastal area could support a total of around 9000 tourist beds, whereas for the Ionian part around 7500 bed spaces. (Albania Tourism Guidelines, 1992).

## **4.2. Tourism Development Strategy, 2002-2012**

This study prepared with technical and financial support of GTZ, represented a general master plan for tourism development in Albania. Promoting Albania with the slogan “Albania-yours to discover” and “the last remaining secret in Europe” it aimed at consolidating a ten years vision for tourism development in the future.

This strategy reconfirmed as the main tourist products of Albania the sun and sea and special interest tours. Following the main considerations of Albanian Tourism Guidelines the suggestions was to position Albania as an attractive tourist destination for tourist seeking a unique experience concerning nature and culture exploration. With regards to coastal development the strategy aimed to:

Construct 50 hotels and create 10.000 new tourist beds along the Adriatic Coast till the end of 2012;

Increase “private rooms” by 34 percent, 1 and 2 stars hotels by 15 percent, 3 stars by 25 percent, 4 stars by 20 percent and 5 stars by percent;

Increase the overnights of international tourist coming for sun and sand by 50 percent, and those coming for business and convention by 25 percent;

Increase by 40 percent of overnight stays of visitors coming from countries originating from Western Europe, mainly Germany, UK, and Scandinavia, 30 percent from Southern European markets (Greece, Macedonia, Kosovo) and 20 percent from Poland and Russia.

The main strategic orientations in terms of tourism market were:

competitors: like Croatia, Montenegro, Bulgaria, Greece, Cyprus and Turkey;

the “niche market”, with focus on sun, sand and beach tourism in the long term;

Price oriented families between 28 to 45 years, with children and young couples;

Positioning: “Albania known as an interesting new tourism destination at the Mediterranean Sea with value for money packages”

More specifically, with regard to tourism development and accommodation in the coastal areas, the strategy planned the construction of beach hotels, three and four stars category in a large scale setting without projecting considerations on carrying capacities for the coastal areas.

## **4.3 Tourism Sector Strategy 2007-2013**

This document was prepared in line with the objectives of the Albanian Government for coordinating the strategies of different sectors of the economy. It also aimed to upgrade the output of the above mentioned strategy and its coordination with the Strategy and Action Plan for the Development of Natural and Environmental Tourism, prepared by UNDP.

One of the main objectives of this strategy was to achieve a geographical balance in distributing tourist activities all over Albania. With regard to tourism development along the Adriatic Sea, the strategy pointed out that the development should be rigorously controlled, in accordance with existing legal framework. Due to the plain terrain it was recommended the construction of low-rise hotel resorts and tourist villages that should blended into the surrounding environment. Other types of development included the construction of camping sites and caravans together with water activities. The strategy emphasized the need to balance the domestic with international tourism and required the preservation of local architecture

style by using indigenous materials. With regard to CCA, the suggested carrying capacities for the Adriatic coastal area were 100 tourists/ha.

Actually, this consideration was fully disregarded in practice. During the year 2000, coastal development around Vlora, Orikum and in particular in Golem, Saranda, and Ksamil were characterised by rapid mass urbanisation and hazard unregulated development. As a result of a “pro-development” vision, new urban area plans that were developed without passing environmental impact assessment procedures, enabled the construction of thousands buildings (3000 in Saranda only) with over 10 storeys, scattered in large spaces, missing any sense of logical organized growth (PAP/RAC-SOGREAH, 2007).

#### **4.4. The National Strategy for Sustainable Tourism Development 2018-2022**

The new strategy (still in a draft status) positions tourism as one of key sectors of country's economic development. Its main objectives include increase of:

Tourism contribution to GDP by 10 percent until the end of 2020, with an average increment of 6.2 percent during 2018-2020.

Contribution to the employment from 85,000 to 100000 employees by the end of 2022.

Income from tourist activities up to 1,79 billion EUR by the end of 2020. (National Strategy for Sustainable, Tourism Development, 2018-2020)

The main tourism product to be developed under the new strategy includes sun and sea tourism aiming to provide a strong offer to national, regional and international markets.

The strategy recommends the following objectives for the 4 years time span:

Construction of 4 and 5 star resorts and hotels in the coastal areas;

Encouragement of camping establishments;

Development of traditional houses and transformation into B&B establishments;

Development of marinas along the coast and stimulation of arrivals of big cruise ships and, yachts.

The current strategy doesn't plan any projection for CCA in the coastal areas, although during the last decade the uncontrolled and ribbon development has been the most significant type in the urban/rural interface. Such type of development has exceeded carrying capacity even at theoretical level.

#### **4.5 Shortcomings in the effective implementation of tourism development strategies**

By having a clear eye-look at the above strategies, one can notice they have been developed by the urge to reaffirm and support single policy perspectives. There has been no detailed research aiming at infusing a sense of realism into the conceptualization of the role and potentials of tourism, refining insights and bringing them in line with everyday reality. As far as the implementation process is concerned they all have been unsuccessful in ensuring:

Regular type of physical developments with clear models employing a rational hierarchy: strategy - master plan - urban planning and investment actions;

Full control over the use of environment and coastal ecosystems;

Professional performance of public institutions dealing with the sector;

Effective collaboration of public-private partnership.

Above all, most of these strategies have disregarded the important concept of carrying capacity, thus ignoring the increased concern about the impact of tourism, as well as mechanisms and tools to cope with such impact. While early attempt of tourism policy were focused on establishing the basic conditions for tourism development (identification of priority tourism development zones, provision of fiscal incentives for tourism developers, infrastructure development) nowadays it has become apparent that a broader perspective incorporating cross sectoral approaches and system-wide issues should be in place. Therefore, the question of negative impact in a significant magnitude should be central to carrying capacity concept in tourism planning and management of coastal areas in Albania.

## **5. Identification of a proper development scenario as a prerequisite for CCA in Dhërmi Area**

### **5.1 The study area**

Dhërmi is a famous summer destination, located in Southern Albania. It represents one of the most valuable coastal assets with an outstanding seascape view, distinguished for its reach natural and cultural heritage. Through the villages of Palasa-Vuno section one can find diversified combination of coastal and fantastic terrestrial and mountainous ecosystems that encompass small habitats that continue to live in sympathy with local architectural and cultural traditions (Qiriaz, 2017). The climate is characterised by a mild winter and hot and dry summer, with a predominance of 300 sunny days per year (IHA, 1985). The area is also famous for its outstanding beaches among which the biggest and finest ones are those of Palasë, Dremades and Dhërmi, extended into 3 km long and 20-50 m wide. Being divided by stunning rocks, they use to attract thousands of tourists who come to enjoy the intact nature, pristine coast, crystal clear waters and delicious food. After improvement of infrastructure, during the last ten years, Dhërmi gained international attention after the reconstruction of the coastal panoramic road and has been host to youth hubs and beach summer holidays.

### **5.2 Tourism development options**

Within the frame of development scenarios suggested by PAP/RAC and recommended as a unified approach for all Mediterranean countries, four development models were analyzed and formulated in consultation with local planners, local community and business representatives as following:

#### **5.2.1 Constructions of secondary residences/apartments**

This option is possible by taking into account the existing trend of constructions of secondary residential dwellings. It may result in generating large income on the short term, but bears the risk of diminishing the existing resources suitable for constructing of hotels and other similar establishments. Relying on this option, the future income is not completely negligible (payment of taxes, income generation from local shopping and local restaurants), but it will be much smaller as compared to development of hotels and other similar establishments. According to the latest data, the number of secondary residences in Dhërmi is about 180. As a result of 3 residential complexes that are currently under construction and are going to be completed by the end of 2019, this number will be increased up to 650. If we calculate four persons per one secondary residence there will be around 2700 people (beds) that are going to spend their vacations in the study area. Considering this development will continue with the same growth rate, by the year 2025, there will be about 12.000 tourist beds in the secondary residences in Dhërmi villages.

#### **5.2.2 The option of developing 4 to 5 star Hotels and other similar establishments**

Although the current Albanian Government is heavily promoting the construction of elite hotels along the Albanian Riviera, the prospect of this model is not very much likely to be successful in the near future. The main reason for this is the lack of attractiveness and possibilities for developing tourism convention in Albania in general and in the study area in particular. Though the current hotel structures report a 100 percent occupancy rate during the peak season, their business volume is still limited due to rather short seasonality. The option of development of hotels and similar establishments is more sustainable in the long term only in a case of prevalence of *all inclusive* tourism hotels. However, it should be noted that this scenario employs minimum contacts with the local population and cares about in-the-house environment due to the beach management for hotel guests, planting/maintaining greenery of private assets, etc. Another negative aspect of this scenario is that it is characterised by spatial and social isolation, thus resulting often in minimal economic benefits for the host community. However, it still generates employment opportunities, which is not the case of first scenario identified above. The approximate spatial development of the second option for the study area will probably tend to occupy the first landscape/seascape stretching from the north to the south after getting down from Llogara Pass. This ecosystem is made of the wonderful beaches of Palasë-Gjilekë-Dhërmi and will attract major investments in the form of high and medium class hotels and other accommodation establishments, combined with secondary residences and other tourist activities. With regard to CCA, the international experience has evidenced that tourism model based on hotels and similar establishments needs in general more free spaces than the secondary residences. Therefore, its effect on carrying capacity is less dangerous than the option of the continuation of existing trends, but the possibility of such investments will be less likely if the number of secondary residences will reach high quotas.

#### **5.2.3 Alternative tourism option with focus on protection of natural and coastal environment**

This option focuses on the preservation of Dhërmi area and its adjacent coastal territories because the coastal strip from Karaburun Peninsula to Lukova is one of the rare parts of the Albanian coast that is generally preserved and can produce



strong interest in the future. This part of the coastline has preserved its environmental assets due to the lack of basic infrastructure and tourist facilities. However, besides attractive seascapes, the ecological value for most of this area lies mainly to agricultural plots and olive grows. As such they do not possess outstanding attractions that can please visitors and tourists of special nature interest. On the other hand, though Dhërmi will probably tend to keep its image as destination with fine beaches, it is quite likely that business pressure will strongly oppose to the wide protection measures in the other parts of the coastline towards south. In other words, the attempts to limit the tourism development in order to preserve natural environment in the area have no real chances to prevail. The limitation of tourism development for the sake of preservation the natural resources can be counter-productive also from socio-cultural and consequently ecological point of view. That can happen if the need for job creation can be supplemented by agricultural and food processing industry that has limited chances to be developed.

One of the solutions would be to develop village-based tourism which can help the empowerment of local community by increasing local income and generating more jobs. But, this model has more chances to be successful within an environment that is physically attractive and environmentally better preserved in the hinterland than in study area. Consequently, sustainable development of hotels and other establishments cannot be seen as a threat, but more likely as an approach that can ensure environmental protection.

#### **5.2.4 Sustainable Tourism Development Option**

Sustainable tourism development option can be considered as closer to the integrated approach, which takes into account positive aspects of the above mentioned scenarios and reduced as much as possible the negative ones. Such option should therefore care about the ratio between hotels & similar establishments, secondary residences and local traditional dwellings in order to ensure enough potential places and avoid high concentrations of hotels within the area. The distribution of those two types of development should also care about the physical characteristics of the coastline and preferences of the local population. Therefore, coastal parts with splendid beaches should be more suitable for hotels and similar establishments and the less attractive areas can be used for secondary residences. Apart from hotel establishments and secondary residences it is recommended to include some other small coastal belts under protection status to convey the real image of the destination. Possible forms of village-based tourism should also be considered whenever possible in order to support local community. Under this frame, the sustainable development option can be seen as a:

Development scenario that carefully considers the proper use of natural resources in order to promote a viable economic growth and socio-economic development; and

A process that should involve management and regulatory interventions to limit negative impacts of tourism development on the environment and ensures that damages incurred are not irreversible.

The basic premise underlying the sustainable tourism development option outlined below is based on the assumption that there are alternative models of tourism development, different from the predominant tendency of building hotels and secondary residences in the study area. Through this model the area can:

Develop and promote a tourist product that can place Albania as a unique tourist destination;

Maximise the economic benefits of the sector by providing the best interlinks of coastal tourism to other sectors of the economy; and

Secure and promote a relationship between economic and ecological development parameters by ensuring efficient preservation of environmental assets.

The proposed diversity of the tourist product according to the last option not only can preserve the Albanian heritage but can also provide a strong competitive advantage in tourism markets. The sustainability of the proposed tourist product is therefore dependent on the parallel development of an appropriate tourist product.

### **5.3. Selection of appropriate tourism development scenario for Dhërmi Area**

#### **5.3.1 Design of the survey**

The above mentioned scenarios were discussed in a small workshop with local planners, community members and business representatives. In order to define the best option of tourism development as a prerequisite of CCA, a questionnaire was used to collect opinions of tourism planners and managers at central and local level, as well as local population representatives of the study area. The questionnaire to the tourism planners and managers was designed using

a set of open questions to assess their opinion on the most suitable tourism scenario. In parallel to this, a second type of questionnaire was used as a source for primary data from beach users obtaining feedback on the frequency of the beach use, seasonality, beach quality and tourist facilities. Out of 140 correspondents, interviewed randomly at the beach and local community, only 16 did not respond, thus showing a dissent interest to contribute to the survey.

### 5.3.2 Population of the survey

The target population for this study consisted of two groups:

The first group encompassed tourism experts from the Ministry of Environment and Tourism, National Tourism Agency, urban planners from Himara Municipality, community members and local business representatives.

The second comprised beach users, short term and day visitors of the study area.

The population of the second group was selected through a random sampling procedure in order to provide more precise answers.

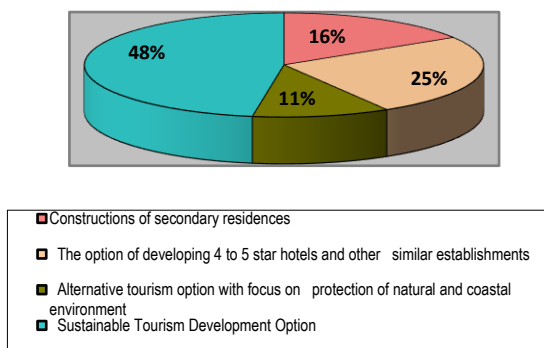
### 5.3.3 The questionnaires

Referring to Gay, 1992, questionnaires can be used as one of the most common types of instruments for collecting data assuring the correspondents' confidentiality and anonymity. For the purpose of this study there were developed two types of questionnaires accordingly. The first questionnaire was designed specifically to collect opinions of urban planners and tourism policy experts, and local population representatives on the most appropriate development scenarios in Dhërmi. It was distributed to 40 individuals. The second type of questionnaire as used to collect information and individual perceptions of beach users in order to collect the necessary data for assessing the physical, effective and real carrying capacity. The second questionnaire was drafted in Albanian and English language in order to involve in the survey Albanians and other nationalities.

### 5.3.4. Results of the survey

The processed data from the questionnaires were used to draw conclusions from individuals. Results of the tabulation showed that majority of respondents (67 percent) were in favour of considering the sustainable development option as the most appropriate, as demonstrated by the graph below:

**Graphic 1.** Results of the questionnaires for the 4 scenarios of tourism development in the study area:



After defining the option of sustainable tourism development as the most appropriate scenario for the development of tourism in the study area, the researcher proceeded with the calculation of carrying capacity, using three specific types of them as following:

*Physical Carrying Capacity (PCC),*

*Real Carrying Capacity (RCC), and  
Effective or Permissible Carrying Capacity (ECC)*

The calculation of these parameters took into account physical, ecological and maritime conditions of the study area and resulted as in the following table.

**Table 1:** Calculation of PCC, RCC and ECC for Dhërmi area

No.	Beach name	Beach area ( in m <sup>2</sup> )	PCC (visitors/day)	RCC (visitors/day)	ECC (visitors/day)
1.	Palasa	96,938.2	14,541	7,093	3,045
2.	Dremades	106,679.4	16,001	7,808	1,986
3.	Dhërmi	76,174.6	11,426	5,575	1,617
4.	Total	79,792.2	41,698	20,476	6,648

In total the real carrying capacity for the three beaches of Dhërmi is estimated at 6,648 visitors/day. This number that incorporates the influence of beach quality and management represents an optimal number of beach visitors. Taking into account the ECC and the normal extension of tourist season (122 days), the optimal number of tourists in Dhërmi that can cater without having negative impacts on ecology of its coastal resources is estimated at 811,056 tourists/visitors for the whole tourist season. Actually, during the summer of 2017 the total number of overnight stays in Dhërmi was estimated at 430,539 visitors. Therefore, the current tourist activity in the study area is still in a lower level compared to its carrying capacity.

## 7. Conclusions and recommendations

With regard to tourism planning and development concepts TCCA should be considered an important component of any tourism development plan in Albania. Its main purpose is to provide parameters guiding the development of tourism which should also serve for planning of other activities, of traffic routes and of infrastructure.

The calculation of TCC should be done once the development model of a tourist destination is defined and should consider the three parameters of CC. These parameters should be applied taking into consideration the characteristic of the environment and the level of socio-economic development. Hence, in highly developed urban areas where social-cultural differences between local population and tourists are inexistent, the physical and ecological components are more pronounced. Differently, in the less developed countries from tourism viewpoint, (including Albania) the social demographic and socio-cultural components of carrying capacity take a greater importance. Therefore, in Albania it is required a more specific approach adapted to the principal characteristics of the environment and types of tourism that could develop successfully.

The results of effective CCA revealed that real carrying capacity for Dhërmi coastal destination is estimated at 6,648 bathers per day. Such a number is exceeding almost twice the current number of tourists visiting the area. However, taking into account Dhërmi is attracting an increased number of domestic and international tourists and the plans of Albanian Government to develop it as an upmarket tourist destination the carrying capacity can be saturated rather soon if neglected both from theoretical and practical implementation point of view. Therefore, planning and implementation of sustainable tourism development scenario in Dhërmi area should take into account the principal characteristics of local environment, traditions and culture. The main reasons of such differentiation are the characteristics of sensitive coastal ecosystem, determination and seasonality with greatest intensity in the summer, great wealth of cultural heritage sites, specific tradition and behaviour of the local population, etc.

Since many of the above elements were insufficiently taken into consideration in the past, the concept of CCA was not applied in theory in Albania, nor was the guidelines defined by numerous studies, used in practice. CCA for the study area and Albania in overall, should immediately be incorporated in various development projects, as the concepts introduced in this article make it imperative and rather easily adaptable in the future.

## References:

- [1] Canadian Arctic Resources Committee (2002), Carrying capacity and thresholds: theory and practice in environmental management, Macleod Institute, Calgary
- [2] Coccossis, H. and Mexa A, Tourism Carrying Capacity: Future Issues and Policy Considerations, The Challenge of Tourism Carrying Capacity assessments, Theory and practice, Ashgate, Basingstoke, Hampshire
- [3] Coccossis, H. (2009), Sustainable Tourism and Carrying Capacity: A New Context, The Challenge of Tourism Carrying Capacity Assessment, Theory and practice, Ashgate, Basingstoke, Hampshire
- [4] Gay, L.R. (1992), Education Research Competences for Analysis and Application: London: Charles E. Milton Keynes Philadelphia Company
- [5] Institute of Hydrometeorology, (1985) Atlas of the Climate of Albania
- [6] Lein J. K. (1993), Applying Expert Systems Technology to Carrying Capacity Assessment: A Demonstration Prototype. *Journal of Environmental Management* 37, p. 63-84
- [7] Lein J. K. (1993), Applying Expert Systems Technology to Carrying Capacity Assessment: A Demonstration Prototype. *Journal of Environmental Management* 37, 63-84
- [8] Mathieson A. and Wall G. (1982), Tourism. Economic, Physical and Social Impacts, Longman
- [9] Mc Cool S.F and Lime D.W. (2001), Tourism Carrying Capacity: the Tempting Fantasy or Useful Reality? *Journal of Sustainable Tourism* 9(5) 372-388
- [10] National Strategy for Sustainable Tourism Development, Ministry of Tourism and Environment, (2018-2022), Draft, retrieved from [http://www.bing.com/cr?IG=7E43F4E3A037420BB32A8A538DB96B22&CID=2381A90D3F256154354BA52D3ED8602A&rd=1&h=xudwMHcryaYyc96SsF4uE5vDE99GjhngR0AM\\_haAtNw&v=1&r=http%3a%2f%2fwww.mjedisi.gov.al%2fwp-content%2fuploads%2f2018%2f02%2fStrategjia-e-Turizmit-18-22-draft-1.pdf&p=DevEx.LB.1,5066.1](http://www.bing.com/cr?IG=7E43F4E3A037420BB32A8A538DB96B22&CID=2381A90D3F256154354BA52D3ED8602A&rd=1&h=xudwMHcryaYyc96SsF4uE5vDE99GjhngR0AM_haAtNw&v=1&r=http%3a%2f%2fwww.mjedisi.gov.al%2fwp-content%2fuploads%2f2018%2f02%2fStrategjia-e-Turizmit-18-22-draft-1.pdf&p=DevEx.LB.1,5066.1)
- [11] PAP/RAC-SOGREAH (2005), Integrated Coastal Zone Management Study and Plan, Interim Report, Tirana, June 2005
- [12] Pasko, G. (2016). Carrying Capacity Assessment – An Essential Tool for Sustainable Tourism Development in Coastal Areas of Albania: *European Journal of Economics and Business Studies*, 4(1), p. 163-171
- [13] Pearce D.C.(1989), Tourist Development. Essex: Longman Scientific and Technical Publishers
- [14] Qiriazhi, P. (2017), The Natural Heritage of Albania, Publication of the Academy of Sciences of Albania
- [15] Sectoral Development Strategy (2007), Ministry of Tourism, Culture, Youth and Sports, retrieved from <http://shtetiweb.org/wp-content/uploads/2014/06/Strategjia-e-Turizmit-2007-2013.pdf>
- [16] Touche Ross, EuroPrincipals Limited (1992). Albania Tourism Guidelines, Final Report, November 1992
- [17] Trumbiç, I. (2009). Tourism Carrying Capacity in Mediterranean Tourist Destinations The Challenge of Tourism Carrying Capacity Assessment, Theory and practice p. 182-199
- [18] UNEP, MAP/PAP, (2009), Sustainable Coastal Tourism, An Integrated Planning and Management Approach, retrieved from <http://pap-thecoastcentre.v2.limescms.com/storage/documents/WKKB7w0NL9II4g2HWS1vD3paGd5OYFJuPqLNuoHF.pdf>
- [19] UNEP/MAP/PAP (1997), Guidelines for Carrying Capacity Assessment for Tourism in Mediterranean Coastal Areas, Priority Action Programme, Regional Activity Centre, Split
- [20] UNWTO (1981), Saturation of Tourist Destinations, Report of the Secretary General, Madrid

## Economic growth in Kosovo as a challenge to environmental preservation in the Republic of Kosovo

Ruzhdi Matoshi

University of Business and Technology, Pristina, Republic of Kosovo

Besa Veseli

University of Business and Technology, Pristina, Republic of Kosovo

### Abstract

The developing economies pose a significant threat to the environment, which has become a worldwide phenomenon. The need for production, export, and economic growth poses a challenge for every government and company. The Republic of Kosovo has witnessed a considerable economic development during the recent years, but is has fallen short of considering and implementing a strategy for the preservation of the environment. Taking in account the planning and the development strategies in the Republic of Kosovo, from the side of the government and the interest of businesses to run after profit, it leads to a strong debate over the issue that is related to the process and the policies that have their implications in the preservation of the environment. The developing countries argue that they have much to do about employment, exports and an overall development of their countries. Consequently, they breach the rules and norms of environmental preservation. Kosovo is relatively rich with underground and surface resources, where there are large quantities of minerals and coal. Exploiting these resources can have a great impact on economic development. In this paper we look at the largest companies that exploit the raw materials needed for business in Kosovo, which at the same time are also the largest polluters, namely the thermo power plant "Kosova B", the iron ore "Ferronickel", and cement producing plant "Sharrcem", the data for which were collected on site by the authors.

**Keywords:** Republic of Kosovo, economic growth, development, pollution. JEL: D13, M13, O13, Q13.

### Introduction

An economic growth can be in conflict with the environment, especially when it is under pressure to make a progress that is aimed at lowering unemployment, alleviating poverty and increase of national incomes. On one side, the growth in industrial sector, relies on exploiting natural resources, while consumers produce a lot of waste that in turn pollute the environment on the others side, thus weakening the prospects of growth in the long run. This relationship is complicated and dependent on several factors. Consuming the environmental resources has come to the use of an approach that would improve efficiency while attempting to preserve or regenerate some of the renewable resources. However, to achieving a desired level of economic growth and activity faces the challenge of, among others, reducing the greenhouse emissions and possibly undertake some measures in the form of a green revolution.

Developed economies have realized that a sustainable economic growth and development must carefully consider the costs of environmental degrading. The concern is becoming more severe in the age of global climate change whose impact is increasing in the 21<sup>st</sup> century. Stern has estimated that the cost of slowing down or possibly avoiding adverse effects of climate change by 2050, ranges between 1% to 3.5% of GDP. Alternatively or not doing so, the damage may be between 5% and 20% of global GDP.<sup>1</sup> Economic growth is needed in order to ease human conditions of life, raise the standards of living, but this is not guaranteed for a long time as it leads to depletion of natural resources which in turn endanger the ecosystem. The increase in CO<sub>2</sub> emission has accelerated sharply in the 21<sup>st</sup> century, mostly by vehicles and other fuel operating transport means. The problem of intensive use and consumption of natural resources such as minerals and metals at an increased pace has been identified as early as in the 1970s by Meadows *et al*, who maintained that the Earth is limited in resources to provide steady long-term economic growth if no careful measures of protecting and adjusting the

---

<sup>1</sup> Nordhaus W.D., (2006), "The 'Stern Review' on the Economics of Climate Change", National Bureau of Economic Research, Working Paper 1274.

environment are not undertaken.<sup>1</sup> While developing economies may justify their pressure in responding to the needs for greater exploitation of the environment in order to provide better living standards and economic welfare for their people, the developed economies with more capital have not yet come to a common agreement to address the threat to environment on a global scale. An example is the non-ratification by the United States, the largest economy in the world, of the Kyoto Protocol on reducing the greenhouse gas emissions.<sup>2</sup> In 2011, additional larger economies such as Japan, Russia, and Canada went on not to take no further commitment on the Kyoto Protocol, with Canada even withdrawing from it.

The developing economies, primarily those who emerged from the fall of communism and civil wars in Central and Eastern Europe as well as some from the Middle East, have seen a sharp increase in environmental pollution. The destruction in some parts was so great that repairs took considerable resources to be spent without any benefit in return in the short run. They even could not afford the cost of repair on their own, thus the donor assistance was desperate to overcome the consequences. However, the assistance focused heavily on adjusting the environment only to the point when it was sufficiently fit to resume economic activities and growth without any major concern beyond with respect to the environment. One these shortcomings of the donor assistance were that environmental professionals were not consulted on the implications the economic reforms and reconstruction projects can have to the environment. It was not just a matter of institutions directly related to environmental protection like a ministry, but of the rest of ministries and the government of a country as a whole.<sup>3</sup>

While the environmental cause in developed countries, despite disagreements, has made the way through into politics by establishing *green parties* that would play a significant role in political, economic and social life, many developing economies have yet to repair the consequences of wars and the fear that what is already at disposal in the environment may be lost in potential conflicts. Their concern may be to preserve the existing state, even if it does not meet satisfactory standards. War is a heavy, and often a terrible source of environmental pollution and destruction. The progressive development of various weapons such as chemical, biological, nuclear and their eventual use causes immediate damage to environment, people and vegetation. A nuclear accident like Chernobyl in 1986 has produced long term implications for much of Europe.<sup>4</sup> Conventional weapons, too, apart from direct damages to infrastructure, release pollutants whose effects can be harmful in longer run. In 2001 the World Health Organization reported several sites in Kosovo in which depleted uranium was used during the bombing campaign against Serbia in 1999 by NATO, mostly in western part of Kosovo, but the results were not conclusive and further investigation was recommended.<sup>5</sup> While those were the results of an earlier period whose approximate harmful effects were not measured, more adverse effects to the environment have come during the reconstruction period, namely by large plants of thermo power generation, mineral extraction, and massive deforestation. As Kosovo is relatively rich in minerals, primarily in lignite and some metals such as lead, zinc and nickel, much of her economic growth is expected to come from their extraction and use. However, this is the area where the bulk of the environmental pollution is coming from, which is also the focus of this paper.

### **The tradeoff between economic growth and environmental protection**

Economic growth and development may come at a cost of environment to the extent that in the long run many would have done the things differently when they come to face the consequences. There are two main alternatives in the tradeoff between economic growth and environment. First, as already stated, to let the growth at the benefits of income generation, increasing of employment, raising of living standards, in other words, intensify economic activities by neglecting the environment, so to have the needed resources to intervene in repairing the environment. Second, economic growth should go in parallel or in coordination with considerable care to the environment, though in the short to medium run this growth may be smaller than in the first alternative. What does the experience from various countries tell in both cases? The term *cowboy economy*, regardless who might have been the first to coin it, is associated with harsh or intensive use of natural resources with almost no care to harmful effects against the environment and direct hazard to the people's health. It may only take into account the removal of garbage from the working place just around the corner to enable the work. Due to the regulations, this hardly is allowed to apply in modern times. Some limitations are imposed everywhere, but the hunger for

<sup>1</sup> Meadows D. H., Meadows D. L., Randers J. and W. W. Behrens, (1972), *The Limits to Growth* A Report to the Club of Rome's Project on the Predicament of Mankind, New York: Universe Books.

<sup>2</sup> Dessai, S. (2001), "The Climate regime change from the Hague to Marrakech: Saying or Sinking the Kyoto Protocol", Norwich: Tyndall Centre.

<sup>3</sup> Bell, R. G. and Russell, C. (2002), "Environmental Policy for Developing Countries", *Issues in Science and Technology*, Vol. 18, No. 3.

<sup>4</sup> International Atomic Energy Agency - IAEA (2006), "Environmental Consequences of the Chernobyl Accident and Their Remediation: Twenty Years of Experience", Report of the Chernobyl Forum Expert Group 'Environment', Vienna: IAEA.

<sup>5</sup> World Health Organization (2001), "Depleted Uranium Mission to Kosovo", undertaken at the request of the Special Representative of the Secretary-General and Head of the United Nations Interim Administration Mission in Kosovo (UNMIK), Geneva: WHO.

economic growth industrialization often overshadows these limitations. The People's Republic of China, when it adopted communism in 1949, was a developing country facing unemployment and poverty. The primary task of the communist party, just as in the rest of communist states and based on mainstream Marxist ideology of development, was rapid industrialization, relying especially in the development of heavy industry. Indeed, this focus and heavy commitment of China on heavy industry produced remarkable results. For 30 years in a row since 1978, China recorded an average economic growth rate of 10% per year. The growth continued to be among the highest in the world to the present day, and this has made China the largest economy as measured by GDP in terms of purchasing power parity.<sup>1</sup> Has this path of economic boom come to the damage of environment? Certainly yes, but what are the magnitudes of this harm? According to the World Bank, in 2003 the cost of environmental pollution and premature deaths by conservative estimates in China was 157.3 billion Yuan or 1.16 of GDP.<sup>2</sup> The economy may record a high growth and even get overheated, but the cost can also be enormous. But the cost of environmental degradation as measured by its share to GDP, was even higher elsewhere such as Middle East and North African countries than in China. In these two world regions, the damage to the environment in 2000 was estimated at \$9 billion per year with an estimate mean of 5.7% of GDP, with spillover effects to global environment estimated at 0.9% of their own (Middle East and North Africa) GDP.<sup>3</sup> In less developed countries people appear to be more hostile to the environment as they tend to exploit natural resources more carelessly to make their own ends meet. Latin America and the Caribbean have depended on extraction of natural resources for their economic development. In Peru and Colombia for example, the annual cost of this extraction for development averaged 3.8% of their GDP.<sup>4</sup>

Realizing the tradeoff between economic growth and environmental preservation through extraction and consumption of resources, the focus is actively shifting towards on innovations that friendly to the environment, and investment on renewable sources of energy, while undertaking measures to reduces the current emission of pollutants. This focus of attention has gained importance after the evidence from the hypothesis that higher incomes is associated with better or improved environment, was inconclusive.<sup>5</sup> Comparisons between countries suggests that it is not the average level of income that determines the health status, but the size of the gap between the rich and the poor within a country.<sup>6</sup> Connections between the urbanized environment and health include designs for the prevention of side damages (e.g. roads, buildings and security codes), exposure to toxins (e.g. lead in paint and gasoline, pesticides and fertilizers, fecal discharge), reduction of violence and crime, exercise, and recreation. Given the interdependence of these factors, there is also a strong relationship between the urbanized environment and mental well-being or healthier labor force.<sup>7</sup>

The third or the era of information technology development, is generally friendly to the environment, but in itself cannot reverse the already harm. It can be used efficiently for substantial improvement. How to do that? Maybe through just one man! Interesting, one of the main leaders of the third industrial development that made him the richest person in the world (Bill Gates), has initiated the forth industrial revolution, or the revolution of the environment, for which he has established Bill and Melinda Gates Foundation in 2000. What makes his approach quite different from the first alternative that we referred to earlier, is that his foundations aims at providing economic growth and development, but not so much in developed countries. Another difference is that the fund's donations are primarily directed to developing nations in the projects related against diseases, vaccines, agriculture, education, water supply and irrigation. Only for vaccines the Gates Foundation has joined a coalition of \$460 million.<sup>8</sup> This is a different approach which takes a different stance to economic growth and development, i.e. the priority should focus on health and environment.

<sup>1</sup> In 2017, Chinas GDP at PPP amounted 11,218.3 US\$ billions or 17.76% of the world's total, ahead of USA's 15.49%. For more details, see World Bank (2017), *The Global Competitiveness Report 2017-2018: Insight Report*, Geneva: World Economic Forum.

<sup>2</sup>World Bank (2007), *Cost of Pollution in China: Economic Estimates of Physical Damages*, Conference Edition, Washington DC: The World Bank.

<sup>3</sup> Muawya, A. H. (2008), "Costs of Environmental Degradation: An Analysis in the Middle East and North Africa Region", *Management of Environmental Quality*, Vol. 19, No. 3, pp. 305-317.

<sup>4</sup> Wingqvist, G. Ö. (2009), "Environmental and Climate Change in Latin America and the Caribbean - Policy Brief", University of Goethenburg: School of Business, Economics and Law.

<sup>5</sup> Pears, D., Barbier, E., and Markilndya, A. (2000), *Sustainable Development Economics and Environment in the Third World*, Edward Elgar: London.

<sup>6</sup> Donovan, R. J. (2000), "Understanding the social determinants of health", *Social Marketing Quarterly*, Vol. 6, No. 3, pp. 55-7.

<sup>7</sup> Burdette, A. M. and Hill, T. D. (2008), "An Examination of Processes Linking Perceived Neighborhood Disorder and Obesity", *Social Science and Medicine*, Vol. 67, No. 1, pp. 38-46.

<sup>8</sup> Greyfeld, K. and Bass, D. (2017), "Gates Foundation Joins New \$460 Million Coalition for Vaccines", available at: <https://www.bloomberg.com/news/articles/2017-01-18/gates-foundation-joins-new-460-million-coalition-for-vaccines>, accessed on January 20, 2018.

## Methodology and data

The primary source of data used in this paper is from three case studies or the companies that are the largest pollutants in Kosovo. As there was no available consolidated database for them, e.g. in the Ministry of Environment and Spatial Planning, especially for some indicators in which were mostly interested in, the data were obtained by our direct visit to the companies concerned and access to the relevant data, which include the period 2010-2012, and that not for all. There are two main reasons for the choice of this period, despite that the scholars undoubtedly would ask for more recent to understand the trend:

As we highlighted in the introductory part, the WHO in 2001 had collected the data on the consequences of NATO bombs of depleted uranium in western Kosovo, but could not draw conclusions, thus the difficulty of obtaining reliable data; and

The data for 2010-2012 were more consolidated and comparable for analysis compared to their shortage before and afterwards that period.

The limitation in quantity and quality of the data and their timeframe has constrained us to provide better measurements on potential impact of the pollutants on economic growth, especially at micro level. Instead, the interpretation of the main existing findings is made by knowing the gap in research for the respective country, after which this paper goes on to recommend that more detailed and diversified data on environmental pollution in relation to economic growth, should come before any environmental policy is put into action at national level.

## Economic growth and environmental pollution in Kosovo

Developing economies such as Kosovo with high unemployment and widespread poverty press for more activity that would increase their incomes and economic welfare. Economic hardship forces businesses and consumers in search of whatever ways to get more of their material gains. First, let us look at the pace of economic growth in Kosovo and other main macroeconomic indicators.

*Table 1: Main macroeconomic indicators of Kosovo (in millions of €, unless otherwise indicated)*

	2012	2013	2014	2015*	2016*
Population (in million)	1,807	1,815	1,842	1,838	1,866
Gross Domestic Product (GDP)	5 059	5 327	5 568	5 745	5 994
Annual GDP growth (in %)	2,8	3,4	1,2	3,5	3,8
GDP per capita (in €)	2 799	2 935	3 023	3 126	3 213
Import	-2,360	-2,297	-2,372	-2,494	-2,519
Export	287	305	321	327	350
Remittances (in % of GDP)	10,3	10,4	11,2	11,5	11,4
Government expenditures	888	950	1.059	1.187	1.169
Foreign investment (in % of GDP)	4,2	4,5	2,2	4,2	4,2
Balance of payments	-7,5	-6,4	-7,9	-7,2	-8,9
Foreign assistance	83	-8	-18	56	46
Unemployment (of labor force)	30,9	30,0	35,3	32,0	-

Note:

\* estimated

- no data

Source: International Monetary Fund (2016), "Republic of Kosovo", IMF Country Report No. 16/22, Washington D.C.: IMF, table 1, 2, 3, p. 22-24.

Kosovo has relatively low per capita income in the nominal value of 3 213 €, as of 2016. Unemployment is still high and ranges between 30% and 35% of the labor, which is partly a problem inherited from the past. Kosovo's trade balance is negative, where exports cover only over 12 percent of imports, but with a tendency to growth. Economic growth as measured as a percentage increase of annual GDP has been close to 3% over the period 2012-2016. The economy is making little progress and facing some economic disproportion. GDP continues to grow but with a dynamic that can be



considered insufficient to make visible changes in economic development. The fall in foreign financial assistance is also observed. At the same time, it appears that due to this decline in external financing, which is mainly driven by international organizations and agencies of different countries, the remittances of Kosovar emigrants have increased. The balance of payments seems to worsen in the future, while there is a constant increase in Government spending.

Although with moderate economic growth rates, environmental concerns such as pollution of air, water, soil, and deforestation continue to increase. Then, where such a pollution comes from, in what level, and who is the main cause? According to a report by the World Bank, the cost of environmental degradation in 2010 was estimated between €123 and €323 million, with an average of €221 million. In terms of percentage to GDP, this represented between 2.9 to 7.7, or on average 5.3%.<sup>1</sup> Comparing this to GDP growth rates which reach a maximum of around 4%, it suggests that even the current growth rates, apart from some economic gains, cause more harm than good. Although Kosovo is completing the legislation regarding the environment, which are in compliance with European Union standards, the implementation to preserve, repair the damage or otherwise protect the environment is far away in the required standards. We are more interested in the pollutants which in their reasoning are necessary for economic growth and income generation, namely the sector of power generation, mineral extraction and cement manufacturing.

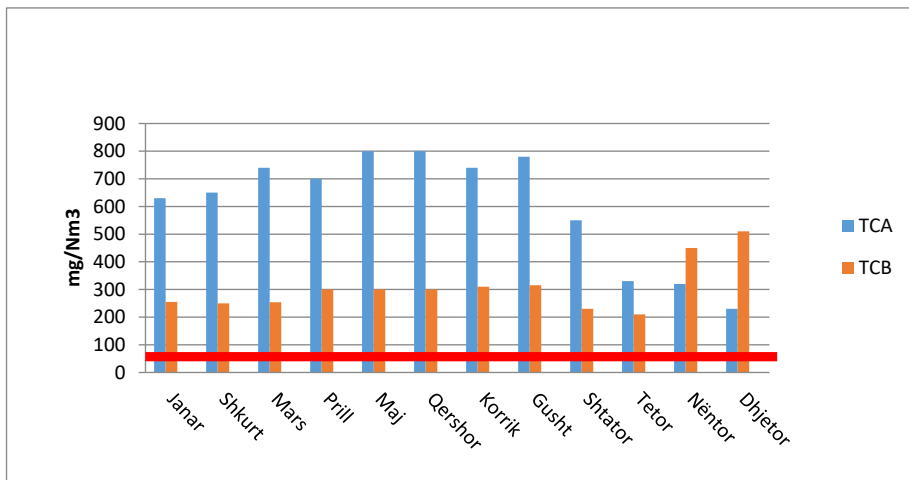
**Case studies**

Kosovo’s relative small geographical area (less than 11 000 square kilometers) is best known for the resources such as coal and minerals. By various estimates, the coal reserves of Kosovo are amongst the largest in the world. The coal is primarily used for electricity generation and consumption as fuel by the households. At the end of 2017, the Government signed a contract with Contour Global to build a new thermo power plant “Kosova e Re” that would rely on exploitation of the coal nearby. The contract envisages investment worth \$1.3 billion for a power plant with a capacity of 500 MgW. It is expected to be operational by 2023 and have a life time of 40 years. Only few kilometers away, the iron ore “Ferronickel” is a privatized company extracting and exporting nickel, a large polluter. The third largest polluter that is also included in our case studies, is the “Sharrcem” cement plant located close to the border crossing with the Republic of Macedonia.

**Kosova B**

Is a thermo power plant of KEK (Kosovo Energy Corporation). KEK continues to be one of the strongest sources of air pollution due to high emissions from the Kosovo A and Kosovo B Power Plants. The evaluation of emissions is based on the results of measurements and calculations , for these pollutant parameters: Dust, SO<sub>2</sub>, NO<sub>x</sub> and CO<sub>2</sub>. The dust emission (PM<sub>10</sub>) for both plants (TC A and TC B) is shown in figure below.

Figure 1: Dust emissions in TC A and TC B as of 2012, by months

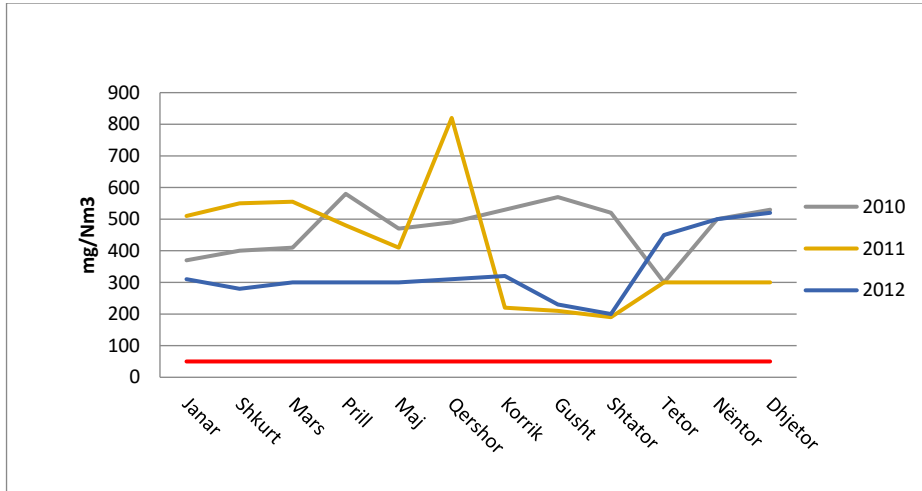


Source: KEK database and Authors’ calculation.

<sup>1</sup> World Bank (2011), “Kosovo Country Environmental Analysis Cost Assessment of Environmental Degradation, Institutional Review, and Public Environmental Expenditure Review”, Washington, DC: World Bank.

The red line indicates maximum level of dust allowed to be emitted, which clearly shows both power plants were well above or exceeding it. From 2010 to 2012, in TC A and TC B, the results for dust emissions appear lower compared to the previous years, they still above the red line. TC B in particular, after a short period of lowering the dust emissions, has risen in 2012, as shown in Figure below.

Figure 2: Dust emissions in TC B from 2010 to 2012



Source: KEK database and Authors' calculation.

Over 2010-2012 period, there has been a considerable overtaking of maximum allowed volume of SO<sub>2</sub> emission TC B by nearly twice as much (400 mg/Nm<sup>3</sup> allowed versus 750 mg/Nm<sup>3</sup> released). Even larger so has been the overtaking beyond limits in emission of Nitrogen Oxides (NO<sub>x</sub>), 500 allowed versus 900. To sum up this case without going into further details, TC B remained a heavy polluter, far above the maximum level allowed.

### Ferronickel

The main problems of environmental pollution from the mines are that during the mining process large amounts of dust is released, especially during the summer season, which damages the environment and the health of the population and plants nearby. Ferronickel has replaced the filters in early 2007 (before resuming the work), in order to reduce the dust emission and polluting the water. The electric furnaces in which the melting of the iron and nickel is made, releases large amounts of dust and gases (CO, CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>) due to high melting temperatures (about 1500 °C). At the beginning of resuming the work after privatization, this unit worked without a dust and gas cleaning system. However, since 2008, the company has contracted the system of cleaning of gases by the Norwegian company "Vatvedt". The gas cleaning system in both electric ovens was put into operation in March 2010. But that is only one part in the chain of activities involving excavation of the minerals, transporting, depositing, processing into alloys, to the storage of scrap and other remains that heavily pollute the environment.

The dust granules created during extraction and processing of minerals are released into diffusive forms into the atmosphere. The dust is categorized by the size of granules (PM<sub>10</sub>, PM<sub>2.5</sub> and PM<sub>1</sub> with a certain aerodynamics diameter < 10µm, <2,5µm and <1µm) and total suspension granules (GTS). The emissions of these harmful materials by Ferronickel is presented in the table below.

Table 2: Dust granules emission by Ferronickel, 2011 and 2012

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
mg/m <sup>3</sup>	270	180	172	141	112	127	90.1	142	107	80.75	-	102,1
MVA	50 mg/Nm <sup>3</sup>											
Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII

mg/m <sup>3</sup>	-	117.4	55.4	44.6	91.2	50.5	64.4	76.9	70.1	86.9	83.2	103.5
MVA	50 mg/Nm <sup>3</sup>											

MVA = Maximum volume allowed

- no data

Source: Ferronickel database and Authors' calculation.

The figures in Table 2 do not need much explanation as they can speak on their own. Every single indicator at all observed times is well above the maximum volume of allowed emission, which is a clear indicator what pollutant in this area Ferronickel is. The situation with other pollutants such as SO<sub>2</sub> and NO<sub>x</sub> is found to be more acceptable in terms of environment.

Table 3: SO<sub>2</sub>emissions into the air, 2011-2012

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
mg/m <sup>3</sup>	1.58	1.91	1.93	1.75	619	1.00	1.00	1.44	390	977	-	841.4
MVA	800 mg/Nm <sup>3</sup>											
Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
mg/m <sup>3</sup>	-	1.54	504	4.47	2.03	770	800.8	948.8	848	746	708	807.4
MVA	800 mg/Nm <sup>3</sup>											

MVA = Maximum volume allowed

- no data

Source: Ferronickel database and Authors' calculation.

The first half of the years has witnessed lower values of SO<sub>2</sub>emissions than the maximum volume allowed. Only in few months of the second half is the opposite. Here, the situations can be brought under control and bring this slightly higher level of emissions than allowed under control. The same can be said for NO<sub>x</sub> emissions, the value of which over the same period has always been under 400 mg/Nm<sup>3</sup> or the volume allowed by environmental standards. Despite this, Ferronickel remains a large polluter through dust granules.

### Sharrcem

Like the first two cases, the technological process of production of clinker at the Sharrcem factory in Han i Elezit is largely followed by the emission of pollutants with an impact on the environment. The main environmental impacts of the cement plant in the air come from the rotary kiln chimney as a result of the physicochemical breakdown of the raw material and the burning process in the oven at high temperatures up to 1,450 ° C.

Other potential sources of contamination by cement factories are mills for milling cement, clinker warehouse packaging system and transport of finished products. All of these sources that are pollutant dust producers are controlled between the dust filtering system through mechanical dryers whose efficiency is 20mg/m<sup>3</sup>. The furnace outflow gas filtration system is controlled through an electrostatic filter whose efficiency is below 50mg/m<sup>3</sup>. The pollutants coming from or related to the Sharrcem, include: dust, flying dust, NO<sub>x</sub>, SO<sub>2</sub>, organic steam components, and greenhouse gases.

Table 4: Emissions of pollutants by Sharrcem in 2012

Type	Dust	SO <sub>2</sub>	NO <sub>x</sub>
Quantity (mg/Nm <sup>3</sup> )	18	30	390
MVA	50	450	800

MVA = Maximum volume allowed

Source: Sharrcem database and Authors' calculation.

In all pollutant emissions, Sharrcem falls under the limits allowed by regulation and environmental standards. Though still a heavy pollutant, it keeps all the pollutants below the maximum volume allowed, which was not the case with other two previous companies. Once it was privatized and sold to a foreign buyer, the investor (Holcim from Switzerland) began the series of repairs and investing in technology that reduce the environmental pollution before resuming with the production process. As the company is profitable and with prospects to rise, it is a lesson that it should be better to invest in

environmental concern first, and not neglect the pollution problem which when it accumulates, becomes so harmful that may go beyond repair and cause the company to be closed down on these grounds.

## Conclusion

It is possible to get the economy overheated by intensive exploitation of natural resources such as coal, metals and cement. Not only possible, but actually easy at an enormous cost of environment that is already in trouble. The economic growth rates in many countries outweigh the cost of environmental degradation in the period they both refer to, and this is still considered a great concern. By comparison, in Kosovo, the cost of harm to the environment as measured in percentage of GDP, is higher than the rate of GDP growth. If in China the problem is a concern of alert type, in Kosovo the issue can be considered to have come to the state of alarm.

The three case studies included in this paper are the largest entities of pollutants. At their current state, the objective to pursue their own interest in making profit at the benefits of consumers such as employment, buyers, and spenders of electricity, is coming at a large cost of environment and health of the population. Yet, the Government rushed to sign the contract for construction of a new thermo power plant that is the site of largest pollution of air and soil in Kosovo. As no comprehensive measures were undertaken to the present day, the environment will likely further be degraded, thus the current and future projects in exploiting the mines should come after only the environmental cause is dealt with in advance. Kosovo does not have the needed resources to cope decisively with the harms caused in the environment. The first alternative as we dubbed in this paper, which is focusing on economic growth then switch to radical measures in favor of repairing and preserving the environment, should either be dropped, or the standards of environmental protection are respected, at least to the maximum volume allowed and never exceed it because it is already late. Only the Sharrcem is found to meet the needed criteria regarding the environment.

The second alternative should be put on place instead. Humans would not only like to live longer, but also would wish their heirs to live longer. The question is if they are ready to accept some material gains that brings them faster to premature death and lose everything earlier, or live longer with less economic resources. In the option "either, or", they would like to live longer with material gains. This is not possible in the first alternative, but it can be in the second. How? Economic growth and welfare should switch to other sectors rather than heavy industry like in the second industrial revolution. At this stage, we recommend a more urgent task to determine the diagnose of environmental pollution by collecting more diversified, detailed and reliable data not only for the present, but also for earlier periods in order to better understand the causes and consequences of environmental degradation before the policies are brought for alleviating or neutralizing the scale of harm to the economy.

## References

- [1] Bell, R. G. and Russell, C. (2002), "Environmental Policy for Developing Countries", *Issues in Science and Technology*, Vol. 18, No. 3.
- [2] Burdette, A. M. and Hill, T. D. (2008), "An Examination of Processes Linking Perceived Neighborhood Disorder and Obesity", *Social Science and Medicine*, Vol. 67, No. 1, pp. 38–46.
- [3] Dessai, S. (2001), "The Climate regime change from the Hague to Marrakech: Saying or Sinking the Kyoto Protocol", Norwich: Tyndall Centre.
- [4] Donovan, R. J. (2000), "Understanding the social determinants of health", *Social Marketing Quarterly*, Vol. 6, No. 3, pp. 55–7.
- [5] Greyfeld, K. and Bass, D. (2017), "Gates Foundation Joins New \$460 Million Coalition for Vaccines", available at: <https://www.bloomberg.com/news/articles/2017-01-18/gates-foundation-joins-new-460-million-coalition-for-vaccines>, accessed on January 20, 2018.
- [6] International Monetary Fund (2016), "Republic of Kosovo", IMF Country Report No. 16/22, Washington D.C.: IMF, table 1, 2, 3, p. 22-24.
- [7] International Atomic Energy Agency - IAEA (2006), "Environmental Consequences of the Chernobyl Accident and Their Remediation: Twenty Years of Experience", Report of the Chernobyl Forum Expert Group 'Environment', Vienna: IAEA.
- [8] Meadows D. H., Meadows D. L., Randers J. and W. W. Behrens, (1972), *The Limits to Growth* A Report to the Club of Rome's Project on the Predicament of Mankind, New York: Universe Books.
- [9] Muawya, A. H. (2008), "Costs of Environmental Degradation: An Analysis in the Middle East and North Africa Region", *Management of Environmental Quality*, Vol. 19, No. 3, pp. 305-317.

- [10] Nordhaus W.D., (2006), "The 'Stern Review' on the Economics of Climate Change", National Bureau of Economic Research, Working Paper 1274.
- [11] Pears, D., Barbier, E., and Markilndya, A. (2000), *Sustainable Development Economics and Environment in the Third World*, Edward Elgar: London.
- [12] Wingqvist, G. Ö. (2009), 'Environmental and Climate Change in Latin America and the Caribbean - Policy Brief', University of Gothenburg: School of Business, Economics and Law.
- [13] World Bank (2007), *Cost of Pollution in China: Economic Estimates of Physical Damages*, Conference Edition, Washington DC: The World Bank.
- [14] World Bank (2011), "Kosovo Country Environmental Analysis Cost Assessment of Environmental Degradation, Institutional Review, and Public Environmental Expenditure Review", Washington, DC: World Bank.
- [15] World Bank (2017), *The Global Competitiveness Report 2017-2018: Insight Report*, Geneva: World Economic Forum.
- [16] World Health Organization (2001), "Depleted Uranium Mission to Kosovo", undertaken at the request of the Special Representative of the Secretary-General and Head of the United Nations Interim Administration Mission in Kosovo (UNMIK), Geneva: WHO.

## Ear Training Made Easy: Using IOS Based Applications to Assist Ear Training in Children

Dr. Emine Serdaroglu

Bogazici University, TURKEY

### Abstract

It is an inevitable reality that in all developed countries and in most developing countries, smart phones and tablets are an indispensable part of most children's lives. There are many discussions and heated arguments on the negative and positive effects of digital technology on the development of children. In this paper, accepting the fact that this technology is a part of most children's daily lives, it will be questioned whether this technology may be used to reinforce certain components of music education in general classroom and especially in private music studios. In conservatories and music schools, a considerable amount of time is dedicated to aural training of younger students. However, during music lessons in the classroom and during the instrumental lessons in private studios, lesson time is mostly dedicated to other components such as improvement of technique, musicality and sight reading. Thus, a crucial part of music education "ear training" is neglected to some extent. In this paper, several IOS based ear training applications will be evaluated considering the target group, children between ages 6-11. The possible effects and incorporation of these applications into the classroom and private studios will be discussed. Each application will be evaluated on several components; the ear training modules, user-friendliness, possibility of the evaluation of students' progress by the teacher and probable reaction of the children to these applications.

**Keywords:** Music education, ear training, IOS based applications, private music studio, classroom teaching, technology, education, teaching

### Introduction

It is an inevitable reality that today, smart phones and tablets are an indispensable component of modern life. The way people interact and communicate with one another changed drastically with introduction of mobile technology into daily life (Briz-Ponce et al., 2017). As this technology becomes an obligatory part of adult life, it is subsequently introduced to children's lives as well. There are many arguments and various research on the effects of this technology on the development of children. Consequently, many public health organizations published warning and guidelines for parents, health givers and educators regarding the use of digital technology by children. For instance, in 2016 American Academy of Pediatrics (AAP) released recommendations for parents, educators and health care providers regarding the use of this technology for children from birth to age eight (as cited in Miller et al., 2017). Despite the proposed restrictions on screen time, the use of digital technology is also encouraged as an educational tool. As an example, in 2015, a guideline supporting the use of digital educational technology to enhance learning in younger children was issued by Australian Children's Education and Care Quality Authority (Miller et al., 2017).

By many researchers and educators, mobile technology is considered as the great revolution in teaching (Castillo-Manzano et al, 2017). Many universities already incorporated mobile learning into their curriculum to provide more flexibility and wider spectrum. According to a meta-analysis of 110 studies conducted in 2016, investigating the effects of mobile devices on student learning, the use of mobile devices is shown to be more effective for learning (Sung, Change, & Liu, 2016 as cited in Heflin, Shewmaker, & Nguyen, 2017). Among other subjects, digital technology is introduced into music classroom as well. There is a wide variety of technological devices and software available that may be used for notating, transcribing, composing and recording music. As digital technology becomes more widespread in classrooms of universities and high schools, it also used in preschool and elementary school education. The question that comes to mind is whether younger children can use this technology effectively. In a study conducted by the Sesame Workshop and the Cooney Center 114 children between the ages four to seven were interviewed with a focus on iPhone and iPod touch applications. The results showed that most children were able to use these devices on their own or other became adapt after receiving a little help at the beginning (Chiong & Shuler, 2010).

Since the mobile technology may be used by younger children and it is already used and suggested as an educational tool, it may be possible to use it more effectively as part of music instruction among students aged 6-11. Since music is an art form based on sound, improving the hearing skills in other words, ear training, should be an important part of music education from the very beginning. Usually, in conservatories and music schools, a considerable amount of time is dedicated to aural training of younger students. However, during music lessons held in the general classroom and during the instrumental lessons in private studios, lesson time is mostly dedicated to other components of musical education, leaving limited time to aural training. The use of appropriate technological tools may facilitate learning aural skills (Pomerleau Turcotte, Moreno Sala & Dubé, 2017).

As the use of smart phones and tablets become more widespread, they become preferred devices for using the educational technology in the classroom and private studios. iPads are considered to be useful tools for music teachers and students. They may be used in the classroom and at home as part of individual or group study (Riley, 2016). In an abundant app market, it is very difficult to find user friendly apps with educational benefits which children would love. There has not been a systematic analysis of the educational apps available (Goodwin and Highfield 2012). Burton & Pearsall encourage researchers to analyze the apps and make trusted recommendations to parents and educators (2016). Considering iPads are one of the preferred mobile devices used in classroom and everyday life, only IOS based ear training applications will be evaluated considering the target group, children between ages 6-11. There are many IOS based apps classified under music and educational content in App Store. While choosing the initial apps, only the free apps or apps with free versions are chosen since majority of the parents prefer to download free applications for their children (Chiong & Schuler, 2010). Approximately 60 free apps that may be used for ear training are downloaded and are evaluated on several components: the ear training modules, user-friendliness, possibility of the evaluation of students' progress by the teacher and probable reaction of the children to these applications. Most of these applications target relative pitch training while some of them also target perfect pitch training. The ones designed to work on relative pitch training typically included modules on intervals, scales, chords and harmonic progressions. The most popular instrument of choice is the piano. Most of these app which are designed for educational purposes use simple graphics. Since younger children prefer high degree of visual stimulation, animation and familiar musical content (Burton & Pearsall, 2016), most of these apps may not be suitable for the younger children. For this purpose, apps in game format are also analyzed. In the following section, first apps with more educational content will be discussed, later the apps with game like formats will be reviewed in alphabetical order.

## Analysis of Aural Training Apps

### Apps with Educational Design

#### Aural Trainer 1-5

ABRSM Aural Trainer Lite, The Associated Board of the Royal Schools of Music (Publishing) Limited, 329.9 MB, Requires iOS 8.0 or later, Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © The Associated Board of the Royal Schools of Music (Publishing) Limited, In-App Purchases, Grades 1-5 \$7.99, Grades 1-3 \$4.99, Grades 4-5 \$4.99 <https://gb.abrsm.org/en/exam-support/practice-tools-and-applications/aural-trainer/>

ABRSM (Associated Board of Royal Schools of Music), as United Kingdom's largest music education body is one of the world's leading provider of music exams. ABRSM aims to inspire higher achievement in music and music learning around the world. According to the data given on official ABRSM web page, 600,000 candidates in over 90 countries are assessed every year in music exams (2018). ABRSM Aural Trainer 1-5 app is designed around the components of ABRSM aural tests for examination grades 1-5. The app includes 5 main modules titled Grades 1-5 correlating with materials required in grade examinations as well as Interval Trainer module.

Grades 1-3 includes modules titled Pulse and Meter, Differences, Echoes and Musical Features. In Pulse and Meter module, the student is expected to tap the mobile device following the beat of the music and identify whether the composition excerpt is in two, three or four time without naming the time signature. In Differences module, a two-bar phrase is played by twice and the student is supposed catch the melodic or rhythmic mistake in the second repetition by tapping the device. In Echoes module, the student repeats short melodies played by the device. The sung melody is recorded during the exercise and may be played back with or without piano accompaniment. In Musical Features, a musical excerpt is played and questions about musical elements regarding tonality, dynamics, articulation and tempo are asked.

Grade 4 and 5 includes modules titled Melodic Repetition, Sight-singing and Musical Features and Meter. In Melodic Repetition, student sings back a melody played by the device. The sung melody is recorded during the exercise and may be played back with or without piano accompaniment. In Sight-singing module, five notes are given in a major key, student

is supposed to sing them after the key chord and the first note of the melody is played by the device. Feedback about the correctness of the sung pitch is provided. In Musical Features and Meter, the student answers questions about different aspects of the composition performed, including dynamics, articulation, tempo, tonality, character, style and period. After a second listening, student is supposed to tap rhythm of the notes by tapping the device and identify the time as in two, three or four time without identifying the time signature.

Interval Trainer includes study of all intervals within unison and octave. There are options of practicing melodic and harmonic intervals. The student may choose a range up to a minor 3rd, perfect 5th and an octave. This module does not give the option of choosing intervals going up or down. Both are asked randomly after the range is chosen.

The content of the application is very well constructed. All exercises contain progressive elements. Listening examples for musical features and pulse and meter sections are chosen from famous classical music examples. It is possible to follow progress of the student in Progress section. The components that are missing in this application are chord progressions and recognition of chord types. The serious dark grey setting of the app may not be appealing for the young student. However, a student who is already getting ready for the grade examinations should easily be able to use this application during the preparation period. The app does not have any instructions section. It is designed to enforce the material already studied during the lessons. Although designed specifically to assist the ABRSM grade exams, this app may also be used by regular students who are already learning some of these concepts in the classroom.

Aural Trainer Lite Version includes Grade 1, Grade 4 and Interval Trainer. Parents and educators may be encouraged to purchase the full version after trying out the Lite version.

#### Aural Wiz

Aural Wiz, Intervals, Scales, Chords etc, JSplash Apps, 10.7 MB, Requires iOS 9.0 or later, Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © 2017-2018 JSplash Studios Pvt. Ltd, Free

<https://www.auralwiz.com/>

This is a colorful user-friendly app with 5 modules consisted of Intervals, Scales, Modes, Chords and Cadences. All modules are divided into two submodules of Learn and Practice. Intervals module provides the option to study melodic and harmonic intervals within the range of an octave. Different intervals may only be heard going up. In the Scales module, major, natural, melodic and harmonic minor scales are practiced. Scales are played in one octave going up and down. In Modes module, Ionian, Dorian, Phrygian, Lydian, Mixolydian, Aeolian and Locrian modes are available. Scales in Modes module are only played going up. In Chords module, major, minor, augmented, diminished, dominant seventh, minor seventh and major seventh chords may be practiced. The option of hearing the chords as arpeggiation or block chords is available. The chords are arpeggiated going up. In Cadences module, perfect, plagal, imperfect and interrupted cadences are practiced in major and minor keys. In Practice sub-module, two root position cadence chords are played following the key chord. Voice leading is not always taken into consideration.

This is a simple educational app with a basic design where a beginner student may use to work on the materials learned during music classes. It has simple but colorful graphics. It is easy to comprehend and use the app. Since the modules do not have progressive study options, the teacher must give assignments to the student creating a study curriculum. In the Learn module, only English note names are used. Solfege syllables are not available. Statistics are available, and it is possible to reset them. So, the teacher may reset the statistics to observe the number of exercises done during each study session.

#### Ear For Life

Ear For Life, Ear Training, Mathias Navne, 78.8 MB, Requires iOS 8.0 or later. Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © Mathias Navne, Free <https://iphoneappli.wordpress.com/earforlife/>

This app consists of two main modules: Perfect Pitch and Relative Pitch. Perfect Pitch module is divided into two sections: Note and Melody. In Note section, the student may practice up to 12 chromatic notes. There is the option of hearing these notes in low, medium, high and full range. In Melody section, a melody consisting of 4 notes are played within an octave. The beginning note is given using English names. Same exercise may be listened couple of times but can only be played on the available piano keyboard once. Each note on the piano keyboard is named with note names so that a student who cannot play piano may also guess the melody notes. In Relative Pitch module, there are three sections: Chords/Arpeggios, Intervals and Scales. They can all be practiced in low, medium, high and full range. In Chords/Arpeggios section, there is



large selection of chords under Major, Minor, Dominant 7, 9th & 11th & 13th, Sus & Aug & Dim groups. Any combination of chords may be chosen. This is a good app for a student who wants to practice hearing more complicated chords such as Maj6b5 or Maj7#7. In Intervals section, all intervals within the range of an octave is studied. The option of hearing intervals going up, going down and played harmonically is available. In Scales module, there is a large selection of scales organized under the sections of Major, Melodic Minor, Harmonic Minor, Pentatonic and Diminished. In Scales section titled Major; Dorian, Phrygian, Lydian, Mixolydian, Natural Minor and Locrian may be found. In the Scales section titled Minor, melodic minor, dorianb2, Lydian Aug, Lydian Dom, Mixolydian b6, Locrian #5 and super locrian scales are found. Each module is designed with several scale options.

Ear For Life app does not offer a systematic study plan. The teacher also needs to set a curriculum for each student before using this app. The app does not offer any statistics either. The fact that there is no possible way of seeing the student's progress makes this app less suitable for studio teaching. Note guessing in the Perfect Pitch module may be useful for younger students. The dark colored graphics may be not be attractive for the very young music student. However, the Chords/Arpeggios and Scales modules are more detailed than many other free applications. It may be useful for more advanced music students who successfully completed the basic features of ear training and ready to learn new concepts.

#### Ear Trainer Lite

Ear Trainer Lite, thoor software AB, 104.1 MB, Requires iOS 9.2 or later, Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © thoor software ab, Free, Full Version \$7.99 <http://www.dev4phone.com/>

This app is formed of 5 modules titled Interval Comparison, Chord Identification, Chord Progressions, Scales and Melody. In Interval Comparison I module, student exercises is hearing the larger of the two intervals. First exercises start on common root and move on to different roots. Upward melodic, downward melodic and harmonic intervals ranging from a minor second to tritone are studied in this level. In Chord Identification I, major and minor chords played in upward and downward arpeggios and as block chords are identified. In Chord Progression I, dominant (dominant 7) to tonic chord progressions in major and minor keys is studied. In Scales I, ascending and descending complete major, minor, pentatonic and blues scales are studied. In Melody I, student is supposed to identify notes in C major and C minor scales within the third of the tonic (do re mi). Earlier exercises do not include a rhythmic component whereas the later ones do. In the general settings of the app, the option of English, German and solfège syllables is given. It is also possible to adjust the tempo of each exercise. Statistics are also provided. It is possible to see whether the student completed an exercise group. The app also provides feedback for the student telling to redo the exercise or to move to the next exercise group depending on the accomplishment of the student on each exercise level.

Ear Trainer App has simple and neat graphics and is user-friendly. A student from the older margin of the target group may easily use this app. Each main component of this app is designed for gradual learning. So, the student who completes one set of exercises successfully may advance to the next level without the assistance of a teacher. The teacher may follow the progress of the student from Statistics section. A younger student may need assistance from the teacher or the parent while using this app in order to stay focused and complete necessary exercises. The lite version provides level I of exercises which are sufficient for studying basic concepts of ear training. The complete version would be a good investment for the student to develop better listening habits.

#### Earpeggio

Earpeggio, Musical Ear Training Exercises, Blazing Apps Ltd, 59.6 MB, Requires iOS 9.0 or later, Compatible with iPhone, iPad, and iPod touch, English, Hungarian, Age Rating Rated 4+, Copyright © 2018 Blazing Apps Limited, Free

It is one the most comprehensive free apps for aural training found in App Store. It includes Interval Comparison, Interval Identification, Intervals in Context, Chord Identification, Chord Inversion, Chord Progressions, Scale Identification, Scale Degree Identification, Melodic Dictation, Rhythm Dictation and Tempo Identification as modules. In the Interval Comparison and Interval Identification sections, all intervals ranging from unison to two octaves may be studied. Ascending, descending and harmonic playing modes options are available. Intervals in Context module provides the option of choosing all intervals ranging from unison to two octaves with or without fixed root note. The listener is supposed to guess the interval between the first and the second note after hearing three successive notes. Ascending, descending and harmonic options may be selected before starting the exercise. Chord Identification module includes major, minor, diminished and augmented triads, all possible 7th chords and more advanced 7th chords labeled as German, French, Swiss, Tristan. Ascending, descending and harmonic playing options are also available for this component. The root of the chords may be fixed or not fixed. Chord Inversions module includes major, minor and diminished triads in root position, first and second inversions. Ascending,

descending and harmonic options may be selected before starting the exercise. The root for the selections may be fixed or not fixed. In Chord Progressions module, progressions of two to four chords are played. The chords may be chosen from a large selection of major triads, major sevenths, minor triads, minor sevenths, harmonic minor triads, harmonic minor sevenths, melodic minor triads and melodic minor sevenths. Ascending, descending and harmonic playing options may be selected before starting the exercise. Scale Identification module includes major and minor scales, pentatonic scales and modes. Ascending and descending playing options are available. Fixed root option may be chosen. In Scale Degree Identification, a major or minor chord progression is played, and a scale degree is heard. The listener is supposed to identify the scale degree. The option of choosing the scale degrees is given. The root may be fixed or not. In Melodic Dictation module, a melody consisting of 3 to 8 notes is played within an octave. The range of the melody may be determined before starting the exercise. Atonal dictation option is also available. After hearing the melody, the first note is given, the listener is supposed to play the melody on the piano. Rhythmic Dictation component provided a sample between 1-3 measures long. Note lengths may be selected before starting the exercise. All exercises are in 4/4 time. Tempo Identification section an example is played, and the approximate metronome marking is guessed.

Earpeggio is one of the most comprehensive educational ear training applications found in App Store. It is very user friendly and more colorful than the general ear training app. Interval, Chord and Scale Identification modules are very inclusive. Practice reminder option is also very creative and useful. Melodic Dictation module is harder to use and may not be used by students who play instruments other than piano. Tempo Identification module would have been more favorable if the listener identified tempo markings using standard terminology such as andante, allegro adagio rather than metronome markings. The modules do not have lessons components and they are not organized in progressive style. The student needs the help of a teacher to advance in a methodical fashion while using this app. Earpeggio provides detailed statistics. The teacher may adjust the speed of the progress depending on the capability of the student. Earpeggio may be used effectively in classroom and studio teaching.

#### MyEarTraining

MyEarTraining, Ear Training for Musicians, myrApps s.r.o., 42.5 MB, Requires iOS 9.0 or later. Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © 2018 myrApps s.r.o., Price Free, In-App Purchases \$5.99

<https://myeartraining.net/>

This app consists of two main modules Exercises and Courses. Exercises module is formed of four sections titled Standard, Rhythm, Solfege and Sing. Standard section includes exercises such as intervals, chords, scales, melodies, chord inversions and chord progressions. Each of these sections are divided into multiple sub categories including exercises organized from easiest to the hardest. This is the most comprehensive section of the app. Rhythm section is formed of two bars or one bar rhythmic dictations. Note values used in these examples are arranged from easier to harder. Solfege section has two sub sections Single Note Solfege sub section in which the student identifies single tone played in a tonal context. In, Solfege Melody section, short tonal melodies formed of three to seven notes are supposed to be identified. In Sing section, second note of a given interval is sung by the student. First, student's voice range is determined using the microphone of the device. Exercises are arranged from easier to harder. In Courses available in free version the student may study Intervals and Chords courses before starting the exercises. Playing speed of examples may be changed in the settings. Also, a study time may be set in the settings. This would give the student a guideline for practicing.

MyEarTraining is a very comprehensive app which may easily be used by the student, because each module contains sub modules including exercises organized from easier to harder. The app is designed so that the exercise statistics are synchronized automatically into the cloud. Teachers may monitor up to five students for free using the mobile technology. There is a charge to monitor up to 20 or up to 50 students. The application uses simple graphics. The font used in sub sections is small so using an iPad for this app may be more appropriate. This app may be aimed for the older margin of the target group. MyEarTraining may be recommended for the more studious and goal-oriented students.

#### Apps in Game Format

##### Blob Chorus

Blob Chorus Ear Training, eChalk Ltd, 26.2 MB, Requires iOS 9.0 or later, Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © eChalk Ltd, Free or \$0.99 depending on the country

This is an app designed for younger children. The aim of this game is to find the blob who sings the same pitch as the king blob. There is an option to choose from 2 to 8 blobs. If the student finds the blob correctly then points are earned, otherwise

the incorrect blob pops. Each game is formed of ten questions. A total score is provided at the end of each session, but a general progress report is not available. The popping effect of Jell-O like blobs are very entertaining for younger children. It is a fun game for improving musical memory and the ability to match sounds. It can easily be added to the end of a lesson period. The colorful graphics and Jell-O like blobs are liked by younger students.

#### MemoMusic

MemoMusic, Rgregory Brauge, 12.6 MB, Requires iOS 7.0 or later, Compatible with iPhone, iPad and iPod, English, Age Rating Rated 4+, Copyright © BRF Solutions GmbH, Price Free

It is a sound matching memory game app in which the player tries to match the notes. Each game presents twenty circles on the screen of the device where the player is supposed to find the matching notes by tapping the circles on the screen. There is option of showing the note names in English or in solfege syllables. All 12 chromatic notes are used. The notes may be played by piano, guitar, marimba and clarinet. Concert pitch is used for the clarinet sound. Only one person can play the game. Each game is timed but a score board is not available. There is not a competitive option where two players may compete against one another. It may be played with younger students. It has very basic and simple graphics. MemoMusic may be recommended for younger beginners to develop music memory.

#### Mussila

Mussila, Learn Music Faster, Rosamosi ehf., 135.8 MB, Requires iOS 7.0 or later, ompatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © 2017 Rosamosi ehf. Free <http://www.mussila.com/apps/>

It is an app designed in a game format used in many other game apps. Aim is to complete a road formed of different modules. Each module consists of questions about instrument recognition, rhythmic recognition, melodic recognition and melody playing. The player must pass a module by at least receiving one star. After completing several modules, a fun module with Mussila band appears where the player may assign different instruments to the band and listen to the Mussila songs. In these sections, it is possible to combine and to hear different combinations of sound. In instrumental sections, the student gets familiar with the sound of each instrument and learn to recognize instruments and the combination by their sound. In the rhythmic sections, the drummer character on the screen plays a rhythmic motive, two options are given at the bottom of the screen. The player tries to identify the correct choice. A student should be familiar with dotted noted values as well as the sixteenth note values to do well in these rhythm sections. In melodic recognition modules, one of the characters perform a short melody. The aim is to identify the correct one out of two options presented at the bottom of the screen. It may not be suitable for the very beginner. However, for student who are already familiar with melodic and rhythmic ideas, this would be a wonderful application to make the bond between the score and hearing stronger. In other modules, a short melody is played by one of the characters and the notes are shown at the bottom of the screen. The player must repeat the melody on the piano on the bottom of the screen. This section is difficult to complete for students who are not familiar with piano. This section may be better performed on an iPad since the piano keys are too small on an iPhone. This is a fun app with colorful graphics and cool screen characters that may be attractive for most children. It may be beneficial for advancing listening skills of music student in areas such as recognizing the sound of instruments, recognition of rhythmic and melodic patterns. It may be played by younger students, but it may be more suitable for students who have a certain knowledge of notes and rhythmic values as well as who are familiar with piano.

#### Piano Ear Training - SimonSays Says

Piano Ear Trainer - SimonSays, Gregory Moody, 27.4 MB, Requires iOS 9.2 or later, Compatible with iPhone, iPad, and iPod touch, English, Age Rating Rated 4+, Copyright © 2008 Creative Music Ventures, Price Free, In-App Purchases \$0.99

This is an app containing four modules titled Practice, SimonSays Says, Relative Pitch, Perfect Pitch and Intervals. In Practice module, the player is supposed to repeat a succession of notes in increasing length using the piano on the screen. SimonSays Says module is the the faster version of the Practice module. In Relative Pitch module, only the first note of the melody is given. The student is supposed to play the melody by ear on the screen. In Perfect Pitch module, none of the notes are shown on the piano. The player is supposed to hear all the notes starting from the first. If the user signs up to the game center, the scores are placed in the Leaderboard. Intervals module is restricted in the free app. The student may only listen to the chosen intervals.

This application is only suitable for students who can play piano. The graphics are colorful. Practice module may be used by younger students to develop musical memory and a sense of direction on the piano. Relative pitch and Perfect Pitch components are more suitable for students with prior ear training experience. This app is better used in an iPad because

piano keyboard is small, and it is difficult to hit the correct notes even on an iPhone Plus. It is fun game app to develop music memory and pitch recognition.

## Discussion & Conclusion

There are many educational IOS based apps regarding ear training available in App Store. For the above study, about 60 free apps were downloaded. Completeness of content, educational value, user-friendliness, quality of sound and graphics as well as age rating (4+) were taken into consideration during the initial elimination process. As a university instructor and as a piano teacher whose been actively teaching for twenty years and who enjoys incorporating digital technology into my teaching practice, my personal view also played a role during final selection of these apps.

The above analysis shows that some of these apps are very comprehensive and may appear as helpful tools in supporting aural training of music students. Many progressive schools incorporate mobile devices into study. A design research in K-12 education shows that teacher support equipped with guided use of apps encourages higher levels of reflection on the part of the student than the use of apps alone (Leinonen et al., 2016). Viewing digital technology as revolutionary tool to change the educational system may be flawed since technology may not have the inherent power to change learning practices (Blackwell, Lauricella, & Wartella, 2014). The role of the teacher will not be weakened as many of the apps analyzed above requires the involvement of the teacher for creating a curriculum and for monitoring the progress of the student. The apps may prove important tools for supporting music education given in music class and in private studio. Despite the fact that most music teachers own mobile devices such as iPads and iPhones; a study shows that mobile technology is not widely used in teaching aural skills. The reasons for not including this technology may be inexperience, unfamiliarity and lack of time for finding an appropriate app (Pomerleau et al., 2017). As Domingo & Garganté states more elaborate research may be recommended on the use of apps in specific curriculum areas and educational concepts (2016). If there is more specific information about the educational value of available apps, then more teachers may be willing to introduce digital technology into music teaching. If more teachers are convinced in the educational power of digital technology, then they may encourage parents to use mobile devices as learning tools.

There are several available educational IOS based apps which may be used to support ear training skills. Many of the suggested apps have very inclusive content with user-friendly features. Most of them require teacher guidance to be used effectively and they are geared toward older music students. One of the challenges of the teacher is to motivate the student to use these apps outside of the studio or classroom. Since these apps are not in the game format, especially younger students may lose interest and not use the apps. In that scenario, parental guidance and encouragement becomes valuable.

Among the numerous IOS based ear training apps found in App Store, not many are designed for younger children. Only a limited number of apps with restricted content are offered in this category. Considering that music education is part of most pre-elementary and elementary school curriculums, it is surprising to see that there are not many ear training apps available for younger children. There is need for more apps in this category with educational and entertaining content, colorful graphics, high sound quality and exciting musical excerpts which can attract and keep the attention of younger children. This is certainly a section of the IOS based app market that requires more attention from educators, researchers and game developers.

## References

- [1] Associated Board of Royal Schools of Music. (2018). About ABRSM. Retrieved from
- [2] <https://gb.abrsm.org/en/about-abrsm/#>
- [3] Blackwell, C.K., Lauricella, A.R., & Wartella, E. (2014), Factors influencing digital technology use in early childhood education. *Computers & Education*, 77, 2014, 82-90. <https://doi.org/10.1016/j.compedu.2014.04.013>
- [4] Burton, S.L., & Pearsall A. (2016). Music-based iPad app preferences of young children. *Research Studies in Music Education*, 38(1), 75-91. <https://doi.org/10.1177/1321103X16642630>
- [5] Briz-Ponce, L., Pereira, A., Carvalho, L., Juanes-Méndez, J.A., & García-Peñalvo, F.J. (2017), Learning with mobile technologies – Students' behavior. *Computers in Human Behavior*, 27, 612-620. <https://doi.org/10.1016/j.chb.2016.05.027>
- [6] Castillo-Manzano J.I., Castro-Nuño M., López-Valpuesta L., Sanz-Díaz M.T., & Yñiguez R. (2017). To take or not to take the laptop or tablet to classes, that is the question. *Computers in Human Behavior*, 68, 326-333.
- [7] <https://doi.org/10.1016/j.chb.2016.11.017>

- [8] Chiong, C., & Shuler, C. (2010). Learning: Is there an app for that? Investigations of young children's usage and learning with mobile devices and apps. The Joan Ganz Cooney Center at Sesame Workshop, New York. Retrieved from
- [9] [http://www-tc.pbskids.org/read/files/cooney\\_learning\\_apps.pdf](http://www-tc.pbskids.org/read/files/cooney_learning_apps.pdf)
- [10] Domingo, M.G., & Garganté, A.B. (2016). Exploring the use of educational technology in primary education: Teachers' perception of mobile technology learning impacts and applications' use in the classroom. *Computers in Human Behavior*, 56, 21-28.
- [11] Jenson, J., De Castell, S., Muehrer, R., & Droumeva, M. (2016). So you think you can play: An exploratory study of music video games. *Journal of Music, Technology & Education*, 9 (3), 273-288.
- [12] Heflin, H., Shewmaker, J., & Nguyen, J. (2017). Impact of mobile technology on student attitudes, engagement, and learning. *Computers & Education*, 107, 91-99.  
<https://doi.org/10.1016/j.compedu.2017.01.006>
- [13] Goodwin, K., & Highfield, K. (2012, March). *iTouch and iLearn: an examination of 'educational' Apps*. Paper presented at the Early Education and Technology for Children conference, Salt Lake City, Utah. Retrieved from
- [14] [http://scholar.googleusercontent.com/scholar?q=cache:orDtUflu8UwJ:scholar.google.com/+ipad+apps+children+education&hl=tr&as\\_sdt=0,5](http://scholar.googleusercontent.com/scholar?q=cache:orDtUflu8UwJ:scholar.google.com/+ipad+apps+children+education&hl=tr&as_sdt=0,5)
- [15] Leinonen, T., Keune A., Veermans M., & Toikkanen, T. (2016). Mobile apps for reflection in learning: A design research in K-12 education. *British Journal of Education and Technology*, 47(1), 184-202.  
<https://doi.org/10.1111/bjet.12224>
- [16] Miller, J.L., Paciga, K.A., Danby, S., Beaudoin-Ryan, L., & Kaldor, T. (2017). Looking beyond swiping and tapping: Review of design and methodologies for researching young children's use of digital technologies. *Cyberpsychology: Journal of Psychosocial Research on Cyberspace*, 11(3), article 6.  
<http://dx.doi.org/10.5817/CP2017-3-6>
- [17] Pomerleau Turcotte, J., Moreno Sala, M. & Dubé, F. (2017). Factors Influencing Technology Use in Aural Skills Lessons. *Revue musicale OICRM*, 4(1), 1-16. doi:10.7202/1040297ar
- [18] Riley, P. (2016). iPad Apps for Creating in Your General Music Classroom. *General Music Today*, 29(2), 4-13.  
<https://doi.org/10.1177/1048371315594408>

## Investigation of Lecturer' Attitudes Towards E-Learning According to Demographic Variables

**Gazmend Xhaferi**

University of Tetovo, Tetovo, Macedonia

**Rovena Bahiti**

University of Tirana , Tirana, Albania

**Arta Farizi**

SEE University, Tetovo, Macedonia

### Abstract

E-learning is an imminent method that used technology to assist student learning. It is one of the tools that has emerged from information and communication technology and has been integrated in many universities. A lecturer is one of the most important stakeholders for integration of e-learning. The purpose of this research was to investigate the influence of lecturers demographic factors on their attitudes towards integration of e-learning in a Institution on higher education in Macedonia. In this study 49 teachers teaching in two major faculties in University of Tetovo, Macedonia were analyzed. In this paper was used questionnaire to collect data. Several statistical techniques were used for analyses of data using SPSS, including t-tests, one-way ANOVA, and correlation analyses. The result revealed that lecturers' have high attitude towards e-learning and their attitude scores did not differ significantly with their personal variables: gender, faculty and age, but have significantly differences with factors teaching experience and e-learning experience. The reported findings might be of interest to academics, administrators, and decision-makers involved in planning, developing and implementation of future e-learning strategies in Macedonia and similar developing countries.

**Keywords:** Lecturers' attitudes, gender, age, faculty, teaching experience, e-learning experience.

### Introduction

In the last years, the use of e-learning has been increasing rapidly and has become an important system offered by most colleges and universities all over the world. This comes as the result of the innovative transfer of knowledge and learning which has been influenced by the advent of the Internet and other Information and Communication Technology (Qureshi, 2012). This change has had a significant impact on the higher education system, the methodology of teaching and learning processes. E-learning presents an opportunity to enhance learning as to create environments where students and teachers can share knowledge. However, the adoption of this technology as a tool for teaching and learning in Macedonia higher education is still in its early stage, where most universities in Macedonia are still struggling to incorporate e-learning into teaching and learning process. In addition, the developing countries often lack the ability to implement advanced educational practices on their own (Andersson & Grönlund, 2009).

For the implementation of e-Learning in educational institutions to be successful, factors determining the readiness to integrate e-learning system need to be established and dealt with adequately before the implementation process commences (Lumumba, 2007). To successfully initiate and implement educational technology in teaching and learning process depends strongly on the lecturers' support and attitudes. However, teachers are the key stakeholders of all formal education, their attitudes towards e-learning have a significant impact on their decision of whether to accept or reject it (Rogers, 2003). Since, successful implementation of e-learning in education relies much on lecturers' attitudes towards it (Salmon 2011; Teo 2011; Teo & Ursavas 2012). Understanding lecturers characteristics is especially crucial when need to implement e-learning system. According to Schiler (2003), personal characteristics of academics staff such as educational

level, age, gender, educational experience, experience with the computer for educational purpose and attitude towards ICT can influence the adoption of a technology. Also, the literature associates teachers' attitudes by their personal characteristics such as gender (Dong & Zhang, 2011), years of teaching experience (Karaca, Can, & Yildirim, 2013; Onasanya, Shehu, & Shehu, 2010), exposure to computers, (Karaca, Can, & Yildirim, 2013; Krishnakumar & Kumar 2011), and academic qualification (Rahimi & Yadollahi, 2011). Research has shown that lecturers' attitudes towards technology influence their acceptance of the usefulness of technology and its integration into teaching (Huang & Liaw ,2005).

This research investigate the influence of lecturers' demographic factors (gender, age, teaching program, teaching experience and e-learning knowledge) on their attitudes toward integration e-learning in teaching and learning process in University of Tetovo (UT). The issue of ICT use in higher education and the demographic factors influencing the integration of E-Learning by lecturers in University of Tetovo have not been extensively investigated before.

**Research objective and research hypothesis**

The objective of this study is to investigate and to assess if there are significant differences of demographic factors of UT lecturers on attitudes towards integration of e-learning.

The hypotheses for this study are as follow:

The first hypothesis (H1): There are no statistically significant differences in lecturers' attitudes towards e-learning integration according to gender.

The second hypothesis (H2): There are statistically significant differences in lecturers' attitudes towards e-learning integration according to faculty.

The third hypothesis (H3): There are significant differences in attitudes towards e-learning integration according to teaching experience.

The fourth hypothesis (H4): There are significant differences in attitudes towards e-learning integration according to age.

The fifth hypothesis (H5): There are significant differences in attitudes towards e-learning integration according to e-learning knowledge.

**Research methodology**

The purpose of this paper is to analyse influence and differences of lecturers' demographic factors on their attitude towards e-learning integration in higher education. Determining lecturers' attitude towards e-learning represents an important step in predicting the adoption of technology. In this paper was used questionnaire to collect data and to prove the hypotheses. The population for this study was 49 lecturers of University of Tetovo. These 49 lecturers are from two faculties of the university and the sample included males and females and with different age.

The data was analyzed using SPSS software. Descriptive statistics were used to summarize and describe the data collected from the lecturers. In addition, the one-way analyses of variance (ANOVA) and T-test was used to reveal the relationship between lecturers' attitudes towards integration e-learning and their demographic characteristics (gender, age, faculty, teaching experience, e-learning experience). The survey instrument consisted of two section. While the first section include 5 items of demographic characteristics of lecturers: gender, age, faculty, teaching experience, e-learning experience. The second part consists from 11 items of lecturers' Attitude towards integration of E-learning, each rates a 5-point Likert scale running from (1=Strongly disagree, 2=Disagree, 3=Undecided, 4= Agree, and 5= Strongly Agree). The research instrument's reliability was assessed using Cronbach's alpha (α). Alpha values for the two constructs exceeded the 0.70 lower limit of acceptability.

**Data analysis and results**

**Descriptive statistics**

Demographic Characteristics	Category	Frequency & Percentage in the Study	
		N	%
Gender	Male	30	61.2
Faculty	Female	19	38.8

Teaching Experience	Natural Science and Mathematics	35	71.4
Age	Economics	14	28.6
Use E-learning as Learning Tool	0 - 5 years	5	10.2
	6 - 10 years	6	12.2
	11 - 15 years	13	26.6
	Over 15 years	25	51.0
	23 - 30 years	11	22.45
	31 - 40 years	12	24.50
	41 - 50 years	15	30.60
	Over 50 years	11	22.45
	No	31	63.3
	Yes	18	36.7

In this research for analysis data was used Statistical Package for Social Science (SPSS) software. For each factor and also for the variable students' attitude toward integration of e-learning was done Descriptive statistics. data was collected from 49 lecturers. The frequency and percentage distributions were used to represents the demographic characteristics of the lectures (gender, faculty, teaching experience, age and use e-learning as learning tool) which are presented in the table 1.

Table 1. Lecturers demographic characteristics

In the table 2 are present the descriptive statistics related to the scale of lecturers' attitudes towards integration of e-learning in higher education. Results shows that lecturers' attitudes towards integration of e-learning were positive. The mean of attitude scores was 39.33 from minimum 22 and maximum 52, which is closest to the maximum. In general all lecturers participants in the study has positive attitudes towards integration technology and e-learning. They feel confident in the use of computers, enjoy the use of ICTs in teaching, believe in the benefits of e-learning and are interested in developing e-learning courses in their teaching process.

Units	Value
Minimum	22.00
Maximum	52.00
Mean statistic and Standard error	39.3265 .75277
Standard deviation	5.26936
Variance	27.766
Coefficient Skewness (CS) and CS Standard error	-.356 .340
Coefficient Kurtosis (CK) and CK Standard error	1.461 .668

Table 2. Descriptive statistics of students' attitudes toward e-learning

#### Reliability test for construct attitudes

The reliability analysis measured the internal validity and consistency of items used for each construct. In this study for the construct students' attitude towards e-learning was used to measure the reliability. Coefficient Cronbach's alpha tested the factor reliability. This measures the internal consistency by indicating how a set of items are closely related as a group (Moolla and Bisschoff, 2012). Recommended by Dunn-Ranking (2004) that a Cronbach alpha value of 0.7 is acceptable, with a slightly lower value might sometimes be acceptable. Cronbach's alpha values for factor attitude is above 0.70 (see Table 3) indicating that all measures employed in this study demonstrate a satisfactory internal consistency. Therefore, the questionnaire is considered a reliable measurement instrument.

Construct	Cronbach Alpha	Number of Items
Attitude toward e-learning	0.724	11

Table 3: Cronbach Alpha Coefficients for Construct Attitude

#### Hypothesis Testing

The one-way ANOVA and T-test were employed to identify the effects of demographic variables on the students' attitudes towards e-learning. Therefore, the significant differences between demographic factors of lecturers and their attitudes toward integration of e-learning were analyzed.



Variable difference in attitude towards e- learning based in lecturers gender	Gender	N	Mean	Std.	Df	(t) value	(Sig.) Level	Mean differ.	F
	F	30	39.00	6.06	4	19.73	.000	1.388	.293
M	19	39.84	3.79	8	3				

95% Confidence Interval of the difference \*sig (p<005)

Table 4: Results from testing hypothesis 1(H1)

Results in table 4 shows the mean of attitude scores for male and female lecturers is found to be 39.00 (SD =6.063) for male and 39.84 (SD = 3.79) for female. This indicate that both male and female lecturers in University of Tetovo have high attitude towards e-learning although results indicate little differences between male and female lecturers. T-Value is found to be (t = 19.733) at significance level of (0.000) which is statistically significant . From results conclude that, the first hypothesis (H1) is supported. Thus, There are no statistically significant differences in attitude towards e-learning integration, between UT lecturers based on gender (f= .293). In this study, two faculty members have been investigated as shown in Table 5. The mean of attitude scores for lecturers of Faculty of Natural Science and Mathematics is found to be 38.80 (SD = 5.62) and for lecturers of Faculty of Economics 40.64 (SD=4.16) respectively. Results indicate that there is no significant difference in the attitudes towards e-learning with the different faculty lecturers (F: 1.22, p: 0.273). Therefore, the second hypothesis was rejected. Table 5 shows the mean scores for all faculty lecturers. Finding indicates that lecturers from different faculty faced a high level of attitudes towards e-learning, where the highest mean score recorded by Lecturers of Faculty of Economics and the lowest mean score have lecturers of Faculty of Natural Science and Mathematics.

Variable difference in attitude towards e-learning according to faculty	Faculty	N	Mean	Std.	Df	(t) value	(Sig.) Level	Mean differ.	F
	Natural Science and Mathematics	35	38.80	5.62	48	19.718	.000	1.286	1.22
	Economics	14	40.64	4.16					

95% Confidence Interval of the difference \*sig (p<005)

Table 5: Results from testing hypothesis 2

In this study, four teaching experience groups of lecturers have been investigated as shown in Table 6. The results indicates that there is a significant differences in the attitudes towards e-learning among teaching experience of lecturers in higher education (F: 2.446, p: 0.076). Therefore, the third hypothesis (H3) was accepted. Findings in the table 6 indicates that lecturers with difference number of years of experiences faced a high level of attitudes towards e-learning where the mean scores ranged from 36.50 to 42.20. The highest mean score recorded by those who have teaching experience between " 1-5 " and the lowest mean score is 36.50 for the those who have teaching experience between " 6-10 " which still considers high attitudes faced by instructors in the university.

Variable difference in attitude towards e-learning according to teaching experience	Teaching experience	N	Mean	Std.	Df	(t) value	(Sig.) Level	Mean differ.	F
	1-5	5	42.20	3.19	48	21.979	.000	3.184	2.446
	6 - 10	6	36.50	8.07					
	11 - 15	13	41.62	4.77					
	Over 15	25	38.24	4.59					

Table 6: Results from testing hypothesis 3

This study was investigate four age groups of lecturers as shown in Table 7. Results indicates there is no significant difference in attitudes towards e-learning among the different age groups of lecturers (f: .676, p: 0.571). Therefore, the hypothesis was rejected. Table 7 shows the mean scores for all age groups of lecturers. All the age groups in terms of attitudes towards e-learning recorded high scores. Findings in the table 7 indicates that the age group of lecturers between 31-40 faced a high level of attitudes towards e-learning with the mean scores of 40.75, than age group between 41-50 years, and the lowest mean score is 37.64 for the those age group over 51 years.

Variable	Age	N	Mean	Std.	Df	(t) value	(Sig.) Level	Mean differ.	F
	23- 30	11	39.09	6.74	48	16.370	.000	2.531	.676

difference in attitude towards e-learning according to age	31- 40	12	40.75	4.55
	41 - 50	15	39.60	4.89
	Over 50	11	37.64	5.07

Table 7: Results from testing hypothesis 4

In order to test this hypothesis, a t-test was performed to determine the significant differences among the mean scores of the independent groups. The results are shown in Table 8.

Variable	e-learning experience	N	Mean	Std.	Df	(t) value	(Sig.) Level	Mean differ.	F
difference in attitude towards e-learning according to e-learning experience	Po	18	42.06	3.67	48	23.464	.000	1.633	8.885
	Jo	31	37.74	5.45					

Table 8: Results from testing hypothesis 5

Findings in Table 8 indicate that there is significant difference in terms of lecturers' attitudes towards e-learning between those with e-learning experience and those without e-learning experience ( $f = 8.885, p = .005$ ). Therefore, the null hypothesis was supported. Table 8 also shows the mean scores for the two groups (lecturers with e-learning experience and those without any e-learning experience). In addition, the result indicated that lecturers who have e-learning experience recorded the highest mean score 42.06, while those who have no e-learning experience recorded the lowest mean score 37.74.

## Findings

The demographic profiles of lecturers have been found to play an important role on attitudes towards integration e-learning in higher education. In this study has conducted differences of lecturers on attitudes towards e-learning according to their demographic variables. Some demographics of lecturers that have been selected for this study included gender, age, faculty, teaching experience, e-learning experience.

The findings of this research paper revealed that there is no significant difference between male and female lecturers views regarding the attitudes towards e-learning that effect the implementation of e-learning. In the current research, female lecturers faced more attitudes than lecturers male. This may be due to female lecturers taking these attitudes into consideration when deciding whether or not to implement e-learning into their teaching. In term of faculty, the findings revealed that there no significant differences between the lecturers' views from different faculty regarding the attitudes towards integration of e-learning. With regards to teaching experience, the result revealed that there is significant differences for attitudes towards e-learning with different teaching experience groups. These findings suggested that teaching experience affects the integration of e-learning in higher education. In terms of age, the results also showed that the age of lecturers has no significant difference with attitudes towards e-learning. Finally, In terms of e-learning experience, the lecturers recorded significant difference between the e-learning experience and the attitudes towards of integration e-learning. In other words, the findings revealed that lecturers with e-learning experience faced more attitudes towards e-learning than those without any e-learning experience. The results of the analysis made with the lecturers of the University of Tetovo, attitudes towards e-learning correspond to Mean score of 39.33, with minimum 22 and maximum 55. This shows that attitudes of the UT lecturers towards e-learning are positively at a good level.

## Conclusion

In conclusion, this study has found that the influence of gender, faculty, teaching experience, age and e-learning experience are statistically significant. This study shows that e-learning is providing significant opportunities for higher education institutions (HEIs) and also provides an analysis of the influences of lecturers demographic factors on e-learning integration into higher education. Since, UT lecturers' attitude towards e-learning has found to be very high for all groups, it is expected that the lecturers will accept to integrate the E-Learning strategy during teaching in university. In generally, attitude towards technology indicates in a certain degree the possibility of adopting certain behaviors. Talking about an e-learning system, a favorable and positive attitude of lecturers towards it suggests a greater probability that they will accept it to integrate in the teaching and learning process in higher education.

## References

- [1] Andersson, A. and Gronlund, A. (2009) A Conceptual Framework for E-Learning in Developing Countries: A Critical Review of Research Challenges. The Electronic Journal on Information Systems in Developing Countries, 38, 1-16.

- [2] Dong, J. Q., & Zhang, X. (2011). Gender differences in adoption of information systems: New findings from China. *Computers in Human Behaviour*, 27(1), 384-390.
- [3] Dunn-Rankin, P., 2004. *Scaling methods*. Lawrence Erlbaum.
- [4] Huang, H. M., & Liaw, S. S. (2005). Exploring users' attitudes and intentions toward the Web as a survey tool. *Computers in Human Behavior*, vol. 21, no. 5, pp.729-743
- [5] Karaca, F., Can, G., & Yildirim, S. (2013). A path model for technology integration into elementary school settings in Turkey. *Computers and Education*, 68, 353-365.
- [6] Krishnakumar, R., & Kumar, R. M. (2011). Attitude of teachers' of higher education towards e-learning. *Journal of Education and Practice*, 2(4), 48-53.
- [7] Lumumba, P. (2007). *A Survey of Challenges Facing E-learning at Public Secondary Schools: A Case Study of the NEPAD Pilot Project in Schools in Kenya*. Unpublished M.ED Project of the Catholic University of East Africa.
- [8] Moola, A. & Bisschoff, C. (2012). "Validating a Model to measure the brand loyalty of fast moving consumer goods". *Journal of Social Science*, 31(2), pp.101-115.
- [9] Onasanya, S. A., Shehu, R. A., & Shehu, L. A. (2010). Higher institutions lecturers' attitude towards integrating ICT into teaching and research in Nigeria. *Research Journal of Information Technology*, 2(1), 1-10.
- [10] Qureshi, I.A., et al., Challenges of implementing e-learning in a Pakistani university. *KnowledgeManagement & E-Learning: An International Journal (KM&EL)*, 2012. 4(3): p. 310-324.
- [11] Rahimi, M., & Yadollahi, S. (2011). ICT use in EFL classes: A focus on EFL teachers' characteristics. *World Journal of English Language*, 1(2), 17-29.
- [12] Rogers, E. M. (2003). *Diffusion of innovations* (5th Ed). New York: Simon & Schuster, Inc.
- [13] Salmon, G. (2011). *E-moderating: The key to teaching and learning online* (3rd Ed). London: Routledge.
- [14] Schiler J. (2003). "Working with ICT: Perceptions of Australian Principals, *Journal of Educational Administration*, 41(3), 171-185.
- [15] Teo, T. (2011). Factors influencing teachers' intention to use technology: Model development and test. *Computers and Education*, 57(4), 2432-2440.
- [16] Teo, T., & Ursavas, O. F. (2012). An assessment of pre-service teachers' technology acceptance in Turkey: A structural equation modelling approach. *The Asian-Pacific Education Researcher*, 21(1), 191-202.

## Factors for Sustenance of Livelihood Entrepreneurs

**N. Chandrasekaran**

Professor – Supply Chain Management & Business Analytics

Loyola Institute of Business Administration, Nungambakkam, Chennai 600034, India

**A. Indira**

Professor - Economics

Loyola Institute of Business Administration, Nungambakkam, Chennai 600 034, India,

### Abstract

It is estimated that by 2030 nearly 50% of India's population will live in cities. Consequently 70% of the employment will be generated in the cities. In such a scenario it is important to look at how cities can help businesses. This paper focuses on understanding sustainability of livelihood entrepreneurs in Chennai, capital city of Tamil Nadu, and one of the largest Urban Agglomerations in India. The study is situated in one of the densely populated business districts in the city that is home to diverse businesses and accounting for revenues of nearly Rs.200,000 million annually. The specific objective is to look at the food-vendors with the objectives: (i) to understand the viability and sustainability of the business; (ii) to enumerate risk elements of the business and see how they are addressed; and (iii) to recommend the scope for improvement and opportunity from a policy perspective. The findings are based on field work done in the business district and gains importance in the context of the Sustainable Development Goal 8 which looks at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and Sustainable Development Goal 16 which works to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The paper helps in gaining a perspective of how livelihood entrepreneurship can be promoted – helping in using an opportunity that is sustainable as also pursuing one's passion.

**Keywords:** livelihood entrepreneurs, SDGs, employment, food-vendors, sustainability, opportunity

**Themes:** Social services and support for vulnerable categories

### Factors for Sustenance of Livelihood Entrepreneurs

#### Introduction

Livelihood entrepreneurs are life stream of many low and middle income consumers in developing and emerging economies and in a few developed economies as well. They serve customers and thereby address a critical demand segment. Livelihood entrepreneurs also create impact on employment as many of them take this as the main stream income generation and further provide substantial number of jobs to many others who help livelihood business which are small shops and similar economic units. With increasing population and urbanization, livelihood entrepreneurs' role would assume high significance in economies like that of India where there are a number of urban poor employed in informal sector and dependent on low cost products and services for their sustenance.

As per the World Bank estimates of 2016, South Asia's urban population grew by 130 million between 2001 and 2011 – more than the entire population of Japan – and growth is poised to rise by almost 250 million by 2030. It is estimated that by 2030, nearly 50% of India's population will live in cities. As per Census 2011, out of the total population of 1210.2 million as on 1st March, 2011, about 377.1 million were in urban areas. The net addition of population in urban areas over the last decade was 91.0 million. The percentage of urban population to the total population of the country stood at 31.6, with an increase of 3.35 percentage points in the proportion of urban population in the country during 2001-2011. The number of million plus cities/urban agglomeration (UA) increased from 35 in Census 2001 to 53 in Census 2011. In percentage terms,

urbanization has been relatively slow in India, with the share of the population living in officially classified urban settlements growing at a rate of just over 1.15 percent a year from 2001-2011, however the forecasted change over the next ten years is expected to be much speedier.

It is seen that in India, a large proportion of the workforce is still dependent on the agricultural sector (48.9 per cent employment share in 2011-12, which reduced to 47.3 per cent in 2015-16. The agricultural sector still accounts for 62.7 per cent of India's rural employment, although this share has fallen significantly, from 77.6 per cent in 1993-94. At the same time, agriculture's share in gross value added has fallen rapidly, from 18.5 per cent in 2011-12 to 15.2 per cent in 2016-17. Indian economy is dominated by the services sector, which accounted for 53.7 per cent of GVA in 2016-17. In terms of employment, the share of the services sector in urban areas was 58.7 per cent (2011-12), compared to just 16.1 per cent in rural regions. The share of industry consisting of both manufacturing and construction stood at 31.2 per cent of GDP in 2016-17, as compared to 31.5 per cent in the previous year. (ILO, 2017)

What is disconcerting is that the majority of workers in India are in informal employment. The share of workers in the unorganized sector fell from 86.3 per cent in 2004-05 to 82.2 per cent in 2011-12, but at the same time, the share of informal workers in the organized sector (i.e. workers without access to social security) increased significantly because of a greater use of contract and other forms of casual labour. Because of the two opposite trends, the overall proportion of informal workers in total employment (e.g. unorganized sector workers plus informal workers in the organized sector) has remained relatively stable, at around 92 per cent. Within the overall category of informal workers, the largest group is own-account workers (32.2 per cent), followed by informal employees in the informal sector (30.0 per cent) and contributing family workers (17.9 per cent). (ILO, 2017)

With regards to the informal sector in the urban areas, some of the key findings relating to workers in informal sector (defined to cover proprietary and partnership enterprises) as per the NSS Report No. 539: Informal Sector and Conditions of Employment in India, 2014 shows the following:

In urban areas, AGEGC (*agricultural sector excluding only growing of crops, market gardening, horticulture (industry group and growing of crops combined with farming of animals)*) and non-agriculture sectors together shared 94 per cent (AGEGC: 1.6 per cent and non-agriculture: 92.5 per cent) of the workers. Among all workers in AGEGC and non-agriculture sectors, nearly 71 per cent were engaged in the informal sector. More than 93 per cent of workers in urban areas engaged in AGEGC belonged to the informal sector.

In the non-agriculture sector, nearly 67 per cent of the workers in urban areas were engaged in the informal sector. Of which self-employed in non-agriculture sector were nearly 95 per cent worked in the informal sector. Among casual labourers engaged in works other than public works in the non-agriculture sector, nearly 73 per cent in urban areas worked in the informal sector and regular wage/salaried employees formed nearly 40 per cent.

Construction, manufacturing and wholesale and retail trade activities together was the main providers of employment for the informal sector enterprises and 'all' enterprises in both the rural and urban areas. Out of all workers in the non-agriculture informal sector, 72 per cent in urban areas belonged to construction, manufacturing and wholesale and retail trade provided. Proportions of informal sector workers in the activities which provided majority of employment included manufacturing (78%); construction (72%); wholesale or retail trade, etc. (92%) and transport, storage and communication (68%).

In urban areas, 69 per cent of the workers in informal sectors were engaged in smaller enterprises (*enterprises with less than 6 workers*) compared to 53 per cent of 'all' workers, respectively. The regular wage/salaried employees engaged in the informal sector enterprises earned nearly half the salary earnings (per day) of the employees considering all types of enterprises- Rs. 321 for 'all' types of enterprises and Rs. 177 for informal sector enterprises. In the case of casual labourers, it was Rs. 115 in the informal sector enterprises and Rs. 112 for 'all' enterprises.

Among the female workers in informal sector, nearly 47 per cent in urban areas were in manufacturing activity. In the manufacturing activity, a higher proportion of female workers (87%) were employed informally than males.

In urban areas, nearly 52 per cent of females and 15 per cent of males employed in informal sector was working in any of the following types of workplaces: (i) own dwelling, (ii) structure attached to own dwelling unit, (iii) open area adjacent to own dwelling unit and (iv) detached structure adjacent to own dwelling unit. Only 52 per cent of all workers engaged in manufacturing in the informal sector were employed in enterprises that used electricity for production purposes.

With respect to conditions of employment, among all the employees (regular wage/salaried employees and casual labourers) in the nonagriculture, sector, nearly 42 per cent in the urban areas had temporary nature of employment while

nearly 74 per cent in urban areas had no written job contract. Among the regular wage/salaried employees in the non-agriculture sector; nearly 65 per cent had no written job contract. Among all the employees in the non-agriculture sector, nearly 60 per cent in urban areas were not eligible for paid leave; nearly 46 per cent among the regular wage/salaried employees were not eligible for paid leave.

Among all the employees in the non-agriculture sector, nearly 64 per cent in urban areas were not eligible for any social security benefit; nearly 53 per cent among the regular wage/salaried employees in the non-agriculture sector were not eligible for any social security benefit. Further, among all workers of age 15 years and above nearly 79 per cent had no union/ association in their activity: it was nearly 85 per cent among casual labourers, nearly 81 per cent among the self-employed persons and nearly 58 per cent among the regular wage/salaried employees.

This in India brings to focus the underbelly of the informal economy in the urban areas. It is of particular interest in the context that a key trait of urbanization is that so-called agglomeration economies improve productivity and spur job creation, specifically in manufacturing and services. These two areas now account for more than 80 percent of the South Asian region's GDP (World Bank, 2016). Inadequate provision of housing, infrastructure and basic urban services, as well as a failure to deal with pollution constrain the potential of cities to fully realize the benefits of agglomeration. The World Bank study clearly identifies that the struggle to deal with these congestion pressures is a failure of both the market and policy.

Keeping in mind that 70% of future employment will be generated in the cities, it is important to look at how cities can help businesses. This paper focuses on understanding sustainability of livelihood entrepreneurs in Chennai, capital city of Tamil Nadu, and one of the largest Urban Agglomerations in India. The study is situated in one of the densely populated business districts in the city that is home to diverse businesses and accounting for revenues of nearly Rs.200,000 million annually. The specific objective is to look at the food-vendors with the objectives: (i) to understand the viability and sustainability of the business; (ii) to enumerate risk elements of the business and see how they are addressed; and (iii) to recommend the scope for improvement and opportunity from a policy perspective. In short the paper seeks to understand the informal job economy in food business in an urban agglomeration.

### **Food and beverage industry**

The Indian Food and Beverage service industry has seen an unprecedented growth in the recent years owing to the changing demographics, urbanization and growth of cities, migration and increase in disposable incomes. Under the organized sector, the Gross Value Added (GVA) by hotels and restaurants has witnessed an annual increase in both absolute and relative terms. It contributed nearly 1.1 percent to India's overall GVA in FY 2015. The restaurant industry is expected to contribute about 2.1 percent to the total GDP of India by 2021.

Retailing in food business has come into prominence and evolved rapidly over the past few years. The retail industry is primarily constituted by the unorganized retail accounting for more than 85 per cent of the total retail value. Indian people love their food. Food and grocery retail constitute 60-65 percent of the total retail market in India of which nearly 70 percent is unorganized. According to the India Food Report 2016, released by the Ministry of Statistics and Programme Implementation (MOSPI), the Indian food retail market is the sixth largest globally and further expected to grow from a value of INR25.1 trillion in 2014 to INR61 trillion by 2020, at a CAGR of more than 15 per cent over the six year period, 2014-20. It is also estimated that the retail consumption category in India has been growing at an average annual rate of 12-13 per cent over the years, in value terms. The contribution share of total household expenditure toward food stood at 43 per cent in FY2015 and is expected to be more than twice its current value by 2025.

The food services industry in India is broadly made of four major segments, Full-service restaurant (56.6%), Fast food (16.3%), Street kiosks stalls (14.6%) and Cafes and Bars (12.5%). Although the organized share of food services is growing, it currently constitutes one-third of the total food services market, as unorganized segment dominates the food service industry. (KPMG, 2016)

### **Literature Survey**

Now it is well recognized that the informal sector has a very important role to play in the economy of the urban areas. Increased migration adds to this phenomenon. One of the most important ways which helps in keeping the services low-cost as also providing employment is street-vending. Street vendors form a very important segment in the low income self-employed group of workers. In India, the National Policy on Urban Street Vendors, May 2006 recognised three basic categories of Street Vendors. First, those Street Vendors who carry out vending on a regular basis with a specific location;

second, those Street Vendors who carry out vending not on a regular basis and without a specific location, for example, Vendors who sell goods in weekly bazaars during holidays and festivals and so on; third, the Mobile Street Vendors.

Historically also, street vending has been the cornerstone of many cities' cultural heritage. In India too the concept of street food vending has existed for hundreds of years in India. In India there are about 10 million street vendors. About two percent of the population of metropolis in India is constituted by street vendors and street hawkers. According to a study conducted during 1999 – 2000, by the National Association of Street Vendors of India (NASVI), Mumbai has the largest number of street vendors numbering around 250,000 (Bhowmik, 2005). Kolkata had more than 1,50,000 street vendors. Ahmedabad and Patna had around 80,000 each and Indore, Bangalore and Bhubaneswar had around 30,000 street vendors. For urban areas alone, the total would range between 17 to 25 lakh. As per the 55<sup>th</sup> Round of National Sample Survey, workers who describe themselves as street vendors in urban areas working in all locations is around 17 lakh, while workers engaged in retail trade without a fixed place or working in urban streets is around 25 lakh. Urban vending is not only a source of employment but provide 'affordable' services to the majority of urban population.

So can street vendors be considered as entrepreneurs? According to Stevenson (1985), entrepreneurship is the pursuit of opportunity beyond resources controlled. Here, pursuit implies relentless focus on the goal. Entrepreneurs have a sense of urgency to achieve their goal and dream. They go after it on "do or die" basis. Achieving the goal is critical and important to them. Stevenson adds that 'Opportunity' implies an offering that is novel in one or more of four ways. The opportunity may entail: (1) pioneering a truly innovative product; (2) devising a new business model; (3) creating a better or cheaper version of an existing product; or (4) targeting an existing product to new sets of customers. These opportunity types are not mutually exclusive.

The extant literature from the start of the 21st century has seen a dualistic depiction of entrepreneurs as either necessity-driven, pushed into entrepreneurship because all other options for work are absent or unsatisfactory, or opportunity-driven, pulled into this endeavour more out of choice to exploit some business opportunity (Benz 2009; Bosma and Harding 2006; Bosma et al. 2008; Bridge et al. 2003; Devins 2009). This approach has come in for criticism. It is understood that in transition economies the lines tend to blur between the necessity-driven to opportunity-driven entrepreneurship. However, this dichotomous classification has been in the centre-stage because of its usage in the Global Entrepreneurship Monitor (GEM), the predominant global survey of the degree and nature of entrepreneurship which covers 35 countries (Bosma and Harding 2006; Harding et al. 2005). GEM aims to explore the link between entrepreneurship and economic development. GEM has found that the prevalence rate of necessity entrepreneurship is positively associated with national economic growth, and is strongest when countries highly dependent on international trade are excluded (Reynolds et al. 2001).

The Global Entrepreneurship Monitor (GEM) Report 2017 found an increase in the rate of entrepreneurial intention to 14.9% in 2017 compared to 9% the previous year for India. Also unlike before, the fear of failure rate has decreased to 37.5% from 44% in 2016. According to the report, a comparison of India with its peers in BRICS economies suggests that perceived opportunity is the highest and perceived capability is the second highest among all. Also, there is an increase in the rate of entrepreneurial intention to 14.9% compared to 9% in 2015-16, whereas simultaneously the fear of failure rate decreased from 44% in 2015-16 to 37.5% in 2016-17.

This paper focuses on the necessity-driven model of livelihood entrepreneurship. The definition of livelihood used is as follows: 'a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base'. (Chambers & Conway, 1991)

UNDP International Recovery Platform while looking at the sustainable livelihood framework views livelihoods as systems and provides a way to understand: (1) the assets people draw upon; (2) the strategies they develop to make a living; (3) the context within which a livelihood is developed; and (4) those factors that make a livelihood more or less vulnerable to shocks and stresses (UNDP, 2005).

The definitions of entrepreneurs and livelihoods as discussed above form the basis of this paper. According to the authors here, livelihood entrepreneurs are those who ride entrepreneurial and risk taking streaks to make a living with available resources and capability on a sustainable basis. But unlike corporate or other types of firms who have dedicated resources and capabilities to create larger entity, livelihood entrepreneurs look at sustainability of holding business through customers, resources and capabilities.

## Methodology

The findings are based on field work done in the business district of Chennai, one of the four largest urban agglomerations in India.

The initial survey identified non-moving cart food and fast food vendors in the business district. The random sample was drawn based on type of food served namely: vegetarian; non-vegetarian; meals; snacks; fast food and a combination of a few. A total of 36 vendors were interviewed over a period of eight weeks. Care was taken not to select vendors who were located adjacent to each other. Interview questions focused on the business idea, services offered, resources and assets available, people management and most importantly, customers.

Vendors included: (i) those who operated only at certain time periods in the day, (ii) those who worked the whole day serving food for breakfast, lunch, snacks in the evening and dinner.

135 Customers who had food in this vending spots were also interviewed. These were primarily students and office-goers (staff working in offices in the surrounding areas).

## Findings

Most of the entrepreneurs were migrants who had come to the city searching for a livelihood. Of the 36 vendors interviewed about 31 were first time adaptors to livelihood entrepreneurship. This included five women.

The factors that play a key role in the business as stated by the entrepreneurs are as follows:

**Genesis:** The entrepreneurs came to Chennai in 1970s searching for a livelihood. A few were second generation who got it into business after the earlier generation had moved on. Out of the 36 vendors interviewed, 31 were first time adaptors of livelihood entrepreneurship. There were five women. The finding confirms that the livelihood entrepreneurs were migrants who settled into an urban setting and were driven by necessity to start a business.

**Years of growth and success:** It seems to be that among those in the fray, early entrants stabilized demand. They were able to adequately estimate demand for every stock-keeping unit (SKU) and were able to make profits. Customers' loyalty and "word of mouth" marketing became significant factors contributing to their growth.

The growth was further accelerated in the central areas by ambitious shoppers and mobile population in the area. The early entrants started full-fledged service on the cart. The business model started with only breakfast items being served between 7 am and 10 am. Later the business expanded to include service at noon during lunch time. The items were a choice of variety rice and chapathis (flat bread) and so on. The businesses closed by 3.30 pm. The evening service was from 5 pm till late midnight.

The food was mainly vegetarian in nature. A few vendors served non-vegetarian namely biryani which was rice mixed with spices and meat. However, this was not common or very popular among non-moving cart vendors as the segment as the business was dominated by retail food outlets which was extremely competitive.

On an average, about 1500 to 2000 people dined in a single day at a popular cart vending station. But these numbers need to be analyzed and seen in the context of operating focus and challenges. It was observed that the entrepreneurs focused on 200 -300 plates during a meal time. Those operating for a shorter period of having selective business time made smaller earnings.

Those who were established and in the business for a reasonably longer time employed 7 to 10 people directly. They made a decent living and provided opportunities for the employees as well.

**Location:** All of the entrepreneurs stayed in the busy part of the business district. They saw opportunity in the growing and increasing commercial complexes, showrooms selling clothing and jewelry and shopping malls which had a large footfall. Further, increasing apartments and density of living population near the business district led to growth in the retail food business. All these phenomenally increased foot print of low and middle income people. There were also a few movie theatres which exhibited movies featuring popular film stars and actors within a kilometer radius. Looking at these, livelihood entrepreneurs started selling and later preparing snacks for these customers. They were selling quick snacks which were of good quality and priced reasonably.

Choice of location to place the cart for vending food was an important decision for the livelihood entrepreneurs. The road where it was located and specific location of the non-moving cart at the last mile had a lot to do with the success of the



business. The vendors had to take note of the zone where food vending could be taken up as per the City Corporation's rules and regulations.

Some of the criteria apart from foot falls in the vicinity of 500 metres to one kilo meter were as follows:

1. Must be a zone where the Corporation of Chennai or any other department has not prohibited from setting up food vending in open area on a non-moving cart. Local rules and guidance by regulatory authority was a key factor. Though some entrepreneurs resorted to unauthorized vending, they were not long time players and could not sustain in the business over a period of time. This happened because of the rivalry among fragmented operators to cannibalize an unauthorized player which could further reduce the margins in the business. Authorized operators had an informal understanding and collusive power to ensure fair operations of the business in a chosen location.
2. The micro site location from where business operations took place needed to have a clear focus on hygiene. The customers placed a lot of importance that there should not be an open sewerage or any manhole which leaked sewerage or foul gases. The vending cart had to be located in a place where there was no dumping area or garbage collection point in a 100 metres radius. Or else such points could become a source for rodents and flies to move around affecting the business.
3. The cart had to be placed in a bylane which would allow customers stand and eat without affecting the traffic. However, a fairly large livelihood entrepreneurs having business in non-moving carts had customers who came by two wheelers and cars. They now needed to find location which would have adjoining streets where cars could be parked or have an authorized parking lot. These were loyal customers who had started to eat in these vending spots as students or earlier times and returned satisfied for a slice of the old taste. They were in the word-of-mouth ambassadors to these businesses. The entrepreneurs in such cases showed the acumen in choice of location.

Between 2007 and 2012, there were a number of national and state level regulations on street vending. This included the need for licenses. This led to cannibalization of ownership or selloff or deserting of the location and so on. However, quickly a new set of ecosystem emerged and entrepreneurs were able to thrive either with revived interest or with young entrepreneurial talents being brought in. The vendors realized that regulations were important, but stressed that there was a need for regulatory support for street vending as it provided livelihood to a segment of society who were entrepreneurial in nature and made the best use of available resources. Government's initiatives in giving directives and setting guidelines such as surveillance for food quality, hygiene of eateries, sanitation and traffic congestion was welcomed. The entrepreneurs looked up to a more conducive business environment.

**Logistics of the business:** In the street food vending business, on the one end of the chain were the largely satisfied customers longing for fast food on carts, while there were business limitations affecting the livelihood entrepreneurs. These included cash management, revenue drain, cannibalization, volatile nature of business and seasonality.

Those of the entrepreneurs, who got dislocated during the period of changed regulations as mentioned, took over two years to restart the business. They had to show a higher level of flexibility and work on the durability of the business and its model. Looking at this kind of risk to livelihood entrepreneurship, some of the research questions emerge. These are:

Were they right in running the business the way they were doing for so long? Could they have not pursued a different model for stability? What are key success factors in this business? Is there somewhere the role agents were in comfort zone offered as being small, road side and livelihood driven rather than panning out into a robust business model of different scale?

These questions require a larger full scale study. The paper tries to answer some of the intricate aspects relating to the business.

Street vending retail food business entailed an understanding of the ownership of the capital for the business. While the capital needs were low, it was not paltry. The assets of the businesses cannot be securitized as they are of small value, common articles used for preparation of food, like number of plates, cooking stove, grinder / mixer, etc. Nearly 21 of the 36 vendors interviewed did not have even this extent of livelihood assets. They had a table and they brought in cooked food in vessels. They kept a window of four hours for business and closed the vending after they exhausted stock or felt that time had lapsed! Nearly 85 per cent of those vendors took to informal lenders for capital both for buying livelihood assets and working capital needs.

Demand estimation is dynamic, based on a number of localized factors including that of daily weather conditions. A standard demand is estimated and where possible the supply is topped up as the business progresses in a short time window. Quality cannot be compromised. So such food preparations are chosen that need less preparation time.

Vendors operate on a split location concept. All of them had their kitchen elsewhere. Most sell precooked food, while some do serve hot snacks by applying concept of postponement to fast food servicing. How does postponement work? When a dish is served, there is a base and fillings. Further, there are add-ons. Generally the base, add-ons and filling are kept separately. Variants are kept ready and served as per order. As business during the day progresses, the variants are reduced while watching the footfalls keeping the customers satisfied. The split location helps for handling variability as even base and fillings can be had in lots so that a cart vendor can handle more variability in demand by conservatism and coordination with production unit. Some of the vendors ensure that their kitchen is close by. This is critical from different standpoints namely: cost savings, reduction of wastage of cooked food and freshness of stock at the sale counter. On an average, there is a seasonality of four months of low demand spread over two times in a year. Also there are week day versus week end variations. Though the business is suited for chase strategy in terms of workforce, they have a fixed number of workforces, as they are keen to provide livelihood to associates! (Chandrasekaran and Rajan, 2017).

Employees and team play a crucial role. The business requires every one of the employees to be truly carrying the shared vision of serving quality food that is hygienic and sold at a reasonable price. Given the 'hands-on' nature of the business, unless all employees take ownership the business would fail. Customers are presumably taking a risk by eating at a roadside cart. The customers also are from different strata like children of low and middle income groups. There is no commonality among the various customers in the economic and social status. The food served needs to meet the high standard and follow hygiene. To avoid losses due to wastages, employees need to be ever vigilant and conscious of ensuring that no spoilage or foreign particles remain in the vessels where food is stored on the cart. Night service requires two persons at the cart's cash counter for collecting payments when more number of plates is sold. This is true throughout the day and night in the weekends. Given the hands on nature of the business, unless all employees take ownership the business would fail.

It is estimated that there is likelihood that 10 per cent of the revenue is lost by customers under reporting their consumption especially at peak serving time. It is next to impossible to track orders and consumption especially of group orders. Trust is what holds the business together. Hence employees must ensure that there are no leakages in revenue (Chandrasekaran and Rajan, 2017).

Further any kind of roadside eatery would have inebriated customers during late evening. They may also be impatient. This is a problem in any eatery which attracts families wherein men with their family eat alongside all other customer groups. Hence the counter needs workmen who can handle customers with patience.

Another important responsibility for the operating team is respect among the local community. Business needs that the place is clean and ensure food is not littered around. Further all wastes are to be disposed carefully.

Profit margins: Generally, most of the vendors have a low mark up so that prices are cheap compared to regular restaurants. For the quality sold, the price could be benchmarked to about 30 – 40 per cent of what is sold in a decent restaurant. Other issues that remain are the inability to transfer cost of inputs and material to the customers as they expect steadiness of price. Second, markup for risk of revenue leakage by under reporting of consumption is not possible as customers can be lost by word-of-mouth. Third, provision for risk coverage by way of natural calamities and vagaries of nature is impossible.

Working capital and cash management: Most of the vendors buy inputs on cash and daily basis. They neither have any bank facility nor storage system to carry on the stock based on demand estimate. They have a simple principle of buying for cash on daily basis so that they get the best price. The end-of-day profit statement is done intuitively and business is carried keeping in mind the customer orientation. Those vendors, who handle business badly, take personal loans with high interest rates and end up in debt.

Disruptions: Apart from the business risk, street vending faces loss of revenue days of four to six days in a year because of severe disruptions due rain and flooding, socio – political factors like strikes by hawkers, parties and so on. Agility to get back to routine immediately after any disruption is critical. Otherwise, the vendors may lose customers to retail food chains and among themselves as well. Nowadays vendors do have whatsapp group and active "word of mouth" campaign to come back after any disruption.

Some of the key observations from customers were as follows:

Road side food cart is affordable for low income groups. There is faster turnaround time for serving and better fill on a lower budget. Eating on the go is critical given the time constraint and ability to have 'take-away' food to work.

Preference to eat on a particular eatery is driven by convenience, referral, cumulative experience and quality of food. The choice is almost driven by the same order of preference.

Threshold factors include: compatibility of food, taste and hygiene under a given circumstances.

Stickiness to a particular joint happens as there is a conviction about food suiting health and emptions. Stickiness is high. Further, there is a tendency nowadays to connect with vendors through mobile phone and group in apps. Vendors also create a personal touch by enquiring "no show" and bondage is created.

Eating at non-moving cart happens only at on-site dining which is place of sale and consumption being the same. A small percentage of customers prefer to "carry" for others to dine at their location. Vendors prefer on location dining as it helps to connect better unless it is a peak service time. Hence "to carry" food is not generally encouraged. But when customers "carry" after eating to serve another customer, vendors generally do not mind such a service as it shows patronage to their business. Hence predominatly, "to carry" business goes for those who order while they eat out at the place.

Quality of other customers while dining is an important factor. As the customers want to eat quickly and be trouble free, they do not want other customers who are insensitive. Role of operating team in this is important, according to the customers.

## **Conclusion**

Street foods defined as "ready-to eat foods and beverages prepared and/or sold by vendors and hawkers especially in street and other similar public places", was first agreed upon in FAO Regional Workshop on Street Foods in Asia, held in Jogjakarta, Indonesia in 1986. The informal retail food sector has been recognized as one of the important poverty alleviation programs in many countries.

India is one of only three Asian countries, other than Philippines and Malaysia to have a formal national level policy on street foods. However, as street food vending is largely associated with low-income groups, an understanding of the sector has largely been related to issues of 'access to public space' and 'rights to livelihoods', in terms of policy and advocacy terms. This paper helps in gaining a perspective of how livelihood entrepreneurship can be promoted – using training and development for managing businesses, helping in using an opportunity that is sustainable as also pursuing one's passion.

Livelihood entrepreneurs lead an asset light but intense customer centric and demanding environment business as far as food retailing is concerned. Hence they need to be people centric person with strong acumen for sustainability. The business is seasonal. Upward spikes happen on week ends and certain days. Ability to manage such volatility is important. Such skills come by practice. Agility in day to day affairs and in disruptions is important. It can take away profits made over weeks in a single incident.

Providing basic managerial skills in planning, buying and demand management would improve efficiency of operators. Providing infrastructure support like an area for cooking would improve their business. Instead of expecting local government to provide space for cooking and parking of carts, a new class of promoters may emerge with offering of shared services. After initial success, it can be taken up as a large umbrella brand. Funding happens through informal sector as this business does not qualify for formal sector lending. Self Help Groups and Micro Finance companies have an opportunity to establish a structured approach with affordable cost.

To conclude, it seems livelihood entrepreneurship has a future for engaging semi-skilled and unskilled urban labour. Every outlet creates about 7 jobs across activities. Capital required for the same is as low as INR 25,000/- to 100,000/-. There cannot be any other business which has such a low capital intensity and high capital output ratio. Importantly, it helps growth of agglomeration. An interesting problem society would face is: as foot falls increases and space becomes a constraint, will there be a sense of urgency in handling and rationalizing scope of livelihood entrepreneurship?

## References:

- [1] Benz, M. (2009). Entrepreneurship as a non-profit seeking activity. *The International Entrepreneurship and Management Journal*, 5(1), 23–44.
- [2] Bosma, N., & Harding, R. (2006). *Global entrepreneurship monitor: GEM 2006 summary results*. London: Global Entrepreneurship Monitor Consortium.
- [3] Bosma, N., Jones, K., Autio, K., & Levie, J. (2008). *Global entrepreneurship monitor: 2007 executive report*. London: Global Entrepreneurship Monitor Consortium.
- [4] Bridge, S., O'Neill, K., & Cromie, S. (2003). *Understanding enterprise, entrepreneurship and small business*. Basingstoke: Palgrave MacMillan.
- [5] Chandrasekaran and Rajan, "Sapthagiri Street Food Vending: positioning and entrepreneurial clarity"; Case Centre UK, Case Reference no: 317-118-1
- [6] Devins, D. (2009). Enterprise in deprived areas: What role for start-ups? *International Journal of Entrepreneurship and Small Business*, 8(4), 486–498.
- [7] Ellis, Peter, and Mark Roberts. 2016. *Leveraging Urbanization in South Asia: Managing Spatial Transformation for Prosperity and Livability*. South Asia Development Matters. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0662-9. License: Creative Commons Attribution CC BY 3.0 IGO
- [8] Guidance note on recovery: livelihood. UNDP – ICSR , Based on conference in January 2005. [http://www.unisdr.org/files/16771\\_16771guidancenoteonrecoveryliveliho.pdf](http://www.unisdr.org/files/16771_16771guidancenoteonrecoveryliveliho.pdf)
- [9] *Global Entrepreneurship Monitor, 2017*, Global Entrepreneurship Research Association (GERA), ISBN-13: 978-1-939242-10-5
- [10] Harding, R. (2006). *Global entrepreneurship monitor: United Kingdom 2006*. London: Global Entrepreneurship Monitor Consortium.
- [11] Harding, R., Brooksbank, D., Hart, M., Levie, J., O'Reilly, M., & Walker, J. (2005). *Global entrepreneurship monitor: United Kingdom 2005*. London: Global Entrepreneurship Monitor Consortium.
- [12] India's food service industry: Growth recipe, November 2016 KPMG.com/in
- [13] India Labour Market Update ILO Country Office for India, July 2017
- [14] NSS Report No. 539: Informal Sector and Conditions of Employment in India - NSS 68th Round (July 2011 – June 2012), National Sample Survey Office, Ministry of Statistics & Programme Implementation, Government of India, July 2014, [http://mospi.nic.in/sites/default/files/publication\\_reports/nss\\_report\\_557\\_26aug14.pdf?download=1](http://mospi.nic.in/sites/default/files/publication_reports/nss_report_557_26aug14.pdf?download=1)
- [15] Robert Chambers and Gordon R. Conway, *Sustainable rural livelihoods: Practical concepts for the 21st century*; IDS Discussion Paper 296, December 1991.
- [16] Stevenson H. Howard & David E Gumpert, *The Heart of Entrepreneurship*, March 1985, <https://hbr.org/1985/03/the-heart-of-entrepreneurship>
- [17] Thomas R. Eisenmann, *Entrepreneurship: A Working Definition*; <https://hbr.org/2013/01/what-is-entrepreneurship>

## Prediction of Delays in Construction Projects in Algeria

**Salhi Roumeissa**

*PhD candidate, Dept. of Civil Engineering, University 20 Août 1955 SKIKDA, Algeria*

**Messaoudi Karima**

*Professor, Dept. of Civil Engineering, University 20 Août 1955 SKIKDA, Algeria*

**Sassi Boudemagh Souad**

*Professor, Laboratory LAVMF, University Salah BOUBNIDER Constantine3, Algeria*

### Abstract

Project construction has never been a simple act, because it is conditioned by specific constraints of cost, time, quality, and it includes a degree of uncertainty. So, time is a vital aspect by which project success is judged; for this purpose, deadline compliance is a paramount question in project construction. In Algeria, delay has invaded the majority of projects. Therefore, it is necessary to give more importance to time management to reach the stage of projects success. As saying goes, "you can't manage what you do not measure"; the quantification or the prediction of delays appears necessary to arrive at a good mastery and a better management of time. The objective of this paper is to quantify the probability of delays in construction projects. For this reason, data from 30 public projects has been collected, and then categorized into 4 groups according to their types: school groups, college, high school, administrative buildings and economic infrastructures. Subsequently, the simple linear regression method is used to develop prediction model for the public projects in Algeria; to enable managers and practitioners to predict possible delays. This prediction is intrinsic to minimize the risks, to widen the field of reflection and especially to increase the chances of project success.

**Keywords:** Delay, Project Construction, Prediction, Project Management, Project Success, Algeria

### Introduction

Project success is the ultimate goal of the various project stakeholders; (Y.Frimpong 2003) defines Project success "as meeting goals and objectives as prescribed in the project plan. A successful project means that the project has accomplished its technical performance, maintained its schedule, and remained within budgetary costs".

Time is a vital aspect by which project success is judged; therefore, deadline compliance is a paramount question in project construction.

"One of the most important problems in the construction industry is delay; construction delays are considered one of the most frequently recurring problems in the industry" (Mahamid 2012). In Algeria, delay has invaded the majority of projects; "62% of projects have experienced timeotus" (Salhi.R 2018). For that reason, it's necessary to give more importance to time management. And as saying goes, "you can't manage what you do not measure"; the quantification or the prediction of delay appears necessary to arrive at a good mastery of project and a better management of time. because "the whole essence of controlling a project is to ensure delivery within a predetermined time and evaluating how long it will take to complete a project is the starting point of project control because it serves as a baseline to measure against". (Yakubu 2010).so to deal with this problem we have to answer the following questions:

Haw can we evaluate the time necessary for execution of project and haw can we predefct delay in construction project?

### Reasearch methodology

Data from 30 public projects in the region of Constantine -Algeria- has been collected, and then categorized into 4 groups according to their types(see table 1): school groups (8 projects), college (6 projects), high school (8 projects), administrative buildings and economic infrastructures (8 projects).Then, another classification has been down. For each groups; projects

are classified according to their years of starting execution, 4 periods were introduced as follow: [2007-2008], [2009-2010], [2011-2012], [2013-2014]. Thus, we have calculated the sum of planned and actual durations (for the project that starting in the same period) (see table 2) then we have used this data to develop a prediction model using the simple linear regression.

## Discussion and results

### Descriptive statistics of the public projects:

Data concerning actual and planned duration for each type of public projects were collected ; The descriptives statistics of these projects (see table1) shown that the mean of the planned duration for the 30 publics projects was 298,90 with standard deviation of 129,925 ; while the actual duration for the same projects was 1019,30 in mean and 618,108 in standard deviation. Regarding the type of projects; the mean was calculated and it is found as follows: for the administrative buildings and economic infrastructures; the mean of the planned duration was 399,75 and for the actual duration it was 1683,75. For the school groups; the mean of planned duration varied from 231,75 days to an actual duration of 1163,75 days. While the college varied from 278,67 planned days to 436,33 actual days. The mean of planned and actual duration for the high school were successively 280,38 days and 647,63 days.

From these results, we can notice that there is a large difference between the mean of the palanned and actual duration and high values of standard deviation.

These results confirmed the affirmation of (Al –Momani 2000) that the time required to complete construction of public projects is frequently greater than the time specified in the contract.

**Table 1:** descriptive statistics of the public projects

Project category	Number of project	Duration		
			Planned	Actual
Administrative buildings and economic infrastructures	8	Min	152	699
		Max	826	2342
		Sum	3198	13470
		Mean	399,75	1683,75
		SD	212,464	527,612
School groups	8	Min	213	490
		Max	243	1777
		Sum	1854	9310
		Mean	231,75	1163,75
		SD	15,526	481,771
College	6	Min	213	243
		Max	304	639
		Sum	1672	2618
		Mean	278,67	436,33
		SD	40,377	134,464
High school	8	Min	152	253
		Max	365	1188
		Sum	2243	5181
		Mean	280,38	647,63
		SD	76,599	286,062
All	30	Min	152	243
		Max	826	2342
		Sum	8967	30579
		Mean	298,90	1019,30
		SD	129,925	618,108

**Table 2:** Classification of the public Project according to the year of starting execution

Project category	Period	SPD	SAD	Number of project	Total
Administrative buildings and economic infrastructures	2007/2008	1769	8228	4	8
	2009/2010	1247	4543	3	
	2011/2012	182	699	1	
School groups	2011/2012	456	1380	2	8
	2013/2014	1398	7930	6	
College	2011/2012	1064	1734	4	6
	2013/2014	608	884	2	

High school	2009/2010	365	640	1	8
	2011/2012	1513	4029	6	
	2013/2014	365	512	1	

\*SPD: Sum of planned duration, SAD: Sum of actual duration

**Linear regression**

The simple linear regression was used to develop an equation that describes the relationship between the actual and the planned duration.

The planned duration was the independent variable (explanatory variable) and the actual duration was the dependent variable (explained variable).

The equation of the line of regression used to predict actual duration based on the planned duration was:

$Y = 4,396X - 1021,567 \dots\dots\dots(1)$

Coefficient of correlation:  $R = 0,848 \dots\dots\dots(2)$

Coefficient of determination:  $R^2 = 0,718 \dots\dots\dots(3)$

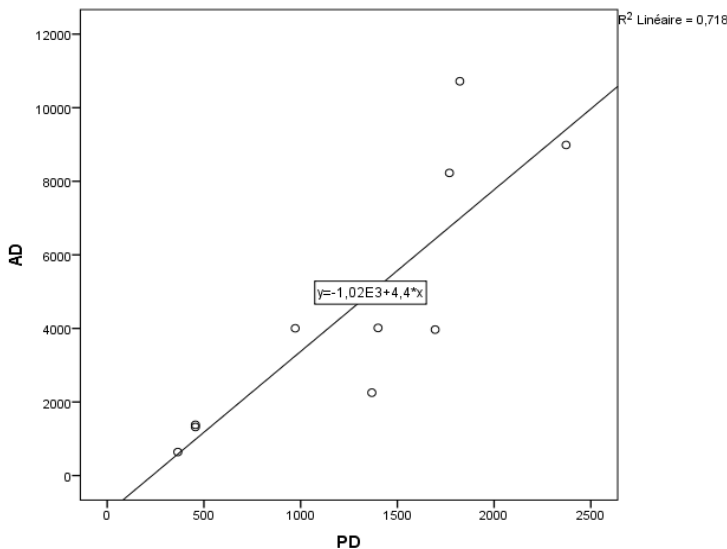
$F(1,8) = 20,410$ ;  $p\text{-value} = 0,002 \dots\dots\dots(4)$

The calculated Fisher statistic was  $F(1,8) = 20,410$  and the p-value found was  $0,002 < 0,01$  (see table 4); so, the model is significant at the level of 99%, in other words, there is a strong relationship between the planned and the actual durations; this strong relationship is already confirmed by the regression coefficient  $R = 0,848$  (see table 3)

The coefficient of determination of this equation ( $R^2 = 0,718$ ) indicate that the planned duration explain a high percent of the actual duration (71,8% of the variation in actual duration was predictable from the planned duration).

From these results, we can say that the model is appropriate for the prediction of actual duration and it can help the owners in the choice of contractors before awarding contract.

**Figure 1:** scatter plot of actual duration (AD) versus planned duration (PD) for public projects



**Table 3 : Model summary**

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0,848 <sup>a</sup>	0,718	0,683	1996,447	0,718	20,410	1	8	0,002
a. Predictors: (Constant), Planned duration									

**Table 4: ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81349848,691	1	81349848,691	20,410	0,002 <sup>b</sup>
	Residual	31886411,309	8	3985801,414		
	Total	113236260,000	9			
a. Dependent Variable: Actual duration						
b. Predictors: (Constant), Planned duration						

**Table 5: the coefficients of the line of regression**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1021,567	1385,667		-0,737	0,482
	Planned duration	4,396	0,973	0,848	4,518	0,002
a. Dependent Variable: Actual duration						

## Conclusion

"The success of projects depends on their accomplishment in the expected time, with the least cost and the best quality" (Salhi.R 2018). In Algeria, time delay is one of the most recorded problems in construction project. Therefore, the quantification of the actual duration and the prediction of delays appear necessary for a good mastery of project time.

Data from 30 public projects were collected and categorised into 4 groups: school groups, college, high school, administrative buildings and economic infrastructures and then classified into 4 periods according to the year of starting construction. The information concerning the durations has been gathered and the comparison of the actual and the planned durations shows that there is a large difference between the mean of the planned and actual duration and high values of standard deviation.

A simple linear regression was used to predict the actual duration based on the planned duration. The tests used proved that the developed equation is statistically significant at the level of 99% and that the model is appropriate for the prediction of actual duration and it can be used by the owners before awarding contract, to minimize the risk of delay and to increase the chances of project success.

## References

- [1] Al-Momani.A (2000), "Construction delay: a quantitative analysis. International Journal of Project Management", Volume 18, Issue 1, pp 51-59.
- [2] Mahamid, I., Bruland, A., and Dmadi, N. (2012). "Causes of delay in road construction projects." J. Manage. Eng, Volume 28, Issue 3, pp300-310.
- [3] Salhi.R (2018). "Identification of Factors Causing Delays in Construction Projects in Algeria". European Journal of Engineering and Formal Sciences, volume 2, Issue 1, pp 6-11.



- [4] Yakubu Adisa Olawale, and Ming Sun. (2010) "Cost and time control of construction projects: linhibiting factors and mitigating measures in practice". ConstructionManagement and Economics, Volume 28, Issue 5, pp 509-526.
- [5] Y-Frimpong, J-Oluwoyeb, L-Crawford (2003), "Causes of delay and cost overruns in construction of groundwater projects in a developing country". International Journal of Project Management, Volume 21, Issue 5, pp 321-326.

## Investigating the Nexus Between Financial Development and Economic Growth in SEE 10 Economies

Arlind Rama

PhD Candidate University of Tirana

### Abstract

In a continuous challenge for increasing economic growth pace, Southeastern Europe economies need to explore all contributing channels to this process. Previous researches do not find a significant relation between financial development and economic growth in SEE countries but up-to-date analyses are missing in this front. This paper aims to investigate the finance-growth links in a representative group of ten SEE economies through empirically analyzing with panel data techniques the latest data available, and try to understand if implementation of financial regulatory frameworks and economic reforms during the last decade has contributed in making financial sector development significant for growth. In this context, obtained results show that credit to private sector, is the only financial development indicator that has become significantly important in short-run in positively affecting economic growth. While Liquid liabilities and Assets ratio have no significance, seems that financial sector reforms need to continue in order to enhance the causal relation between finance and growth.

**Keywords:** financial institutions, financial development, economic growth Jel classification: G2, O16

### Introduction

This paper aims to empirically investigate the causal effect that financial development has in influencing economic growth in a group of ten developing and emerging Southeastern Europe economies in a time horizon from 2002 until 2014. Financial sector development is often described as the process of continuous improvement in “quantitative” and “qualitative” terms of financial services and intermediation activity delivered by financial institutions mainly those performing intermediary functions in efficiently optimizing financial resources allocation towards higher returns market opportunities and lower risks. This research work seeks to find answers in understanding the extent to which financial sector development is related or plays a role in determining output growth trends for the countries of SEE Region. Main purpose behind paying a dedicated attention to the finance-growth nexus in this context is the effort to fill an existing gap in regional topical related economic literature caused from lack of recent similar studies containing updated, wide and inclusive analysis of this relationship in SEE countries.

The pace of economic development dynamics and specific characteristics that financial markets in these economies manifest, some of which relatively young market economies in the context of political and economic EU integration process, have raised interest among academics and policy-makers. Earlier research focusing on the region, Mehl et al (2005), do not find significant empirical evidences for a causal relation between finance and growth, however they suggest that implementation of proper legal and financial sector reforms would create a necessary enabling environment and pave the way for financial development to start positively impact growth. In the same theoretical line of thought also Levine et. al. (2000) stress out that application of the “best practices” on legal and accounting standards in financial sector would enhance the financial development impulse in boosting economic growth. Following the prolonged process of economic and financial reforms that countries in analysis have been going through in the last decade, emerges the research interest to understand the reforms’ effects to bring in closer links development in financial sector and growth.

In a vacuum of empirical analyses exploring the latest data on finance-growth causal relation in the SEE economies, this research work aims to provide an empirical investigation of whether financial sector has started to positively influence growth and implementation of legal and financial sector reforms during recent years, has played a role in making financial development “matter” in supporting growth in a regional context of ten developing and emerging economies. Applying panel data techniques and building the empirical analyses over the same economic variables used in Levine et. al. (2000), as representative to a wide range of economic studies analyzing the same nexus, and basing on the most recent annual data available for ten countries of the sample, this study tends to investigate the “new stance” of finance and growth relationship.

The aim contribution of this work consists in creating a continuance of empirical studies on Southeastern Europe economies focusing primarily on financial development-economic growth causal relationship and trying to bring the most updated, to the extent of author's knowledge, and inclusive analyses having in focus this region, in a time perspective when no civil conflicts have taken place allowing thus a consistent process of financial development. A novelty is the inclusion of Kosovo, as the newest country in SEE, and the reason behind this is its economic interrelation with other countries in a regional context and the relative ease in gathering the data taking advantage from its presence in all major economic databases.

The paper will be following this structure: in the first part will be offered a theoretical overview of economic benefits stemming from well-developed financial markets and intermediaries; further an extensive literature review will be made to summarize some of the most influential and referred works focusing on finance-growth relation starting from theoretical papers, general empirical studies and to finalize this part with SEE focused ones; third section will be describing data and methodology used for the empirical analyses followed by the obtained results and the final part will consist in drawing conclusions and recommendations for further researches.

### **Defining financial development**

In financial economics literature where finance and economics are analyzed in joint interaction, financial development is perceived as a process of growth in financial markets, where development is defined through the combination of a complexity of qualitative and quantitative indicators describing financial access, performance of financial intermediaries as well as other financial institutions and the legal - regulatory framework serving as operational base for the functioning of financial institutions. Referring to the World Bank sources where also some of the data of this research project have been taken from, financial development comes as a complex formation of financial system characteristics standing for: financial depth – a description of financial markets and institutions size; *financial access* – ease of accessing financing sources; *efficiency* – as a measurement of financial institutions performance; and *stability* of financial system. Depending from the data availability on economies of the Southeastern Europe, for the empirical analysis are chosen five indicators to broadly and mainly quantitatively define financial sector development dynamics in the sample economies.

### **Economic importance of financial development**

In a functioning market economy, financial intermediation process has a structural importance in creating the needed ground for facilitating and fostering proper market economy development as well as broadening growth perspectives for the private sector. In this light, has been many the theoretical and empirical research works that have continuously confirmed such importance and deepened over time analysis on the main channels via which financial sector development impacts the business environment and positively influences growth in economy as a whole.

Some of the principal theoretic aspects that would help to explain the economic importance of financial intermediaries as part of the financial sector and how their sound-solid development benefits to market economies and economic agents while contributing to economic growth are:

Financial intermediary institutions play a vital role in crediting the private sector and the economy by applying interest rates that reflect the competitiveness and the completeness of respective financial markets. In these conditions, a higher and fairer competition in the financial sector would be reflected in lower financing costs for the economy.

By exercising their structural crucial role of pooling savings and allocating resources in the economy towards financially reliable economic agents less risky and promising for higher productive economic activities, the qualitative development of financial intermediaries further than guaranteeing households savings, becomes also decisive for the efficient operation of financial markets and thus serving to increased productivity of investment, the later being also a main leading force behind incentivizing continuous technological optimization of processes. In addition to streaming financial resources towards higher returns, optimal operational management is qualitatively bolstered by financial services industry aims for higher productivity of human and physical capital.

Well developed, professional and ethic financial institutions are essentially important to prevent incremental risks that derive from the asymmetry of information and may result to be costly for the private sector among which moral-hazard and the adverse selection risk. Providing the private sector with highly qualified expertise, financial intermediaries contribute in reducing risks coming from asymmetry of information in the economy.

Channeling and facilitating the access to financing resources for the whole range of individual and institutional customers, intermediaries play a vital role in the economy to create a stimulating environment for exploiting economic opportunities, creating more jobs and thus enhancing social welfare.

By crediting the private sector, financial intermediaries allow diversification of financing sources optimizing their financial performance through advantages of financial leverage and in this path creating necessary conditions for sustainable business activity by diminishing the operative drawbacks that would be caused from lack of liquidity, symptoms present in cases when firms use solely self-financing capital.

Formalizing the economy and playing often the role of fiscal agents, financial intermediaries are crucial in contributing to reduce the tax evasion phenomenon, as the main concern for public finances in developing economies, and optimize the mechanisms for efficient controlling frameworks on private sector operations.

Due to the economy of scale and free market competitiveness, banks but also other financial institutions become instrumental in reducing transactions costs for the economy and creating a more enabling environment for the business development in long term.

Serving as financial channels for sending and receiving easily and cost-efficiently capital transfers often in the form of remittances is another very important function played by financial intermediaries in developing economies, with a direct impact on households' budgets, general consumption and private investments.

Financial assistance, advising and monitoring are some of the main services provided and delivered to economic agents from financial services institutions always under the supervision of state regulatory bodies that pave the way for better risk management attitudes in business environment and safer well-functioning financial markets.

In conclusion, sound development of well-functioning financial intermediaries as part of a solid and regulated financial sector is of a paramount importance to maximize the economic benefits coming from qualitative financial development while protecting markets from liquidity risks and diversifying investment risks through the wide range of economic sectors credited.

## Literature Review

The relationship between financial sector development and economic growth has always been in focus of economists' theoretical and empirical research analyses, in the form of contributing efforts trying to better understand and effectively utilize compounding effects and mechanisms of this economic phenomenon in favor of growth. Financial development process in itself has evolved on time as a result of more efficient and productive financial markets and their incremental influence on growth. Many research projects have taken place from time to time, shedding light on the importance of financial intermediation in fostering economic growth and vice –versa. Some of them are theoretical persuasions with significant influence in further understanding the finance-growth nexus and in other cases theoretical points of views are tested through empirical analyses in order to understand whether theory is sustained by robust evidences in different samples of choice. This literature review, aims to bring a perspective of the main influential research works done in this field in a structured way. In the first subsection will be made a mosaic of theoretical papers emphasizing their specific contribution in analyzing the financial development-growth relation, afterwards will be brought in the reader's attention empirical results that different authors have obtained by testing the finance-growth nexus hypothesis in general groups of countries and finally, given the dedicated aim that this paper has in analyzing and understanding the phenomenon in a group of Southeastern Europe economies will be made a summary on the papers and empirical results of research delivered until present day on the region.

### **3.1 Theoretical arguments in understanding financial development– growth nexus.**

Influential works from Bagehot (1873) and Schumpeter (1912) unveil the early theoretical deductions that development of financial intermediaries in support of entrepreneurial initiatives positively impacts the economic growth by channeling the sources of funding towards the most efficient innovative ideas in the market, destined to succeed and eventually impulse growth in economy. For Schumpeter, entrepreneurs are at the epicenter of creating and raising to success the "new combinations", innovations in the markets that through the credit provided by intermediaries' mechanisms of credit shape a growing competitive business environment of firms that exponentially serve as engines for the economic growth. In his view, the economic development is a genuine process fostered by innovations as well as optimal management of the firms by entrepreneurs and should be financial intermediaries to finance successful market initiatives in order to increase profits and benefit to the economy.

Robinson (1952) focuses his theoretical work on analyzing the importance of capital management for maximizing profits and the utility of production functions for economic agents and economy as a whole, through optimizing determination of production factors. Loans provided by intermediaries are considered essential to finance efficient productive processes that

eventually generate surplus in firms' financial state. Inventions that are feasible in production terms are seen as positively supportive to efficient growth of production firms. The study concludes that to a certain extent, financial development is a structural consequence of population growth and technical progress. Boyd and Prescott (1985) emphasize the endogeneity in the growth environment of "intermediaries' coalitions". Accepting the asymmetry of information in the market and looking intermediaries as instrumental in smoothing the information frictions between different market agents, in equilibrium intermediaries appear in the form of coalitions that make possible to indicate a feasible Pareto optimal allocation of resources in the market that can create stable equilibrium conditions for maximizing agents utility.

Robert Lucas in his influential work of (1988) brings a deep analysis of processes and important factors that affect or stand behind the explanations of mechanics of economic development and growth. He focuses in improving the neo-classical growth model adding to the conceptual framework two valuable extensions, the first explores the interaction between physical and human capital accumulation and the second one the way how specialization of human capital impacts international trade and economic development, on a general aim of putting human capital in a central stance in the "mechanics" of the growth model. Lucas manifests a skeptical belief on the real importance that financial sector development has in fostering economic growth. In his economic judgment, research professionals and non-professionals in favor of this proclaimed relation simply "over-stress" the relevance of financial intermediation in inducing faster pace of growth. Despite being an empirical paper in itself, his views on the relation of financial development and growth are not empirically tested or sustained, thus here they are considered to be theoretical. For Greenwood and Jovanovic (1990) the economic growth creates the needed stimulus for the "financial superstructure" to maximize profits and further consolidate while in turn, financial development paves the way for further growth. Economic development is described as a joint causality between financial intermediaries expansion and positive economic growth, accompanied by a declining income inequality while the economy reaches the "maturity stage". Their contribution consists in introducing a system of rules in which financial intermediation and economic growth are endogenous by determination and emphasizing the crucial importance of banks, insurance companies and other financial intermediaries in providing to economic agents their expertise for properly analyzing the market information in order to optimize the allocation of funds towards higher returns and minimize risks. The model they pose consisting in a binary choice to invest the capital between a safe low yield technology and a risky high return one, takes into account two primary influencing ways via which intermediaries enhance the economic activity, by facilitating increased returns to agents based on a well-diversified investing activity and pooling risks given their extensive outreach in financial market. The economic logic behind the model is that individual agents channeling their funds through financial intermediaries can benefit from higher returns as result of increased productivity of investments. Greenwood and Jovanovic show that there exists a competitive equilibrium in the market that in case reached through the specified model of economic agents and financial intermediaries, the resources allocation is Pareto-optimal.

Bencivenga and Smith (1991) aim at shaping an equilibrium model by structuring the channels through which competitive financial intermediaries' (*banks*) development influences an optimal resources allocation in economy that positively affects for higher real economic growth rates. They follow quite an interesting approach in arguing theoretically that the competitive development of banks has a positive impact in economic growth through the effects of "spillover externalities" resulting from increasing rates of return on capital investments and consequently growing productivity, considering that competitive financial intermediaries as deposit money banks, tend to allocate resources to the most profitable investment opportunities favouring in this way the creation of an enabling environment in support of incremental rates of return on capital. But on the other hand, the rush of economic agents towards higher rates causes the reduction of savings in economy, less resources accumulation in intermediaries and as result a potential drop in financing power of deposit money banks eventually causing a slow-down in the growth pace, if this continues in long run. Making an overview of the theoretical and empirical research works on finance-growth relation, Pagano (1993) brings in evidence unresolved issues so far relating with this phenomenon. He emphasizes that despite the fact that usually is seen a positive finance-growth relation in the literature, part of the researchers attention need to be also the cases when financial development affects negatively the savings rate and as consequence of lower resources channeled through intermediaries growth slows. In addition, still remain unclear the reasons why in some economies, the fast growth of financial development is accompanied by standard monotonous rates of economic growth. In conclusion for obtaining better understanding on specific financial market-growth causality is needed to focus primarily on specific markets of interest given the fact that different economies manifest different characteristics conditioning thus the relation in focus of this study.

### **3.2 Empirical research on general groups of countries**

The extensive theoretical work done over time in investigating the economic relation between financial development and economic growth has opened horizons for further and more accurate elaboration of econometric methodologies in testing

this phenomenon. Paying a dedicated attention to the empirical analysis of finance-growth relation, Goldsmith (1969) offers significant proof of positive relationship between the financial sector development and economic growth in a wide group of developed and developing economies. King and Levine in their much referred paper of (1993) aim to investigate if higher financial sector development is causal for higher present or future rates of economic growth or as posed by them, empirically test whether Schumpeter was right in his views on the paramount importance of intermediaries to foster growth. Their study is based on a wide sample of 80 countries in different development stages for a period of time from 1960 to 1989. Trying to reach a broader definition of growth, authors set three growth variables that in addition to economic growth rate feature also productivity improvement and capital accumulation while on the other side, explanatory variables defining financial development are chosen four, broadly used financial depth measures of liquid liabilities over GDP and financing of financial and private non-financial firms over total credit and GDP. To understand the relative importance of deposit money banks in crediting the economy King and Levine use the ration of commercial banks assets volume over the sum of commercial and central bank assets in respective economies. Empirically they find a significant positive relationship between the financial sector development and economic growth in the wide sample of developed and developing economies, going further in concluding that in the development of financial sector lays also the key to predict future rates of growth in coming 10 to 30 years given this robust positive relationship. Still King and Levine study finance-growth relation only in one and not in both ways.

Rajan and Zingales (1996) aim to go deeper in analyzing the relationship between financial development and economic growth by focusing on the external funding interest rate. Following the logic that industry sectors and firms whose business activity depends on external funding, should be better functioning in markets where financial development is at higher quantitative-qualitative stages since in principle these markets feature lower external funding interest rates being more open and competitive than less developed ones, authors consider it a proper economic indicator in trying to understand if higher development in financial markets tends to low external funding interest rates for certain sectors and thus creates an enabling environment for the later to faster develop while positively contributing to growth in economy. Their sample on which empirical tests are run consists in 43 countries for a time period from 1980-1990. Robust results support the hypothesis that financial development stimulates economic growth through lowering external funding interest rates that are essential for expansion of industries dependent on external funding. Rousseau and Wachtel (1998) try to put the relationship between financial intermediation and economic performance in a historical context and deepen the analysis by running tests on a large historical sample of data, 1870-1929, for five world major economies U.K., U.S., Canada, Norway and Sweden obtaining results that support evidences for the positive impact that development of financial intermediation has played in the fast industrialization of these countries. From a different perspective, Levine and Zervos (1998) in their empirical investigation of the causal significance of banking and stock market development indicators over the short and long run economic growth indicators, focus on a group of 47 countries where good quality stock markets data are available in a period of time from 1976 and 1993. Results of cross-sectional analysis in sample data show for a robust correlation between stock market liquidity and banking development with present and future rates of economic growth as well as two other growth related indicators, productivity and capital accumulation. Interpreting the results, it is evident that financial development has a significant impact in supporting growth, but as explained by the authors, well developed banks and stock markets supply economic agents with complementary services jointly contributing in financial development and economic growth.

Levine, Loayza and Beck (2000) make a significant contribution in the economic literature focused on investigating the determinants and role of financial intermediaries' development on growth. Aiming to find alternative theoretical and empirical ways to understand this phenomenon with the ones evidenced by other authors so far, in addition to testing the financial development-economic growth relation, they extend the focus of analysis on the influence that exogenous factors determining financial development have on the economic growth. So in their analytical viewpoint they try to understand and empirically test if legal frameworks and accounting standards exogenously determine the quality of financial intermediaries' development and consequently account for affecting economic growth. Authors test empirically their hypothesis on a sample composed by 74 countries of different development stages for a period of time from 1960 to 1995 using the same variables used by King and Levine (1993) to test the finance-growth nexus with a slight difference in choosing the private sector credit provided by financial institutions and not the general domestic credit, aiming to pay more attention to banks and other intermediaries by keeping out of the analyses the credit provided from state monetary authorities. Dynamic panel data tests provide robust results in support of a positive relationship between the exogenous factors of financial intermediaries' development and economic growth. Authors conclude that enforcement of legal and accounting frameworks by implementing "best practices" contributes exogenously in the consolidation of a sound development of financial intermediary sector, favour the creation of a business enabling environment and positively supports economic growth.

Amid two mainstream theoretical viewpoints in economic literature regarding the economic effect of financial intermediaries liberalization on growth, on one side is the study that increased financial depth paves the way for continuous financial development which is followed by economic growth and on the other side economists think that un-controlled prolonged liberalization may become the cause of eventual banking crises, Loayza and Rancuere (2005) try to position themselves in the economists debate by supporting their views on the obtained results from an empirical analysis run for a sample of 75 countries, annual data over a period of 40 years from 1960 to 2000. They find that in long run, increased financial depth and further financial sector liberalization contribute in financial development that stands in a positive relationship with economic growth, while in short-run for troubled economies, typically after post crisis, financial intermediation liberalization and depth do not contribute in impacting growth. Greenwood et. al. (2012) in the first part of their work deliver a firm level analysis putting an accent in the importance of information for the well-functioning, financial performance and efficiency of intermediaries' activity, the earlier seen related to the technological stance as well as human and physical capital accumulation in the financial system. In the second part they focus on economies, taking the example of US as a well-developed financial intermediaries' market, and basing on it developing a sort of benchmark parameters on the "best financial practices" that are applied to a cross-sectional analysis of 45 countries of different development stage. Greenwood et. al. conclude in an impressive result that in case the sample countries would implement the "best financial practices" for developing their financial sector, the world output is projected to significantly grow by 53 percent, under the assumption that financial markets enhanced by higher productive intermediation channels would boost economic growth.

### **3.3 Financial regulation importance for qualitative financial development**

In order to focus more on the soundness of financial systems and the quality of intermediaries' market development as essential for making a positive impact of economic growth, this subsection will be dedicated to the role that financial regulation has in financial sector consolidation. Financial regulation stands at the forefront of the sustainable and solid development of financial sector and in this light it is relevant to make part of this literature review a general overview of research papers mainly addressing this issue in developing countries or other economic contexts that share similar features with Southeastern Europe economies that are basic for the analysis aimed by this paper.

In this perspective, Rojas-Suarez (2004) studies a wide sample of developing economies and reaches the conclusion that financial regulations implemented in these economies need to respond in a proper manner to all their financial markets specifics in order to achieve the regulators' expected effectiveness. Alici and Ozgoker (2006) focusing on a comparative analyses of the prudential regulatory framework implemented in Turkish financial system, conclude that developing economies in order to achieve sound financial development need tailored financial sector reforms targeting precisely and efficiently the characteristics that differ them from developed ones. De Serres et. al. (2006) find significant explanatory links between financial regulation and economic growth stating further that policymakers should aim to design and tailor regulatory frameworks that allow vibrant completion in financial intermediation sector without increasing systemic risks. Following the 2008 financial crises, among regulators was reopened the debate whether de-regulation was good for financial markets and in line with this, a predominant idea brought by Chowdhury (2010) is that "re-regulation" is needed to take place in order to protect and immunize the financial systems especially in developing economies from eventual systemic failures and furthermore, allow financial sector development to positively contribute in economic growth. Sinha et. al. (2011) make a deep analysis of the positive and important effects that continues financial regulation has in consolidating and further developing the banking sector and the financial sector as a whole by bringing vast evidences in support of this widely accepted economic study and emphasizing the positive impact that soundness of financial sector has on economic growth.

Overall, economists consider that good financial regulation basing on international generally accepted regulatory standards of financial sector, is an essential requirement for achieving sound financial development that is positively related to economic growth.

### **3.4 Summary of empirical studies focusing on developing and SEE economies**

Having in consideration that the analysis of this paper is focused on ten economies in the Southeastern Europe, it is of topical interest to dedicate some specific attention to the research works made so far in investigating the financial development – economic growth relationship in developing countries given the fact that they manifest similar characteristics with our sample. It is accurate to highlight that in developing economies, empirical economic researches on the finance-growth nexus find comparable results to those highlighted in papers based in developed countries regarding a main general positive relation between financial development and growth but not surprisingly there are also studies that bring evidences

on how in developing economies scarce financial development in qualitative terms does not positively impact growth. The following provided summary aims to offer a diverse mosaic of findings in this frame.

#### 3.4.1 *Developing economies literature*

A relevant paper on this finance-growth relation prepared by Al Yusif (2002) focusing on a sample of 48 developing economies presents the obtained empirical robust results that show for a two-sided causality between financial development and growth concluding that the development of financial sector in these economies contributes in fostering economic growth and vice-versa.

Christopoulos and Tsionas (2004) going through 10 developing economies bolster similar results on the positive impact of financial depth on growth in long run testing through panel unit root and cointegration econometric techniques, while in short run the results obtained are ambiguous and according to their views the implementation of financial sector reforms should be expected to impact growth only in long-term perspective. In addition to financial development indicators, in the paper of Ahmad and Malik (2009) domestic capital accumulation affecting workers productivity is seen as a significant factor in contributing to promote economic growth more than foreign capital while the later being a follower of domestic capital. Trade openness is also found to be positively significant in enhancing economic growth in panel of 35 developing economies for the years 1970-2003. In the same line of findings follow also the research work by Estrada et. al. (2010) who analyze through panel data techniques a sample of 116 Asian developing economies from 1987 to 2008. Results reveal that financial deepness counts more for supporting growth in the countries of the sample than the structure of financial system. They put an accent also on the instrumental role of financial openness as a positive relevant factor for growth, which according to authors in some cases even more significant than financial development. Seetanaha et. al. (2010) investigate the relation of stock markets, banking sector development and growth in a sample of 27 developing countries, finding that stock markets and banking sector are closely joint in a “complementary” development process while development of each is positively related to economic growth. Developed financial markets are crucial in helping developing economies exploit their economic growth potential and a positive relation between them is proved empirically in long-run but going further in analyzing a group of 168 low and middle income countries in a time frame 1980-2007, Hassan et. al. (2011) find that only financial sector optimization in itself cannot boost output unless a wide range of facilitating preconditions for growth are met,

#### 3.4.2 *Southeastern Europe focused research*

There is an incremental attention from the side of European policymakers and global financial institutions as World Bank and IMF towards the better understanding of financial development and growth paths of the Southeastern Europe economies. And in this context some research works have been exploring the ways how finance and growth representative economic indicators stand to each-other in a causal relationship in this region and a condensed summary of their results will follow.

Mehl, Vespro and Winkler (2005) testing the finance-growth relation focus their study on a sample of nine SEE economies namely Albania, Bosnia Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Romania, Serbia and Montenegro for the period from 1993 until 2001. They do not find empirical evidences for a positive relation between financial development and economic growth, explaining it with the poor economic environment consisting in deficiencies in legal, regulatory and supervisory frameworks, lack of human capital and a reminiscence of “socialist legacy” that the region witnessed during '90-es. Further the authors introduce the conceptual differences between quantitative and qualitative financial development, noticing that the lack of quality in the financial deepening process in the SEE economies impedes a positive finance-growth relation. They emphasize the importance of economic reforms implementation in Southeastern Europe economies as a precondition for creating an enabling environment that would in long-run lead to a positive causal relationship between financial development and economic growth. Caporale et. al. (2009) analyzing the group of 10 newest countries joining European Union, of which Romania and Bulgaria considered in SEE, find a positive causal effect that financial development has on growth but not any sign of vice-versa, despite the still underdeveloped financial sectors in these economies. Haiss et. al. (2007) find empirical evidences that the finance-growth positive causal relation widely seen in developed economies, stands true also for a sample of four SEE countries, namely Bulgaria, Romania, Croatia and Turkey, but an interesting finding of this study is that different scale of economic development in SEE countries determines different pace of financial market consolidation and as a result different impact on economic growth.

Using quarterly data for 11 years for the Albanian economy, Dushku (2009) investigates the causal relationship between financial development and growth in Albania, finding that in long run empirical results confirm a positive relation between the two while in short-run the results remain ambiguous. Koczan (2015) highlights that Western Balkans economies



continue to be vulnerable in different sectors because of being depended from the economic development of their neighbor economic and trade partners, while high public deficits and debt levels still remain a public finances challenge for the region.

## 4. Data and Methodology

### 4.1 The data

Southeastern Europe as a region, consists in a group of developing and emerging economies some of which have already joined EU and others aiming to be part of the European common market while undergoing a prolonged integration process form years under a candidate country or potential candidate status. For this reason, understanding better the mechanics of economic growth in the SEE region while analyzing the relationship and the contribution of financial development towards growth is relevant to policymakers, scholars and academics involved in designing and implementing economic reforms in these countries. Not many studies have been focusing on the financial development-economic growth relationship, or the research works done have lost their relevance because of the politico-economic environment continuous change. This contribution aims to provide a wide inclusive analysis of investigating the finance-growth nexus on a group of ten Southeastern Europe economies for a period of time covering years from 2002 until 2014.

#### 4.1.1 Indicators description

As described earlier in the literature review, researchers and academics have followed different paths in trying to better understand and interpret the financial development-growth relation and on these grounds they have also worked in defining the most significant indicators to properly investigate this economic phenomenon. The selection of representative variables for defining financial development is made by following the work done from influential economists who have worked in this field extensively during years. At the epicenter of understanding financial development stands the analysis of financial intermediaries' activity. As mentioned above, the quality of financial development and its impact on economic growth depends on the efficiency of intermediaries' role in increasing savings, pool a wide range of risks and search the market for increasing profitable opportunities to allocate resources. On these grounds five are the main variables used in this analysis to define financial sector development and intermediaries' position.

The first variable is Liquid Liabilities in the financial system over the Gross Domestic Product, a financial depth measure used by different authors such as Goldsmith (1969), King and Levine(1993) , Levine, Loayza and Beck (2000), to identify the size of financial market. Calculated as the ratio of Broad Money on GDP<sup>1</sup>, this variable describes the size of financial system but a main concern regarding its accuracy is that does provide information on the quality of intermediaries' development. This indicator from now and on will appear as Liquid Liabilities in the analysis and under the acronym BM in Appendixes or related working files.

Aiming to identify further the degree of financial development and the credit expansion in the sample economies, a second indicator to be included in analysis is the Domestic Credit to Private Sector over GDP, measuring financing from private financial intermediaries excluding the Monetary Authorities towards the private sector. The economic logic behind this variable is that private sector plays a crucial role in growth process by creating more jobs and boosting consumption in the economy. Introduced as an improved measure of financial development in finance-growth literature from Levine, Loayza and Beck(2000), further than being a size indicator it represents financing of the leading sector in the growth of an economy, the private one. Given the fact that in Southeastern Europe countries the private lending providers specter includes also other financial institutions such as microfinance institutions mainly focused in microcredit or non-bank financial institutions, this indicator is significant for the analysis in trying to understand better the dynamics of financial development. This variable will appear as Private Credit and the acronym in Appendixes is DCPS standing for Domestic Credit Private Sector.

A third financial depth indicator is the one constructed as a ratio of the Commercial or Deposit Money Banks assets over the sum of Commercial Banks Assets and Central Bank assets. This independent variable is expected to represent a relative significance that second level banks have in delivering financial intermediation and providing financing for agents in 10 SEE economies where deposit money banks seem to be main and foremost important financial intermediaries in the financial market. Despite not being a precise indicator of the size or quality of financial intermediation in financial systems, it is valued by King and Levine (1993) as valuable variable representing the importance of financial intermediaries in finding

---

<sup>1</sup> where liquid liabilities consist in the sum of currency outside the banking system, time, savings and foreign currency deposits in the system from residents, securities and demand deposits other than from central government

market profitable opportunities to raise returns and optimize resource allocation, This measure will be identified Assets Ratio while the acronym will be CBAR standing for Commercial Bank Assets Ratio.

Following the main three variables in use to determine the financial development in financial system as a whole, on the purpose of understanding the significance that intermediaries role has in influencing growth in the sample countries, two related financial indicators that measure specifically the scale of financial intermediaries, in this case banks, are included in the analysis as Bank Deposits to GDP and Private Credit from Banks to GDP with respective acronyms DEP and BANK shown in the empirical tests part.

The indicator which is used to identify the economic growth in the analyses is the Rate of real GDP growth per capita as a good representative determinant of economic growth not only for the SEE region economies.

In addition to the main finance and growth indicators, following Levine, Loayza and Beck (2000) work, a “conditioning set” consisting of independent variables reflecting policy factors commonly used in literature to explain economic growth is built.<sup>1</sup>

#### 4.1.2 The dataset

Given the dedicated focus of this study which is to investigate the financial development-growth relationship in the Southeastern Europe, the group of countries in analyses is composed by Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Romania, Serbia and Turkey. All these countries are part or aim to join European Union, and different studies bring in evidence an economic convergence process between some of these economies due to similarities they share as transition economies, Tanku (2012). Despite the fact that Bulgaria, Romania and recently Croatia are “new-members” of the European Union, with full membership rights, these economies show similarities with other neighbor countries of the SEE Region. Same logic applies also to the inclusion of Turkey in the dataset, part of a number of previous economic studies on the region, which keeps the EU candidate status country and appears in most of researches of Southeastern Europe. The novelty is the inclusion of Kosovo, the newest country in the Region, aiming to give to the main focus of analysis a more holistic approach basing on comparative similarities among financial markets in the selected countries sample.

In an annual frequency, the data are collected for 13 years period of time starting from 2002 until 2014. This applies to the data on Growth, Liquid Liabilities, Credit and the variables of the conditioning set mainly collected via the World Bank databank. For the Assets Ratio variable the data collected through the Global Financial Development database are available only from 2002-2011 for all the sample countries. The two other variables representing financial intermediaries’ activity, Private credit from banks and bank deposits over GDP data are respectively included in the dataset covering periods 2002-2014 and 2002-2013 depending on availability. Main sources of data utilized to create the dataset are the two databases of the World Bank, World Development Indicators and Global Financial Development Indicators, Central Banks Statistical Offices, International Financial Statistics of IMF (Financial Access Survey), World Economic Outlook, UN Comtrade, Federal Reserve database and National Institutes of Statistics sources.<sup>2</sup> The frequency of data is annual.

	<i>Liquid Liabilities</i> <i>Broad Money % GDP</i>	<i>Credit to Private</i> <i>Sector % GDP</i>	<i>Comercial - Central</i> <i>Bank Assets Ratio</i>	<i>Credit from provate</i> <i>banks % GDP</i>	<i>Bank Deposits</i> <i>% GDP</i>
<b>Mean</b>	49.0	41.0	92.6	39.7	41.0
<b>Median</b>	48.5	39.6	98.4	38.4	41.2
<b>Maximum</b>	84.7	87.0	100.0	86.9	71.2
<b>Minimum</b>	11.3	3.0	56.3	3.0	11.1
<b>Std. Dev</b>	17.7	19.3	11.4	18.7	14.4
<b>Observations</b>	130	130	100	130	120

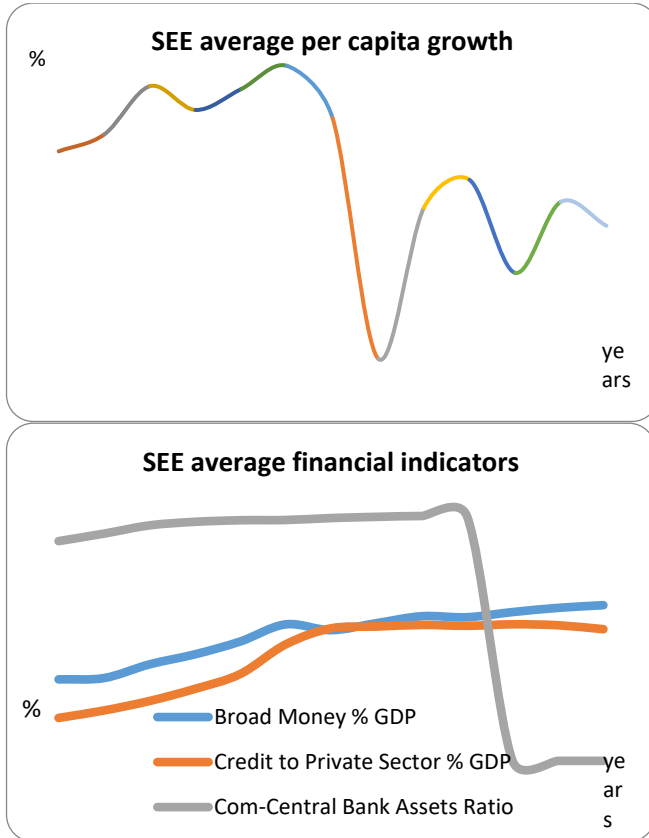
Table 1: Main indicators’ data description

<sup>1</sup> Indicators included in the conditioning set are Income per capita, Government size, Inflation, Trade Openness and Average Secondary schooling years. Data are annual for a period from 2002 – 2014.

<sup>2</sup> Trade Openness is calculated from UN Comtrade data following the broad definition of TO (imports+exports volumes) over GDP. In some cases, like the Assets Ratio for Kosovo, time series are calculated by the author basing on the data collected from the Central Bank of Kosovo regarding Commercial Banks and Central Bank Balance Sheets.

Referring to the above average SEE indicators graphs is possible to notice that from 2008, year when the financial crisis hit world markets, and onwards, the average private credit in economy has had a plateau trend around 52% of GDP while liquid liabilities have seen a light increase during the same period and in the same path has been also the upward movement of commercial to central bank assets ratio.

Graph 1: SEE financial development indicators and growth averages trends

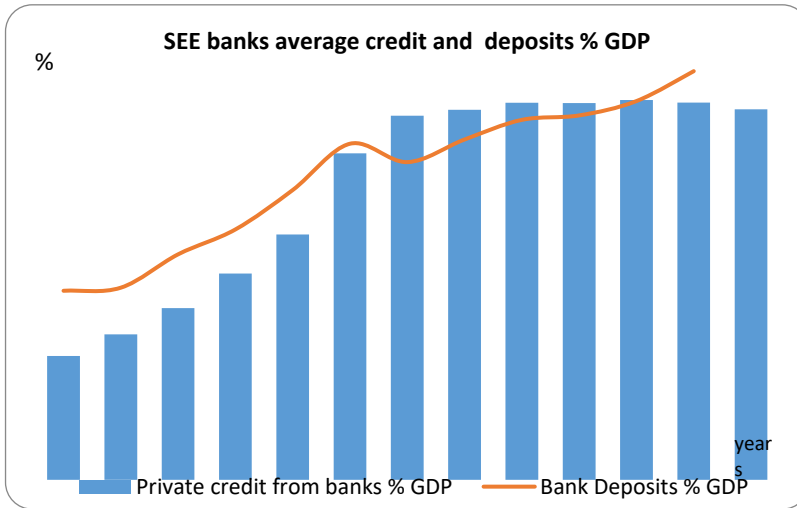


Source: World Bank databank and Central Banks Statistics. Author's graph

In the other graph, average per capita real GDP growth in Southeastern European countries has plummeted in 2009 due to crises effects (well described in the Panagiotou 2012) and is also possible to see in graph the decline in growth rate during 2012, year when the sovereign debt crises reached its peak in Greece and Italy, main trading partners for most of the countries in the SEE negatively affecting growth. Graph 2 illustrates the average trends of private credit disbursed by banks in SEE countries and banks' deposits as percent of GDP. While private credit from banks in the sample follows the same path as total credit to private sector, bank deposits have kept growing from 2008 onwards. This phenomenon in Albanian economy analyzed from the Bank of Albania was a result of capital transfers of Albanian legal emigrants from Greece and Italy in crises towards Albanian banks in the form of bank deposits<sup>1</sup>.

<sup>1</sup> Bank of Albania Economic Bulletins 2013

Graph 2: SEE banks credit to private sector and bank deposits (percent of GDP)



Source: World Bank databank, IMF, Central Banks Statistics and author's calculations

For a detailed description of indicators and data sources and descriptive statistics of conditioning set factors please see Table 3 and 4 in Appendices.

#### 4.2 Methodology

The empirical investigation of the financial development and economic growth relation in Southeastern Europe treated in this study is made by utilizing as main econometric tools of panel data techniques. Real per capita growth rate and financial development indicators, together with the conditioning set factors, for the sample of ten economies are regressed by using pooled OLS, fixed and random effects econometric tests. Being depended on short annual data time series for the sample under study and the limited number of countries, dynamic panel data techniques such as GMM methods are not seen adequate to properly investigate this relation under the present data limitations. Following the economic logic and variables behind the Levine, Loayza and Beck (2000) analysis, the representative regression of the model would be:

$$R.GROWTH_{it} = \alpha + \beta FIN.DEV_{it} + \lambda\{CONDITIONING SET\}_{it} + \varepsilon_{it}$$

where  $i$  indexes the cross-section in this case countries and  $t$  the time

In order to avoid the risk of co-linearity between the financial development indicators, they are included in the equation one by one, otherwise expressed if the depended variable is real GDP growth per capita, independent variables are either Liquid Liabilities, Credit, Assets Ratio, Private Credit or Bank Deposits and the conditioning set consisting in explanatory variables commonly used in relation to growth such as Initial per Capita income, Government size, Trade openness, Inflation and Average secondary schooling years. Being conditioned on the availability of data on deposit money-central bank assets ratio, regressions are run over the period 2002-2011 testing for the relationship with per capita growth, while tests for Liquid Liabilities, Private Credit and Banks Credit impact on growth are run over 2002-2014 period. Deposits over GDP as a financial depth indicator enters the analysis for the period 2002-2013.

In order to catch the 2009 crises negative impact on SEE economies and the contagion effect of sovereign debt crises in Greece and Italy over the sample economies, two dummy variables are added in the econometric analyses indicating years 2009 and 2012. In the case of Assets ratio, given the length of time series empirical tests are performed using only the first crises dummy. Apart from the rate of GDP growth per capita and average years of schooling other variables enter

regressions in a log-linear form<sup>1</sup>. In order to create conditions for more representative empirical results, regressions are run over balanced panel data, on an annual frequency, in the time horizons aforementioned.<sup>2</sup>

## Results

Empirical results obtained from panel data techniques investigating the relationship between financial development and economic in 10 SEE countries for the time horizon 2002-2014 unveil the importance of domestic credit to private sector as an indicator of financial development in positively contributing in the economic growth in these economies. Indicators identifying private credit issued from financial institutions in general and banks in specific are found empirically significant in the analysis as result of econometric tests, while does not happen the same with other variables Liquid liabilities, Assets ratio and Bank deposits over GDP that despite the positive coefficients do not manifest a strong explanatory significance on rate of growth.

As possible to see the econometric results of tests run assembled in Table 2, domestic credit to private sector from financial institutions indicating the total volume of financing towards private sector from banks, microfinance institutions and other financial institutions, and the other variable indicating solely the commercial banks credit to private sector, manifest a significant empirical positive relationship between private credit and growth in these economies. These referring results have been obtained from fixed effects regressions over 2002-2014.

Hausman test results show that for analyzing the finance-growth nexus in the context of these two finance indicators it is more effective to rely on fixed effects estimation rather than random effects. Hausman test value is significant at 10% confidence interval.

Table 2: Panel data analyses results

Regressors	(1) random	(2) fixed	(3) fixed	(4)fixed	(5) fixed
Constant	2.650	1.020	2.740	2.750	2.470
(p-value)	0.008	0.310	0.007	0.007	0.015
Logarithm Income per capita	-2.720	-3.410	-4.260	-4.330	-3.030
(p-value)	0.007	0.001	0.000	0.000	0.003
Government size*	-0.910	-0.760	-1.710	-1.690	-0.360
(p-value)	0.364	0.451	0.090	0.094	0.719
Trade Openess*	0.880	3.350	1.230	1.350	0.260
(p-value)	0.379	0.001	0.222	0.180	0.011
Inflation*a	2.010	-2.050	0.020	0.030	-1.270
(p-value)	0.044	0.044	0.981	0.979	0.207
Secondary education years	-0.530	1.270	0.630	0.730	0.940
(p-value)	0.594	0.207	0.530	0.467	0.348
Liquid Liabilities*	0.890				
(p-value)	0.375				
Assets Ratio*		0.280			
(p-value)		0.780			
Private Credit in Economy*			2.810		
(p-value)			0.006		
Credit by banks*				2.910	
(p-value)				0.004	
Banks Deposits*					0.510
(p-value)					0.610
Dummy 1	-7.330	-7.240	-7.200	-7.170	-7.210
(p-value)	0.000	0.000	0.000	0.000	0.000

<sup>1</sup> Inflation enters the regression as  $\log(3+\text{variable})$  in order to skip missing data that would result in negative values.

<sup>2</sup> All the data used in this paper, organized in long format are supplied in electronic form together with the Do File describing all steps followed to properly run the empirical tests.

Dummy 2 (p-value)	-4.690 0.000		-4.800 0.000	-4.810 0.000	-4.970 0.000
Hausman Test (p-value)	0.292	0.005	0.067	0.066	0.030

*\*variable is included in regression in a log-linear form*

*<sup>a</sup> inflation enters the regressions as  $\log(3+variable)$  for linearization purposes*

Results from pooled OLS and random effects tests can be found in the Do File provided. A further look on the data on private credit shows that deposit money banks are the principal creditors financing private sector and delivering financial services in the Southeastern Europe economies.

As partly possible to notice in the results table<sup>1</sup>, empirical tests performed with pooled, fixed effects and random effects panel data techniques do not find significant robust statistical evidence of a causal relationship between financial development and economic growth for the full set of financial depth indicators. Liquid liabilities, Assets ratio and Banks deposits entering regressions in log-linear form have positive coefficients but not statistically significant to be taken in consideration while analyzing for the importance of finance on growth in the sample economies. However considering the reason behind inclusion of Assets ratio as a financial development indicator, a positive sign of the coefficient follows expectancies regarding the positive role that financial intermediaries play in allocating resources and pooling risks in these economies. The obtained results are conditioned from financial development indicators time series length, tests are run in the respective periods Liquid liabilities 2002-2014, Assets ratio 2002-2011 and Banks deposits 2002-2013.

Paying attention to obtained coefficients of policy factors included in the conditioning set is possible to notice that trade openness positively contributes to growth, while government size stands firmly in a negative relation. Inflation and education appears ambiguous in their significance to growth in the contexts of the present empirical set. Dummy variables indicating the 2009 financial crises and 2012 sovereign debt crises of the main trading partners for SEE countries are significantly important showing for a negative impact that these crises have had on the economic growth of Southeastern Europe economies. However, is needed to be taken in consideration when reading these results the quality and the frequency of data that do not favour a further optimization of econometric analysis.

## Discussion and Conclusions

This paper analyzed the extent and the significance of causal relationship between development of financial system and economic growth in the Southeastern Europe countries in the period from 2002 until 2014. The empirical investigation aim was to test if financial development contributes in the growth of 10 developing and emerging SEE economies that compose the study sample in order to understand the dynamics of finance-growth nexus in this region by comparing results with earlier studies. Conditioned from availability of data, the research was performed using panel data methodologies such as pooled OLS, fixed effects and random effects models. Empirical results obtained show that financial sector size, represented from Liquid liabilities, is not statistically significant in relation to economic growth. The same applies to Assets ratio and Banks deposits indicators that theoretically measure structural functions of intermediaries in financial system to serve in pooling risks and accumulate savings. In contrast with these findings, statistically important in positively affecting growth appears to be the impact of Private credit being measured and included in regressions independently under two indicators, domestic credit to private credit from all financial institutions and private sector financing from banks. Interpreting empirical results in this point is possible to emphasize that financing private sector productive activities is an effective channel via which financial sector contributes in fostering economic growth in short-run SEE economies. In addition, is observed that crediting to private sector is primarily performed from deposit money banks. Interpreting the obtained empirical results is possible to state that financial sector expansion in SEE is not fully reflected in the economic growth process, but despite this fact, signs of a positive relationship between financial development and growth in this region have started to emerge significantly.

Considering the results obtained from this paper analysis in line with the conclusions of Mehl, Vespro and Winkler (2005) regarding the main legal and regulatory issues that impede qualitative development of financial sector in these economies, seems like the implemented reforms in the financial sector during the last decade have started to qualitatively impact financial environment in SEE paving the way for creating proper conditions under which financial development would stand in a positive relation with economic growth. A representative sign on financial environment improvement is the significant

<sup>1</sup> Please notice that the full set of econometric tests results are provided in the Do file.

explanatory link between private credit and growth obtained from empirical tests, while the remaining gap in the finance-growth nexus is manifested through the absence of such correlation in the case of Liquid liabilities and Assets ratio.

In conclusion, financial development relationship with economic growth in Southeastern Europe has started to become significant in a positive context, dynamically evolving due to quantitative and qualitative changes in countries' financial systems. In order to enhance this process, policymakers in the region need to efficiently continue to implement the needed reforms aiming for the adoption of the "best financial practices" for increasing efficiency and further consolidate financial sector soundness in compliance with regulatory frameworks, thus creating the preconditions for facilitating the enhancing effect of financial development to be reflected in economic growth.

### 6.1 For further research

Some issues to be considered for further research on finance-growth nexus in Southeastern Europe would be: investigation of business cycles off-setting effects on economic growth that for the time being in all sample economies is not possible due to data limitation ; focus in understanding issues of exogeneity in causal factors between financial development and growth could be in focus of research projects for more accurate results in investigating this phenomenon; a sectorial analysis aiming to identify the main economic private activities through which finance affects growth and that depend on external financing sources would help to understand whether better financial development would affect the increase of productivity in SEE. Also remains to be investigated if the positive relation between private credit and economic growth is due to the absorption led growth model followed by the economies of the Region.

Still being a concern for these countries, the availability of data to form the fundament for performing more reliable empirical tests is an issue in need of a solution. The relation between financial development and economic growth in short as well as long-run needs to remain in researchers' attention in order to bring in full efficiency the potential of financial sector development in supporting economic growth in the Southeastern Europe.

## Appendix 1

*Table 3 : Summary statistics on Real GDP per capita growth rate and Conditioning set*

Variable	Mean	Std. Dev.	Min	Max	Observations
GDP overall	3.43012	3.418986	-7.270106	10.50517	N = 130
between	.8137848	1.758868	4.525972		n = 10
within	3.329989	-7.028118	10.92897		T = 13
INC overall	5755.24	3236.732	1458.328	15887.42	N = 130
between	2783.854	2923.884	12059.16		n = 10
within	1856.746	-250.2035	9583.5		T = 13
GOV overall	37.45995	7.71189	14.032	51.618	N = 130
between	7.635825	24.26585	47.87931		n = 10
within	2.567339	27.2261	45.43479		T = 13
TO overall	81.47955	27.73901	25.85435	141.9924	N = 130
between	24.97952	46.00116	110.3574		n = 10
within	14.26606	42.13308	113.1146		T = 13
INF overall	7.957454	5.749884	.59	48.134	N = 130
between	3.564105	5.019308	15.50577		n = 10
within	4.641118	1.071916	40.58568		T = 13

||  
EDU overall | 7.8 5193914 6 8 | N = 130  
between | .4660746 6.538462 8 | n = 10  
within | .2697201 6.876923 9.261538 | T = 13

## Appendix 2

*Table 4 : Summary of indicators description and data sources*

Indicator	Acronym	Description	Source
Growth Rate	GDP	Real GDP per capita growth rate	World Bank Global Development Indicators
Liquid Liabilities	BM	Broad Money % of GDP	World Bank Global Development Indicators
Private Credit	DCPS	Domestic Credit to the Private Sector from financial institutions % GDP	World Bank Global Development Indicators Central Banks Statistics
Assets Ratio	CBAR	Commercial Bank Assets over the sum of Commercial Bank Assets with Central Bank Assets	World Bank Global Financial Development Central Banks Statistics
Banks Credit	BANK	Domestic Credit to private sector from banks % GDP	World Bank Global Development Indicators Central Banks Statistics
Bank Deposits	DEP	Total volume of deposits in the banking system % GDP	World Bank Global Development Indicators Central Banks Statistics
Income per capita	INC	Initial income per capita	World Bank Global Development Indicators IMF World Economic Outlook database
Government Size	GOV	General Government Total Expenditures % GDP	IMF World Economic Outlook database
Trade Openness	TO	Share of total volume of imports and exports over GDP	IMF World Economic Outlook database UN COMTRADE, Central Banks
Inflation	INF	Consumer Price Index (percent change)	IMF World Economic Outlook database
Average secondary schooling years	EDU	number of years in secondary school	World Bank Global Development Indicators

## Bibliography

- [1] Ahmad E. and Malik A. (2009) – “Financial Sector Development and Economic Growth: An empirical analysis of developing countries”, *Journal of Economic Cooperation and Development* , 30, 1 , 17-40
- [2] Alici A. and Ozgoker U. (2006) – “Can Financial Regulations Strengthen Financial Stability in Developing Countries? : The Case of Turkey” , *Paper to be Presented at the ECPR/CRI conference*
- [3] Al-Yousif Y. K. (2002) “Financial development and economic growth. Another look at the evidence from developing countries.” – *Review of Financial Economics Volume 11, Issue 2, Pages 131–150*
- [4] Bagehot W. (1873) – “Lombard Street: A description of the Money Market.” *Book*
- [5] Bencivenga V. R.; Bruce D. Smith B. (1991) - “Financial Intermediation and Endogenous Growth” - *The Review of Economic Studies, Vol. 58, No. 2. , pp. 195-209*
- [6] Boyd J. And Prescott E. (1985) – “Financial Intermediary - Coalitions” , *Federal Reserve Bank of Minneapolis, Research Department Staff Report 87*
- [7] Caporale G. M., Rault Ch. , Sova R. and Sova A (2009) - “Financial Development and Economic Growth: Evidence from Ten New EU Members” *Brunel University Economics and Finance Working Paper Series, Working Paper No. 09-37*
- [8] Christopoulos D. and Tsionas E. (2004) “Financial development and economic growth: evidence from panel unit root and cointegration tests” *Journal of Development Economics 73 (2004) 55–74*
- [9] De Serres A. ; Shuji Kobayakawa Sh. ; Sløk T. and Vartia L. (2006) “Regulation of Financial Systems and Economic growth in OECD countries. An empirical analysis.” *OECD Economic Studies No. 43,*



- [10] Dushku E. (2009) - "Financial development and economic growth: The Albanian case", *Bank of Albania Working Paper Series*
- [11] Estrada G, Park D., and Ramayandi A. (2010) - "Financial Development and Economic Growth in Developing Asia" *Asian Development Bank Paper Series*, No. 233 |
- [12] Giuliano P.; Ruiz-Arranz M. (2005) - "Remittances, Financial Development, and Growth" - *IMF Working Paper Series*, WP/05/234
- [13] Goldsmith R. W. (1969) - "Financial structure and development". *New Haven, CT: Yale U. Press*,
- [14] Greenwood J.; Sanchez J and Wang Ch. (2012) – "Quantifying the impact of financial development on economic development" *Review of Economic Dynamics*, 16 (2013), pp. 194–215
- [15] Greenwood J.; Jovanovic B., (1990) - "Financial development growth and distribution of income" *The Journal of Political Economy*, Vol. 98, No. 5, Part 1, pp. 1076-1107
- [16] Haiss P.; Sumegi K. and Hagmayr; B. (2007) - "Financial Sector development and Economic Growth – Evidence from Southeastern Europe" – *University of Vienna Graduate School Working Paper Series*
- [17] Hassab K.; Sanchez B. And Yu J. (2011) – "Financial Development and economic growth. New evidence from panel data" *Quarterly Review of Economics and Finance* 51, pp 88-104
- [18] King G. R.; Levine R. (1993) - "Finance and Growth: Schumpeter Might be Right" –, *The Quarterly Journal of Economics*, Vol. 108, No. 3., pp. 717-737
- [19] Koczan Z. (2015) - "Fiscal Deficit and Public Debt in the Western Balkans: 15 Years of Economic Transition" – *IMF Paper Series*
- [20] Levine R.; Loayza N.; Beck Th. (2000) - "Financial intermediation and growth: Causality and causes." –; *Journal of Monetary Economics* 46, 77 No. 31
- [21] Levine R.; Zervos S. (1998) - "Stock Markets, Banks, and Economic Growth" –, *The American Economic Review*, Vol. 88, No. 3., pp. 537-558
- [22] Loayza N. Ranciere R. (2005) - "Financial Development, Financial Fragility, and Growth" –; *IMF Working Paper Series*, WP/05/170
- [23] Lucas . R. Jr ,(1988) - "On the mechanics of economic development" – *Journal of Monetary Economics* 22, pp 3-42
- [24] Mehl, A., C. Vespro and A. Winkler (2005) - "The finance growth nexus and financial sector environment: new evidence from South East Europe", *OENB Paper Series*, No 09.
- [25] Pagano M. (1993) - "Financial markets and growth. An overview"; *European Economic Review*. volume 37 ; pages 613-622
- [26] Panagiotou R. (2012) "The impact of the economic crisis on the Western Balkans and their EU accession prospects" *EU Working Papers RSCAS 2012/64*
- [27] Raghuram Rajan R. G. and Zingales L. (1996) - "Financial dependence and growth" *NBER Working Paper No. w5758*
- [28] Robinson J. (1952) – "The Production Function and the Theory of Capital", *Review of Economic Studies*, 21 (2) , 1953-54 , pp 81-106
- [29] Rojas-Suarez L. (2004) – "Domestic Financial Regulations in Developing Countries: Can they Effectively Limit the Impact of Capital Account Volatility? *Center for Global Development Paper Series*
- [30] Rousseau P.; Wachtel P. (1998) - "Financial Intermediation and Economic Performance: Historical Evidence from Five Industrialized Countries" –; *Journal of Money, Credit and Banking*; Volume 30 pg 657-78
- [31] Schumpeter, J. (1912) [1934], "The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle" –, *Cambridge: Harvard University Press*.
- [32] Seetanaha B., Sawkut R., Sannasee V. (2010) – "Stock Market Development and Economic Growth in Developing countries: Evidence from Panel VAR framework" *CSAE Conference Papers Series*
- [33] Sinha A.; Kumar R. And Chandra Dha S. (2011) - "Financial Sector Regulation and economic growth" *Paper presented at the CAFRAL-BIS International Conference on Financial Sector Regulation for Growth, Equity and Financial Stability in the post-crisis world, Mumbai*,
- [34] Tanku A. (2012). "The impact of China and Russia on catching up in South-Eastern Europe," *Chapters, in: European Integration in a Global Economy, chapter 15, pages 157-176 Edward Elgar*.

## The Status of Writer Illustrators (Autorstrator) in the Position of a Writer and Illustrator in Postmodern Illustration Books

Masoud Mojaveri Agah

PhD in Philosophy of Art, Department of Graphic Design,  
Shahr-e-Qods Branch, Islamic Azad University, Tehran , Iran

### Abstract

Postmodern illustrators are looking for differences. This distinction means attention to social state, gender, race, nationality, nature, geographical zone and etc. It should be noted that when postmodernism emerged in the fields of art, critics or addressees adjusted themselves with that and they took different interpretations for granted. The main goal of postmodern tendency could be "making clarification and opening doors to the facts created by ourselves". Most contemporary researchers and critics and all postmodern critics believe that any given artistic work has been created by a great number of artists so that the addressees can make different interpretations. In applied illustration art, which is in debt of late postmodern approaches, a type of illustrated products in the form of books entitled postmodern graphical novel should be a masterpiece. The complicated approach in creating single narrative frames, on the one hand, and the relationship between these frames, on the other, is the core points of discussions in the perspective of graphic novel or compiled illustration. One of the most significant features of producing a postmodern work for children can be the creator of that work i.e. the writer-illustrator. In this line, the state of this writer-illustrator has been questioned.

**Keywords:** the illustrator a poet, a philosopher, a historian, narrator, designer or a semiotician.

### Intorduction

#### The Game of Language

It is better to have a retrospect to answer this question when Lyotard brought up language games with denying meta narratives in postmodern condition. This hypothesis resulted in extension of local narratives in thoughts, philosophy and art. "When meta narratives are disregarded, we face a set of disharmonized language games, and the purpose of postmodern should be a fair treatment with them i.e. to allow them to be heard in their own language". (Malpas, 2003) local narratives claim to be universal so that they seek to express some limited and unique issues and thoughts.

This approach has spread out like other arts in illustration and the interaction of two languages of illustration and written in the form of book can be found today. The narrations which talk about ideas, preoccupations, and individuality of their creators themselves, and the writer-illustrators walk beyond the predetermined rules to show some new "language games". These games share the perspectives and individuality of the artist with others and they are affected by some elements such as society, geography, culture, nationality, religion, gender, ideology and etc. The way to breakout the rules and constitute new ones are different in illustrations. Lyotard has used "Philosophical investigations (1953) by Ludwig Wittgenstein and introduced three rules for this term (language games): 1-The rules are not legitimate on their own, but they are contractual, implied or overt among the players. 2-If there are no rules, there is no game. In other words, a minor change in the rules can't change the nature of the game. If a "move" or chunk is not accepted or acted upon, they can't belong to the game which determine and identifies those rules. 3- The third assumption has been mentioned based on what went aforementioned; each chunk should be considered as a "move" in the game (Lyotard, 1983). On this line, it can be perceived in postmodern illustration complied books; the narration creator will offer new rules necessary for the condition. Therefore; the reader will face new environment and narrations in the method of the specific illustration which can be influenced by the application or the concepts meant by the creator.

One of the best examples of postmodern complied illustration books can be "Willy's pictures" by Anthony Browne. A significant characteristic of this work is using the phenomenon of appropriation in the narration to turn it into an exclusive narration/game with the integration of Willy's narration. The narration, initially, starts with Willy's interest in pictures; "Willy

is interested in pictures, he looks at them and he knows that each picture narrate a story". Willy is sitting behind his desk with a brush in his hand and smiling at the spectator. In the other frames, Willy shares his paintings with the readers. Each picture is a kind of interpretation by Willy or Browne through famous works of art, and these art pieces are used to narrate the story. At the bottom of each picture, there is a title in capital for the picture and Willy expresses his feelings or explains about the narration below each picture. In fact, Browne plays with the rules of classic paintings, for the favor of Willy, a chimp created and born in postmodern era and this chimp welcomes the roles suggested by the writer-illustrator. Willy, as the main character of this visual narration/game, narrates an adventure in each frame and he is a part of this narration/game. In the meantime, his "moves" work as the game rules. He is situated in some different eras in each frame and he paraphrases the concepts, the rules of the narration/game and his beliefs (picture 1). What is important for the reader in this step is difference and change; the difference between this picture and the original one, and the change/motion which has been created by the writer-illustrator necessarily. This is what has made Browne's work unique and it is separated from other classic and modern works. If the reader is familiar with such works, he will make a communication between the original work and Browne's transference and the reflections, created by the original work, can't be taken for granted. From the other side, changes and differences are revealed strongly in such works, and the text, as a part of work, expresses the feelings, narrations and the chimp's perspectives encountering each picture. In this situation, as the reader commutes between the original work and Browne's, it can benefit differences and changes because what makes him refer to the classic and modern paintings is just the visual similarity of the picture. The addressee finds the new environment and space pleasant and in this way, he looks at classic and modern paintings and artists. Therefore; changes and differences or "moves" play an important role as the perspective or individual narration made by the writer-illustrator. If these "moves" are essential in such a postmodern compiled illustration work, the determined role of new rules and language games, as a person who has defined them based on their application, finds an important state. When we think about classic and modern art and painting, we pass Browne's ideas and at first we pay attention to Willy's narration. Willy is a familiar story and this name is associated with Browne. Assumingly, if we are not familiar with Willy's stories, the moment we look at the pictures, we are immediately affected by what Browne has created for us. For example, the chimp, his age and size, his clothes, his relationship with other elements and characters, changes of the pictures and the like are the features which we are absorbed to. Browne, as the author of this compiled illustration book, has taken classic and modern works of art from museum walls to the pages of his book, as a "medium", a new bed to exhibit art in the modern era. He has cleverly defined a new frame for each picture and placed them inside the pages of his painting book in order to emphasize his presence and perspective. He has used the phenomenon of ownership in postmodern art to emphasize the creation of any artistic work created by a number of artists and to facilitate different interpretations by the addressees (Barrett, 2012). These interpretations depend on the game rules created by Browne himself.

Indeed, the role of the author can't be denied and rely on the infinity of meaning, the writer-illustrator is the person to determine the game rules to open up the ways for different interpretations. Foucault believes that the writer facilitates cancerous and dangerous spread of reasons in a world in which not only resources and wealth, but also words and reasons are economized. The writer is the main source to economize multi-meanings (.....), he is a practical reason that we limit it, eliminate it and select it by culture. In sum, we block the circulation and changes, free composition and analysis, and reconstruction of free dreams (Foucault, 2013). In general, in discourse, postmodern compiled illustration books, we face two disciplines of sign language and picture and each of them provide us with different data, and they also affect our overall interpretation of the narration. The constitutor of these game/discourse rules is one person who manages all the discourse discipline pragmatically. In this situation, written sign discipline is moving ahead chronologically, but the iconic discipline is location based. In the book "The Red Tree" by Shaun Tan, this pragmatic interaction and agreement can be vividly observed. Initially, we encounter a picture and we read the elements based on the locations in the framework, the proportion of the frame and the size of the book are definable and they influence the relationship between the elements in the frame, the little girl, the red leaf, airplanes, human-like creatures and etc (picture 2). The text, in this part, is placed in the frame as a part of the picture. Our reading and interpretation depends on our concentration and focus on the location based picture. In this line, chronological signs are attended as a part of picture and during the reading phase, and the interaction with these visual signs, based on location relationships in the frame, are altogether redefined. This situation is to disrupt the predetermined rules for the favor of language game or localized narration which aim to be heard or seen in their own language. Their own language means the language of the work's creator, and the addressee is affected by this subject or narration. In the next frame, the boxes are in smaller sizes rhythmically. What makes us follow these pictures can be their accidental and rhythmic setting, and something is occurring in each box and it makes us move on to the next one. The texts which go along with the pictures shouldn't be disregarded because a neat combination of the relationship between the text and picture can lead us to some concepts such as expectance, futility, repetition, and the position of the main character who represents human being. We are helped out and guided with such concepts and this means the

interaction between a text and picture (picture 3). Behind such a pragmatic interaction and agreement, there is a writer-illustrator who has the main role and organizes the visual and written elements, the man character (the little girl), the size of frames, proportions, sentences and words in the text and the like.

### Game of signified

Barthes brings up a text with multi-meaning; a text which can be present or not in a work. The work is in hand, but the text in the language. In this respect, the role of the writer is faded away and Barthes mentions the following as the main features: non-consumable, multicity, paradox, symbolic, transitory, incalculable and unpredictable, as well as irreversible. He believes that signs can help to approach the text and experience it. A work consists of a signification. Two significations can be considered for such a signified; it is either vividly revealed so that it belongs to literal science i.e. terminology or it is hidden so that it should be sought out, hence; moving to the arena of interpretations. In short, a piece works as a general sign so that it reflects the sign civilization. A text moves signified backwards continuously, a text is almost motionless, its arena is a signifier arena; a signifier shouldn't be regarded as the first part of meaning or a materialistic transition, but it should be considered as a consequence. On the same line, the infinity of a signifier doesn't refer to an unmentionable assumption with an unnamed signified, but it refers to a type of game (Barthes, 2013). Based on this hypothesis, the readers are free to open up the reasonability process of a text regardless of signified and to carry it as far as they would like. Such an approach makes the addressees forget the author. If the author relies on the game of signifiers and postpone the signified in the work, the work shouldn't be treated idea-centered. In this situation, personal meanings and concepts of the writer-illustrator, whose ideas have been the bases of this illustration work, are lost altogether, and the language games and local narrations which have been seen or heard in one way or another lose their whole meanings. Indeed, such characteristics- infinity of signifiers- should be found in the text in order to make the addressee have an interaction with that and to turn to the writer of this text. For better clarification, we can consider "The Three Pigs" by David Wiesner. What makes this work stand out can be the anarchy found in this familiar type of narration; the escape of these pigs from their destiny and their usual narration. In this situation, the main idea of the writer-illustrator moves ahead of addressee's critical reading and the addressee goes along with the creator (picture 4). Wiesner also shows a type of forming the meaning by a number of people in the postmodern art through some narrations in visual language. In this process, the writer-illustrator determines the game rules by the formation of such meanings, the starting point, the middle, the climax and the ending of the story, the characters, the method to represent the pictures, the size of frames and boxes, the views, plans, appropriations and etc. and each of them affect the desired meaning and concepts of the work. For example, the environment in which the pigs are put in their story and other stories is a colorless area/white, infinite and full of pictures from different stories which are placed harmonically next to each other. Taking a look at this environment is the idea and thought that the work creator has visualized and the addressee views it with such specifications and reads it.

At this point, we don't want to deal with Barthes' reasonability, but the iconic and symbolic signs are placed in a discourse based setting for a common purpose. This shared aim prevents explosion and spread of meaning considered by Barthes because postmodern works can live in a game of signified and in line of concepts, interpretation and commentaries, not in the game of signifiers. A compiled illustration work is a composition of approaches, discourses, genres, and different viewpoints dependant on the creator's ideas and thoughts. In fact, this is the postmodern language game which speaks in the language of its creator- language of pictures.

### Language of pictures

Every picture uses a method of explanation and a system of discourse. The moment something is placed in a box or frame, discourse is imposed to it and attention is made to express that this picture defines something from the creator's view. Therefore, a picture shows presence and what could be absent emerges the way that the speaker would like. This presence carries some traces of the presenter. The visual speaker is a medium between the viewer and the world that is hidden from the viewer and/or it is present in a different way (Shairi, 1393). In this situation, a trace of the presenter means personal methods used by the presenter or writer-illustrator in order to organize visual discourse or local narrations. Some methods which distinguish him/her from others, since any artist or writer-illustrator has been trained and grown up in a special society or culture, his/her work can reflect different thoughts, societies and cultures which form their individuality.

In the first frame of "The Red Tree", after conveyance, we can see the main character on a stool in a plain, having an amplifier like a cone with closed eyes and sad face in the center of the box. Shaun Tan has designed a human character (a little girl) which is made by two triangles and for him, being a human is more important not the gender or other qualities. This little girl doesn't belong to any time or location so that the viewer is not led to any culture or geographical zone. She is the representative of humanity. She is redefined according to the location she is put in with the red leaf carrying along. In

this frame, the letters fall out of the amplifier to the outer side of the frame, and this situation represents chaos and downfall of written signs along with the changes in the application of the amplifier as a messenger to indicate the inability of this little girl to shout her own internal thoughts. Shaun Tan has used light contrasts in her hair and clothes to show her chaotic and anxious internal and these features come with her inability to show her inner thoughts, feelings and making relationships. However, this characteristic is the result of her presence is an environment which is shown by expressionist lines of the plain, tough contrasts of cold and warm lights, and the girl has a role which is set in line with her own feelings and spirits. Selecting a vertical frame in line with the location of the character, the break of this line in the upper one-fourth of the frame and background indicate a preventive force to express feelings. The cold color used in this section might show a sensitive and fragile part of the girl which doesn't allow her to talk. That is why the words fall on the ground and out of the frame (Picture 5). In another picture of the book, the girl is at the beginning of a road with her back to the viewer carrying a big dice in her hand. At the other end of this road, there is giant creature having a sand clock. The relationship between this creature and the long road and this dice-carrying girl can be defined based on the location signs which finally can lead to a local narration taken from a creative thought (Picture 6). The most important event happening to the viewer is the pause which is made due to some unexpected things in the pictures. This pause brings around some many questions that lead the addressee focus and contemplate on the work. The more the spectator concentrates and the more he spends time on the inter-relationships of the signs, the better he can read in the narration. In this picture, the building with their shadows over the road or the girl's path can be of more attention due to their vertical features. The giant creature is composed of whatever found on the road, a road which highlights the girl's determination to destiny (dice), her suspicion and dependence due to some light and dark parts on the road. The presence of a vane and the wind which agrees with the giant, a semi-cloudy sky in the background of the red leaf increase the doubts. The signs placed in the reticular frame of the main picture are considerable; some elements such as a spider, the sun, card game elements, a sand clock, an owl, a bow, a compass and etc. These signs can be defined and interpreted based on the technique and method or representation, placement, size, relationship with the surrounding environment, thought-philosophy ideas of the creator and the reader. When this pause and question are made, the narration happens through this magnificent picture and the reader tries to find out the relationships between the elements and read the pictures. A narration which is triggered initially from the personal thoughts of the writer-illustrator and the reader continues that through reading and understanding the place of the picture.

Writer-illustrators use some methods to define local narrations better. In some picture, we might come up with a set of relationships and elements taken from different situations such as the final picture of the Three Pigs. In this picture, three pigs, a cat and a dragon are having a soup together on a table. In the background, in the window frame, the wolf who made them escape is sitting in a smaller size. Although the dragon has occupied more space than the other characters, the cutting and his part of body out of the frame has made a balance among these characters. In addition, a balance of the environment has been made through using cold and silent colors in contrast to the warm colors of these pigs, the cat and the golden flower on the table. Even the grey pig is as important as the other characters in this frame. Each character points out at this pig in one way; the dragon with his head, the pig on the right and the cat with their eyes, and the pig on the dragon's lap with his feet. The triangular forms on the dragon's body take our eyes to the window, the wolf and the written signs. Wiesner has intelligently designed the pictures and environment in that none of these characters has priority over the others; a set of different situations which is taken from one position, a local narration and a different environment. Finally, a new local narration is made out of which the reader tries to make an interpretation based on the main idea (picture 7).

Sometimes, in contrast to what went before, there is a dominating element in pictures and other signs just refer to it. In one frame from *The Red Tree*, the picture of a semi-cloudy sky is reflected on a closed window, and a flying wonderful car is in the sky. When this flying car is placed in the window frame, it means there is a visual emphasis. The colors in this frame talk; the tangerine color of the clouds against the blue sky, and also the placement of the colors can take our attention to the flying car. On the other hand, the girl's imploring looks and the placement of the red leaf increase this emphasis (Picture 8). In this picture, all the elements and signs toward the flying and wonderful car have a narration. Each of these elements and signs carry a meaning and they organize other signs in the frame of the picture and make a relationship with them and try to have new and different meanings, concepts and local narrations.

The number of local narrations formed in compiled illustration works depend on the elements in the framework (people, animals, things) and their relationships. Sometimes, two elements and sometime more elements can lead the organizational relationships between symbolic signs (words), and in some frames, no sign has priority over the others. The writer-illustrator uses any sign or approach to express his/her own local narration in order to share his/her idea, view or individuality. Sometimes in one book, the frames are different based on their structure, technique, subject, characters and such elements and the reader is always surprised. At this point, what we know as a narration finds a new definition. This one relies on the

writer-illustrator's main idea and symbolic and iconic signs. In this regard, a new language game is formed according to these interpretations and commentaries out of the formed relationship among them.

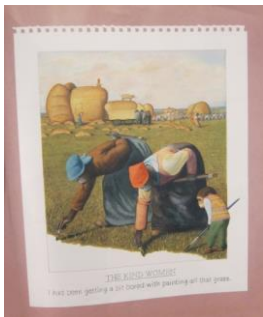
## Result

Compiled illustration is the result of postmodern approaches to art and philosophy, an era which is the indicator of profound changes in perception and social behavior. Instead of making attempts to interpret some facts with some specific parameters, postmodern artists reflect a complicated world (Goldstone, 2008). This world heavily depends on the relationships of the signs so that they are definable. Writer-illustrators are well-familiar with different art periods, and they are capable designers who are well-matched with their own thoughts and they can clearly visualize their ideas. They know stylistic contracts and technical approaches so that they change them or break them whenever necessary. Their priority is expressing their own views and transferring a message. Despite all differences and variations found, the meanings of their works arise from where this work is composed. A writer-illustrator, knowing this subject uses these signs courageously in a visual relationship. These signs can have a local narration inside. This writer-illustrator wants to make the addressee understand his/her concepts through such local narrations or individual thoughts. In these narrations, the addressee follows an idea which is brought up by the writer-illustrator and continues it in a bed of interpretations and commentaries. The writer-illustrator invites the reader to look at the world with its wonderful pictures differently, and he is freed to take his other steps. In this respect, the writer-illustrator shares individuality with the addressee which is taken from a set of approaches, ideas, and thoughts learned in the passage of time and society and these have granted meaning to his identity.

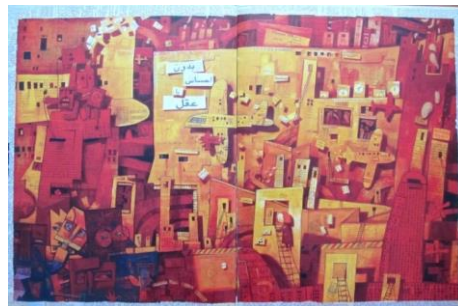
## References

- [1] Barrett, Terry. (2012), *Criticizing art: Understanding the contemporary*, Translated by Kamran Ghabra-ee, Tehran: Nika.
- [2] Barthes, Roland, (2013), *From Work to Text*, Translated by Safiye Rouhi, Tehran: Markaz.
- [3] Foucault, Michel. (2013), *What is an author?*, Translated by Afshin Jahan dideh, Tehran: Markaz.
- [4] Goldstone, Bette. (2008). "The Paradox of Space in Postmodern Picturebooks". *Postmodern Picturebooks, Play, Parody, and Self-Referentiality*. Routledge, Taylor & Francis. pp117-129.
- [5] Lyotard, Jean-Fran. (1983), *The Postmodern Condition: A Report on Knowledge*, Translated by Hossein Ali Nowzari, Tehran: Gaam-e-no.
- [6] Malpas, Simon.(2003), *Jean-Francois Lyotard*, Translated by Ghamar-eddin Badir dast, Tehran: Ney.
- [7] Shairi, Hamidreza. (2014),(Tahlil e Neshane ma`na shanakhti ye tasvir) *Semiotic analysis of the picture*, Tehran: Elm.
- CHILDREN'S LITERATURE CITED
- [8] Browne, Anthony. (2000). "*Willy's Pictures*". CandleWickPress: Cambridge, Massachusetts.
- [9] Tan, Shaun. (2001). *The Red Tree*. Lothian Children Books.
- [10] Tan, Shaun. (2008).(Derakht e Ghermez) *The Red Tree*, Translated by Lida Kavousi, Tehtan: Ney.
- [11] Wiesner, David. (2001). *The Three Pigs*. New York: Clarion Books.

## Pictures



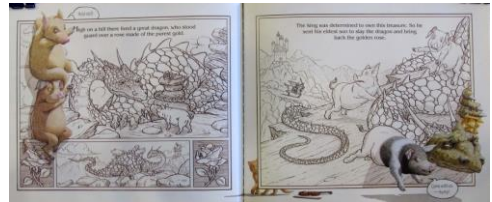
pic 1(willy's pictures, Anthony Brown)



pic 2(The Red Tree, Shaun Tan)



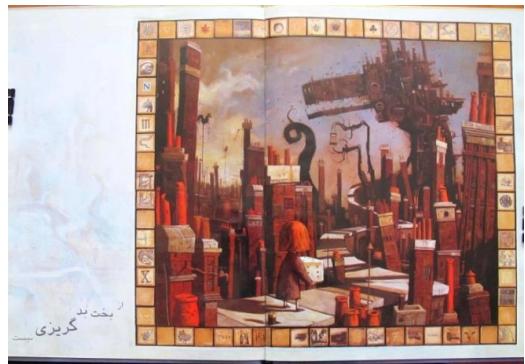
pic 2(The Red Tree, Shaun Tan)



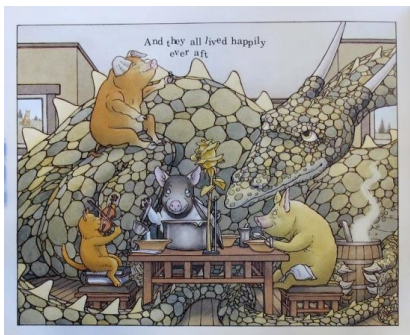
pic4(The Three Pigs)



pic 5(The Red Tree, Shaun Tan)



pic6(The Red Tree, Shaun Tan)



pic7(The Three Pigs)



pic8(The Red Tree, Shaun Tan)

## The Priorities of Georgian Economic Development in Conditions of Globalization

**Maia Chania**

Doctor of Economics, Associate professor of Davit Agmashenebeli University Of Georgia

**Ramaz Putkaradze**

Doctor of Economics, Associate Professor at the Department of International Economics  
and the History of Economic Thought, Faculty of Economics and Business,  
Tbilisi State University, Georgia

### Abstract

The article is about economic problems, economic growth, and development in Georgia in conditions of universal globalization in the world. In the modern conditions it's hard to find national economy, which isn't included in the system of the world economy. Globalization-integration is an irreversible tendency in the world economic development, which is characterized by high growth quality of relationships between national economics. Economic development is a necessary condition for solving many challenges facing Georgia.

**Keywords:** development; globalization; integration; effectiveness.

### Introduction

#### Globalization and priorities of developing countries

Economic growth of any country in modern conditions is largely determined by universal globalization processes. Studying economic growth problems in the country and analyzing it is the most topical problem. World globalization processes are more and more popular in the world, a lot of new countries take part in it and by implementing various international projects, and they become even more active participants in modern globalization processes. Globalization can be defined as a process of sharp development of goods and services flows, capital, information and technologies, which usually is not in the borders of national government regulations. Its main power is changes in informational communication technologies, liberalization of markets and aggravation of international competition. (Rivera A. , 2017) All countries are facing the same problem – how to make a maximum use of globalization's privileges and at the same time keep losses and risks at minimum. Globalization's important challenge is importance of improvement of stable economic growth, social development and ecological situation, unemployment and poverty and social inequality that come with it. The state should carry out employment-oriented projects, and should play a major role in creating jobs, encouraging business development from the government, which in turn implies development of various fields and infrastructure. Society, included Georgians, is in post-industrial development stage, which is characterized by global integration of highly developed countries. In modern conditions it's hard to find national economy, which isn't included in world economy system. (Chania, Economic Growth and Problems of Tax Balance in Georgia, 2004)

In twenty years of the last century, John Keynes said that the governments are obliged to search economic development model of their country, always improve the system of economy management. He thinks that economic policy opinion is decided by finding suitable model for the country's development.

Georgian economic development depends on an effective use of transit potential of a country. Our country is not standing out with diversity of strategic natural resources, but it has favorable transport-geographical location, which gives it a strategic transit function. Increase transit potential - one of the priority directions of the strategic development of the country, which will help trans economic activities in the future. The function of Georgia as part of the Europe-Caucasus-Asia transport corridor has grown significantly since the 90s of the twentieth century. Strengthening the transit role between East-West implies traditional transportation as well as transportation of energy resources. Such international function strengthens the interest of the West and Eastern States towards Georgia as a stable development of the country on a



transport axis. Performance of transit function requires the development of close economic relations with the neighboring states and the deepening of regional cooperation. (Shaburishvili & Chania, 2017)

### **Georgia and the country's economic challenges**

Economic development is a necessary condition for solving many challenges facing Georgia. It is essential not only to raise the well-being of our citizens. For many reasons we need to ensure that the country has a stable and high level of development. In order to achieve this goal, the beginning is to set some orientation, evaluate the current economic situation, and create the stages of development and desired rates. Such an economic indicator, such as GDP per capita, is not a full feature of economic development of the country, but at the initial stage it is quite sufficient for our goals and to assess the current situation. (Chania, Entrepreneurship as an economic development, 2017) World countries can be divided into four major groups, depending on their GDP / per person: 1. Poor countries - GDP per person less than 1000 USD 2. Developing Countries - GDP / per person is 1000-5000 USD; 3. Medium development countries - GDP per person is 5000-12000 USD; 4. Developed countries - more than \$ 12,000 in GDP per person. This classification, of course, is not exact, especially when it comes to numbers. Overall, it coincides with the universally accepted classification, but there is a difference in the margin indicator of different groups. This classification is well reflected by the main groups of countries according to economic development and by means of it we can determine Georgia's economic development priorities. Georgia's GDP is about USD 2700. This is of course very few. Georgia's indicators are much worse than of those countries that are far less educated, where the level of corruption is higher and the government is less effective than ours. Why is it so and how to achieve improvement of this situation? The reason for this is that the initial conditions of Georgia were very difficult (civil war, ethnic conflicts, foreign aggression, occupied territories), the Georgian economy was actually colonial, the industry was underdeveloped, and agriculture was mainly carried out by plantations and was tied to Russia. Our closest and most important task is to turn Georgia into an average development country, to achieve \$ 5000-6000 GDP per person. This is the minimum level of economic development, from which we can talk about social programs, science and education development. At this level of economic development will be seen, what will be the role and function of the Georgian economy in the global economy, which fields will become the leading, especially in industry. (Asatiani, 2010) In order to achieve this level, GDP has to reach about 20-25 milliard US dollars, which means increasing GDP by about 10-15 milliard dollars. Sharp increase in investments is vitally necessary for this. Neither the Georgian business nor the Georgian government has enough resources to invest in this required level, so the necessary sources are foreign investments. In addition, almost all countries around the world are interested in foreign investments, and in the conditions of such high competition to gain the attention of investors, Georgian economy will have to create an appropriate environment. In the case of free economy, the government will certainly not start building enterprises and make direct investments in the economy, but it has several ways to effectively influence the economy. These tools can be divided into larger groups: the first phase tasks are:

- Creating an attractive business environment;

\_ The international treaty the aims of which is to avoid double taxation of investors, and also to facilitate Georgia's favorable foreign trade regime with the main subjects of the world economy, primarily with the European Union.

It's necessary to share the European experience in the economic reforming process. In addition, it's essential to follow the EU recommendations and support the European integration process in the country. It's advisable to reduce the negative trade balance (including with the EU) of the country gradually, to increase the volume of export and Georgian export to the EU. Finally and most importantly, further gradual integration of the Georgian economy to the EU should continue. (Putkaradze, 2015)

It should be noted that many of the issues from this stage are resolved by Georgia. Regional integration is a necessary condition for uninterrupted trade relations between the West and the East. The inability of a separate country to help create strong economy and infiltrate global business with the rights of competitor and partner, which means that it will stay a country with powerless economy and will not be able to evolve dynamically. The role of the transit corridor now serves as an international function for Georgia and offers far more opportunities for sustainable development. That's why it's important to use these privileges at its best. These are specific sectorial challenges related to Georgian regional and global economic integration:

- It is necessary to use Georgia's strategic location as a transit corridor between Central Asia and Europe to create additional cost in economy;
- Development of logistics sector, according to Western standards;

• Promotion of the private sector participation in transport infrastructure is important for effectiveness, improving the quality of service, for the purpose of accessing remote areas, communications and long-term financial sustainability, together with reforming the regulatory field.

### **Georgia's investment environment and potential**

The next step is to advertise the economic opportunities and achievements of the country, search potential investors and work with them. To attract investments, we need find out for what kind of investors Georgia will be attractive; Find out the potential circle of investors and what can be done to expand it. (Basilia T, 2001) We also need to know the opinions and wishes of these investors, and to satisfy them we need to use all resources. Energy should not be spent to find an abstract investor or expect a case, but let's select a potential investor's circle for whom the investments in Georgia will be interesting and work with them intensively. It is important to note that Georgia today has some preferences in the trade with the EU, which many countries do not have. In this regard Georgia can be attractive for many industrial companies, especially for developed Asian countries. For the same reason, Georgia may be interesting for some of Europe's industrial companies which are determined to take part of their industrial capacities from Europe to other countries and to define products for Europe. For example, toy producing companies, which are intensively trying to find a place for their production. Finding such enterprises and sectors should be a separate subject in Georgian reality, with the result of which the potential investor's circle will be revealed. After that, it will be possible to work on attracting investments. It is of utmost importance for Georgia to develop and implement a united and consistent policy in the nearest future, the components of which will be:

- Improvement of business environment;
- Conclusion of the relevant international treaty;
- Advertising attractiveness of investments of the country;
- Finding potential investors and carrying out relevant work with them;
- Modernization of the country's infrastructure;
- Preparation of qualified personnel.

We understand the economic situation of Georgia, which is expressed in its shortage and dysfunction (GDP / less than 10% of the average European), inequality (Gini coefficient - 0,41) and unemployment (15%). We believe that such conditions effective improvement cannot be achieved only by the improvement of the business environment and implementation of separate infrastructural projects, as well as in important budgetary social orientation. It is important that the government of Georgia recognize the importance of industry as a major driving sector in building a strategy to create a country with economic growth, employment and wellbeing. Based on modern technologies and skills, resource saving and energy efficiency, production of industrial products that are close to environmentally safe and European standards must comprise the role of compass for other sectors. Only economically, socially and ecologically balanced production should be allowed to ensure green growth and sustainable development. Creating new products and industrial modernization should be implemented by investments in innovations, new technologies, researches and development, studies, in which the leading role should be borne by the state with the commercialization of this field. In order to develop and implement a new industrial policy, the government should rely on such principles as: State and private sector partnership; Government should support a specific project or program, not a whole sector; The experimentation of the project should not be considered as a defect; Project implementation should be transparent and the criteria of success should be clear, therefore in case of failure of the project timely suspension of the project - necessary; The project should be accompanied by positive social and economic effects; The high political figure of the government should be directly interested in high-priority projects (e. g. Prime Minister) and supervise them. (A., 2013)

Georgia occupies a very low position in the international trade. A share of export from Georgia makes only 0,01% of the total world export, while a share of imports to Georgia makes 0,03% of the total world imports. Export of the Georgian agrarian products has a great potential. Great attempts are required for increasing a share of exports from Georgia, especially to the EU market. The perspective products able to enter this market, are: wine, mineral waters, nut, honey, other agrarian goods. The article provides a reader with a list of the major trade partner countries, major commodity groups for export and import, other issues. (Putkaradze, ACTUAL ISSUES OF THE FOREIGN TRADE OF GEORGIA, 2012)

### **Summary**

In conclusion, we would like to note that to form Georgian economic competitiveness priorities it's important to start using newest technologies, to create strong material and moral motivations, accumulating experience to improve competitiveness in all areas. The difficulty of achieving their goals is often caused by the lack of our management, the weak link with the

production of science, in unopposed investments in the human resources, especially in the development of competencies, in implementing the latest technologies, in the development of infrastructure.

The processes of economic growth is progressively spreading worldwide and day by day more and more new countries take part in it and throughout other global projects they get more active members of modern globalization processes. And Georgia is not an exception. Development of united politics and holding them in the closest period of time will contain: making business environment better; making specific contracts; advertising country's investment's attractiveness; search of potential investors and work with them; modernize country's infrastructure; qualify personal.

## References

- [1] A. Silagadze , Priorities for the economy of postcommunist Georgia in the context of the world financial crisis. *Problems of Economic Transition*, 2013. Volume 56, Pages 3-16.
- [2] Rivera, Andreas. "What Is E-Commerce?" *Business News Daily*. N.p., 16 Aug. 2017. Web. 28 Sept. 2017. <http://www.businessnewsdaily.com/4872-what-is-e-commerce.html>
- [3] Brakman S., Garretsen H., Marrewijk CH., Witteloostuijn A. *Global Economy: An introduction*. 2008, page 18.
- [4] Bhandari AK., Heshmati A., 2005 "Measurement of Globalization and its Variations among Countries, Regions and over Time". *IZA Discussion* page 157.
- [5] Gegeshidze, "Geopolicy", Tbilisi ; 2009
- [6] Basilia T, Silagadze A, Chikvaidze T. *Post-Socialistic Transformation: Georgian Economy at the Threshold of the XXI Century*. Tbilisi, 2001.
- [7] D. Iakobidze, "Georgia's financial-economic situation ", 2013
- [8] Foundation "Open Society Georgia" 2014
- [9] [https://repozytorium.uph.edu.pl/bitstream/handle/11331/620/Putkaradze\\_Historical\\_determinants\\_of\\_the\\_economic\\_relations.pdf?sequence=1](https://repozytorium.uph.edu.pl/bitstream/handle/11331/620/Putkaradze_Historical_determinants_of_the_economic_relations.pdf?sequence=1)
- [10] M. Chania, *economic growth and problems of tax balance in Georgia*. Publishing house "Universal", 2004.
- [11] M. Chania, *Entrepreneurship as an economic development*. Tbilisi. Publishing house "Universal", 2017.
- [12] R. Asatiani, *Globalization, economic theory and Georgia*. Tbilisi, "News". 2010. Page 84
- [13] R. Putkaradze, *ACTUAL ISSUES OF THE FOREIGN TRADE OF GEORGIA*. Paata Gugushvili Institute of Economics of Ivane JAvakhishvili Tbilisi State University. *Proceedings of Materials of International Scientific-Practical Conference Dedicated to the 60th Birth Anniversary of Professor George Tsereteli NATIONAL ECONOMIES AND GLOBALIZATION (28-29 June, 2012)*. pp. 51-58.
- [14] R. Putkaradze, *Historical Aspects of Trade and Economic Relations between Georgia and the European Union*. *Zeszyty Naukowe UNIWERSYTETU PRZYRODNICZO-HUMANISTYCZNEGO w SIEDLCACH* Seria: Administracja i Zarządzanie. *Scientific Journal*, Nr 107, 2015. *Zeszyty Naukowe UNIWERSYTETU PRZYRODNICZO-HUMANISTYCZNEGO w SIEDLCACH* Seria: Administracja i Zarządzanie, Poland. 2015
- [15] Sh. Shaburishvili; M. Chania, *Global Innovation Trends and Georgia*. *European Journal of Economics and Business Studies*, 2017

## Decision Analysis Framing and Motivation Application in Business and Tourism

Iosif Kafkalas

*Department of Economics and Business Administration*

*C.D.A. College, 2 Kritona Tornariti St., CY3110 Limassol, Cyprus*

### Abstract

This article examines the implications of framing in decision analysis and proposes a tool under rationality that incorporates attributes of behavioral models. The proposed approach suggests that decision agents make an overall assessment of their state-conditional alternatives in association with exogenous environmental and social factors, resulting in an overall score of urgency that can be considered as the resource pool of motivation. The process is formulated as a state-contingent input-requirement set and it is able to explain behavioral biases such as the certainty and pseudo-certainty effects, issues of Knightian uncertainty, risk management and innovation. A Data Envelopment Analysis (DEA) formulation is also presented and an application of case analysis on business and tourism.

### Introduction

Rationality is an idea that one could hardly separate from mainstream economics and it has been crucial in the establishment of an orthodox approach compared to which all other schools of economic thought would be discussed. More than a supportive concept, rationality has been the philosophical benchmark upon which the ideology of Homo Economicus has been developed and affected the way people are viewed as decision makers. Regardless of the uniqueness and complexity of human behavior, an average individual is considered to make rational decisions, always being able to balance between personal preferences and resource restrictions with reason, coherence and consistency, achieving the ultimate goal of optimization. Any discrepancies between theoretical and observed human behavior was initially attributed to the entanglement of uncertainty in an otherwise robust decision framework, with Expected Utility models providing an apparently analogous stable framework for decisions under imperfect information.

However, as analysis grows deeper into the secrets of decision making and contemporary life becomes more complex, repeatable observed anomalies have challenged many of the classical hypotheses and led to the development of important alternatives. Behavioral Economics stand as the study of psychology over economic decision processes, and they have been called to support or even substitute orthodox approaches in many cases. Daniel Kahneman and Amos Tversky challenged mainstream economic ideas through a series of papers that proposed intuitive and testable behavioral assumptions, most notably with the development of Prospect Theory (Kahneman and Tversky 1979) and later on with Cumulative Prospect Theory (CPT, Kahneman and Tversky 1992), a work awarded with the Nobel Prize of Economics in 2002. This set of theories focused on decision processes under risk, acknowledging that risk preferences are influenced by the context of questioning, a type of decision bias and possibly manipulation that is called framing (Kahneman and Tversky 1981). On the other hand, alternatives have also been proposed in support of the orthodox point of view, extending the classical assumptions into inclusive frameworks. Utilizing an idea of Arrow (1953) and Debreu (1952) about "Nature's states", Chambers and Quiggin (2000) have developed the "State-Contingent (SC) approach" to decisions under uncertainty.

This article is incorporating elements from both of the approaches above, in an effort to bring new insight in the analysis of the framing bias, develop a decision structure for motivation and bring together classical and behavioral aspects to an inclusive framework. A primary benefit of this method is the incorporation of behavioral analysis results into a rational decision framework, providing robust explanation for the observed evaluation imbalance of losses over gains and the witnessed empirical patterns of certainty and pseudocertainty. Moreover, this method makes a clear distinction between risk management and Knightian uncertainty, providing a particularly useful framework of analysis for issues of unquantifiable risks, as in the process of innovation and entrepreneurship, the social impact of A.I. development, and optimal reaction decisions of societies and communities towards prevention or adjustment to climate change. The model

is applied in the sectors of business and tourism, producing valuable results about innovation and risk management in these areas.

### **Framing, heuristics and bounded rationality**

Framing and heuristics are two prevalent themes in behavioral economics, arising as deficiencies of the orthodox approach that produce several decision biases. Framing is the process of decisions being affected by the context they are presented in, as decision agents may lack the cognitive resources to analyze the implications of their assumptions in detail. Kahneman (2003a, 2003b) explains that framing effects in his work with Tversky (Kahneman and Tversky 1981) are defined as "discrepancies between choice problems that decision makers, upon reflection, consider effectively identical". Hence, framing is essentially perceived as a negative process that may lead to suboptimal solutions and it should therefore be avoided by decision agents. Heuristics on the other side are decision rules of thumb that find applications in cognitive psychology and artificial intelligence, as shown in Groner et al. (1983) and Dixon (2001). Heuristics act as mental shortcuts leading to faster and often preferred results to those of thorough decision analysis, thus retaining a positive aspect despite its interference as a bias in rational decision making.

Herbert A. Simon in *Models of Man* (1957) attributed these biases to problems of tractability, time restrictions and cognitive limitations, defined with the term of *bounded rationality* (BR) that was later used extensively in literature, including the work of Kahneman and Tversky. On one hand, BR can be viewed as the result of introducing decision analysis costs into the classic framework, which makes agents proceed to decision under imperfect information based on inferences, if the expected results are close to optimum and further costs of analysis would not pay-off. Dixon (2001) considers this approach of approximate optimization as a positive generalization to strict optimization that retains simplicity and coherence without the need of behavioral formulations. On the other hand, suboptimal behavior can generate critical discrepancies from optima that cannot be explained as an intentional risk-preference result. For example, an individual could indeed benefit from a heuristic habit of dressing behavior that saves time and resources from daily decision making, even in exchange for an imperfect appearance, but a heuristic of negligent driving behavior that leads to a potentially fatal road accident could not be reasonably compensated by any small everyday benefits.

The main proposition of this article is that decision agents follow an initial path of low or merely spontaneous analytical process, that can then be decided to be further analyzed for potential decision change, or be left to proceed to straightforward results avoiding further analytical costs. We can rank potential results by preference and depict the possible alternatives of this process in graph 1. We see that the decision process results in a range of available options, that can be altered by the inclusion of an additional analytical step. The final range of options is now expressing the decision frame that can focus, widen or shift to represent the effects of psychological framing, heuristics and biases. This two-step process of "decision before the decision" is very similar to the BR process, however it is based in a different set of relaxed assumptions:

The inference procedure is not divided into heuristics (positive) and framing (negative) alternatives. Instead, a single neutral framing procedure is assumed, where agents decide on further analyzing their decisions based on conditions, needs and expectations.

The decision process is adjusted to the classical framework and it does not bear any behavioral assumptions.

This process incorporates the analysis of biases and uncertainty decisions under a unified framework, including aspects of Knightian uncertainty.

In order to achieve this strengthening of analytical power together with the relaxation of behavioral assumptions, we need to substitute the latter with a tool that explains how the framing process works. This is achieved with the introduction of a motivation process that was much needed in the decision analysis and it can be based in basic classical assumptions.

### **Motivation and urgency**

Behavioral economics most often covers deficiencies of the classic approach, using input from psychology and other social sciences as axiomatic assumptions. Most popular theories in economic decisions analysis are the axiomatic response to incentives, with empirical support in literature (Gibbons (1997), Lazear (2000)), or alternatively a differentiation of intrinsic and extrinsic motivation supported by advances in psychology and sociology since the 1970s (Ryan and Deci 2000). These approaches are usually in contradiction, but there has been effort for reconciliation of these views (Bénabou and Tirole 2003). In order to produce results for decision analysis avoiding the use of axiomatic assumptions, we need to create a tool describing motivation in classical terms of rationality.

This article proposes that individuals at any given time of decision making, possess a bounded set of cognitive ability that they can focus or distribute among decision problems at hand. We can call this cognitive resource *urgency*, that is translated through the decision process into motivation about specified choices. Urgency expresses a general concept of how prompt and eager a person is to deal with an issue and it is associated with the amount of cognitive resource consumption. A first important result from this relaxed formulation is that it allows for customized analysis, since different individuals can bear a personalized potential of urgency depending on their specified attributes. It is also compatible with both intrinsic and extrinsic approaches, as it allows for interpretation of the sources of this cognitive resource. In order to produce useful results with this tool, one should prefer to view urgency in terms of percentages instead of absolute values. Hence, even if we are not aware of detailed characteristics of an agents urgency, we can produce an estimation of the percentage of cognitive resource dedicated to the decision problem. In a simplified rational framework urgency and motivation coincide, because the classic framework axiomatically accepts as straightforward the connection between preference and action. Even in this case the proposed tool is useful for measures of motivation and efficiency, while in the distinct urgency-motivation form it allows for more complicated formulations, where individuals are not always able to perform their full potential, even when they are adequately motivated. A useful application could be the performance distinction between trained and untrained employees, with the second group presenting low performance rates even in the case of provided incentives.

In figure 2 we observe a concave function of marginal motivation that responds to total motivation function of s-shape. We see that we can measure the percentage of motivation produced or a maximum percentage lower than 100% in case of maximum motivation not met. More types of functions are applicable, following the orthodox formulations, or behavioral types as well. In CPT the s-shaped value function is similar to the one above, but it is asymmetrical. Hence, such a formulation can also be used for purposes of decisions under uncertainty. In cases of symmetrical functions, the middle area is characterized by a critical point, where dedication of urgency results in increasing levels of motivation. The latter can be then transformed into productivity using a linear function of performance, or diminishing returns in the case of accumulated fatigue. Then, a decision agent who is highly motivated could be underperforming because of exhaustion.

### State-Contingent and DEA formulation

For a mathematical formulation we can follow the State-Contingent approach of Chambers and Quiggin (2000) which transforms non-stochastic inputs through states of conditions into stochastic outputs. First we define a state space  $\Omega$ , that is a finite set of S conditions that are mutually exclusive and affect the transformation from urgency to motivation.

$$\Omega = \{1, 2, \dots, S\} \quad (1)$$

Decision makers are motivated according to which of the states occurs or the one they expect to occur. In the second case, expectations are also entered into the analysis. The set of states theoretically includes all possible states of our environment, but since this can be infinite we use  $\Omega$  to index only the exogenous factors that may have an effect in our decisions. Decisions are made over a set of N non-stochastic inputs  $x \in \mathbb{R}_+^N$  and produces a set of M results  $y \in \mathbb{R}_+^M$ , which combined with the set of states, it produces  $M \times S$  state-contingent results  $y \in \mathbb{R}_+^{M \times S}$ . Then, the SC transformation can be modeled by either an input requirement set of the resources needed to produce the desired results:

$$X(y) = \{x \in \mathbb{R}_+^N: x \text{ can produce } y \in \mathbb{R}_+^{M \times S}\} \quad (2)$$

This representation of technology is free from behavioral assumptions and it can be adapted to all the aforementioned frameworks. Moreover, with the help of distance functions it can be treated in a formulation of Data Envelopment Analysis that produces measures of efficiency and productivity.

We can use either an input oriented:

$$I(y, x) = \sup \left\{ \theta > 0 : \frac{x}{\theta} \in X(y) \right\} \quad (3)$$

or an output oriented distance function:

$$O(y, x) = \sup \{ \theta > 0 : \theta \cdot y \in Y(x) \} \quad (4)$$

Let  $D(y, x)$  represent the distance of a bundle  $(y, x)$  from its potential frontier, without any specification of input or output orientation. Following the state-contingent approach we can include factors of imperfect information, that transform a bundle of certainty into a state-contingent bundle of uncertainty. Then,  $D(y, x; s)$  can be used for the distance function of a bundle  $z$  under a vector of exogenous conditions  $s$ , while  $D(y, x; \varepsilon)$  can be used to include factors of uncertainty  $\varepsilon$ , on

which the decision maker has imperfect information or control. Using this representation we can produce Malmquist productivity measures:

$$P_{s_0, s_1}(y_0, x_0; y_1, x_1) = \left[ \frac{D(y_1, x_1; s_1) D(y_1, x_1; s_0)}{D(y_0, x_0; s_1) D(y_0, x_0; s_0)} \right] \quad (5)$$

that can be decomposed into efficiency and heterogeneity components, with the latter being the effect of different exogenous conditions:

$$P_{s_0, s_1}(y_0, x_0; y_1, x_1) = E_{s_0, s_1}(y_0, x_0; y_1, x_1) \times H_{s_0, s_1}(y_0, x_0; y_1, x_1) \quad (6)$$

$$E_{s_0, s_1}(y_0, x_0; y_1, x_1) = \frac{D(y_1, x_1; s_1)}{D(y_0, x_0; s_0)} \quad (7)$$

$$H_{s_0, s_1}(y_0, x_0; y_1, x_1) = \left[ \frac{D(y_0, x_0; s_0) D(y_1, x_1; s_0)}{D(y_0, x_0; s_1) D(y_1, x_1; s_1)} \right] \quad (8)$$

We can empirically implement this formulation with the help of DEA, calculating input or output distance functions directly from a dataset. If decision makers were considered as producers of state-contingent decision outputs, for K number of agents, N number of inputs and M number of outputs, the input distance of agent i from the technology frontier is computed as follows:

$$I(y_i, x_i) = \min \left\{ \theta: \theta x_{ni} \geq \sum_{k=1}^K \lambda_k x_{nk}, y_{mi} \geq \sum_{k=1}^K \lambda_k y_{mk}, \right. \\ \left. \lambda_k \geq 0, k = 1, \dots, K, n = 1, \dots, N, m = 1, \dots, M \right\} \quad (9)$$

The above represents a CRS technology that can easily be extended to a VRS technology.

### Model implications

Competition between classical and behavioral economics has leaned towards two extreme approaches, that judges individuals making suboptimal decisions as either rational but unlucky optimizers, or as feckless carriers of naturalistic impulses. Considering two biases explained by CPT, certainty effect is the extreme valuation of small changes in probability when this is subtracted from absolute certainty, and pseudo-certainty is the same behavior expressed against illusive apparitions of certainty. CPT is able to identify this preference for absolute certainty, however it attributes both effects to psychological tendencies without making any distinction between efficient and inefficient behaviors. On the same problems, classical approaches can neither identify these effects, nor explain the reasons for deviations from optimum.

The new approach proposed in this article incorporates elements from CPT into a classical structure, thus being able to identify the certainty and pseudo-certainty effects, while also making a distinction between efficient and inefficient behavior through the urgency information requirement set. The preference for certainty is established through the incorporation of an s-shaped valuation function as in the CPT. However, when an individual receives an illusive certainty offer, he would either be deceived if the cost-to-benefit ratio is too high to further explore the problem, or if the urgency pool is depleted to other problems demanding attention. Finally, in the case of complete focus on this problem and inadequacy of solving, external factors like education or cognitive support can expand the existent urgency pool to meet the requirements.

Furthermore, the proposed model is able to provide insight to problems on Knightian uncertainty, as it does not need probability information, especially for marginal cases. For example, a patient deciding on participating in a trial over a new untested medicine is more probable to participate if he hopes to cure a serious disease than a minor one. The reason is that patients facing serious health issues are situated very low on the valuation function with much to gain from risk and almost nothing to lose, while urgency for results is immediate. Similar results can prove useful in the analysis of innovation, as it is usually characterized by significant levels of Knightian uncertainty. An established company holding a high market share would reasonably avoid investing in groundbreaking innovation plans that would put the established success in risk, while many revolutionary ideas are produced by small pioneering businesses. However, even an established firm would consider significant and risky investment decisions, if potential innovation of competitors could challenge their position and put in prospect the lower levels of their valuation function.

## Case analysis on business and tourism

Heuristics and framing are based on acquired experience, since they need collected information to produce inferences that may assist or bias decisions respectively. Therefore, decision inferences should be related to areas of interest, affected by their environment and experiences as they form their information basis. In business, diversification of decision analysis can be made by several inter-sector and intra-sector factors. Kumar and Van Dissel (1996) examined how IT affected the transition from inter-firm competition to cooperation, pointing that IT-enabled cooperation should be nurtured in order not to degenerate into conflict. This results come in support of the proposed analysis, as factors transform the decision environment, but agents also bear the potential of responding to these changes. Nevertheless, Carr (2003) proposed that the effect of IT as it becomes more widespread and easily available, it would turn from gaining a strategic advantage to an investment that gives firms a cost disadvantage. This result reflects the different way an innovation enters the urgency set at its early adoption stages, compared to late adoption.

Sector differentiation also plays a role in the decision making process and overall management of risk. For example, the tourism sector presents unique characteristics associated with the nature and purpose of traveling, developing a related decision and risk management. Lepp and Gibson (2003) examined tourists' risk aversion over several sources of risk, detecting that the purpose of traveling, seeking familiarity over novelty, is the primary factor of risk aversion. Using the methodology of this article, familiarity seekers focus their decision frame on narrow options avoiding risk, since the purpose of vacation tourism demands lower rates of urgency. Following this reasoning, literature detects a significant effect on tourism from the risk factors of terrorism (Sönmez and Graefe 1998, Sönmez et al. 1999) and climate change. The proposed model offers extended analytical power over risk preferences, with distinct features over Knightian uncertainty. Analysis of cases in business and tourism validates initial results through the existent literature.

## Conclusions

This article examines the role of framing in decision analysis and proposes a new tool that introduces framing and heuristics results into a classic framework. Relaxing the behavioral assumptions of Cumulative Prospect Theory and using the mathematic formulas of State-Contingent analysis we get intuitive results under rationality, supported by contemporary literature, and a formulation of efficiency and productivity measures that can be used with Data Envelopment Analysis. The mechanism of urgency as a step towards decision making provides an explanatory process of motivation that was missing from classical economics and incorporates behavioral economic results.

## References

- [1] Arrow, K. (1953). Le Des Valeurs Boursières Pour la Repartition la Meilleure Des Risques. *Cahiers du Seminaire d'Economie*, Centre Nationale de la Recherche Scientifique (CNRS), Paris.
- [2] Arrow, K., & Debreu, G. (1954). Existence of an equilibrium for a competitive economy. *Econometrica*, 22, 265-290.
- [3] Becken, S., & Hay, J.E. (2007). *Tourism and climate change risks and opportunities*. Clevedon, Channel View Publications.
- [4] Bénabou, R., & Tirole, J. (2003). Intrinsic and Extrinsic Motivation. *The Review of Economic Studies* 70(3), 489-520.
- [5] Carr, N.G. (2003). IT Doesn't Matter. *Harvard Business Review*, 81(5), 41-49.
- [6] Chambers, R.G., & Quiggin, J. (2000). *Uncertainty, Production, Choice and Agency: The State-Contingent Approach*. Cambridge University Press, New York.
- [7] Debreu, G., (1952). A social equilibrium existence theorem. *Proceedings of the National Academy of Sciences*, 38, 886-893.
- [8] Dixon, H.D., (2001). Some Thoughts on Economic Theory and Artificial Intelligence. Chapter 7 in *Surfing Economics*, Palgrave Macmillan.
- [9] Gibbons, R. (1997). Incentives and Careers in Organizations. In D. Kreps, & K. Wallis (Eds.) *Advances in Economic Theory and Econometrics*, Vol.II, Cambridge University Press, UK.
- [10] Groner, R., Groner M., & Bischof, W.F. (1983). *Methods of heuristics*. Hillsdale N.J., Lawrence Erlbaum.
- [11] Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 47(2), 263-291.
- [12] Kahneman, D., & Tversky, A., (1992). Advances in Prospect Theory: Cumulative Representation of Uncertainty. *Journal of Risk and Uncertainty*, 5, 297-323.



- [13] Kahneman, D. (2003a). A Perspective on Judgment and Choice: Mapping Bounded Rationality. *American Psychologist*, 58(9), 697-720.
- [14] Kahneman, D. (2003b). Maps of Bounded Rationality: Psychology for Behavioral Economics. *American Economic Review*, 93 (5), 1449-1475.
- [15] Kumar, K., & Van Dissel, H.G., (1996). Sustainable collaboration: Managing conflict and cooperation in interorganizational systems. *MIS Quarterly: Management Information Systems*, 20(3), 279-299.
- [16] Lazear, E. (2000). Performance, Pay and Productivity. *American Economic Review*, 90(5), 1346-1361.
- [17] Lepp, A., & Gibson, H. (2003). Tourist roles, perceived risk and international tourism. *Annals of Tourism Research*, 30(3), 606-624.
- [18] Ryan, R.M. & Deci, E.L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist*. 55(1): 68-78.
- [19] Simon, H. (1957). A Behavioral Model of Rational Choice. In *Models of Man: Social and Rational, Mathematical Essays on Rational Human Behavior in a Social Setting*. New York: Wiley.
- [20] Sönmez, S.F., Apostolopoulos, Y., & Tarlow, P. (1999) Tourism in crisis: Managing the effects of terrorism. *Journal of Travel Research*, 38(1), 13-18.
- [21] Sönmez, S.F., & Graefe, A.R. (1998). Influence of terrorism risk on foreign tourism decisions. *Annals of Tourism Research*, 25(1), 112-144.
- [22] Tversky, A., & Kahneman, D. (1981). The framing of decisions and the psychology of choice. *Science*, 211(4481), 453-458.

**Figures**

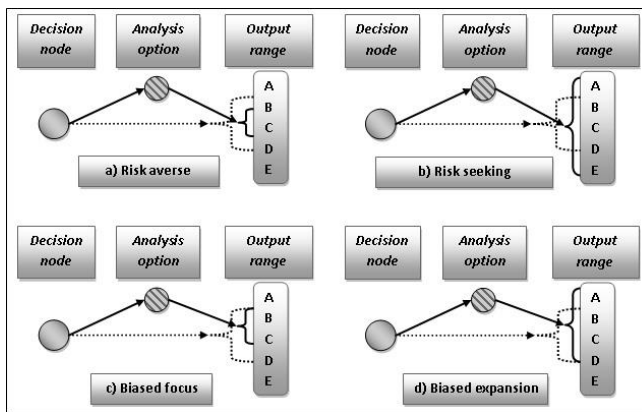


Figure 1: Comparative results of adding an analytical step in the decision process.

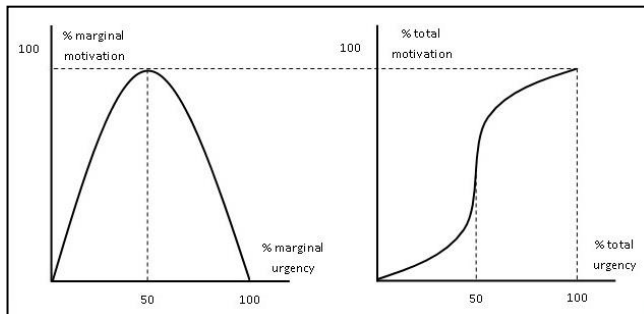


Figure 2: Percentage marginal and total motivation associated with analogous percentage of urgency.

## “Signifying Monkey” –The Guardian of African Tradition

Doc. Dr. Nataša Vajić

JUOŠ “Radoje Domanović” Osječani - Doboј, Bosnia and Herzegovina

### Abstract

African oral tradition is much more than just a story. It is the history of one nation. It is a code of laws under which people live and die. However, the oral tradition is also a rich area of wordplays and high philosophy, which represent the foundation of today's African and African-American literature. Proverbs, ritual songs, epics, all of this is the foundation of an advanced society. In reality, the keepers of the culture are griots - storytellers. In fiction, these are trickster gods in the shape of sacred animals. Only one of them is a cunning monkey, thanks to which a whole genre of double-thinking has emerged. The monkey is a shadow in the proverbs and inspiration for storytellers. The double-thinker and the representative of reason and justice through stunning wordplays. Two-voiced messages which are a feature of the highly advanced philosophical nation that possessed cultural richness even in the era of oral tradition. The tradition that still exists.

**Keywords:** African and African American literature, oral tradition, griots, African proverbs, signifying monkey

### Introduction

The roots of African and African-American literature are found in the oral tradition of Africa and its many nations. History, customs, religious instructions, moral principles - everything is embedded into stories that have been passed on to the generations. Learning through stories and preserving national identity through myths is an indispensable part of the African man, both in the past and today. Oral tradition, even today in the era of modernization and technological advancement, is cultivated in the rural areas of Africa. Literacy is not a problem here. The younger generations are quite educated. The fact is that the language, alive, symbolic and melodic, is much more attractive in oral than in written form. For, as Mihail Bakhtin (1981: 294) says: “The word in language is half someone else's. It becomes “one's own” only when the speaker populates it with his own intention, his own accent, when he appropriates the word, adapting it to his own semantic and expressive intention. Prior to this moment of appropriation, the word does not exist in a neutral and impersonal language (it is not, after all, out of a dictionary that the speaker gets his words!), but rather it exists, serving other people's intentions: it is from there that one must take the word, and make it one's own.”

The attraction of playing with words is the most important characteristic of the African oral tradition. The narratives reflect life, even through the theme and speech of the narrator. Often the stories include music, songs and imitations of animal sounds. “The tradition of imitating animal speech is, in fact, so strong that collections from the earliest to the most recent have virtuoso pieces in which the story is almost totally told in sound effects.” (Roger, 1985: 25) In the dialogues spoken by animals, speech is adapted to animal voices. With this skill, the narrator gets more dramatic effects that capture the attention of listeners. He transmits a piece of reality in the story, helping the listener visualize the world he is talking about.

Depending on the subject, African narratives can be divided into several types: fairy tales, legends, myths, fables, parables, stories of origin, historical narratives and epics. In African society, historical narratives are of particular importance because they represent a treasury of cultural identity. Within the African oral tradition, all historical facts are remembered and transmitted through narratives. They usually talk about migrations of people, the establishment of villages, cities or kingdoms, and about some of the heroic acts of their ancestors. People can also tell about their own ups and downs that become part of the heritage of the family or local community.

According to the context in which they are performed, the narratives can also be classified into: ritual, sacred, and folk tales. (Robert, 2004: 629) If these stories are spoken in honor of certain historical figures and gods or during certain special events, as a part of the ritual, they are of great importance for religion, divination or magical treatment. Depending on the main character in the story, it can contain sacred or secular elements. The same story can be interpreted in two different

ways. If the main character is an animal, all its acts, attitudes and achievements are viewed with humor and is not taken very seriously. However, if the main character is a man, the message from the story is taken seriously and linked to social problems.

### Griots and epics

Storytelling in Africa, over time, reached its more complex form as epic, which combined stories, poetry and singing. Epics are often sung or recited with musical accompaniment. The content of the epics is of historical significance because it shows the crucial periods of a nation. Certainly the most famous African epic is "Sundiata" of Mandingo people from Mali, which describes the arrival of the king Sundiata to power. What particularly characterizes the epic, among others, and what truly gives life to an epic storytelling are griots. The term griot is derived from the French word *griot* and means, in a broader sense, the narrator. Griot can be represented by various types of narrators, including "spokespersons, ambassadors, celebration leaders, tutors, praise-lovers, historians, scribes, musicians, composers, barkers." (Bowles and A. Hale, 1996: 77) The characteristic feature of the griots, even in narrative epics that are old for several centuries, is that they always try to adapt and modify the epic to the modern audience. For example, if a griot knows that the listener's ancestor was a famous military leader, this one will seek to praise him as much as possible. However, if he knows that the ancestor had a bad past and that there were some incidents, the griot will try to alleviate these events, if not eliminating them. Stephanie Newell sees it in the West African literature (2006: 61) "A canny griot adjust each performance to accommodate audience members and, in the process, earns a greater sum of money for his or her narrative, and also gains a reputation for sensitivity and eloquence." A good griot also knows how to put current events and moral debate into the context of historical narrative so that the audience does not notice distortion of historical facts.

Even within the epic, the voice of the greater and much older author of that story and the witness of a certain time can be heard. "Sundiata" with its first written edition by D.T. Niane from 1960 became the most famous version of this epic in Africa. Niane wrote the epic listening to the narration of the griot Djeli Mamadou Koujate from the village of Djeliba Koro in Guinea. In his honor, and in order to show readers the importance of the griots in African culture, Niane writes in the introduction to his book (2006: XXIII): "Formerly "griots" were the counsellors of kings, they conserved the constitutions of kingdoms by memory work alone; each princely family had its griot appointed to preserve traditions; it was from among the griots that kings used to choose the tutors for young princes. In the very hierarchical society of Africa before colonization, where everyone found his place, the griot appears as one of the most important of this society, because it is he who, for want of archives, records the customs, traditions and governmental principles of kings."

Even Djeli Mamoudou Koujate himself, as a griot, at the beginning of the epic addresses the audience with the words: "I know the list of all the sovereigns who succeeded to the throne of Mali. I know how the black people divided into tribes, for my father bequeathed to me all his learning; I know why such is called Kamara, another Keita, and yet another Sibibé or Traoré; every name has a meaning, a secret import. I teach kings the history of their ancestors so that the lives of the ancients might serve them as an example, for the world is old, but the future springs from the past. My word is pure and free of all untruth; it is the word of my father; it is the word of my father's father. I will give you my father's words just as I received them; royal griots do not know what lying is. When a quarrel breaks out between tribes it is we who settle the difference, for we are the depositaries of oaths which the ancestors swore." (2006: 1)

Djeli Mamoudou Koujate, after the introduction, begins with an epic where, at the very beginning, a listener encounters a new griot, Ball Fasséké, as a Sundiata's teacher, and later a royal adviser. As a witness to the events of Sundiata's reign, Fasséké becomes a historian and transfers his knowledge to the new generations of the griots. As a sign of gratitude for the unselfish help and support Sundiata appoints Fasséké as a great master of ceremonies and decides that his tribe Kerta will continue to hire only the griots from the tribe of Koujate, to which belongs the Mamoudou Koujata. Moreover, the Sundiata gives Koujata the right to make jokes at the expense of all tribes, including the royal tribe Keita. By this decision, historically accurate or just invented by Djeli Mamoudou, the actual griot gets a monopoly over the history of the Keite tribe, which can also be included in many other, more comical, narrative genres than epic.

Familiar with political events and relations among people, a good griot must always be skilled with words. He must be the leader in the word play, while others listen enthusiastically. The master of two-voiceness in all African stories is a trickster god, sometimes even in the shape of the monkey. But, here, in reality, it is a griot. Therefore, it is no wonder that some sort of divine qualities are often attributed to the griot. He could do many things and was considered the right hand of the king. As Catherine A. Salmons (The Boston Phoenix, 2004) said: "In ancient times, the griot was not only the court musician, bard, storyteller and oral historian, but also an official conciliator and spokesman for the king. Denoted a "master of eloquence," the griot could intervene at will in public debate; his words were expected to fall like honey into the midst of

bitter argument, soothing conflicts between political factions - out of struggle and disquiet, the griot brought peace. He was considered the right hand, the mind, the mouthpiece of the king: A word from the griot was a word of implicit authority. As a musician, his skill with the kora was meant to extend the impact of his words. The griot played not just to entertain but to teach, and to uplift."

### **African proverbs**

Proverbs play an important role in the education of people in Africa. Today there are over a thousand published collections of proverbs, and it is estimated that there are a total of about one million in total. (Nkulu – N'Sengha, 2009: 541) Proverbs are the most valuable philosophical and religious ideas of Africa. They are "memorable sentences of traditional wisdom reflecting a keen observation of human existence and conduct and a long experience of life throughout the ages." (Nkulu – N'Sengha, 2009) They represent the moral and practical wisdom of a nation. Through them, the people dealt with issues of education, religion, social order, family, morality, life and death. "Proverbs are a particular form of a skillful literary genre. They tend to be a compact statement of wisdom expressed in a poetic and enigmatic fashion. [...] Some take the form of a short maxim, dictum, adage, aphorism, or apophthegm. Others take the form of a riddle or even an allegory, legend, or song." (Nkulu – N'Sengha, 2009) Proverbs are extremely poetic. They often rhyme, are lyrical, use alliteration, assonance, and other poetic techniques.

Many proverbs take the form of sharp comments at the expense of someone's behavior, but their meaning is skilfully hidden. Thanks to symbolism and metaphor, the message is not revealed directly to the listener. Consequently, verbal tensions are avoided, and problems are solved without calling out of certain individuals. In this case, the proverbs serve as an excellent tool in resolving the conflict. Like other literary forms, proverbs lose their meaning over time. Some are universal and immortal, others are lost in the past because of their impracticality, many appear in a completely new context.

Some of the proverbs dealing with questions of wisdom and the proverbs themselves are: "Fulani will lie but he will not make a lying proverb." Of Fulani people. With this statement, Fulani make it clear that they believe in the truthfulness of proverbs as the bearer of wisdom and moral lessons. Akan proverb "Wisdom is not in the head of one person." explains that knowledge is accessible to everyone. Another Akan proverb carries the same message: "Wisdom is like a baobab tree; a single person's hand cannot embrace it." The proverb of the Luba people, which speaks of human responsibility, is: "God gave you beauty and good character but you must help him, by taking care of yourself and constantly cultivating your virtues." The Baluba people have a saying about the lazy people: "Let the one who sleeps eat his sleep." Human dignity and self-esteem is the message Akan proverb: "All human beings are children of God, no one is a child of the earth." Chewa people have a proverb with a similar meaning - "Human beings are like sand out of which one cannot make a mountain." Baluba people emphasize the value of attractiveness with a proverb: "No one can put his arm into another person's heart, not even when sharing the same bed." The need to respect others, especially the disabled, is emphasized by the proverb: "DO not laugh at a crippled person, God is still in the creation process."

As stated before, the meaning of proverbs is sometimes skilfully hidden, which is a characteristic of the African oral tradition. Two-voiceness and wordplay is the basis for secular and ritual creation of practical wisdom. The material world expresses itself through the voice of the griots, and the spiritual dimension has its own hero in the shape of the cunning monkey. They all have the same mission, to help humanity, and the easiest way to accomplish this is through the proverbs – the textual link between the spiritual and the secular.

### **The cunning monkey and the richness of African languages**

The richness of the African language is easiest and best seen in the stories full of symbols, secret messages, colorful characters and intertextuality. The lyrics, apart from the songs, are the bearers of the African oral tradition and best represent the complexity of African thought and words. Perhaps, now, logically the question arises as to the relationship between the monkey and the languages of Africa. Henry Louis Gates, Jr. In his book *The Signifying Monkey* says that over the centuries the monkey took upon himself the role of trickster god, and therefore the role of a guardian of the oral tradition. In the mythology of many African nations, the trickster god is the guardian of knowledge and language. He is a gift-bearer and master of wisdom. He is a cunning player in the game of wits and patron of the African oral tradition.

At the time of colonialism and enslavement of the African people, which caused taking them into the New World, it is thought that the god of deceit went with his people overseas in order to help them. He, based on the new continent, in addition to the role of the cheater, takes on himself the responsibility of preserving the African tradition, and the role of a warrior who fights against slavery. With the task of uniting members of all African peoples subjugated by whites, the trickster god, known in every nation by another name and presented in another form, takes now a universal form in the image of a monkey.

Among the nations of the Yoruba and Fon, the cunning monkey existed even earlier in folk tales as “Why Monkey Did Not Become Man” and “Monkey’s Ingratitude: Why One Does Not Deceive the Diviner”. While the boundary between mythology and folk tales was largely delineated by the characters of a trickster god and monkey, in the New World, both characters were united in a monkey.

But the true value of the monkey’s character as a guardian of African tradition lies in his skill of creating confusion between the figurative and the literal. Gates calls the equivalent of trickster god in African-American culture the Signifying Monkey. The attribute of signifying was derived from Gates’s perception of the meaning of the monkey, not only in the narratives, but in the African-American language in general. He says: “Signification”, in standard English, denotes the meaning that a term conveys, or is intended to convey. It is a fundamental term in the standard English semantic order. Since Saussure, at least, the three terms signification, signifier, signified have been fundamental to our thinking about general linguistics and, of late, about criticism specifically. These neologisms in the academic – critical community are homonyms of terms in the black vernacular tradition perhaps two centuries old. By supplanting the received term’s associated concept, the black vernacular tradition created a homonymic pun of the profoundest sort, thereby making its sense of difference from the rest of the English community of speakers.” (1988: 46-47)

Gates’s *Signifying monkey* is a relatively new expression in the world of semantics and literary criticism, but its meaning and role has existed since ancient times. The cunning monkey of the enslaved African nation is the guardian of even older African linguistic heritage of the black continent. In this ancient world, the master of semantics was a trickster god. Gates primarily deals with the connection between the Signifying monkey and the trickster god of the Yoruba people - Esu. Esu, as the wise and cunning, contains contradictions and double meaning, literally and hidden meaning. As an example of this duality, and the need for harmony between the contradictions, the Yoruba have the myth of “Two friends”. In this myth, two friends swore to eternal friendship, but during the oath they forgot to pray to Esu. Outraged, the trickster god decides to retaliate. One day while friends were working in their fields, Esu passed the road that separated them. He was wearing a black and white cap on his head, but one friend only saw the black side and the other only white. During lunch, friends began to talk about a stranger who walked over with a hat on his head. One claimed that he was wearing a black hat and the other a white one. Not being able to agree on the color of the hat, and not wanting to rebound because they were convinced that each one was right, the friends got into a fight. Finally, Esu stopped the fight, coming with other villagers. Having heard what the problem was Esu said:

“Both of you are right,” said Esu.

“How can that be?”

“I am the man who paid the visit over which you now quarrel, and here is the cap that caused the dissension.” Esu put his hand in his pocket and brought out the two – colored cap saying, “As you can see, one side is white and the other is black. You each saw one side and, therefore, are right about you saw. Are you not the two friends who made vows of friendship? When you vowed to be friends always, to be faithful and true to each other, did you reckon with Esu?” (Ogundipe, 1978: 133-135)

Esu’s two-color hat and the argument of friends who should live in harmony represents at the same time duality and unity, ambiguous and whole. The cap is not only an object, but also a reflection of Esu’s personality as a trickster. Gates says: “Esu’s two sides “disclose a hidden wholeness”; rather than closing off unity, through the opposition, they signify the passage from one to the other as sections of a subsumed whole.” (1988, 30)

Esu’s two-faced character, linguistic double meaning or named by Gates „double-voice“ is known by Bakhtin „hidden polemic“. In a hidden polemic there are two voices where: “The other speech act remains outside the bounds of the author’s speech, but is implied or alleided to in that speech. The other speech act is not reproduced with a new intention, but shapes the author’s speech while remaining outside its boundaries. Such is the nature of discourse in hidden polemic.” (Bakhtin, 1971: 187)

The narrator’s skill to play with words in this way, but also the listener’s skill to understand meaning and messages from a rich context, shows that the African oral tradition had a long and successful development process. Even before literacy, African society was already at an enviable cultural level. Respecting the word, transforming it and interpreting it through symbols and concepts with the transferred meaning is not only the privilege of educated people, but these skills are represented on a daily basis in all social strata. Whether it’s a song, a joke, a story, a saying, or an epic, the knowledge that is transmitted through them is available to everyone. They become the main weapon in the fight against oblivion. One

proverb of the Ashanti people best describes the oral tradition of Africa with the words: "Ancient things remain in the ear." (Berry and Blassingame, 1979: 241)

What is it so special that is transmitted for generations? Henry Louis Gates explains the meaning and goal of the story: "The stories that we tell ourselves and our children function to order our world, serving to create both a foundation upon which each of us constructs our sense of reality and filter through which we process each event that confront us every day. The values that we cherish and wish to preserve, the behavior that we wish to ensure, the fears and dreams that we can barely confess in ordinary language, the aspirations and goals that we most dearly prize – all of these things are encoded in the stories that each culture invents and preserves for the next generation, stories that, in effect, we live by and through." (1989: 17)

### Conclusion

What cunning monkey poses to African oral tradition, griots are for history. Reality and fiction were often intertwined, and the mystery, vigor and melody of language were most often found in practical proverbs. It was the place of the merging of the spiritual and the secular. The monkey ruled the stories inspired by religion and ritual practices. The griot mastered the knowledge of the language and the long-lost mysteries by keeping the memories of everyday life. Sometimes, in order to preserve the African tradition, the monkey and the griot would become one. In these situations, the two-voiceness would appear. Some scholars call it "signifying". We can call it the beauty of the African oral tradition.

### References

- [1] Abrahams, Roger D. (1985) *African American folktales: stories from black traditions in the new world*, New York: Pantheon Books
- [2] Bakhtin, Mikhail (1981) *The Dialogic Imagination: Four Essays*, Austin: University of Texas Press
- [3] Bakhtin, Mikhail „Discourse Typology in Prose“, in ed. Ladislav Matejka and Krystyna Pomorska (1971) *Reading in Russian Poetics: Formalist and Structuralist Views*, Cambridge: MIT Press
- [4] Berry, Mary F. and John W. Blassingame, "Africa, Savery and the Roots of Contemporary Black Culture" in, ed. Michael S. Harper and Robert B. Stepto (1979) *Chant of Saints: A Gathering of Afro – American Literature, Art and Scholarship* Urbana: University of Illinois Press
- [5] Bowles, Brett C. and Thomas A. Hale (1996) „Piloting Through Turbulence: Griots, Islam, and French Encounter in Four Epics about Nineteenth – Century West African Heroes“, in Kenneth Harrow (ed), *The Marabout and the Muse: New Approaches to Islam in African Literature*, London: Heinemann and James Currey
- [6] Cancel, Robert, „Oral Narrative“ in ed. Philip M. Peek and Kwesi Yonkaha (2004) *African Folklore*, New York: Routledge
- [7] Gates, Henry Louis Jr (1988) *The Signifying Monkey*, New York – Oxford: Oxford University Press
- [8] Gates, Henry Louis Jr. "Introduction: Narration and Cultural Memory in the African – American Tradition“, in ed. Linda Grass and Marian Barnes (1989) *Talk that Talk*, New York: Simon & Schuster, Inc.
- [9] Herskovits, Melville J. and Frances S. Herskovits (1958) *Dahomean Narrative: A Cross – Cultural Analysis*, Evanston: Northwestern University Press
- [10] Newell, Stephanie (2006) *West African Literatures: Ways of Reading*, Oxford: Oxford University Press, p. 61.
- [11] Niane, D.T. (2006) *Sundiata – an epic of old Mali*, translated by G.D. Pickett, Harlow Pearson Education Limited
- [12] Nkulu – N’Sengha, Mutombo, "Proverbs and Teaching" in *Encyclopedia of African religion*, edited by Molefi Kate Asante and Ama Mazama, Thousand Oaks CA: Sage Publications, Inc., 2009
- [13] Ogundipe, Ayodele, (1978) *Esu Elegbara, The Yoruba God of Chance and Uncertainty: A Study in Yoruba Mythology*, Ph. D. dissertation, Indiana University, Vol. II
- [14] Salmons, Catherine A., "Balla Tounkara "Griot", The Boston Phoenix, 15/01/2004

## The Relationships Between Lecturer Feedback About Academic Performance and Academic Progress of Students

**Dr. Nazmi Xhomara**

Lecturer, Department of Education Sciences, Faculty of Social Sciences and Education, European University of Tirana.

**Dr. Gezim Bara**

Lecturer, Department of Biology, Faculty of Natural Sciences, University of Tirana

### Abstract

The aim of the study is to investigate the relationships between the lecturer feedback about academic performance and academic progress of students, as well as the influence of lecturer feedback in academic progress. The mixed methods research is the approach used in the study. The cluster random sample of respondents, the structured questionnaires, and semi-structured interviews were selected to be used in the study. The main conclusion of the research is that academic progress of students has been explained strongly by lecturer feedback about academic performance.

**Keywords:** lecturer feedback, academic performance, academic progress

### Introduction & literature review

Lecturer feedback about academic performance is supposed to be the important variable that the academic progress of students. The aim of the study is to investigate the relationships between the lecturer feedback about academic performance and academic progress of students, as well as the influence of lecturer feedback about academic performance in the academic progress of students. The *research questions* include: (1) Is there a significant difference in the mean students' academic progress of students scores for males and females? (2) Is there a relationship between lecturer feedback about academic performance academic progress of students? Does academic progress of students increase with lecturer feedback? (4) How much of the variance in the academic progress of students scores can be explained by the lecturer feedback?

### Conceptual framework

Progressivism viewed the school as a miniature democratic society (Dewey, 1934). Constructivism treats the individual as actively involved in thinking and learning (Howe and Berv, 2000). In constructivism, learners participate in generating understanding (Brooks & Brooks 1993). Progressivism and constructivism theories were used to conceptualize a research framework for this study. The framework was developed from an extensive review of existing evidence through Sage, and EBSCO about lecturer feedback and academic progress of students. Figure 1, summarizing the framework resulting from the review, proposes a set of relationships among two constructs; lecturer feedback as independent variable influence academic progress of students as the dependent variable.

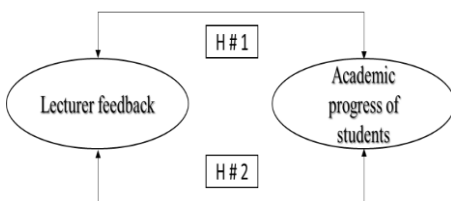


Figure 1: Conceptual framework

There are many variables related to lecturer feedback that enhance academic progress of students. The negative expectations, student emotion, challenges from students and lack of control (Hartney, 2007), and

the resources that lecturers and students have to accomplish this, the active role that students play (Tyagunova and Greiffenhagen, 2017) were related to feedback tutorials. The individualized feedback is effective in improving student engagement behavior (Xu, 2010), and student satisfaction and learning (Mandal, 2018); but Gibbs and Taylor (2016) found that there was no influence in learning, nor in student, satisfaction explained by individualized instructor feedback. McCarthy (2017) found that enhancing students work is related to online and in-class formative assessment feedback models; meanwhile, Stanton (1979) found that student feedback, lecturer-student-advisor co-operation, and improved teaching techniques offer one possible way of improving the standard of tertiary teaching.

The relationships between lecturer feedback and academic progress of students involve many other teaching and learning variables. Hansen and Mendzheritskaya (2017) found that the interplay of cultural-educational and situational contexts can affect the way students respond to the emotions a university lecturer displays, and those emotions can shape students' learning behavior. Flowerdew and Miller (1992) indicate that students' perceptions of the lecture experience, their problems, and the strategies they use to try to overcome these problems are related to motivating students to study. Blair, Curtis, and Goodwin (2013) indicate that academics regularly complain that students do not engage with feedback by citing uncollected coursework, students repeatedly protest about the timeliness and quality of feedback, citing illegible, overly critical and a lack of verbal feedback. Team-based learning approach improved oral communication and creative thinking skills more than the lecture students (Huggins and Stamatel, 2015); and there is a clear preference for returning lecturer supervisions approach, mostly because of reduced stress (Ussher and Carss, 2014). Mousavi, Mares, and Stonham (2015) concluded that by deploying the appropriate data acquisition mechanisms at appropriate intervals, the teaching and knowledge delivery process can be adopted to achieve the desired learning objectives.

The type of lecturer feedback that the academic progress of students varies from one author to another. Morris and Chikwa (2016) established that the type of feedback received did not impact students' grades in the subsequent assignment. In addition, while students were broadly positive about audio feedback, they indicated a strong preference for written feedback in future assignments. From the other point of view, Pokorny and Pickford (2010) suggest that written feedback is often not the most effective tool for helping students to improve their learning. Marking and providing feedback face-to-face compound staff and student perspectives (Chalmers, Mowat and Chapman, 2018); participation in a detailed review of feedback with the supervisor greatly increased the perceived impact of that feedback on current assignments (O'siochru, 2011). But, Ali, Ahmed, and Rose (2017) found that the only significant predictor of students' relationship with feedback variable was the year of study of the course. Blair (2017) provide a mixed picture, whereby academic workload and content are in line with students' expectations about engagement, assessment, and feedback; meanwhile Myllymaki (2012) found that the 'feed-forward', self-managed learning and personalized guidance framework enhance the student experience and aid understanding of the complex processes associated with providing written assessment feedback. Soares and Lopes (2017) found a positive impact of lecturer authentic leadership and psychological safety on the academic performance of students, but Penny and Coe (2004) indicated that the various approaches to the consultation are not equally effective for students achievements.

The content of lecturer feedback seemed to be important according to different researchers. Adams and McNab (2013) indicate that teachers in the arts and humanities should focus on ensuring that students understand goals and standards, particularly by giving feedback often and in time for the application to other learning activities and assignments. Pitts (2005) indicates that challenges in developing feedback practice apply even where changes sought are far from radical, and conclusions are drawn which suggest ways forward for practice and research in giving feedback. Mutch (2003) identified a conversational form of feedback with a focus on 'implied development' and placed in the context of Bernstein's notion of an 'invisible pedagogy'. Such a focus may disadvantage students and the importance of reflection on feedback in the context of knowledge. Hulme and Forshaw (2009) suggest that written feedback is not ideal and that the two-way dialogue intended is not always effective. Burton, Ma, and Grayson (2017) found that students who attended live lectures rated the course and its components higher than students who only viewed the video or used both methods. From the other point of view, Dong, Hwang, and Shadiey (2017) showed that students' willingness to engage via the technology was because they found it difficult to remember or understand the lecture content. Yuan and Kim (2015) found that technologies can be used to enhance the effectiveness of feedback in online courses and that effective feedback design was constructed to maximize the affordances of each technology that foster feedback dialogues, help to bring feedback from multiple sources, and encourage students to follow up with feedback. Demirbilek (2015) suggest that students benefited while engaging in the peer feedback process on both Wiki and Facebook and that the incorporation of Wiki and Facebook as a peer feedback tool improved critical thinking skills and improvement of material produced.



The other variables of curriculum, teaching, and learning seemed to be related to lecturer feedback that from the other side influence the academic progress of students. Orr and Bloxham (2013) suggest that lecturers in the study employed three macro conceptions of quality to support the judgment process, the demonstration of significant learning over time, the demonstration of effective studentship and the presentation of meaningful art/design work. Ginns and Barrie (2009) found the suitability of the survey for gathering confidential student feedback on lecturing effectiveness, and Smith and Wight (1988) found that students were enthusiastic in their assessment of the Friedman's (1987) immediate feedback and believed that it facilitated their learning. Evans (2013) suggests that the concept of the feedback landscape, informed by sociocultural and socio-critical perspectives, is developed and presented as a valuable framework for moving the research agenda into assessment feedback in higher education forward. Huxham (2010) found that different cues produce different notes, and lecturers should consider the effects of their lecturing cues on the notes their students will record. Academics should satisfy students' needs for feedback, not least the inclusion of questions about feedback (Jones and Gorra, 2013); and student ratings of the instructor's control of classroom correlated positively with their achievements (Braskamp, Caulley, and Costin, 1979). Durham, Russell and Van Horne (2017) indicated that the revised curriculum affected students' engagement in the course positively, contributing to students' learning outcomes. Gallo and Hillsborough (2009) suggest that although many students may prefer intensive courses or compressed schedules that minimize the time they spend on campus, these scheduling options may not be optimal for learning. As a conclusion of literature review, the relationships between lecturer feedback about academic performance and academic progress of students are important. Therefore, it is hypothesized that:

H # 1: There is a positive linear relationship between lecturer feedback about academic performance and academic progress of students

H# 2: Academic progress of students have been explained by lecturer feedback about academic performance

## **Methodology**

### *Method*

The mixed approach is the method used in the study, compounded by quantitative and qualitative instruments and techniques. Lecturer feedback about academic performance is an independent quantitative variable, and academic progress of students is dependent quantitative continuous variable.

### *Instruments*

The structured questionnaire was used to collect the primary quantitative data of independent and dependent variables from students. Semi-structured interviews were used to collect the primary qualitative data from lecturers. Structured questionnaires are based on (Sage 2017; OECD 2017), and are adapted, piloted and applied by the researcher. Semi-structured interviews are designed, piloted and applied by the researcher.

### *Participants*

The cluster random sample of students (N= 214), as shown in the table of descriptive statistics, and a convenient lecturer's sample (N= 13) were selected to be used in the study. From the cluster random sample of students, there are 150 females (70.1 percent) and 64 males (29.9 percent), and from the convenient lecturer's sample, there are 9 females (69.2 percent) and 4 males (30.8 percent).

### *Procedure*

An independent-samples t-test was conducted to compare the students' academic success scores for females and males. Linear multiple regression was used to assess the skills of one control measure to predict the academic progress of students levels by lecturer feedback about academic performance. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance-covariance matrices, and multicollinearity, with no violations noted.

## **Results and discussion**

### **Descriptive analysis**

#### **Lecturer feedback about academic performance'**

Table 1: Lecturer feedback about academic performance' frequencies

Lecturer feedback about academic performance

	Frequency	Percent	Valid Percent	Cumulative Percent
1 Never	73	34.1	34.1	34.1
2 Occasionally	108	50.5	50.5	84.6
Valid 3 Neutral	19	8.9	8.9	93.5
5 Very often	14	6.5	6.5	100.0
Total	214	100.0	100.0	

As shown in table 1, 34.1% of students never percept lecturer feedback; 50.5% of students occasionally; and 6.5% very often, meanwhile 8.9% are neutral. Referring descriptive statistics, 214 respondents ranging in levels from 1 to 5, with a mean of 1.94 and standard deviation of 1.01. This result means that approximately half of the students perceived lecturer feedback about academic performance. This value may be considered as a lack of lecturer feedback, and lecturers themselves should reflect and improve it. Lecturer feedback may support students, and as an important variable may influence the academic progress of students.

### Academic progress of students

Table 2: Academic progress of students' frequences

Academic progress of students

	Frequency	Percent	Valid Percent	Cumulative Percent
1 Very little	14	6.5	6.5	6.5
2 Little	39	18.2	18.2	24.8
Valid 3 Some	20	9.3	9.3	34.1
4 Quite a bit	97	45.3	45.3	79.4
5 Very much	44	20.6	20.6	100.0
Total	214	100.0	100.0	

As shown in table 2, 24.7% of students percept very little or little academic progress; 54.6% of students some or quite a bit; and 20.6% very much. Referring descriptive statistics, 214 respondents ranging in levels from 1 to 5, with a mean of 3.55 and standard deviation of 1.19. This result means that approximately more than half of the students are made academic progress.

This value may be considered a low level of academic progress, and lecturers themselves should reflect on this value in order to find out the causes and to influence them. Lecturers reflection and work may support academic progress of students.

### Inferential statistics

Table 3: Independent-samples t-test outputs

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Academic progress of students	1 Female	150	3.65	1.154	.094
	2 Male	64	3.33	1.261	.158

As shown in table 3, there was no significant difference in academic progress of students scores for females ( $M = 4.65$ ,  $SD = 1.154$ ) and males ( $M = 3.33$ ,  $SD = 1.261$ ), and  $t(214) = 1.798$ ,  $p = .074$ , two-tailed). The magnitude of the differences in the means (mean difference = .319, 95% CI: -.031 to .668) was small (eta squared = .015). This indicates there are not big differences between females and male students relating to academic progress. Meanwhile, the mean differences for females compared to males indicate that female students achieve greater academic progress than males.

**Test of hypothesis # 1**

Table 4: Pearson correlation outputs between lecturer feedback about academic performance, and academic progress of students

Correlations		Lecturer feedback about academic performance	Academic progress of students
Lecturer feedback about academic performance	Pearson Correlation	1	-.609**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	217.327	-156.383
	Covariance	1.020	-.734
	N	214	214
Academic progress of students	Pearson Correlation	-.609**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	-156.383	302.935
	Covariance	-.734	1.422
	N	214	214

\*\* . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 4, there is a high negative correlation between lecturer feedback about academic performance and academic progress of students variables,  $r = -.609$ ,  $n = 214$ ,  $p < .005$ , with high levels of lecturer feedback associated with low levels of academic progress. The result was not consistent with next following reported works, (Gibbs and Taylor, 2016; Stanton, 1979; Braskamp, Caulley and Costin, 1979), who argued that there is a significant positive relationship between lecturer feedback and academic progress of students. The result was consistent with following reported works (Hartney, 2007; Tyagunova and Greiffenhagen, 2017; McCarthy, 2017), who argued that there is not a significant positive relationship between lecturer feedback and academic progress of students. In conclusion *hypothesis # 1: There is a positive linear correlation between individual study work and students' academic success*, is been rejected. Therefore, lecturer feedback about academic performance does not influence the academic progress of students at all, even lecturer feedback worsen academic progress surprisingly.

**Test of hypothesis # 2**

Table 5: Regression outputs between lecturer feedback about academic performance, and academic progress of students

Model Summary									
Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Change Statistics				
					R Change	Square F Change	df1	df2	Sig. F Change
1	.609 <sup>a</sup>	.371	.368	.948	.371	125.292	1	212	.000

a. Predictors: (Constant), Lecturer feedback about academic performance

As shown in Table 5, total variance of academic progress of students levels explained by lecturer feedback about academic performance (the model) is 37.1%,  $F(1, 125.292)$ ,  $p < .005$ , the other variance may be explained by other variables. In the model, lecturer feedback:  $\beta = -.609$ ;  $p < .005$ . This indicates that lecturer feedback about the academic performance influence strongly academic progress of students. The result was consistent with previously reported works, who argued that lecturer feedback influences academic progress of students (Xu, 2010; Flowerdew and Miller, 1992; Ussher and Carss, 2014; O'siochru, 2011; Soares and Lopes, 2017; Ginns and Barrie, 2009; Smith and Wight, 1988). In conclusion *hypothesis # 2: Academic progress of students has been explained by lecturer feedback about academic performance*, is been supported. Therefore, lecturer feedback about academic performance influence strongly, but negatively (Pearson Correlation values) academic progress of students.

### Qualitative results

The results of the qualitative analysis are based on outputs of semi-structured interviews constructed to interview lecturers. The majority of lecturers (77%) stated that in general there are no differences between females and male students relating to academic progress. The 65% of lecturers stated they support students during the teaching sessions and beyond them, but their interest is low. The most of lecturers (69%) stated that academic progress of students is not at the required standards. The majority of respondents (79%) stated that the lecturer feedback about the academic performance influence strongly academic progress of students. Therefore, in conclusion, qualitative results support quantitative results.

### Conclusions and implications

Several limitations of the study should be acknowledged as part of conclusions. First, the measurement of lecturer feedback and academic progress of students variables is been made based on self-reported instruments. Second, the results of the research may generalize as a case of European University of Tirana, Albania. The aim of the study was to investigate the relationships between the lecturer feedback about academic performance and academic progress of students, as well as the influence of lecturer feedback in academic progress. The prior assumption was that lecturer feedback influence academic progress of students.

The results show that there are no differences between females and male students relating to academic progress. The study shows, that approximately half of the students perceived lecturer feedback about academic performance. The study found that approximately more than half of the students are made academic progress. It is found that there is a high negative correlation between lecturer feedback about academic performance and academic progress of students variables, with high levels of lecturer feedback associated with low levels of academic progress. It is found that total variance of academic success of students levels explained by lecturer feedback is relatively a high percentage. This result indicates that lecturer feedback about the academic performance influence strongly academic progress of students. Therefore, faculties and departments, as well as lecturers themselves should reflect on kind of feedback they use in order to support more the students to achieve their academic progress.

The results of the study, supported by other researchers about the influence of lecturer feedback on the academic progress of students have important implications for future research. Such research should investigate the influence of lecturer feedback on the academic progress of students in similar populations. Future research should also investigate the influence of other variables on the academic progress of students. Results of this study also have important implications for practice. The important programs should be designed to develop and to support lecturers for kind of feedback they should use in order to influence positively academic progress because it is confirmed by this study that lecturer feedback influence strongly academic progress of students. Overall the findings of this study enhanced theoretical and practical understanding as lecturer feedback is an important variable that influences the academic progress of students.

### References

- [1] Adams, J., McNab, N. (2013) Understanding arts and humanities students' experiences of assessment and feedback. *Arts and Humanities in Higher Education*. Volume: 12 issue: 1, page(s): 36-52.
- [2] Ali, N., Ahmed, L., Rose, S. (2017) Identifying predictors of students' perception of and engagement with assessment feedback. *Active Learning in Higher Education*.
- [3] Blair, A. (2017) Understanding first-year students' transition to university: A pilot study with implications for student engagement, assessment, and feedback. *Politics*. Volume: 37 issue: 2, page(s): 215-228.
- [4] Blair, A., Curtis, S., Goodwin, M. (2013) What Feedback do Students Want?. *Politics*. Volume: 33 issue: 1, page(s): 66-79.
- [5] Braskamp, A. L., Caulley, D., Costin, F. (1979) Student Ratings and Instructor Self-ratings and Their Relationship to Student Achievement. *American Educational Research Journal*. Volume: 16 issue: 3, page(s): 295-306.
- [6] Brooks, G. J., Brooks, G. M. (1993). *The case for constructivist classrooms*. Alexandria, VA: ASCD, 1993.
- [7] Burton, B. W., Ma, P. T., Grayson, S. M. (2017) The Relationship Between Method of Viewing Lectures, Course Ratings, and Course Timing. *Journal of Medical Education and Curricular Development*. Volume: 4.
- [8] Chalmers, C., Mowat, E., Chapman, M. (2018) Marking and providing feedback face-to-face: Staff and student perspectives. *Active Learning in Higher Education*. Volume: 19 issue: 1, page(s): 35-45.
- [9] Demirbilek, M. (2015) Social media, and peer feedback: What do students really think about using Wiki and Facebook as platforms for peer feedback?. *Active Learning in Higher Education*. Volume: 16 issue: 3, page(s): 211-224.

- [10] Dewey, J. (1934). Need for a philosophy of education. *New era in home and school*. November 1934, pp.212.
- [11] Dong, J. J., Hwang, Y. W., Shadiev, R. (2017). *Active Learning in Higher Education*. Volume: 18 issue: 2, page(s): 157-172.
- [12] Durham, D. F., Russell, E. J., Van Horne, S. (2017) Assessing Student Engagement: A Collaborative Curriculum for Large Lecture Discussion Sections. *Journalism & Mass Communication. Educator*.
- [13] Evans, C. (2013) Making Sense of Assessment Feedback in Higher Education. *Review of Educational Research*. Volume: 83 issue: 1, page(s): 70-120.
- [14] Flowerdew, J., Miller, L. (1992) Student Perceptions, Problems and Strategies in Second Language Lecture Comprehension. *RELC Journal*. Volume: 23 issue: 2, page(s): 60-80.
- [15] Gallo, A. M., Hillsborough, O. M. (2009) Examining the Relationship Between Class Scheduling and Student Achievement in College Algebra. *Community College Review*. Volume 36 Number 4 April 2009 299-325. <http://ccreview.sagepub.com> hosted at
- [16] Gibbs, C. J., Taylor, D. J. (2016) Comparing student self-assessment to individualized instructor feedback. *Active Learning in Higher Education*. Volume: 17 issue: 2, page(s): 111-123.
- [17] Ginns, P., Barrie, S. (2009) Developing and testing student-focused teaching evaluation survey for university instructors. *Psychological Reports*, 2009, 104, 1019-1032.
- [18] Hansen, M., Mendzheritskaya, J. (2017) How University Lecturers' Display of Emotion Affects Students' Emotions, Failure Attributions, and Behavioral Tendencies in Germany, Russia, and the United States. *Journal of Cross-Cultural Psychology*. Volume: 48 issue: 5, page(s): 734-753.
- [19] Hartney, E. (2007) Strategies for the management of lecturer stress in feedback tutorials. *Active learning in higher education*. Vol 8(1): 79-96.
- [20] Howe, R. K., Berv, J. (2000). Constructing constructivism, Epistemological and pedagogical, in D. C. Phillips, ed. *Constructivism in Education*. Ninety-ninth Yearbook of the National Society for the study of Education, Part I. Chicago: University of Chicago Press, 2000, pp. 19-40.
- [21] Huggins, M. C., Stamatel, P. J. (2015) An Exploratory Study Comparing the Effectiveness of Lecturing versus Team-based Learning. *Teaching Sociology*. Volume: 43 issue: 3, page(s): 227-235.
- [22] Hulme, J., Forshaw, M. (2009) Effectiveness of feedback provision for undergraduate psychology students. *Psychology Learning and Teaching* 8(1), 34-38.
- [23] Huxham, M. (2010) The medium makes the message: Effects of cues on students' lecture notes. *Active Learning in Higher Education* 11(3) 179-188.
- [24] Jones, O., Gorra, A. (2013) Assessment feedback only on demand: Supporting the few not supplying the many. *Active Learning in Higher Education*. Volume: 14 issue: 2, page(s): 149-161.
- [25] Mandal, K. N. (2018) Importance of student feedback in improving mechanical engineering courses. *International Journal of Mechanical Engineering Education*.
- [26] McCarthy, J. (2017) Enhancing feedback in higher education: Students' attitudes towards online and in-class formative assessment feedback models. *Active Learning in Higher Education*. Volume: 18 issue: 2, page(s): 127-141.
- [27] Morris, C., Chikwa, G. (2016) Audio versus written feedback: Exploring learners' preference and the impact of feedback format on students' academic performance. *Active Learning in Higher Education*. Volume: 17 issue: 2, page(s): 125-137.
- [28] Mousavi, A., Mares, C., Stonham, J. T. (2015) Continuous feedback loop for adaptive teaching and learning process using student surveys. *International Journal of Mechanical Engineering Education*. Volume: 43 issue: 4, page(s): 247-264.
- [29] Mutch, A. (2003) Exploring the practice of feedback to students. *Active learning in higher education*. Vol 4(1): 24-38 [1469-7874 (200303) 4:1;24-38;030858].
- [30] Myllymaki, S. (2012) Cooperative learning in lectures of an advanced electrical engineering course. *International Journal of Electrical Engineering Education*. Volume 49, Number 2 (April 2012).
- [31] O'siochru, C. (2011) Using Staff-Student Reviews of Past Feedback to Increase the Impact of that Feedback on Current Assignments. *Psychology Learning and Teaching*. Volume 10 Number 2 2011 [www.worlds.co.uk/PLAT](http://www.worlds.co.uk/PLAT) 118
- [32] Orr, S., Bloxham, S. (2013). *Arts and Humanities in Higher Education*. Volume: 12 issue: 2-3, page(s): 234-253.
- [33] Penny, R. A., Coe, R. (2004) Effectiveness of Consultation on Student Ratings Feedback: A Meta-Analysis. *Review of Educational Research*. Summer 2004, Vol. 74, No. 2, pp. 215-253.
- [34] Pitts, E. S. (2005) Testing, testing . . . How do students use written feedback?. *Active learning in higher education*. Vol 6(3): 218-229.

- [35] Pokorny, H., Pickford, P. (2010) Complexity, cues, and relationships: Student perceptions of feedback. *Active Learning in Higher Education* 11(1) 21–30.
- [36] Rae, M. A., Cochrane, K. D., (2008) Listening to students How to make written assessment feedback useful. *Active learning in higher education*. Vol 9(3): 217–230.
- [37] Smith, A. R., Wight, R. (1988) Student Evaluation of Friedman's Immediate Feedback, No Return Test Procedure for Introductory Psychology. *Teaching of Psychology*. Volume: 15 issue: 4, page(s): 209-210.
- [38] Soares, E. A., Lopes, P. M. (2017) Are your students safe to learn? The role of lecturer's authentic leadership in the creation of psychologically safe environments and their impact on academic performance. *Active Learning in Higher Education*.
- [39] Stanton, H. E. (1979) The Transformed Lecturer: A Case Study in Consultancy. *Australian Journal of Education*. Volume: 23 issue: 1, page(s): 58-63.
- [40] Tyagunova, T., Greiffenhagen, C. (2017) Closing seminars and lectures: The work that lecturers and students do. *Discourse Studies*. Volume: 19 issue: 3, page(s): 314-340.
- [41] Ussher, B., Carss, W. (2014) Strengthening practicum conversations: Enhancing professional learning and development through returning lecturer supervisions. *Australian Journal of Education*. Volume: 58 issue: 3, page(s): 248-261.
- [42] Xu, Y. (2010) Examining the effects of digital feedback on student engagement and achievement. *Journal of educational computing research*. Vol. 43(3) 275-291, 2010.
- [43] Yuan, J., Kim, M. C. (2015). *Journal of Educational Computing Research*. Volume: 52 issue: 3, page(s): 408-434.

## Deconstruction of Gender Stereotypes Through Fashion

Assist. Prof. Dr. Nihan Akdemir

Altınbaş University, Faculty of Fine Arts and Design

### Abstract

This research aims to investigate the role of fashion in the context of the deconstruction of gender stereotypes. Expectation of society and culture related to the biological structure of the individual carries some roles and this role also carries many gender stereotypes in it. But the individual can use the clothing style to express his or her gender identity which may not match the expectations of the community and society. In the context of big role of the clothing, stereotypes could be deconstructed because clothes are the visible expression of gender identity of the person. And fashion is a big part of this structure because fashion is a pioneer of what people wear. Nowadays fashion has also mean about expressing identity independent of whether you were born male or female. Many fashion brands prepare their collections in the concept of 'gender fluid' by deconstructions. The representations of gender fluidity through fashion help bring a sense of normality to people who are trying to find the self-confidence to express who they want to be. And the results are showed that the numbers of collections about it are increasing and fashion sector takes this issue into consideration.

**Keywords:** Fashion, Gender Identity, Gender Stereotypes, Deconstruction, Gender Fluid

### Introduction

Stereotypes are the common beliefs and values of the group, culture or religions and the gender stereotypes are fixed ideas about men's and women's traits and capabilities and how people should behave based on their gender. For example common gender stereotypes about the color blue and pink for boy and girl. In fact these stereotypes could lead also to discrimination. But clothing for both men and women is culturally defined by the society. Cultural norms and expectations are related to the meaning of being a man or woman and are closely linked to appearance means clothing, because the clothing is the most important point of representation of the identity. At this point the clothing has a big role. When the concept of clothes is concerned, the concept of fashion is emerging. And the essence of fashion is transformation and innovation and Deschamps has come to the conclusion that fashion is global. Three of Deschamps' twelve vector fashion devices are gender, society, and norm.

So, the relationship between gender and fashion is an important point, even with different parameters. It means that if society changes, norms changes and if the norms changes, fashion changes or vice versa. And also these changes can come out with the changes of perceptual perspective.

In this research the stereotypes in the perception of form and color appearances about clothing has been tried to examine. Then, the gender stereotypes which are deconstructed at fashion scenes have been explained over the examples. The role of fashion in the adoption of change by society has been tried to explain through examples.

### The Roots and Construction of Gender Discrimination at Fashion

The common of the society has unspoken rules about gender dressing codes. The stereotypical masculine or feminine qualifications are not personality characteristics of individual men and women but socially constructed representations of gender, on the basis of what society expects of each sex (Condor, 1987; Lloyd & Duveen, 1993).

As dress can be used as a communication tool to communicate information such as one's gender or status, it can carry some stereotypes according to the culture, religion or society. Before 1649 – Puritan influences on dressing after King Charles I was dead- there were no significant differences between sexes in their way of dressing. Both sexes would wear decorated costumes. One's class determined with the colours and shapes of the gowns, not one's gender. The aristocrats and bourgeois superiors, used to show the abundant lace, rich velvets, silks, decorated shoes, elaborate hats, wigs and

plenty of perfume (Davis, 1992). A pink, silk suit with gold and silver decoration was seen as entirely masculine. The clothing was the signifier of social class and the more elaborate it was the higher the social class.

But later it had changed year by year. Instead of Macaroni's floral, colorful garments, Dandy's slim, less colorful and less embroidered garments started to become popular for men's wearing. The Macaroni were aristocrats who tried to distinguish themselves from the growing middle class with too quirky and weird clothes (Craik, 1993). The Dandies are the movement introduced by Beau Brummel in London, a socially ambitious man, who tried to join the higher social circles. It was continued by Beerbohm and George de Maurier. With simple, plain clothes he tried to create the new aristocrat style. He wore starched white linen shirt with cravat and black pants, black vest and tight waisted wool coat and breeches. Everything fit perfect, was clean and crisp, and he was proud for the cleanliness. He wore soft yellow gloves and used a black walking stick with ebony handle. He was the forerunner of the modern business suit and tie (Entwistle, 2000) (pic.1).

As Flügel's description (1930) it's the great male abandonment, the most important event in the history of dressing in which men are no longer interested in "beautiful" appearances and want it only to be useful. It won't be wrong to say that it was the important period of the concept of "wearing just like a man" and "wearing just like a woman", had accepted by the society.

As Hunt (1996) and Kawamura, (2016) said fashion has been feminized in the 19th century and has become more powerful than the representation of the social class representing the gender gap in clothing.



Picture 1. Left:Macaroni Look- <https://unframed.lacma.org/2016/06/08/styling-macaroni-male>19.06.2018

Right: Dandy Look- <http://www.messynessy chic.com/2011/04/05/who-is-the-dandy-man/> 19.06.2018

### Gender Stereotypes which are Deconstructed at Fashion Scenes

Since 1920, pants for women began to be tolerated in sports and some limited activities such as cycling and horse riding (Sawyer, 1987). In 1949, Richard Curle unleashed a damning indictment of women who revolt against traditional forms of femininity; calling them "sour spinsters". Earlier, in 1939, the fashion designer Elizabeth Hames argued that women were not yet ready to wear trousers at work. It took a world war to remove their corsets; will need another one to accept the trousers (Arvanitidou, Gasouka, 2013). During the 1960s society reflected the rising wave of gender politics and the sexual revolution. The 1960s and 1970s are seen to be the era where in gender stereotypes were questioned and dismantled, a time where in feminist and gay rights movements were gaining a voice, and the fashion industry reacted to these movements.

While we've seen gender stereotypes challenged and occasionally defeated in fashion and popular culture throughout history such as David Bowie, the Disco era; these breakthroughs were not necessarily about removing the labels within gender, but about crossing and breaking those boundaries. In 1966, one of the most important revolutions for woman dressing had come into the scene with YSL, the collection called 'Le Smoking' (Pic. 2). In the same period, jean pants



which were the term unisex and had a counter stance about gender discriminatory, spread in the United States, also in Europe. It has been the symbol of the liberating of the body from rituals and social roles.



Picture 2. Yves Saint Laurent (YSL), Le Smoking Collection, 1966. <https://www.designer-vintage.com/en/masterclass/article/masterclass-yves-saint-laurent-s-le-smoking>, 19.06.2018

Those periods were another important points at fashion not about the construction of gender stereotypes but about the deconstruction of gender stereotypes. Because they were the first steps of the deconstruction of gender stereotypes and basis of today's fashion styles. As Waquet and Laporte (2011) said that the development of the form, use and color of a garment over time; the social change of women and men wearing these clothes reveals change of own society. Nowadays the bridges between gender roles are becoming progressively more narrow, not only in the fashion industry but throughout society, mainstream media and politics.

The clothing style that looks like the shadow of the otteritan is disappearing. On the one hand, socialist social struggles, on the other hand, the unisex approach of the developed market system, as well as the evolving democratic human rights consensus, abolished gender discrimination (Anger, 1998). New approaches, new concepts, new terms emerged such as gender fluidity, gender free collections, mix gender shows.

Today's fashion revolutionaries are not interested in feminising men or emasculating women, rather they are aiming to blur the masculine/feminine divide and eliminate those labels. And it means gender fluidity in fashion. From the runways, through to the high street, the emergence of genderless fashion is slowly beginning to distort the line between traditional gender roles in the industry. As seen at picture 3, Calvin Klein's collection is for women and men to wear virtually interchangeable clothes, in restrained, minimalist androgyny at New York Fashion Week.



Picture 3. Calvin Klein by Raf Simons Spring 2018

[https://1.bp.blogspot.com/-nt5eT6d89kA/WbYOWWkxx3I/AAAAAABi0I/kH-t9Beb2mchsWgaLk1VwG0r\\_E2o0Xv1QCLcBGAs/s640/CK\\_4\\_Fotor\\_Collage.jpg](https://1.bp.blogspot.com/-nt5eT6d89kA/WbYOWWkxx3I/AAAAAABi0I/kH-t9Beb2mchsWgaLk1VwG0r_E2o0Xv1QCLcBGAs/s640/CK_4_Fotor_Collage.jpg) 20.06.2018

Then it won't be wrong to say that the speed of this situation will increase with a high speed time by time with the influences of fashion shows. Traditionally, men's and women's collections are shown at different times—in fact there are two separate biannual fashion weeks, one dedicated to each sex. But especially at last two or three years fashion shows have been started to arrange for both sexes. Starting in 2016 September, Burberry and Bottega Veneta combined their men's and women's collections into one show, held on the women's show schedule. Bosse Myhr who is the director of Menswear, Selfridges, said "The key point of interest for me is a new sense of fluidity and freedom in the industry. All formats are

relevant now. There was a point when people thought fashion shows would be a thing of the past in the digital age. Flexibility and new ideas can only bring new and expanded opportunities" (Abnett, 2016).

If we talk about the "color": of course color is one of the most well-known stereotypes about clothing as Martin (1998) says "When clothing genders the body, the color of clothing is an important element in that gendering process". But it changed nowadays because men have started wearing vivid colors as never before except Renaissance and Rococo periods. But also gender stereotypes about using color on clothing have been started to deconstruct.

For example Gucci's mostly colorful collections are absolutely deconstruction of gender stereotypes through fashion not only about the color but also forms (Pic. 4). Gucci followed suit with a collection of loose silks, floral prints on suiting and shorts and bows and embellishments – all of which could, and more importantly were worn by all genders. Gucci's creative director, Alessandro Michele stated: "It seems only natural to me to present my men's and women's collection together. It's the way I see the world today. If the clothes are beautiful, what does it matter who's wearing them?" Michele's explanation also can be supported with Bourdieu's enunciation at "masculine domination". "Bourdieu's main concern was to create any kind of effect that would heighten the unequal relations between the sexes" (Maton, 2005).



Picture 4. Gucci Catwalk, 2016 [https://media.gq.com/photos/5703c96b99ca77a949c75f2e/master/w\\_800/gucci-unisex-runway.jpg](https://media.gq.com/photos/5703c96b99ca77a949c75f2e/master/w_800/gucci-unisex-runway.jpg) 20.06.2018

Another example about deconstruction of gender stereotypes through fashion can be given above leopard design because we are used to seeing leopard patterns in more women's collections. It is often found to be unusual for men. But leopard patterns were seen in male fashion anymore as Dolce&Gabbana fashion show (Pic. 5),



Picture 5. Dolce&Gabbana, Spring/Summer/2017 <http://www.brandlifemag.com/2017-ilkbaharyaz-erkek-modasi/> 20.06.2018

Michele's ideas and other designers' ideas that create unusual looks, mixgender shows, new concepts like gender fluidity, gender free collections, can be also supported with Derrida's deconstruction theory. According to Derrida (1981) every element of the system will change all connectivity, so every element will change again and again. In this direction, the deconstruction must be considered as a two-stage radical critique. The first stage is disruption, the second stage is rebuilding. The structure of meaning of the subject is disrupted at the first stage. In the second stage, the subject is rebuilt in a completely different context. Instead of imposing itself as a truth claim, the re-establishing process that emerges in the

second stage leaves the endless meanings into new possible chains of meaning as a trail in the chain. In this respect, deconstruction is not a mere demolition. It is a structure that operates to keep the possibility of constantly building new constructions alive.

It can be said that the functions of fashion is very important at those points. Fashion makes an unusual styles - I mean outside the norms of the society and the style which is surrendered with stereotypes- visible. Then fashion has a big role about adaptation of people to them and has a power on normalizing them.

Of course it is still hard to see exactly the same looks that we have seen at catwalks, on streets. But it can be said that it has started with small steps on streets. For example high street hero H&M; who have pioneered genderless collections before, are doing it again with a fashion forward denim line that truly blurs the lines of feminine and masculine clothing. Offering a laid-back range of stylish separates, those are actually super wearable (pic 6).



Picture 6. H&M are changing the face of fashion with gender fluid denim line

<http://www.marieclaire.co.uk/fashion/hm-changing-the-face-of-fashion-with-gender-fluid-denim-line-484269> 20.06.2018

## Conclusion

The existence of the gender concept in the fashion sector in the context of discrimination has been created in the past by power relations, social structure and sociological reasons. But especially nowadays, it has become a situation that is being tried to be removed again. At this point, this research shows how fashion takes a part in society about the deconstruction of gender stereotypes. The research shows that the role of fashion is making visible some situations about this subject and deconstructing norms about forms, colors which had been adapted to person from childhood by the society. And I won't be wrong to say that today's fashion revolutionaries are not interested in feminising men or emasculating women. Fashion wants to eliminate those labels. This means fashion wants to deconstruct gender stereotypes in the context of wearing styles. Also this means that the fashion is aiming to blur the masculine/feminine divide because of idea which argues that garments have no gender.

## References

- [1] Abnett, Kate (2016). Are Mixed Gender Shows the End of Men's Fashion Weeks? <https://www.businessoffashion.com/articles/news-analysis/are-mixed-gender-shows-the-end-of-mens-fashion-weeks-london-collections-men-new-york-fashion-week-mens-milan> 20.06.2018
- [2] Anger, B. (1998). *Tarih Boyunca Erkek Gibi Kadınlar*, İstanbul: Kaynak Pub.
- [3] Arvanitidou, Z; Gasouka, M. (2013). *Mediterranean Journal of Social Sciences* MCSER Publishing, Rome-Italy, Vol 4 No 11, 111-115.
- [4] Condor, S. (1987). *Newsletter of the British Psychology Society Social Section*.
- [5] Craik, J. (1993). *The face of fashion*. New York: Routledge
- [6] Curle, R. (1949). *Women, An Analytical Study*. London:Watts & Co.
- [7] Davis, F. (1992). *Fashion, Culture and Identity*. Chicago: University of Chicago Press
- [8] Entwistle, J. (2000). *The Fashioned Body: Fashion, Dress and Modern Social Theory*. Cambridge: Polity.
- [9] Flügel, J. (1930). *The Psychology of Clothes*. London: Hogarth.
- [10] Hunt, A. ( 1996). *Governance of the Consuming Passion: A History of Sumptuary Law*, New York: St. Martin's Press.
- [11] J. Derrida (1981). "Implications" *Positions* trans. Alan Bass, Chicago,The University of Chicago Press.
- [12] Kawamura, Y. (2016). *Moda-loji*, İstanbul: Ayrıntı Pub.
- [13] Lloyd, B., & Duveen, G. (1993). *Gender and education*. Hemel Hempstead: Harvester Wheatsheaf.

- [14] Martin, K. A. (1998) Becoming a gendered body: practices of preschools, *American Sociological Review*, 63(4), 494-511.
- [15] Maton, K., (2005). "The Sacred and The Profane: The Arbitrary Legacy of Pierre Bourdieu", *European Journal of Cultural Studies*, vol. 8 (1), p. 101-112.
- [16] Sawyer, C. (1987). Men in Skirts and Women in Trousers, from Achilles to Victoria Grant: One Explanation of a Comedic Paradox. *The Journal of Popular Culture*, 21, 1 – 18.
- [17] Waquet, D. ; Laporte, M. (2011). *Fashion*, Ankara: Dost Pub.

## Private Armies in Contemporary International Politics

Ass. Prof. Dr. Bujar Ahmedi

MSc. Besian Ahmeti

State University Tetovo – Macedonia, Law Faculty

### Abstract

The use of mercenaries has been historically a constant phenomenon till almost the end of the XX century, when their activities were criminalized by the international community. Although the age-old profession of being a mercenary may be as old as the history of warfare itself, we are perhaps witnessing a 'golden age' for the soldier of fortune. Since the end of the Cold War, there has been a proliferation of mercenary activity across the globe. Today's modern mercenary cohorts, the 'private military companies' (PMCs) that pursue their services the world over, have become big business. Since 2004, the total net worth of publically traded PMCs, excluding some less legitimate enterprises, exceeded \$100bn globally. Despite the prolonged economic malaise post-2008, the private security sector has maintained an impressive upward pattern of growth. This emergence of the PMC as a key security actor within conflicts and regions of instability around the world has strengthened the age-old academic interest in the affairs of the mercenary.

**Keywords:** Cold war, conflicts, international community, private armies, international politics etc.

### 1. Introduction

The use of mercenaries has been historically a constant phenomenon till almost the end of the XX century, when their activities were criminalized by the international community. Although the age-old profession of being a mercenary may be as old as the history of warfare itself, we are perhaps witnessing a 'golden age' for the soldier of fortune. Since the end of the Cold War, there has been a proliferation of mercenary activity across the globe. Today's modern mercenary cohorts, the 'private military companies' (PMCs) that pursue their services the world over, have become big business. Since 2004, the total net worth of publically traded PMCs, excluding some less legitimate enterprises, exceeded \$100bn globally. Despite the prolonged economic malaise post-2008, the private security sector has maintained an impressive upward pattern of growth. This emergence of the PMC as a key security actor within conflicts and regions of instability around the world has strengthened the age-old academic interest in the affairs of the mercenary.

Contrary to mercenaries, private military and security companies are legally registered transnational corporations which obtain contracts from governments, private firms, intergovernmental and non-governmental organizations. In low intensity armed conflicts or post conflict situations such as Afghanistan and Iraq their employees, contracted as civilians but armed as military personnel, operate in "grey zones" as unlawful combatants without oversight or accountability, under murky legal restraints and often with immunity.

The outsourcing of a number of basic functions which traditionally were carried out by national armies or police forces, known as the top-down privatization, has blurred the borderlines between the public services of the State and the private commercial sector. The activities of humanitarian non-profitable organizations and those of military and security transnational companies working for financial gain are also being blurred. Private military corporations often provide security and protection to humanitarian non-governmental organizations in conflict or post-conflict areas where it has become difficult for the population to distinguish them from the national armies or police forces. Humanitarian assistance risks becoming associated with an intervening armed force represented by private military and security guards. Furthermore, these PMCs do not hesitate to present themselves as peace organizations and utilize the aims of humanitarian non-profit organizations to advertise their activities.

PMCs fill the vacuum mainly left in three types of unstable situations:

- I. in zones of low-intensity armed conflict (the new asymmetrical wars) where the armies are not fully deployed or in post conflict situations with a high level of insecurity;
- II. in armed conflicts when international organizations do not intervene; and
- III. in troubled areas in developing countries where there is no presence of the State and extractive transnational corporations operate.

Under the emergent system of international criminal law, the individual is a subject of the law. Mercenary, like terrorism, has become an international crime. If at the international and regional level there are specific provisions regarding mercenarism and a definition of what a mercenary is, there is no definition or references to these new non-state actors which are the PMCs.

## **2. PRIVATE MILITARY COMPANIES (PMC)**

### **2.1 Private Military Companies**

As mentioned before, from antiquity until today, mankind has always been engaged into wars, and as long as there are wars, there will be soldiers and out of soldiers, there must be mercenaries. From the formation of the French Foreign Legion in the XIX century and on, the urge to form far more sophisticated mercenary armies with air craft and marine became inevitable. All of this, led into the corporate transformation.

Although the man who first formed this industry by founding WatchGuard International was David Stirling, a Scottish Lard and a military man in 1960, there are some other theories that say DynCorp of United States of America was the first one, mainly because it provided "technology and logistics support" to the American Army in Korea and Vietnam since 1946.

It is universally known that the state is an organized authority which can have an army and hand over its rights to organizations to form Private Military Companies (PMC) but still under the state's sanction. The state responsibilities are elaborated by the International Law Commission under Article 5 and 8. PMC are universally accepted and answer to war crimes and sanctions just as the state army would. They operate in international or non-international conflict and can be hired by a state party for an armed conflict, by a private company to protect its operation where the conflict it's taking place or most rarely, by a non-state party for an internal armed conflict. Based on United Nations report, their industrial worth is about US\$100 billion but very much questionable if one day, all this industry is going to fade overnight. Today, there are around thirty PMCs all over the world.

### **2.2 Private Military Companies' Employees**

Soldiers of fortune played a great role for the following five decades, but they were also controversial or they were largely marginalized as criminals. To avoid mercenary criminalization and violating activities, mercenaries fall under two specific international conventions. Under these conventions, apart from financing, recruiting, training and use of mercenaries being a mercenary is not a crime, and mercenarism is not engendered with criminalization but if a mercenary falls as a prisoner-at-war, he will have no protection. Also, as a result of conflict and war victims, in August 12, 1949, it brought forth the demand of adding the Geneva Conventions Article 47 of Protocol I a Protection on Victims of International Armed Conflicts.

These sanctions were not entirely respected by individual mercenaries, especially by the African private armies that by 1970, their fame came into question whether private armies should exist, or how much should they be allowed to rule due to the widespread terror and crime they were imposing upon people.

Although questionable if all PMC employees are mercenaries, being a part of this industry, comes at a toll. Being under the company's uniform does not make you any different than an individual mercenary because, the mercenary's main motive is profit and being destined to kill for pay. In this case, any other motive, such as patriotism, liberty, altruism, or oppressing fall out of the mercenary category. Since PMC's main motive is profit, their very essence is also business obligated to taxation, and therefore it requests a profit with transparency, legal and moral obligations.

The more the industry was growing the higher the problems involving mercenaries and companies under the international humanitarian law became. Governments insisted on privatizing their functions to PMC asserting that these employees were "civilian contractors" and not combatants leaving the PMC and mercenaries accountable for their action. When cases appear, confusion always arises as to how contradictory this industry is and how the law applies and who answers to crimes if committed. Such are the two most familiar cases where it is still arguable whether the charges go to the private military companies, the state army or to the contracted individuals.

First is the case of the four Blackwater employees being killed and mutilated, and burned by Iraqi civilians in Fallujah bridge in April 2004 not having a clear distinction between a “civilian contractor” and a military one. Second is the CACI “civilian contractor” torturing Iraqi detainees in prison. United States has raised a court case for the US military personnel, but for the allegedly involved private contractors, nothing is raised so far. These two incidents have driven a discourse that the role, the status, regulations and accountability of a private military contraction must be increased by the international law.

There are also cases where even the US Intelligence Agency (CIA) is being questioned about engaging a private contractor for war on drugs in South America against the FARC in Columbia. There is also the Sierra Leone case with Executive Outcomes Private Military Company where employees were engaged into fight with the rebels since the national forces failed. Although their case is successive, it very much poses a challenge to those who defend the international human law. In 2001, Kathryn Bolkovac brought DynCorp on court for women and girls sex trafficking after the war in Bosnia and Herzegovina. Last but not the least case of PMCs misuse, is the pleading guilty of Sir Mark Thatcher’s collaborating with a private contractor to organize a coup in Equatorial Guinea without being aware what was he being involved in.

Based on what I have stated above, it can be concluded that the industry of the PMCs and its laws and regulations are complex and multifaceted.

### 2.3 Theoretical approaches

The author shall attempt to shed light on the topic of PMCs by relying on two theories, namely Realism and Security Governance theory.

Given the fundamental value attached to the notions of state centrality and the state monopoly over violent force as projected by Realism, it is perhaps comprehensible that the response to increased PMC activity in international security affairs from Realist scholars has been predominately reactionary – although we shall see this neither necessarily implies the impossibility of integrating the PMC within existing theoretical security structures nor presumes a negative outcome as a result. Whilst critics such as Peter Singer contend that the state security monopoly is only a late aberration in international affairs, it is undeniable that the existence of the PMC as an actor employed to project violence force has the potential to destabilize state-centric security structures. From a Realist perspective, the fundamental threat posed by the PMC emerges from the development of a structural ‘dependence’ upon the provision of security by private actors.

Contemporary security scholars from a range of theoretical disciplines have sought to engage with the PMC, many posing serious questions regarding the capacity of the PMC to contribute to international security. However, thus far critics have generally failed to undertake any cross-theoretical assessment of the PMC as a contributor to international security, with the vast majority of existing literature falling foul of a clear polemical bias either in favor of one particular theory of international security, or otherwise in general opposition to the PMC as a security actor.

Despite the ideological differences of both Realism and the Security Governance theory, both theories share a degree of similarity in their approach to the PMC; whilst Governance and Realism contain inherent bias for and against the PMC as a security actor respectively, the two theories share the view that the PMC is capable of both positively contributing and undermining existing security structures.

From the perspective of Realist scholars, the PMC is, in the first instance, a corporate entity. The very nature of the PMC invariably means that private military contractors act in the manner of a private company – it must be fiscally responsible and profitable for shareholders, and, as such, is capable of possessing an nationalistic or ideological commitment to any particular State only insofar as it complies with its first priority of making money. This in turn has a number of implications for states seeking to employ the services of PMC actors. Relying upon the services of PMC forces is inherently hazardous insofar as that it is impossible, or at least problematic, to order the individual PMC employee to act on the grounds of national loyalty or duty.

Whilst Security Governance theory similarly identifies an increasing structural dependence upon PMC services amongst state actors, Governance scholars embrace the growing integration of PMC actors into state security structures as both a desirable and inevitable ‘delegation’ of security away from the state. For Governance scholars, the increasing employment of PMC actors represents a logical decision on behalf of state actors in response to the realities of security in the post-Cold War period.

As part of this devolution of security, the PMC presents itself as a largely positive contributor to existing state-centric security structures. For Governance theorists, the widespread integration of the PMC within the military apparatus of state actors comes in the first instance as the result of a logical pursuit of economy and efficacy that echoes aspects of the Realist

argument in favor of the PMC. For many states, resource scarcity presents itself as the main driver towards the economic incentive to employ PMC forces.

Whereas such success stories may appear to validate claims that the PMC can positively contribute to state-centric security, from the perspective of Realist scholars these favorable incidences are counterbalanced by the numerous cases where a dependency upon PMC actors for security has either weakened or fatally undermined state sovereignty. In regions suffering from civil strife or internecine war, employment is lucrative.

#### 2.4 Categories of PMC

There is a wide range of categories that various researchers give to PMCs. Below we will provide a three-tiered classification of PMC categories based on their profile of activities:

- I.
  - a. Operational provider – an all-purpose combat-capable military formation: insurgent suppression, country-building missions or peacekeeping,
  - b. Consulting provider – tactical training, organizational analysis, management, counseling and logistical support for the U.S. Army,
  - c. Logistical and training provider – provides supplies, shelter, meals and other base facilities for the military personnel. It can also provide repairing, rebuilding and fighting oil well fires,
  - d. Intellectual provider – offering intelligence personnel and equipment; surveillance and aerial mapping, photographs, videos and other network assistance,
  - e. Security and anti-terror provider – security and private military contractor; weapon and mine- clearance.

#### II.

- a. Military provider firms supplying direct tactical military assistance that can include serving in front-line combat;
- b. Military consulting firms that provide strategic advice and training and
- c. Military support forms that provide logistics, maintenance and intelligence services to armed forces.

#### III.

- a. Private security companies
- b. Defence producers
- c. Private military companies
  - i. Consulting
  - ii. Logistics and support
  - iii. Technical services
  - iv. Training
  - v. Peacekeeping and humanitarian assistance
  - vi. Combat forces
- b. Non-statutory forces and
- c. Mercenaries.

This very diverse classification, serves only as an illustration to how sophisticated and complex is the combatant industry.

The overall PMC's role is not to engage in combat roles. However, over the last few decades most of the high-profile companies have engaged into a combat while in defense, or into an attack when guarding in operation. Therefore, apart



from consisting security for the bases, facilities and individuals, logistical, Special Forces and intelligence gathering operations, PMC's combat role is constantly increasing.

For the sake of this thesis argument, we will be focusing on the case study of one of the most prominent representatives of the PMC world, namely Blackwater. Based on the classifications above, Blackwater falls under a many different categories, yet we will consider it as falling under the second categorization, namely as an Operational Provider.

### 3. THE INTERNATIONAL LEGAL FRAMEWORK

#### 3.1 Mercenaries by the UN Approach

The immense use of mercenaries and PMC throughout history, forced the international law to come up with more detailed and specific laws for mercenaries. As mentioned in chapter III and in PMC's Employees above, the first document under the Geneva Convention of 1977 is the Article 47 of Protocol I, which explaining the term "mercenary", exempting them from the right of prisoner-at-war and prohibiting combatants to carry weapons. The second document adapted in 1989 but enforced in 2001 is the International Convention Against the Recruitment, Use, Financing and Training of Mercenaries.

Based on the Article 47 of Protocol I, the United Nations Convention:

1. A mercenary is any person who:

- (a) Is specially recruited locally or abroad in order to fight in an armed conflict;
- (b) Is motivated to take part in the hostilities essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar rank and functions in the armed forces of that party;
- (c) Is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict;
- (d) Is not a member of the armed forces of a party to the conflict; and
- (e) Has not been sent by a State which is not a party to the conflict on official duty as a member of its armed forces.

2. A mercenary is also any person who, in any other situation:

- (a) Is specially recruited locally or abroad for the purpose of participating in a concerted act of violence aimed at:
  - (i) Overthrowing a Government or otherwise undermining the constitutional order of a State; or
  - (ii) Undermining the territorial integrity of a State;
- (b) Is motivated to take part therein essentially by the desire for significant private gain and is prompted by the promise or payment of material compensation;
- (c) Is neither a national nor a resident of the State against which such an act is directed;
- (d) Has not been sent by a State on official duty; and
- (e) Is not a member of the armed forces of the State on whose territory the act is undertaken

According to this, to be a mercenary, you must meet all of the six requirements. However, two of them are the most problematic ones.

The first condition, "recruited to fight" leaves a gap into understanding that the contractor must be involved into "fighting" in order to guard a place or installation, or to defend a military objective against enemy forces regardless if its "offensive" or "defensive" operation. This raises the question how would the "training" that the private contractor provides will be taken. There is a specific case during the Croatian-Serbian war where the US private military company called the MPRI, was hired to plan and command the military operations to the military personnel .

The second issue is being a "neither a national of a Party to the conflict nor a resident of a territory controlled by a Party to the conflict" which also is unclear how it applies to the PMC's state and the mercenary state. When the Article 47 was adopted, the nationality issue was not a problem, but with the rise of the PMC's industry, issues like this became more evident. For instance, during the Iraq's invasion, the US PMC hired a German contractor who falls within Article 47, however, for the same issue, a British or an American co-worker, would not.

### 3.2 “Civilians” and “Combatants”

To limit civilian loss and to achieve an important side of traditional interstate relations, the international humanitarian law made a fundamental distinction between a civilian and a member of the armed forces - combatant. The international humanitarian law does not allow a “quasi-combatants” category as it has been used in some war efforts.

#### 3.2.1 Combatants

By the international humanitarian law, a person who is entitled to participate or engage into hostility is called a “combatant”. Furthermore, a combatant and a person protected under Geneva Convention is a:

1. members of the armed forces (including militias or volunteer corps forming part of such armed forces).
2. members of other militias and other volunteer corps, including those of organized resistance movements, operating in or outside their own territory, even if this territory is occupied, provided that they:
  - a. are commanded by a person responsible for his subordinates;
  - b. have a fixed distinctive sign recognizable at a distance;
  - c. carry arms openly; and
  - d. conduct their operations in accordance with the laws and customs of war.
3. members of regular armed forces who profess allegiance to a government or an authority not recognized by the Detaining Power.
4. persons accompanying the armed forces such as civilian members of military aircraft crews, war correspondents, supply contractors, members of labor units or of services responsible for the welfare of the armed forces.
5. members of crews, including masters, pilots and apprentices, of the merchant marine and the crews of civil aircraft.
6. Inhabitants of a non-occupied territory, who on the approach of the enemy spontaneously take up arms to resist the invading forces, without having had the time to form themselves into regular armed units, provided they carry arms openly and respect the laws and customs of war.

#### 3.2.2 Civilians

A civilian is a person who has no right to what the combatant above has; has no right to engage into a hostility and no right of the Prisoner-of-War status, which would be elaborated more thoroughly below. On the other hand, since a person is either a civilian or a combatant, PMC employees are not combatants, but civilians and indeed do not have the right to participate directly in hostilities. Since, under the international humanitarian law, mercenaries do not enjoy the privilege of POW, this raises the question if PMC’s employees are combatants just for the purpose to be covered within the international humanitarian law.

#### 3.2.3 Prisoner-of-War (POW) status

If an army member is captured in war, he or she benefits from the official status by not getting prosecuted by the capturing state. This privilege is the “prisoner-of-war” status. The Third Geneva Convention of 1949 under the Protocol I of Article 43, states that there is no difference between regular armed forces and other armed groups in the combatant status. Entitled to POW status are:

1. The armed forces of a Party to the conflict consist of all organized armed forces, groups and units which are under a command responsible to that Party for the conduct of its subordinates, even if that Party is represented by a government or an authority not recognized by an adverse Party. Such armed forces shall be subject to an internal disciplinary system which, *inter alia*, shall enforce compliance with the rules of international law applicable in armed conflict.
2. Members of the armed forces of a Party to the conflict (other than medical personnel and chaplains ...) are combatants, that is to say, they have the right to participate directly in hostilities.
3. Whenever a Party to the conflict incorporates a paramilitary or armed law enforcement agency into its armed forces it shall so notify the other Parties to the conflict.

For this POW treaty, there are presently 164 states as a member of this party. Combatants must distinguish themselves by wearing a uniform and arms openly or else, they lose their POW status.

This status does not apply if it is a non-international conflict, usually between a government and rebels. The same applies to PMCs operating in an international armed conflict because the Protocol I of 1977 is not yet ratified by all states. Furthermore, depending on the states jurisdiction, some PMCs they hire by the state have a card that confers a certain recognition for being a state contractor in which based on Hague Regulations of 1899 and 1907, grants the POE status. Based on the above-stated combatant status for having the right to use the POW status, some interpretation of the term "belonging to a Party to the conflict" address that when a state hires the PMC, it would be required to formally incorporate them into its army domestic legislations. In that case, the state can have some "moral and legal" control" over its contractors. It is less clear when PMCs are contracted by another company if they are granted the POW status.

The privilege of the "prisoner-of-war" status does not apply to civilians as well, unless they are companion member of the military, war correspondent, supply contractors for the welfare of the armed forces and have an identity card.

### 3.2.4 "Civilian" of a PMC

If the mercenary status, the combatant and POW status do not apply to the PMCs employees, they are protected under the Geneva Convention Relative to the Protection of Civilian Persons in Time of War. PMCs member benefit of fundamental customary rules related to the prohibition of inhumane treatment, torture, hostage-taking and a right to a fair trial. They also have the right to be visited by ICRC representatives and correspond to their families. Under the security of the Detaining Power, PMCs member may be a subject to internment without a trial in an appropriate court and unlike a POW, they "shall be released by the Detaining Power as soon as the reason no longer existed."

### 3.3 State Responsibilities for Hiring a PMC

The International Law Commission prepared a norm inside Article 5 and 8 in regards to the state responsibilities for the actions of PMCs when they hire them. States should "ensure respect" for the international humanitarian law within all circumstances and when hiring a PMC, their responsibilities do not pass along to PMCs. The state must follow if PMCs are properly trained, must instruct them in the international humanitarian law, must have a legal adviser, and must contain rules of engagement.

According to the Geneva's First and Second Convention of 1949, states must publish the international human law principles to the entire population, especially to the fighting forces, medicinal personnel and the chaplains mainly by providing programs and instructions. Practically, states tend to pass it along to other actors like Red Cross societies or academic centers but when they hire PMCs, not necessarily these contractors fall under the civilian population. Generally, government would train a relevant judiciary, police and prison personnel to make sure that PMCs are trained for these laws.

To clarify this, Henckaerts and Doswald-Beck to the international humanitarian law, they added customary laws which are considered to be as a series of rules. According to these customary laws of the international humanitarian law, number 147 states:

"A state is responsible for violations of humanitarian international law which can be attributed to it, including:

- (a) Violations committed by its organs, including its armed forces;
- (b) Violations committed by persons or bodies capacitated by the state to exercise government authority;
- (c) Violations committed by persons or groups acting under the instructions of the state, or under its direction or control; and
- (d) Violations committed by private persons or groups which it acknowledges and adopts as its own conduct.

In addition, when PMCs commit crimes while engaged in conflicts, the states hiring them are just as responsible. For instance, the case of the International Court of Justice against Uganda while occupying Congo and the crimes private contractors committed in Ituri. The court found Uganda responsible for lack of vigilance in preventing violence under Article 43 of the Hague Regulations of 1907.

Lastly, United States had to specifically come up with similar recommendations for the PMCs operating outside the land, especially after the "Baghdad's Bloody Sunday" caused by the mercenaries of Blackwater. In September 2007, as well as in the following year, the Department of Defense and the Department of State initiated major personnel shift from another

state to Iraq, and second, requested from all PMCs a daily briefing with the Department. PMCs with the Department of Defense and the Department of State signed a memorandum of agreement of procedures and policies for the PMCs personnel. The contractor's personnel are also to inform the appointed military commanders.

The U. S. and Iraq, in 2008, signed an agreement that would cover operations of armed forces when working with foreign countries. This agreement is called SOFA and it stands for a Status of Forces Agreement and it states that Iraq maintains executive criminal and jurisdiction over U.S. contractors under their employees. However, this agreement only covers PMC's contractor under United States Armed Forces, while private security personnel for protecting Embassies or military supply convoys would still be considered combatants.

In addition to this, in September 2008, the International Committee for the Red Cross and the government of Switzerland, provided the Montreux Document for monitoring the PMCs action internationally. The document holds laws of the international humanitarian law and the human rights obligations and it also holds a Global Code of Conduct for PMCs. So far, this document is signed by 34 countries.

#### 3.4 Other Criminal Responsibilities Connected with Mercenaries

Violations of the international humanitarian law are war crimes and a subject to universal jurisdiction. War crimes can be committed by civilians, private contractors or by military force, however, for PMCs these laws apply if the state has adopted legislation enabling them to prosecute persons under the universal jurisdiction for war crimes. Many trials have taken place regarding this matter, but almost none yet for any PMC member mainly because of the messiness and unwillingness between states and because of avoiding expenses insuring witnesses from abroad.

However, there are two aspects for which a PMCs member can report and answer a war crime:

- Command Responsibility – if they have ordered or been informed of the crime they or their subordinates commit and did nothing to prevent. If there is no hierarchy of responsibilities within the PMC, then the question is who would. If a similar case appears within any state official, the International Criminal Tribunal can identify the case by the DE FACTO control as the case in the Former Yugoslavia (ICTY). This is not the case with hiring a PMC because the practice actually shows that the superior does not need to know of such violations and crimes and does not have to be guilty by virtue of command responsibility.
- Superior Orders – makes the subordinate responsible if he knew of a crime being committed. In this case, the soldier can use this as a defense if the superior has given him the order, but this case is not been present in some time. Whether this applies entirely to PMCs, is questionable because there is no precedent answer to this.

#### CONCLUSION

The globalization of the world economy and the reduction of the regular armed forces of States, in developed and developing countries, are some of the causes behind the rapid development of the privatization of violence. Classical interstate wars with clear front lines have almost disappeared. Instead, we witness low intensity armed conflicts; a widespread use of light weapons; and the privatization of military functions and asymmetry of the parties in the conflict. Private military and security companies are more and more performing a number of military functions. In many instances, they are managed by former militaries, are efficient and have a modern structure which characterizes for offering multiple services. Their participation has mushroomed in low intensity armed conflicts or post conflict situations such as in Afghanistan and Iraq employing "private security guards" who are heavily armed but with an ambiguous status permitting them to provide passive protection in situations and conflicts where there are no front lines and where the line between passive and active confrontation is extremely thin. There are a number of international instruments, which indirectly may be invoked with regard to the activities carried out by private military and security companies, the 1989 International Convention against mercenaries being one of them. There is, however, no international instrument, which regulates and monitors the military and security activities of these transnational companies. The only direct international form of regulation is the one which relates to the contract, which private military and security companies sign either with the government department outsourcing some of its functions, the international governmental organization, NGO, firm or individual which contracts them. They define the scope and scale of their activities as well as the rules of engagement. Those contracts, however, are private and kept confidentially.

Guaranteeing security, public order and respect for law and order and human rights are State obligations. Foreign policy is subject to international law, whether it is carried out by state organs or by private agents: States cannot avoid their international obligations merely because an activity is conducted by a private actor. States may contract these companies

in attempts to avoid direct legal responsibilities. The fact that a State contracts and delegates its functions to private entities does not change its responsibility. International and constitutional law assign the task of security, public order and defense to the military and police forces under the concept of sovereignty and the monopoly of the use of force. If the state fails to show due diligence in preventing and responding to human rights violations committed by private actors, such abuses can give rise to state responsibility under international human rights law.

There is a lack of regulations at the international, regional and national levels regarding private military and security companies which often operate without effective oversight and accountability. Weak or insufficient domestic legislation, regulation and control of private military and security companies encourage these transnational companies to seek to recruit former military personnel and ex policemen from other developing countries, where labor is cheaper, as “security guards” in low-intensity armed conflicts.

Based on what was presented, do hiring PMCs, in the case Blackwater, help or harm?

From the point that PMCs, including Blackwater, were already specialized and well trained in logistics, specialized training, it helped the government function together stronger. Guarding and helping the U. S. military, in a way, Blackwater or any other PMC would do the job better and would save the other military army force perform their combat tasks.

In conclusion, it is possible to assert that the process of legitimization that the majority of PMSs are undertaking deepens the complexity that is already embedded into the issue of privatized security. PMSCs represent a hybrid actor, which draws its legitimacy both from the market and from other international actors and – more importantly – that is capable of adapting to different norms, but also to shape them in their favor. It is precisely because of this flexible and mutating nature that makes it impossible to give a definitive statement about whether or not their presence in a variety of security scenarios will be beneficial or detrimental to international politics.

This thesis attempted to make a modest contribution in showing the evolution of these actors in a limited time frame; it might be an initial step to understand not only where PMSCs are going but also how is it possible to legitimize even further their activities, maximizing the benefits and reducing the risks of their work.

## Bibliography

- [1] Abrahamsen, Rita, William, Michael c, “ The Globalization of Private Security” .ISP/NSC Briefing Paper 05/02, London, Chatman House, (October 2005).
- [2] Adams, Thomas. “The New Mercenaries and the Privatization of Conflict,” *Parameters*, Vol. 29, 2 (Summer 1999)
- [3] Avant, Deborah. ‘The Privatization of Security and Change in the Control of Force’, *International Studies Perspectives*, 2 (2004), 153-157; William Reno. ‘The New Role for Private Armies in Inter-State “Peace-Making” Relations’, *International Politics*, Vol. 37, 1 (2000).
- [4] Benson, Bruce.L., “ The Market for Force”, *The Independent Review*, Vol. XI, N. 3, (Winter 2007)
- [5] Berger, Peter. ‘Holy War Inc: Inside the secret World of Osama Bin Laden (New York: Simon and Schuster, 2002)
- [6] Bjork & Jones. ‘Overcoming Dilemmas Created by the 21st Century Mercenaries: Conceptualising the use of private security companies in Iraq’, *Third World Quarterly*, Vol. 26, 4 (2005).
- [7] Brooks, Doug. “Messiahs or Mercenaries? The Future of International Private Military Services”. *International Peacekeeping*, 7:4 (2000) pp.129-144
- [8] Bryden, Alan. ‘Approaching the Privatisation of Security from a Security Governance Perspective’, *Private Actors and Security Governance*, eds. Bryden and Caparini (London: DCAF & Global Book Marketing, 2006).
- [9] Campbell, Alastair. ‘Mercenaries, Misfits or Misunderstood?’ *The World Today*, Vol. 63, 12 (Dec., 2007).
- [10] Cilliers & Mason. *Peace, Profit or Plunder? The Privatisation of Security in War-Torn African Societies* (Halfway House: Institute of Security Studies, 1999).
- [11] Croft & Dunn. ‘The impact of the Defence budget on arms control policy’, in Hoffmann (ed.) *The UK Arms Control Policy in the 1990s* (Manchester University Press, 1990).
- [12] Duffield, Martin. *Global Governance and the New Wars* (London: Zed Books, 2001).
- [13] Edmunds, T. ‘What are Armed Force For? The Changing Nature of Military Roles in Western Europe’, *International Affairs*, Vol. 82, 6 (2002).
- [14] Gaston, E.L., “Mercenarism 2.0? The Rise of the Modern Private Security Industry and Its Implications for International Humanitarian Law Enforcement”. *Harvard International Law Journal*, Vol.49, N.221, (2008)

- [15] Ghebali, Victor-Yves. 'The United Nations and the Dilemma of Outsourcing Peacekeeping Operations' in, *Private Actors and Security Governance*, eds. Bryden & Caparini (2006).
- [16] Holmquist, C. 'Private Security Companies. The Case for Regulation', SIRI Policy Paper, No. 9 (January 2005).
- [17] Isenberg, David. *A Fistful of Contractors: The Case for a Pragmatic Assessment of Private Military Companies in Iraq* (London: British American Security Information Council, 2004)
- [18] Johnson, James Turner, "Can Modern War Be Just? Connecticut, Yale University Press, (1984).
- [19] Kassebaum, David. 'A Question of Facts –The Legal Use of Private Security Firms in Bosnia' *Columbia Journal of Transnational Law*, Vol. 38, 3 (2000)
- [20] Kinsey, Christopher, "Corporate Soldiers and International Security: The Rise of Private Security Companies", London, Routledge, 2006
- [21] Krahmann, Elke, "Regulating Private Military Companies: What Role for the EU?" *Contemporary Security Policy*, Vol.26, N.1 (2002)
- [22] Krahmann, Elke. 'Conceptualizing Security Governance', *Cooperation and Conflict*, Vol. 38, 5 (2005).
- [23] Kwakwa, e. Edward, "The Current Status of Mercenaries in Armed Conflict". *Hastings International and Comparative Law Review*, Vol.14 (1990)
- [24] Layeb, E, "The Need for an International Convention Against Mercenaries and Mercenarism". *African Journal of International and Comparative Law*, Vol.1 (1989)
- [25] Leander, Anna. 'The Market for Force and Public Security: The Destabilizing Consequences of Private Military Companies', *Journal of Peace Research*, Vol. 42, 5 (Sep., 2005)
- [26] Lynch, Tony, Walsh, A.J, " The Good Mercenary?", *The Journal of Political Philosophy*, Vol.8, N,2 (2000)
- [27] Mandel, Robert. " The Privatization of Security. *Armed Forces and Society*, Vol.28, N.1 (2001)
- [28] Mathieu & Deardren. 'Corporate Mercenaries: The Threat of Private Military & Security Companies' *Review of African Political Economy*, Vol. 34, 114 (Dec., 2007).
- [29] Matziorinis, Nicholas; Nalin, Paolo; "Private Military Companies: Legitimacy and Accountability"; McGill Management; Montreal; (2004)
- [30] Metz, Stephen. 'Armed Conflict in the Twenty-first Century: The Information Revolution and Postmodern Warfare, Strategic Studies Institute report' (Carlisle, Pa.: U.S. Army War College, April 2000)
- [31] Morgan, Oliver. 'Soldiers of fortune hit the jackpot', *The Observer* (26th October, 2003.)
- [32] Musah, Abdel-Futau. 'Privatization of Security: Arms Proliferation and the Process of State Collapse in Africa', *Development and Change*, Vol. 33, 5 (2002)
- [33] Muthien & Taylor, 'The Return of the Dogs of War', *The Emergence of Private Authority in Global Governance*, eds. Hall & Biersteker (Cambridge: Cambridge University Press, 2002).
- [34] O'Brien, Kevin, " What should and should not be regulated?", in Simon Chesterman and Chia Lehnardt, eds, "From Mercenaries to Markets: The Rise and Regulation of Private Military Companies", Oxford: Oxford University Press, (2007)
- [35] Percy, Sarah. 'Strong Norm, Weak Law', *International Organization*, Vol. 61, 2 (Spring, 2007)
- [36] Reno, William. *Warlord Politics and African States* (London: Lynne Rienner, 1998);
- [37] Richards, Paul. 'War as Smoke and Mirrors: Sierra Leone 1991-2, 1994-5, 1995-6', *Anthropological Quarterly*, Vol. 78, 2 (Spring, 2005)
- [38] Robert H. Jackson, *Quasi-states: Sovereignty, International Relations, and the Third World* (New York: Cambridge University Press, 1990).
- [39] Ross, Andrew L."Arms Acquisition and National Security: The Irony of Military Strength," in *National Security in the Third World: The Management of Internal and External Threats*, eds., Edward E. Azar & Chun-in Moon, (Hants, Nova Scotia: Edward Elgar, 1988).
- [40] Schreier & Caparini, 'Privatising Security: Law Practice and Governance of Private Military and Security Companies', *Geneva Centre for the Democratic Control of Armed Forces*, Occasional Paper No. 6 (March, 2005).
- [41] Shearer, David. 'Outsourcing War', *Foreign Policy*, 112 (autumn, 1998).
- [42] Singer, Peter. 'Corporate Warriors :The Rise and Ramifications of the Privatized Military Industry', *International Security*, 26 (2001/02)
- [43] Singer, Peter. 'War, Profits and the Vacuum of Law: Privatized Military Firms and International Law', *Columbia Journal of Transnational Law*, Vol. 42, 2 (2004).
- [44] Singer, Peter Warren, "Corporate Warriors – The Rise of the Privatized Military Industry and its Ramifications for International Security", *International Security*, Vol.26, N.3 (Winter 2001-02), pp.186-220

- [45] Spicer, Tim, "Interview", Cambridge Review of International Relations, Cambridge, Vol. XIII, No.1, (1999)
- [46] Spicer, Tim, "An Unorthodox Soldier: Peace and War and the Sandline Affair".Edinburgh, Mainstream, (1999).
- [47] Strange, Susan. The Retreat of the State: The Diffusion of Power in the World Economy (1996)
- [48] Suter, Keith. 'Mercenaries, Mines and Mistakes', The World Today, Vol. 53, 11 (Nov., 1997)
- [49] Thompson, Janice, "Mercenaries, Pirates, and Sovereigns: State Building and Extraterritorial Violence in Early Modern Europe". Princeton, N.J., Princeton University Press, (1994)
- [50] Training of Mercenaries, International Legal Materials, Vol. 29, 1 (Jan., 1990).
- [51] United Nations International Convention Against the Recruitment, Use, Financing and Training of Mercenaries
- [52] Walker & Whyte. 'Contracting Out War? Private Military Companies, Law and Regulation in the United Kingdom', International & Comparative Law Quarterly, Vol. 54, 3 (2005).
- [53] Waltz, Kenneth N. 'Man, the State and War: A Theoretical Analysis', (Columbia University Press: Columbia, 1959)
- [54] Weber, Max. The Vocation Lectures, 'Politics as a Vocation' (Indianapolis: Hackett Publishing Co., 2004)
- [55] Weiss, Robert P. 'From Cowboy Detectives to Soldiers of Fortune: Private Security Contracting and Its Contradictions on the New Frontiers of Capitalist Expansion', Social Justice, Vol. 34, 3 (2007).
- [56] Whyte, D. Lethal Regulation: State-Corporate Crime and the United Kingdom's New Mercenaries, Journal of law and Society, Vol. 30, 4 (Dec., 2003).
- [57] Wight, Martin. Power Politics, eds. Bull & Holbrand, (Leister University Press: Leister, 1995)

## Investigating the Impact of Greek EFL Teachers' Participation in Online Communities of Practice as a Means of Professional Development

Katerina Kourkoui

English Department, University of Athens.

### Abstract

This paper examines EFL teachers' participation in online Communities of Practice (CoPs) and its impact on their professional development. The study focuses on 50 EFL teachers who became members of CoPs using an online platform named *2gather* developed by the University of Athens in the context of a national in-service professional development project in Greece. Founded on the theory of situated learning, CoPs have been defined as "groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis" (Wenger et al., 2002). The study involved monitoring the development of four CoPs and teachers' patterns of participation using a mixed-methods approach which combined quantitative data and qualitative research of collective case studies (Dornyei, 2007) of different groups of teachers. A comparison of teachers' exposure to meaningful professional development (Franke et al., 2001) activities "before" and "after" their participation in the CoPs was carried out. In addition, results suggest the existence of statistically significant associations between the teachers' participation in online CoPs and perceived benefit and change of their beliefs and/or practices. They also highlight the specific conditions that have supported their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice. The findings contribute to furthering our understanding of effective implementation of online CoPs in the context of continuing professional development.

**Keywords:** professional development, communities of practice, teacher change, effectiveness of training.

### Introduction

Teachers are required to constantly adapt their pedagogy to new theoretical approaches in order to pursue their professional development and improve their classroom practices. However, serious doubts exist about the effectiveness of traditional teacher education courses since they have been widely criticized for failing to "provide teachers with sufficient time, activities, and content necessary for increasing their knowledge and fostering meaningful changes" (Garet et al., 2001, : 920). Reforms often fail to provide effective PD that promotes perceived teacher change (Darling-Hammond & McLaughlin, 2009, Kourkoui, 2015). They usually take the form of short-term, "spray-on PD" seminars (Day & Sachs, 2004) creating thus a need for an alternative solution.

One model that has evolved as a way of supporting this paradigm change is that of professional Communities of Practice (CoPs). The premise underlying this paper is that the use of online Communities of Practice may present a real solution to the failure of current education programmes in contributing to the professional development of teachers and reported effectiveness of the training experience in relation to their teaching practice. Thus it is the intention of the present paper to investigate this potential in the Greek context.

In-service teacher education policy in Greece, under the authority of the Ministry of Education, is highly bureaucratic and centralized, not leaving any space for initiatives. Teacher training usually takes the form of non-compulsory 3-hour seminars which are carried out by School Advisors, public school teachers selected and appointed by the Ministry. Teachers do not participate either in the design or the development of their training while the broader context of training policy in Greece is characterized by lack of coherence, continuity, flexibility, failure to respond to teachers' needs (Vergidis et al, 2010) and ineffectiveness (Kourkoui, 2015). Although various efforts have been made throughout the years for a more decentralized and flexible teacher education policy, they were never implemented (Pedagogical Institute of Greece, 2009).

Since Communities of Practice constitute an innovatory form of teacher development, involvement in the ELTeachers CoPs was seen as a catalyst for Greek EFL primary school teachers towards their professional development while at the same time addressing their needs.



Therefore, the purpose of this paper is to investigate the professional development of 50 Greek EFL teachers participating in four online Communities of Practice using an online platform named *2gather* developed by the University of Athens in the context of a national in-service professional development project in Greece to acquaint teachers with teaching English to young primary school learners. Firstly, it is intended to compare teachers' exposure to meaningful professional development (Franke et al., 2001) activities "before" and "after" their participation in the CoPs. Secondly, it establishes associations between the teachers' participation in online CoPs and perceived benefit and change of their beliefs and/or practices. Thirdly, it is attempted to highlight the specific conditions that have supported their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice.

The research was conducted within the paradigm of a mixed-methods design which combined quantitative data and crosstabulation with qualitative research of collective case studies (Dornyei, 2007) of the four ELTeachers CoPs.

The investigation of the impact of the Greek EFL teachers participation in the ELTeachers CoPs on their professional development during their first official launch (December 2014 – May 2015) contributes to furthering our understanding of effective professional development implementation. It also proves them to be an effective and sustainable catalyst for teacher learning, reformed teaching practice and reported effectiveness of the training experience in relation to teachers' teaching practice. In addition, it can serve as a springboard for other educators and possibly pave the way for a true paradigm shift in teacher education.

### Literature review

#### Professional development of teachers

As the main purpose of the paper is to identify and describe the role of online Communities of Practice in the professional development of teachers, this chapter will begin by addressing the notion of professional development in terms of teacher learning and change. In Freeman's (1989) view, teacher education constitutes a superordinate term that encompasses both teacher training and teacher development as different strategies by which teachers are educated. Training is based on a process of direct intervention, leading to the mastery of specific knowledge and skills and is based on external criteria for assessing teachers' change. On the contrary, teacher development implies an idiosyncratic and individual process of influence encouraging some sort of increase or shift in teachers' awareness which can be non-evaluative by external criteria. Therefore, any course focusing on the education of teachers should feature elements of both training and development in order to bring about some sort of change in teachers' beliefs, attitudes and teaching practices.

Within the last decades, educational reform efforts have been directed to seek professional opportunities for teachers that will help them enhance their knowledge and develop new instructional practices (Borko, 2009). There has been a paradigm shift gathering momentum with regard to the professional development of teachers. As Moore and Barab (2002, p. 44) state "professional development is not something you receive, but something in which you participate as part of your everyday activities" since learning is a participatory process that involves "doing, becoming and belonging, not simply acquiring" (Ng & Hung, 2003, p. 62).

Investigating the extent to which the participation in PD programs manages to bring about language teachers' change, implies cognitive and behavioural change processes in teachers, whereby they get to alter aspects of their belief systems and practices as a result of a new input (Kubanyiova, 2012).

In an alternative normative-reeducative perspective of teacher change (Richardson & Placier, 2001), we are suggested to evaluate the impact of teacher education courses in terms of the teachers' understanding of the training content and its value and how this leads to the development of reformed practices. It also focuses on how and to what extent the teachers' practice changes as a result of a teacher education course. This view of teacher change places emphasis on the mental state of teachers and their concepts, since teachers' teaching practice and decision-making is largely informed by them. Thus conceptual change constitutes a major factor of teacher change also to be also taken in consideration in the present research.

Finally, the role reflection plays in enhancing teacher change is also to be addressed. Teachers cannot develop themselves unless they learn to develop their critical self and be able to reflect critically upon what they do in their classrooms (Liu & Fisher, 2006). This shows that "learning and reflection are interrelated," as Brandt (2006, p. 42) argues, and that "reflection requires a recapturing of experience in which the person thinks about it, mulls it over, and evaluates it". In addition, it encourages them to take greater responsibility for their own professional growth and look for ways of becoming more autonomous professionally.

Therefore, in order to enhance the effectiveness of teacher education programs a number of principles are proposed for the design, organization and implementation of teacher education courses (Kourkoui 2015) such as the exploration of teachers' personal practical theories and beliefs (Levin & He, 2008) at the pre-training stage, enhancing the relevance of topics, restricted use of the lecture mode for presenting new information, emphasis on reflection, experiential elements such as micro-teaching, self and peer-observation as well as demonstration techniques, collaborative learning in pairs or groups, exploratory learning in workshops and provision of continuous follow-up support to equip trainees with the knowledge and confidence required to implement new theories in their everyday teaching practice.

#### Online Communities of Practice and situated learning

Online Communities of Practice (CoPs), founded on the theory of situated learning (Lave & Wenger, 1991), have been defined as "groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis" (Wenger et al., 2002, p.4). Social constructivist theories view learning as a process situated in a social context where knowledge is "constructed" by the participants (Kimble et al. 2008). The theory of "situated learning" is rooted in Vygotsky's cognitive theory (1978) positing that learning is embedded within an activity, context and culture. It can also be unintentional rather than deliberate. Knowledge needs to be presented in authentic contexts — settings and situations that would normally involve that knowledge. Social interaction and collaboration are essential components of situated learning — learners become involved in a "community of practice" which embodies certain beliefs and behaviors.

In Mezirow's transformative learning (1991), "critical reflection" emerges as a precondition for learning. When faced with a disorienting dilemma, people are forced to reconsider their beliefs in a way that will fit the new experience into the rest of their worldview. This often happens in the context of dialogue with other people through co-operation, peer respect and fruitful communication (Eades, 2001).

It is also suggested that deep or higher-order learning occurs through collaboration when a group develops common meaning through discussion and externalization of individual interpretations (Goodyear & Zenios, 2007).

#### Online Communities of Practice – a new approach in teacher education

In Communities of Practice, teachers learn through focused investigation and challenging of existing beliefs and practices. As Katz et al. (2005) suggest, fostering discussions on the theory and practice of teaching can support teachers in changing their practice through a culture of critical collegiality (Lieberman & Mace, 2009) and reflective inquiry. In particular, teachers develop by actively reflecting on their practice, interacting and collaborating with their colleagues (Sorge & Russell, 2000) in order to solve problems encountered in their classrooms (Richardson, 1990) and make changes accordingly (Kontra, 1997).

Contrary to the inefficiency of traditional training models (Levin & He, 2008), online Communities of Practice have the added element of "facilitative" technology. They can accommodate teachers' busy schedules, can account for maximum relevance and interest factors (Bax, 1995), hold the promise of creating a path toward providing real-time, work-embedded support for teachers' ongoing learning (Dede et al, 2009), can draw on powerful resources that are not locally available and can practically reach out to everybody, even in geographically isolated areas (Fishman et al, 2013). The collective results of research studies (Hollins et al., 2004; Dunne et al., 2000; Englert & Tarrant., 1995) suggest that well-developed CoPs can have a positive impact on the professional development of teachers. Effective leadership can create a supportive learning environment by creating a shared vision, encouraging and empowering members through cooperative teams (Johnson & Johnson 1997).

### Method

#### Methodological approach

The purpose of this study is to investigate whether teachers' involvement in the 2gather online CoPs constitutes a good source of meaningful professional development for them and which factors seem to create a more conducive environment for that. In this light, a methodological approach is needed that examines the following research questions:

- 1) To what extent were teachers exposed to more meaningful professional development (Franke et al., 2001) activities "during" their participation in the CoPs compared with the ones "before" their participation?
- 2) To what extent is there reported reconstruction of beliefs and practices as well as reported effectiveness of their training experience in relation to their teaching practice as a result of this participation?
- 3) Which factors support perceived benefit and change of their beliefs and/or practices?

4) Which are the specific conditions that have supported their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice?

## 2.2 Study context

In order to gather the necessary data for the research described above, we developed our own authentic online CoPs with appointed volunteers EFL teachers working in the state primary education in Greece with real needs and everyday problems. For this purpose, we used the 2gather platform developed by the University of Athens. Through open source technologies, it combined features of Learning and Content Management Systems with those of Social Networking Services. The platform integrated the following facilities useful to a CoP: a) homepage b) discussion spaces to foster discussions through a closed forum for every CoP, c) private messages and public messages), d) member directory with a profile – avatar and a short bio note for every participant as well as their online status), e) chatrooms, f) medialibrary, g) activity streams) and h) groups and sub-groups (Karavas & Papadopoulou, 2014).

The whole project amounted to a monumental effort of setting up, publicising, piloting, organising launching as well as kick-off events, face and skype meetings, tutorial workshops as well as informing and training the School Advisors ( the teacher trainers ) on the innovative teacher education method, the specific platform and available tools. It lasted from April 2014 – June 2015. Each online CoP was composed of one School Advisor (Teacher Trainer) and as many volunteers- teachers working in the broader geographical area of their School Advisor's jurisdiction, sometimes a whole Prefecture. The CoP training schedule and material was based on reported teachers' needs and was given to the School Advisors as a "guidebook" for further development or, as it mostly happened, a step-by-step implementation procedure, which practically meant that it was fully adopted by the School Advisors and implemented with very little content and structure variation. School Advisors posted one monthly activity in each CoP's forum divided in two fortnight sections with strict deadlines and specific ground rules designed to multiply interaction. The first section was designed to foster reflection and practice-related integration with posts and accompanying studying or viewing material. The second section was meant to foster the development of open discussion and the connection with teachers' everyday practice through new posts, continuous provision of feedback and open interaction among the participants. We created and posted the following topics as monthly activities 1. Introductions; 2. Teaching Context; 3. Multiple Intelligences and Learning Styles; 4. Classroom Management; 5. Increasing student motivation/Developing positive student – teacher relationships; 6. Differentiated instruction; 7. Project work on lesson planning.

## 2.3 Participants

The research was conducted by the author of this paper, Katerina Kourkouli.<sup>1</sup> Following Cambridge et al.'s example (2005), we assigned the roles as follows:

1) Administrator–Leader: Katerina Kourkouli, researcher at the English Department of the University of Athens, responsible for the setting up of 4 online CoPs all over Greece, registration procedures, training modules, moderators' training, support, contact, organizing face-to-face, Skype and kick-off meetings with School Advisors and participating teachers, explaining the philosophy, publicizing the training innovation and addressing every technical or other issue that might arise.

2) Moderators: 4 state EFL School Advisors assigned their own CoP (A' Athens, Kalamata, Chalkida and Ioannina named after the capital city of the geographical region) based on their administrative jurisdiction, responsible for training, supporting, encouraging the participants and providing feedback. In fact, one of them, Chalkida CoP's School Advisor opted to acting as a supervisor with a chosen teacher of her jurisdiction acting as a Moderator/Contributor instead of her.

3) Participants: 50 EFL state school teachers working in the primary education (A' Athens CoP 16, Chalkida CoP 16, Ioannina CoP 6, Kalamata CoP 12 teachers) who consented to answer the "before" the CoP participation questionnaire anonymously and registered to participate in their area CoPs. They were informed that it was meant to serve as a research tool and baseline investigation<sup>2</sup> resulting finally in 49 EFL state school teachers working in the primary education who

<sup>1</sup> The project and research were realized thanks to my PhD supervisor, Dr. Kia Karavas, Professor at the English Department, University of Athens, who initiated and supported me with feedback throughout this endeavor.

<sup>2</sup> It should be noted that at the time, November 2014 – January 2015, due to austerity measures and reforms enforced in Greece in the context of its fiscal adjustment, the competent Ministers had issued a Presidential Decree No 152/5 November 2013 published in the Government Gazette Vol I/No.240/pp. 4107-4132 assigning School Advisors to conduct teachers' evaluations for the first time in years with the aim to create a potential tank for future state school teachers' dismissals. They were signed as prior actions of the Second Economic Adjustment Programme for Greece in March 2012. The total number of online CoPs under my supervision amounted to 10 CoPs for the school years of 2014-15 and 2015 – 16 and the total number of participants amounted to 147. Despite repeated

participated voluntarily and actively throughout the training period, in their authentic contexts, fulfilled the criteria in terms of workload and projects submitted specified by the CoP program and answered the “after” questionnaire (A’ Athens CoP 16 teachers, Chalkida CoP 15 teachers, Kalamata CoP 12 teachers and Ioannina CoP 6 teachers). All 49 participants received a certificate of participation. Anonymity was guaranteed by their School Advisors and the researcher herself.

#### 2.4 Data sources

As for the 1<sup>st</sup> research question, two questionnaires were constructed as tools for data collection and analysis administered “before” and “after” the CoP participation. The questionnaire, administered “before” the CoP participation is meant to serve as a baseline investigation of teachers’ profiles, beliefs and classroom practices before their involvement in the CoPs program while the questionnaire administered “after” their CoP involvement is considered a tool for detecting reformed beliefs, attitudes, practices and change. Both questionnaires were constructed based on the study of variables that capture common experiences of groups of people. In particular, the use of the Microsoft Excel 2010 Data processing programme accounted for the descriptive nature of this research. In addition, “Chi-Square tests of independence” which allow us to look at two variables and evaluate the strength of their relationship or association with each other took place with the use of SPSS (Statistical Package for the Social Sciences) (Dornyei, 2007: 228).

The sampling plan for this project involved two stages and yielded a total of 50 questionnaires from November-January 2014 (the “before” phase) and 49 questionnaires in July 2015 (the “after” phase).<sup>1</sup>

#### Instrument

Information was elicited through mainly clozed-ended item types using factual, behavioural and attitudinal questions. In effect, Part I aims to build a profile of the respondents who participate in this research, especially in the areas of teaching experience with young learners. Part II focuses on the types of training experiences teachers had been exposed to “before” and “during” their participation in the ELTeachers CoPs as well as investigation of any previous experiences with other CoPs. Finally, Part III seeks to investigate the teacher education courses themselves, both the traditional ones teachers used to participate “before” their CoP involvement and the CoP course itself. This is achieved firstly by exploring the topics covered, the presence of training practices used which are regarded conducive to teacher development as well as the specific professional development activities teachers were exposed to “before” and “during” during their CoP training. Secondly, it seeks to investigate the impact of both the traditional courses as well as the online CoP course itself. This is done through the tracing of perceived teachers’ knowledge restructuring, reported change of teachers’ actual teaching practices as well as perceived benefit and reported effectiveness of their training experience in relation to their teaching needs and practice “before” and “after” their participation in the CoPs. Finally, focusing exclusively on the “after” instrument, we will also highlight the specific conditions that have supported their reflection, their reported reconstruction of knowledge and practices and the reported effectiveness of their training experience in relation to their teaching practice based on crosstabulation.

#### Presentation and discussion of results

In this section, a detailed presentation and critical discussion of results is attempted, following the research method described and the theoretical framework delineated above.

##### 3.1 Personal and professional data

The majority of the respondents are female teachers (91%) teaching English to young learners of the first and second grades of primary school at a percentage of 61%. 26% of the respondents hold a postgraduate degree in English teaching with a further 10% in some other field. A small percentage of 22% report no teaching experience with young learners while almost 39% report more than three years teaching experience with the target age group. In addition, 70% report having attended some type of training course, day seminar organized by the school Advisor and the University of Athens or self-training in relation to teaching English to young learners. The vast majority (90%) had never participated in an organized Community of Practice before.

##### 3.2 Description of training and teaching attitudes and practice “before” and “after” the participation in the online CoP

The second part of this presentation focuses on the teacher education courses themselves, in terms of the presence or absence of strategies and training procedures regarded conducive to teacher development. We will focus on describing the

---

reassurance and affirmation on the part of the researcher and their School Advisors that their participation in the CoPs training program would not be used for their evaluation reports, the final research participants were much fewer.

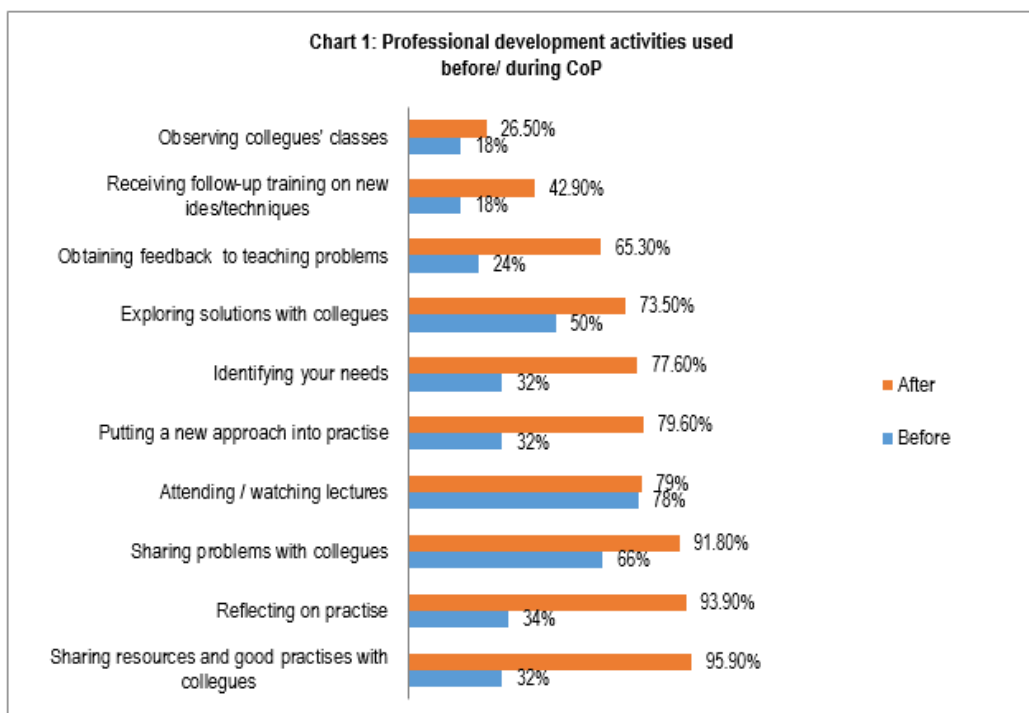
<sup>1</sup> The “after” questionnaires were collected in a period of widespread financial and political turmoil in Greece with banks closed and capital controls imposed.

types of training experiences teachers were exposed to “before” and “during” their participation in the ELTeachers CoPs as well as the impact of both the traditional courses and the online CoP course itself on their professional development.

In response to the first research question,

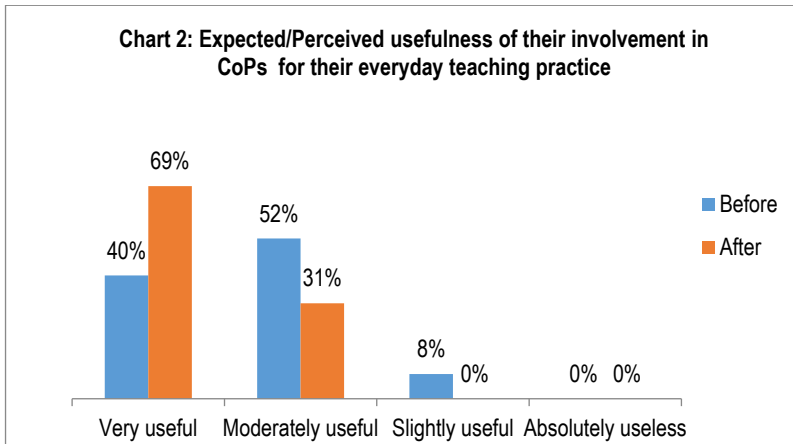
1) To what extent were teachers exposed to more meaningful professional development (Franke et al., 2001) activities “during” their participation in the CoPs compared with the ones “before” their participation?

as can be seen in Chart 1 below, in the traditional training seminars teachers attended “before” their CoP participation, the majority of participants were not involved in the identification and articulation of their needs (32%) compared with the reported identification of their needs at a percentage of 77% “during” the CoP course which is obviously more compatible with adult learning principles and learner-centred approaches. Concerning the training procedures employed, the methods the trainers used to provide data as well as the presence of experiential elements enhancing the effectiveness of training courses, the situation looks much more promising “during” the CoP course. More specifically, 65% report obtaining feedback to teaching practices “during” the CoP course while 24% answer positively concerning the “before” courses. Similarly, 42% report receiving follow – up training on new ideas and techniques “during” the CoP course , an astonishing 96% engaged in sharing resources and good practises with colleagues while more than 91% got involved in sharing problems with colleagues and exploring solutions with them at a percentage of 73%. Since learning is considered to be a participatory process where knowledge is “constructed” by the participants, then collaborative and exploratory learning in pairs or groups constitute major professional development activities. Learners become involved in a “community of practice” through social interaction and collaboration at greater percentages than “before” the CoP course. In addition, 94% report reflecting on practice “during the CoP” compared with a 34% “before” and 79% putting a new approach into practice. Since we have reports of involvement in reflective strategies, collaborative and cooperative environment, opportunity to stand critically towards the process experienced and practical application of new approaches, it could be suggested here that the online CoP course engages teachers in more meaningful professional development activities than the traditional courses.



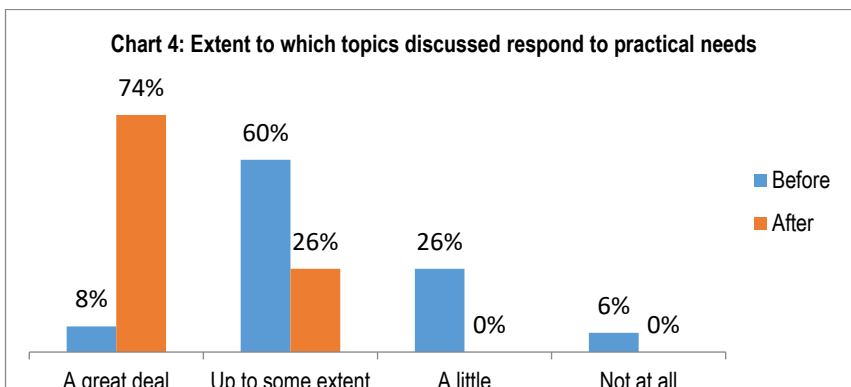
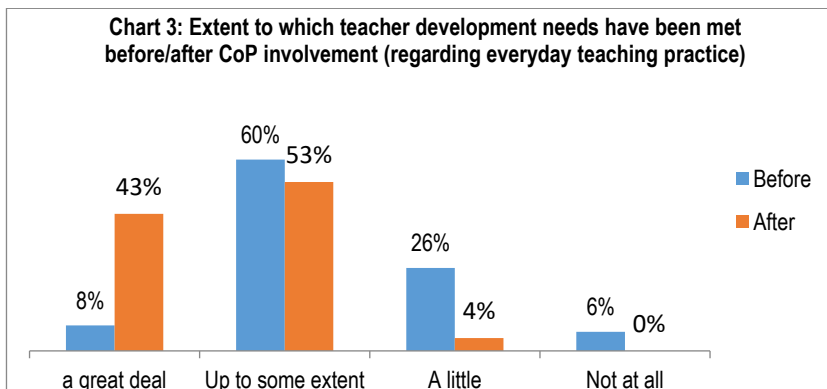
Addressing the second research question,

2) To what extent is there reported reconstruction of beliefs and practices as well as reported effectiveness of their training experience in relation to their teaching practice as a result of this participation?

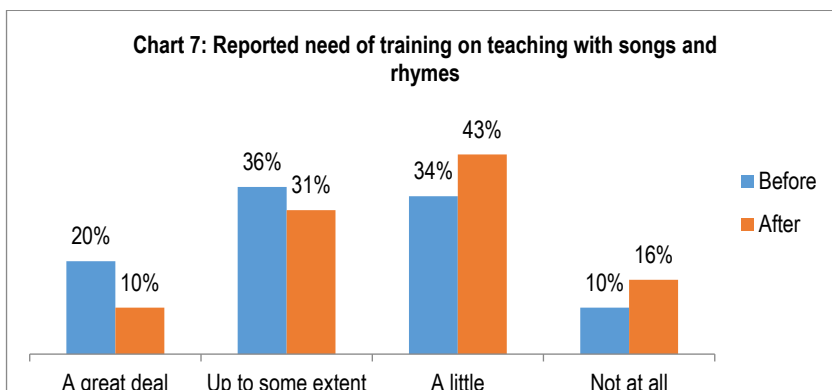
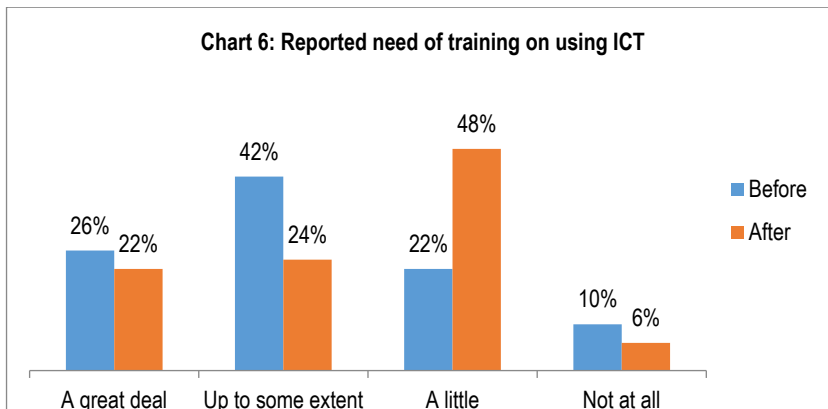
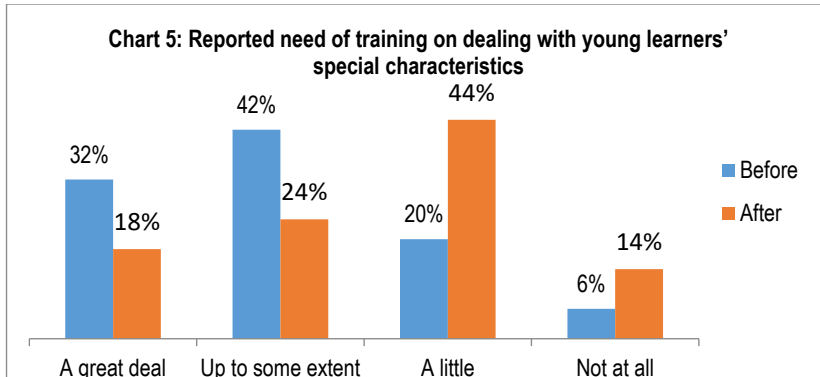


findings show that, in terms of the trainees' perception of the impact and usefulness of the CoP training course for their everyday teaching practice, the majority of participants "moved" to the "very useful" category from the "moderately useful" one, having completely changed their minds on the "slightly useful" category (see Chart 2).

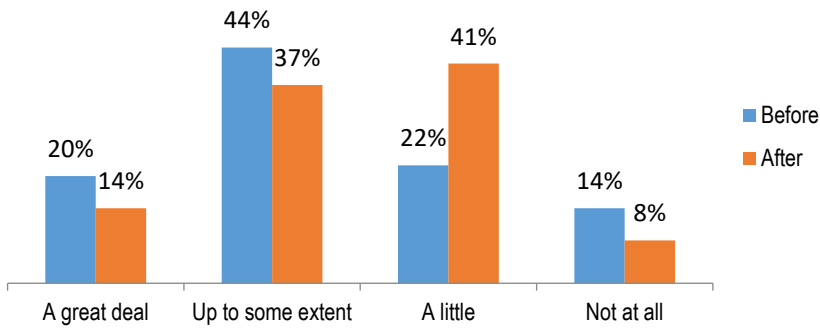
Findings also show (see Chart 3) a striking change of satisfaction concerning their teacher development needs. In particular, whereas 8% report a great deal of satisfaction with the traditional courses, 43% take the same stance for the CoP course. In terms of reported effectiveness of their training experience in relation to their teaching practice and perceived benefit, there is a great shift to the "a great deal" category "after" the CoP course (see Chart 4).



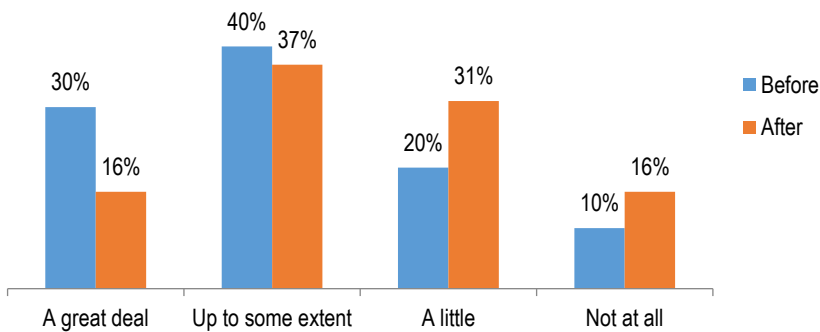
Charts 5 – 11 below describe the reported need of training on issues and useful topics pertaining to the teachers' practical needs for the age group of young learners such as dealing with young learners' special characteristics, using ICT in the classroom, teaching with songs and rhymes, employing arts and crafts, using drama/theatrical activities, storytelling, using games in class and dealing with individual learning difficulties. Results clearly depict an increased perceived benefit as teachers seem more confident and competent to deal with the same topics "after" the CoP training.



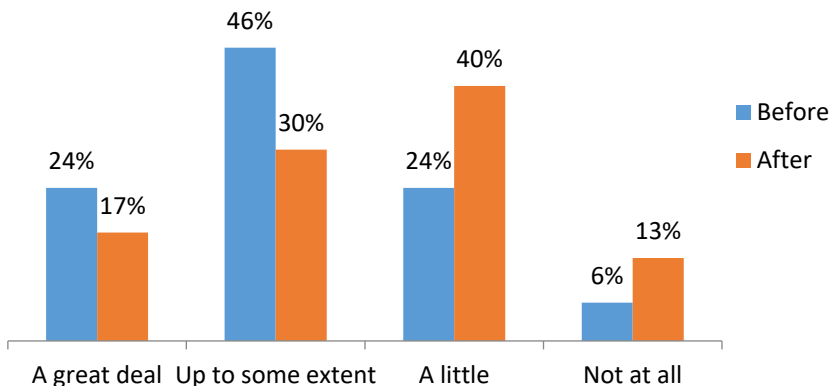
**Chart 8: Reported need of training on employing arts and crafts**



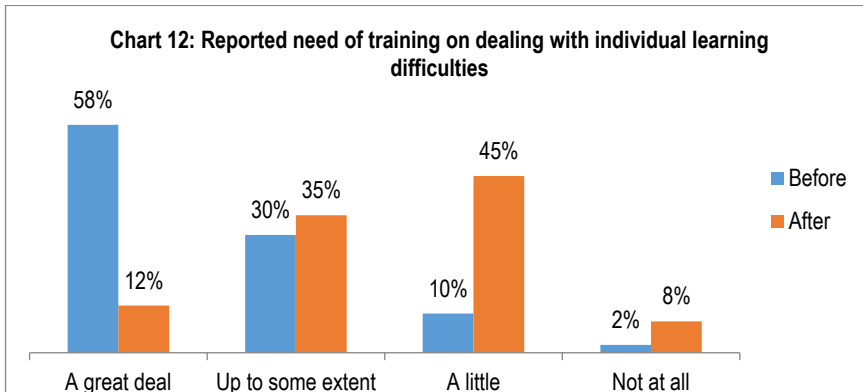
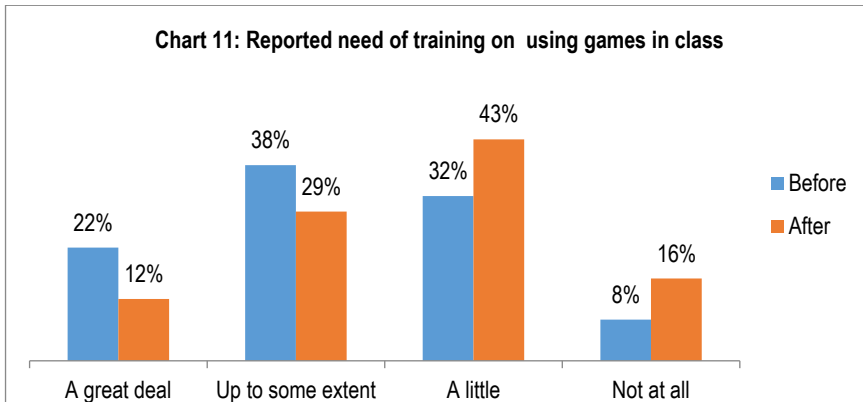
**Chart 9: Reported need of training on using drama/ theatrical activities**



**Chart 10: Reported need of training on using storytelling**

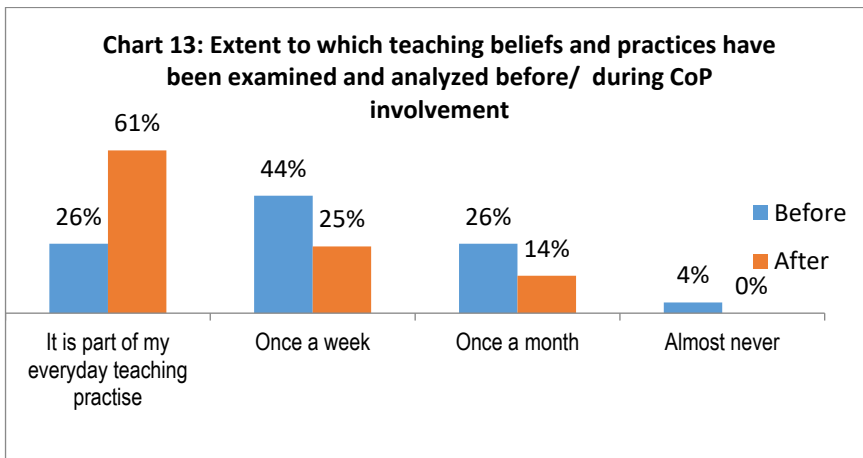




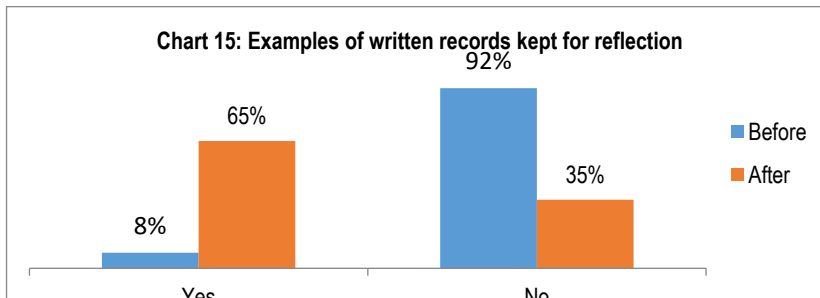
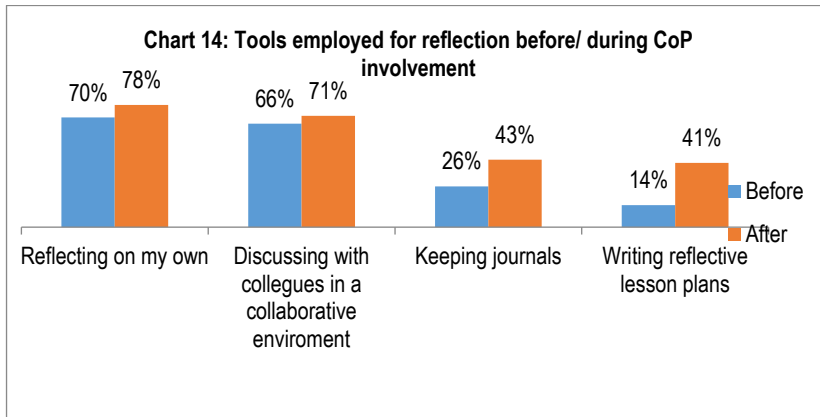


Interestingly enough, topics that constituted monthly CoP modules for discussion such as “Multiple Intelligences and Learning Styles” as well as “Differentiated instruction” could account for the striking reduction of reported difficulty with the topic in question in Chart 12 from 58% “before” to just 12% “after” the CoP course.

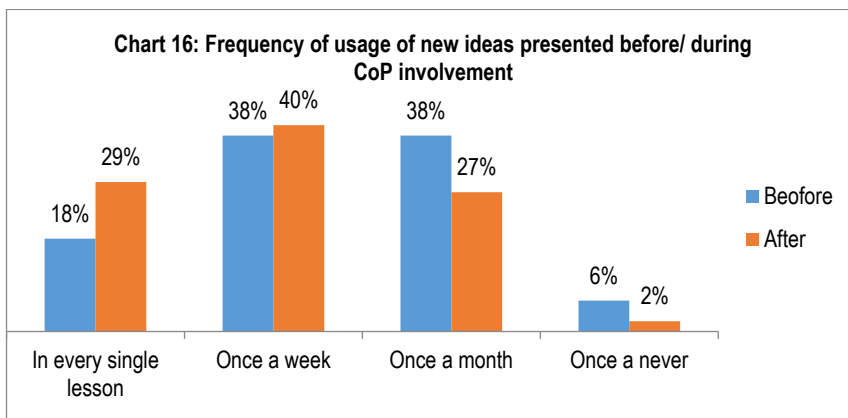
The opportunity for reflection because of the role it plays in enhancing teacher change and the trainees’ perception of the impact the training course had on their beliefs and everyday practice is the next area of exploration. As Chart 13 shows, there is a significant increase in the number of participants responding that they have integrated examining and analysing their teaching beliefs and practices in their everyday teaching practice amounting to 61% “during” the CoP course.



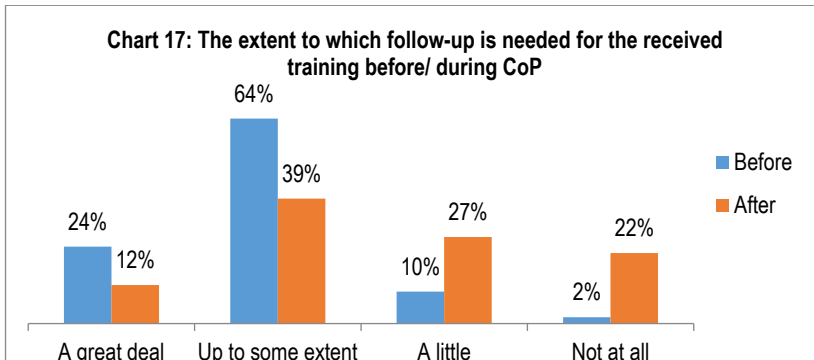
They also report employing more effective reflection practices “during” the CoP, such as keeping journals and writing reflective lesson plans compared with significantly lower percentages “before” (see Chart 14). To corroborate the previous finding, Chart 15 depicts a sharp increase in the percentage of participants responding the provision of examples of written records they kept for reflection purposes.



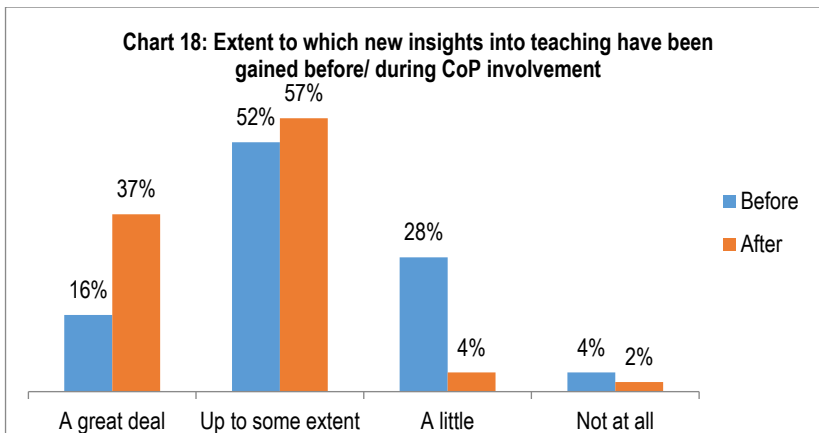
Concerning restructuring of knowledge and practices as well as reported effectiveness of their training experience in relation to their teaching practice, there is a significant increase in the percentage of respondents reporting they have integrated new ideas in their everyday teaching practice (see Chart 16) “after” the CoP course.



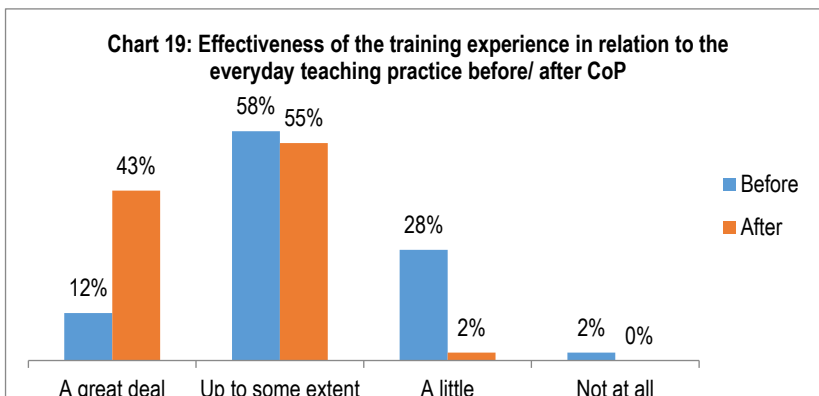
In accordance with the previous finding, fewer teachers responded that they needed more follow-up on the training they received “during” the CoP course than on the training received during traditional seminars (see Chart 17).



The extent to which new insights into teaching have been gained significantly increases for the “a great deal” category in the “after” sample, with a big decrease in the category of “a little”, while the last category remains about the same. The CoP training program emerges as a source of meaningful professional development for this sample (see Chart 18).



In terms of the trainees' attitude towards the CoP training experience overall, 43% of the participants report finding it very effective in relation to their everyday teaching practice compared with only 12% attributing this kind of effectiveness to the seminars they were involved in “before” (see Chart 19).



### 3.3 Crosstabulation of variables

The final part of this presentation responds to the existence of statistically significant associations between the teachers' participation in online CoPs and perceived benefit and change of their beliefs and/or practices. It also highlights the specific conditions that have supported their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice. Therefore, the whole analysis and discussion of results below refers to the "after" questionnaire. More specifically, to answer the next research questions,

3) Which factors support perceived benefit and change of their beliefs and/or practices?

and

4) Which are the specific conditions that have supported their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice?

we conducted analysis of data based on a crosstabulation (Chi-Square) test which allows the researcher to conduct tests of independence between the variables of the research instrument, through the significance of the Pearson Chi-square value. In particular, if the p-value of the table is significant at the 0.05 significance level, we can claim that the two variables under statistical analysis are not independent but they are statistically and significantly associated. In this light, the statistically significant index (p-value = 0,044 <  $\alpha=0,05$ ) of Table 1 below enables us to draw the conclusion that the variables examined in questions 6 and 11.2 are not independent, but they are statistically associated.

**Q6 \* Q11.2**

#### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4,040 <sup>a</sup>	1	.044		
Continuity Correction <sup>b</sup>	2.085	1	.149		
Likelihood Ratio	3.673	1	.055		
Fisher's Exact Test				.079	.079
Linear-by-Linear Association	3.958	1	.047		
N of Valid Cases	49				

a. 2 cells (50,0%) have expected count less than 5. The minimum expected count is 1,22.

b. Computed only for a 2x2 table

**Table 1: Sharing problems with colleagues– Reported usefulness of Involvement**

		Table 1: Question 11.2		
		Yes	No	Total
Question 6	Very useful	33(73,3%)	1	34
	Moderately useful	12	3(75,0%)	15
	Slightly useful	0	0	0
	Absolutely useless	0	0	0
	Total	45	4	49

In particular, we have found statistically significant associations between the professional development activity of sharing problems with colleagues and reported usefulness of involvement in the ELTeachers CoPs. As table 1 shows, 73. 3% of the participants who got involved in sharing problems with colleagues found their participation in the online CoP very useful.

The finding is in line with the relevant literature advocating the utilization of collaborative environments to promote the usefulness of the training courses for the teachers' everyday practice.

To corroborate the argument made, we found that the involvement of teachers in sharing resources and good practices with their colleagues in the context of the online CoPs and reported usefulness of their participation in the ELTeachers CoPs for their everyday teaching practice is significantly associated at a percentage of 72.3% (see Table 2).

**Table 2: Sharing resources and good practices with colleagues – Reported usefulness of Involvement**

Table 2: Question 11.5				
Question 6		Yes	No	Total
	Very useful	34(72,3%)	0	34
	Moderately useful	13	2(100,0%)	15
	Slightly useful	0	0	0
	Absolutely useless	0	0	0
	Total	47	2	49

As far as the perceived effectiveness of professional development activities are concerned, we used the Mann-Whitney U test Wilcoxon Rank Sum Test (see Table 3) to compare means between those who answered that they consider their participation in the ELTeachers CoPs "Very useful" and "Moderately useful" since no one answered that it is not considered useful. We can see that there is a statistically significant difference between means since as table 3 shows, those who answer they found their participation "very useful for their every day teaching practice" they order, on average, the effectiveness of obtaining feedback to teaching problems at a higher rank (4.9) than those who found their participation "moderately useful" (6.3). This fact gives evidence to the importance of the teaching presence (Garrison et al., 2010) in terms receiving feedback from either the trainer or the colleagues themselves as a factor contributing to the usefulness of the training program for the participants and supports the paradigm of a culture of critical collegueship (Lieberman & Mace, 2009) in the context of online CoPs.

**Table 3: Reported usefulness of Involvement – Obtaining feedback to teaching problems as an effective PD activity**

Table 3: Question 12.8 (mean)				
Question 6		M.O.=4,9	M.O.=6,3	Total
	Very useful	34	0	34
	Moderately useful	0	15	15
	Slightly useful	0	0	0
	Absolutely useless	0	0	0
	Total	34	15	49

(Mann-Whitney U Wilcoxon W test)

As for the specific conditions that have supported their reflection and the reported effectiveness of their training experience in relation to their teaching practice, we have found that 85.5% of the participants who kept journals as a tool to guide their reflection on their own and their peers' teaching practice report that they found their participation in the ELTeachers CoP very useful. On the contrary, those who did not keep journals do not evaluate their participation as highly as the former (57.1% see Table 4).

**Table 4: Keeping journals as a tool for reflection – Reported usefulness of Involvement**

Table 4: Question 13.3				
Question 6		Yes	No	Total
	Very useful	18(85,7%)	16(57,1%)	34
	Moderately useful	3	12	15
	Slightly useful	0	0	0
	Absolutely useless	0	0	0
	Total	21	28	49

Similarly, 81.3% of the respondents who can provide examples of their written reflective records also evaluate their participation very useful (see Table 5).

**Table 5: Provision of written records for reflection– Reported usefulness of Involvement**

Table 5: Question 13c				
Question 6		Yes	No	Total
	Very useful	26(81,3%)	8(47,0%)	34
	Moderately useful	6	9	15
	Slightly useful	0	0	0
	Absolutely useless	0	0	0
	Total	32	17	49

The significance of reflective practice in the context of the online CoPs as a major professional development activity for this sample is further corroborated with the statistically significant association presented below. Frequent examination and analysis of the teaching practices emerges as a precondition not only for learning but also for the extent to which teachers perceive their participation in the ELTeachers CoPs as a source of meaningful professional development for them (see Table 6).

**Table 6: Extent to which teacher development needs have been met– Examination and analysis of teaching beliefs and practices**

Table 6: Question 7						
Question 13a		A great deal	Up to Some extent	A little	Not at all	Total
	It is part of my everyday teaching practice	13(61,9%)	16(61,5%)	1	0	30
	Once a week	8(38,1%)	3(11,5%)	1	0	12
	Once a month	0	7	0	0	7
	Almost never	0	0	0	0	0
	Total	21	26	0	0	49

In the same light, another factor that enhances the reported effectiveness of their training experience in relation to their teaching practice is the provision of written records for reflection. The role written reflection plays in enhancing the reported impact of the online CoPs bears evidence here (see Table 7).

**Table 7: Extent to which teacher development needs have been met – Provision of written records for reflection**

		Table 7: Question 13c		
		Yes	No	Total
Question7	A great deal	19(90,5%)	2	21
	Up to Some extent	12(46,2%)	14	26
	A little	1	1	2
	Not at all	0	0	0
	Total	32	17	49

Concerning the specific conditions that have supported their reported reconstruction of beliefs and practices, examination and analysis of their teaching beliefs and practices on a daily basis constitutes a major agent of teacher development and course effectiveness as the findings show (see Table 8). In particular, the vast majority of the respondents who reflected daily on their teaching beliefs and practices were able to integrate the new knowledge received in their every single lesson (46.7%) or once a week (40%).

**Table 8: Examination and analysis of teaching beliefs and practices – Frequency of usage of new ideas in class**

		Table 8: Question 14				
		In Every Single lesson	Once a week	Once a month	Almost never	Total
Question 13a	It is part of my everyday teaching practice	14(46,7%)	12(40,0%)	4	0	30
	Once a week	0	9(75,0%)	3	0	12
	Once a month	0	0	6(85,7%)	1(14,3%)	7
	Almost never	0	0	0	0	0
	Total	14	21	13	1	49

Similarly, fostering discussions on the theory and practice of teaching can enhance the training course effectiveness as Table 9 shows and corroborates the relevant research findings (Lieberman & Mace, 2009). Frequent examination and analysis of the teachers' beliefs and practices through the forum discussions is considered to be an indispensable factor of the CoP course effectiveness for the 76.1% of the respondents (see Table 9).

**Table 9: Reported effectiveness of training experience in relation to teaching practice – Examination and analysis of teaching beliefs and practices**

		Table 9: Question 17b				
		A great deal	Up to Some extent	A little	Not at all	Total
Question 13a	It is part of my everyday teaching practice	16(76,1%)	14(51,8%)	0	0	30
	Once a week	4	8	0	0	12
	Once a month	1	5	1	0	7
	Almost never	0	0	0	0	0
	Total	21	27	1	0	49

Finally, the majority of the trainees who report knowledge restructuring tend to be more positive in their attitude and evaluation of the online CoPs. More specifically 77.8% of those who report a great deal of knowledge restructuring also state that their participation in the online CoPs proved very effective for their everyday teaching practice (see Table 10).

**Table 10: Gaining of new insights into teaching – Reported effectiveness of training experience in relation to teaching practice**

		Table 10: Question 17b				
		A great deal	Up to Some extent	A little	Not at all	Total
Question 17a	A great deal	14(77,8%)	4	0	0	18
	Up to Some extent	6	22(78,6%)	0	0	28
	A little	0	1	1	0	2
	Not at all	1	0	0	0	1
	Total	21	27	1	0	49

### Conclusion

As Greek and international educational policies require teachers to constantly adapt their pedagogy to new theoretical approaches in order to pursue their professional development and improve their classroom practices, training course designers and decision makers need to provide professional opportunities for teachers that will help them enhance their knowledge and develop new instructional practices (Borko, 2009). The findings confirm the central role that online Communities of Practice can play in the teacher education area in Greece since they prove to be an effective catalyst for the meaningful professional development of teachers and deserve to be further and more widely implemented to become a sustainable one too. However, teaching and teacher training is complex and teacher professional development policies have traditionally been ineffective in inducing lasting change (Cuban, 2013). The present paper provides evidence that teachers can benefit from membership in supportive online Communities of Practice that can help them make sense of new ideas, examine their existing practice and implement new instructional practices.

The study also found that the ELTeachers CoPs engage teachers in more meaningful and effective professional development activities than the traditional methods of in-service teacher education implemented in Greece and constitute an online environment conducive to teacher development. In particular, the online CoP environment facilitates sharing resources, problems and good practices with colleagues as well as the identification of needs, reflective discussion, exploration of solutions with colleagues and obtaining of feedback through the discussion forum. In addition, the ELTeachers CoPs training was found to be very useful for the teachers' everyday practice, addressed more effectively their professional development and practical needs, engaged them in critical reflection and contributed to the reconstruction of their beliefs, knowledge and practices to a great extent. Finally the study designates specific factors associated with their reflection, their reported reconstruction of beliefs and practices and the reported effectiveness of their training experience in relation to their teaching practice. Examination and analysis of teaching beliefs and practices, keeping journals as a tool for reflection, obtaining feedback to teaching problems and gaining of new insights into teaching are the factors that contribute to furthering our understanding of effective implementation of online CoPs in the context of continuing professional development. Further research on reform initiatives involving online CoPs can shed light on more factors associated with teacher learning, implementation of innovative teaching practices and perceived effectiveness of the training courses and potentially pave the way for a new teacher education paradigm in Greece.

### References

- [1] Bax, S. (1995). "Appropriate methodology: the content of teacher development activities." *System*, 23/3: 347-357.
- [2] Borko, H. (2009). Professional development and teacher learning: Mapping the terrain. *Educational Researcher*, 33/8: 3-15.
- [3] Brandt, C. (2006). Allowing for practice: A critical issue in TESOL teacher preparation. *ELT Journal*, 60/4: 355-364.



- [4] Cambridge, D., Kaplan, S. & Suter, V. (2005). Community of practice design guide. A step-by-step guide for designing and cultivating communities of practice in higher education. *EDUCAUSE Learning Initiative (ELI)*. <https://goo.gl/zcBy3e>
- [5] Cuban, L. (2013). Why so many structural changes in schools and so little reform in teaching practice? *Journal of Educational Administration*, 51/2:109-125.
- [6] Darling-Hammond, L., & McLaughlin, M. W. (1995). Policies that support professional development in an era of reform. *Phi Delta Kappan*, 76/8: 597–604. [https://www.researchgate.net/profile/Linda\\_Darling-Hammond/publication/243783117\\_Policies\\_That\\_Support\\_Professional\\_Development\\_in\\_an\\_Era\\_of\\_Reform/links/54a5945c0cf267bdb9082773/Policies-That-Support-Professional-Development-in-an-Era-of-Reform.pdf](https://www.researchgate.net/profile/Linda_Darling-Hammond/publication/243783117_Policies_That_Support_Professional_Development_in_an_Era_of_Reform/links/54a5945c0cf267bdb9082773/Policies-That-Support-Professional-Development-in-an-Era-of-Reform.pdf)
- [7] Day, C. & Sachs, J. (2004). Professionalism, performativity and empowerment: discourses in the politics, policies and purposes of continuing professional development. In C. Day & J. Sachs (Eds.), *International handbook on the continuing professional development of teachers*, 3-32. Maidenhead: Open University Press.
- [8] Dede, C., Ketelhut, D.J., Whitehouse, P., Breit, L. & McCloskey, E. M. (2009). "A Research Agenda for Online Teacher Professional Development". *Journal of Teacher Education*, 60: 8-20.
- [9] Dornyei, Z. (2007). *Research methods in applied linguistics*. Oxford: Oxford University Press.
- [10] Dunne, F. Nave, B., & Lewis, A. (2000). Critical friends groups: Teachers helping teachers to improve student learning. *Phi Delta Kappan*, 28: 9–12. <http://www.pdkintl.org/research/rbulletins/resbul28.htm>
- [11] Eades, C. (2001). A mingling of minds: Collaboration and modeling as transformational teaching techniques. *Focus on Basics: Connecting Research & Practice*, 5/B: 26-29. Boston, MA.: NCSAL. <https://goo.gl/xvqaGL>
- [12] Englert, C.S. & Tarrant, K.L. (1995). Creating collaborative cultures for educational change. *Remedial and Special Education*, 16/6: 325–336.
- [13] Fishman, B, Konstantopoulos, S., Kubitskey, B., Vath, R., Park, G., Johnson, H. & Edelson, D.C. (2013). Comparing the impact of online and face-to-face professional development in the context of curriculum implementation. *Journal of Teacher Education*, 64: 426-438.
- [14] Franke, M.L., Carpenter, T.P., Levi, L. & Fennema, E. (2001). Capturing teachers' generative change: A follow-up study of professional development in mathematics. *American Educational Research Journal*, 38/3: 653-689.
- [15] Freeman, D. (1989). Teacher training, development and decision-making: a model of teaching and related strategies for teacher education. *Tesol Quarterly*, 23/1: 27-45.
- [16] Garet, M.S., Porter, A.C., Desimone, L.M., Birman, B., & Yoon, K.S. (2001). What makes professional development effective? Results of a national sample of teachers. *American Educational Research Journal* 38/4: 915-945.
- [17] Garrison, D. R., Cleveland-Innes, M. & Fung, T. S. (2010b) 'Exploring causal relationships among teaching, cognitive and social presence: Student perceptions of the community of inquiry framework', *The Internet and Higher Education*, 13/1-2:31-36.
- [18] Goodyear, P. & Zenios, M. (2007). Discussion, collaborative knowledge work and epistemic fluency. *British Journal of Educational Studies*. 55/4: 351-368.
- [19] Hollins, E. R., McIntyre, L. R., DeBose, C., Hollins, K. S., & Towner, A. (2004). Promoting a self-sustaining learning community: Investigating an internal model for teacher development. *International Journal of Qualitative Studies in Education*, 17/2: 247–264.
- [20] Johnson, D. W. & Johnson, F.P. (1997). *Joining together: Group theory and group skills* (6th ed.). Boston: Allyn and Bacon.
- [21] Karavas, E. & Papadopoulou, S. (2014). Introducing a paradigm shift in EFL continuing professional development in Greece: the development of online communities of practice. In D. Hayes (Ed.), *Innovations in the continuing professional development of English language teachers*, 179-206. London: British Council.
- [22] Katz, S., Sutherland, S., & Earl, L. (2005). Toward an evaluation habit of mind: mapping the journey. *The Teachers College Record*, 107/10: 2326-2350.
- [23] Kimble, C., Hildreth, P. & Bourdon, I. (2008). *Communities of practice: Creating learning environments for educators*, Volume 2, Charlotte, NC: Information Age Publishing.
- [24] Kontra, E.H. (1997). Reflections on the purpose of methodology training. *ELT Journal*, 51/3: 242-250.
- [25] Kourkoulis, K. (2015). Investigating the effectiveness of training procedures employed in Greek EFL state induction teacher education courses. *Research Papers in Language Teaching and Learning*, 6/1: 6-24. <https://goo.gl/CVgnMK>
- [26] Kubanyiova, M. (2012). *Teacher development in action: Understanding language teachers' conceptual change*. London: Palgrave Macmillan.

- [27] Lave, J. & Wenger, E. (1991). *Situated learning: Legitimate peripheral participation*. Cambridge: Cambridge University Press.
- [28] Levin, B. & He, Y. (2008). Investigating the content and sources of teacher candidates' personal practical theories (PPTs). *Journal of Teacher Education*, 59: 55-68.
- [29] Lieberman, A., & Mace, D. H. P. (2009). The role of 'accomplished teachers' in professional learning communities: uncovering practice and enabling leadership. *Teachers and Teaching: Theory and practice*, 15(4), 459 - 470.
- [30] Liu, Y. & Fisher, L. (2006). The development patterns of modern foreign language student teachers' conceptions of self and their explanations about change: three cases. *Teacher Development*, 10/3: 343-360.
- [31] Moore, J., & Barab, S. (2002, May/June). The inquiry learning forum: A community of practice approach to online professional development. *TechTrends*, 46/3: 44-49.
- [32] Ng, C., & Hung, D. (2003). Conceptualizing a framework for design of online communities. *International Journal on E-Learning*, 2/4: 60-71.
- [33] Pedagogical Institute of Greece (2009) Proposal for the education of teachers. Athens: Pedagogic Institute.
- [34] Richardson, V. (1990). Significant and worthwhile change in teaching practice. *Educational Researcher*, 19(7), 10-18.
- [35] Richardson, V., & Placier, P. (2001). Teacher change. In V. Richardson (Ed.), *Handbook of research on teaching* (905-947). Washington, D.C.: American Educational Research Association.
- [36] Sorge, D. H., & Russel, J.D. (2000). A strategy for effective change in instructional behavior : Staff development that works. *Educational Technology*, XL (6), 46-49.
- [37] Vergidis, D, Anagnou, V, Bathi, P, Balmas, Th, Bozaitis, G, Markopoulou, M, Tzintzidis, A, Tourkaki, D (2010) Exoteriki axiologisi tou programmatos isagvgiki epimorfosi gia neodeoristous ekpedeftikous sxolikou etous 2009-2010 (external evaluation of the teacher induction training programme for newly appointed teachers 2009-2010) Final Report, Department of Pedagogy, University of Patras.
- [38] Vygotsky, L.S. (1978). *Mind in society: The development of higher psychological processes*. Cambridge, Mass.: Harvard University Press.
- [39] Wenger, E., McDermott, R. & Snyder, W. (2002). *Cultivating communities of practice*. Boston, MA: Harvard Business School Press.
- [40] Mezirow, J. (1991). *Transformative dimensions of adult learning*. San Francisco: Jossey-Bass.

## Youth Culture Features in the Light of Preferred Role Models and Life Styles

**PhD Amel Alić**

Associated professor, University of Zenica

**PhD Haris Cerić**

Associated professor, University of Sarajevo

**MA Sedin Habibović**

Psychologist-therapist, University of Zenica

### Abstract

The aim of this research was to determine to what extent different variables describe the style and way of life present within the student population in Bosnia and Herzegovina. In this sense, in addition to general data on examinees, gender differences were identified, the assessment of parental dimensions of control and emotion, overall family circumstances, level of empathy, intercultural sensitivity, role models, preferences of lifestyles, everyday habits and resistance and (or) tendencies to depressive, anxiety states and stress. The survey included a sample of 457 examinees, students of undergraduate studies at the University of Zenica and the University of Sarajevo, with a total of 9 faculties and 10 departments covering technical, natural, social sciences and humanities. The obtained data give a broad picture of the everyday life of youth and confirm some previously theoretically and empirically justified theses about the connection of the family background of students, everyday habits, with the level of empathy, intercultural sensitivity and preferences of the role models and lifestyles of the examinees.

**Keywords:** life styles, role models, empathy, intercultural sensitivity, perception of family relations

### Introduction

#### Theoretical background

The concept of self is most often associated with the group's membership and is realized through interaction with others. People tend to describe themselves more often in terms of members of a group (family, class, profession, etc.) than in the terms of the value judgment. Therefore, individuals in self-evaluation of personal values will most often self-evaluate and invoke the values that nurture and prefer the primary reference group - the family in the first place, and then spreads social and cultural circles. Therefore, the individual is most often self-assessed according to the level of accomplishment of the goals that the group it prefers. Since identity is created by the complex and dynamic processes of interaction between different roles, but also the inner layers "I", "ME", "SELF" and "MIND", according to Georg Herbert Mead (1973), in the "generalizing other" the difference between personal and social identity is developed. While in a functionalistic perspective identity represents a compromise between personal and social, the authors of other theoretical orientations clearly distinguish these two identities. Kamler (Lüdtke, 1987, after Tomić-Koludrović and Leburic, 2002: 42) explains these two identities using the concepts of life philosophy and lifestyle. While life philosophy represents a personal identity in the terms of individual forms of personal values, moral, political and religious beliefs, the lifestyle implies a social identity based on socially recognized, conventionally established values and views.

All of these theoretical starting points emphasize the importance of the social context for the development of the individual and show that other people can be an important source / role model of social behaviour. In this sense, learning by model on the basis of examples, has been shown to be one of the most effective forms of social learning: person will much more willingly mimic an example of another person, especially if he/she respects him/her, he/she loves or if he/she is close to him/her and considers him/her to be similar to himself/herself be guided only by advice or warnings (Rot, 2008). After Rot, learning by model includes three forms of learning: learning by identification, learning by imitation, and learning of the roles.

#### The aim of the research

The aim of this research was to determine to what extent different variables describe everyday life of youth (in this study of students) and their family background related to the choice of models, preferences of lifestyles, level of empathy, intercultural sensitivity, and resistance to stressful situations, depression and anxiety. In this sense, in addition to general data on examinees, gender differences were identified, the assessment of parental dimensions of control and emotionality (family circumstances), empathy level, intercultural sensitivity, and resistance and tendency to depressive, anxiety states and stress. This research is characterised by an interdisciplinary approach, through insights into different of scientific fields relevant to researches in culture, social pedagogy and psychology. The research is a continuation of the research in which we, on the same sample, separately considered the optimism and the pessimism among the students (Alić, Cerić and Habibović, 2018). At the same time, the results on this sample were compared with the results of the study of lifestyles and empathy of students collected on the other sample three years ago (Alić, Cerić and Habibović, 2015).

### **Methodological framework of research**

The research has elements both qualitative and quantitative analysis. In the study, a non-experimental empirical transversal plan was used in which we relied on interviews with individuals, survey using standardized scales of assessment, analysis of theoretical structure and statistical data processing. The field survey was carried out in the spring of 2017, the input and processing of data in the autumn of 2017, and the first analysis of the data processed at the end of 2017. The empirical part of the research included a sample of 457 examinees, undergraduate students at the University of Zenica and the University of Sarajevo, with a total of 9 faculties and 10 departments covering technical, natural, social sciences in the humanities. At the University of Zenica we conducted the research at the following faculties: Faculty of Mechanical Engineering (38 examinees), Faculty of Polytechnic (57 examinees), Faculty of Metallurgy and Technology (34 examinees), Faculty of Law (44 examinees), Faculty of Philosophy (69 examinees), Faculty of Economics (22 examinees) and Faculty of Medicine - General Medicine and Health care (77 examinees); and at the University of Sarajevo: Faculty of Political Sciences (74 examinees) and the Faculty of Natural Sciences and Mathematics (42 examinees). An insight into the gender structure of the sample suggests that the survey covered 328 female students and 129 male students.

The following questionnaires has been used in this research: a questionnaire on general information of examinees, scale of parental perception of family relations (Vulić-Prtorić, 2000) including 25 items by which the examinees evaluate the dimensions of emotionality and control of both mother and father – Alpha Cronbach for emotionality of mother is 0.809, for emotionality of father 0.857, for mother's control 0.766, while for dimension of father's control, Alpha –Cronbach coefficient is 0.76; scale of empathy (Baron-Cohen, 2012) Alpha-Cronbach coefficient in this research is 0.867; Intercultural Sensitivity Scale / containing sub-scales: Interaction Engagement, Respect for Cultural Differences, Interaction Confidence, Interaction Enjoyment, and Interaction Attentiveness (Chen, G.M., & Starosta, W.J., 2000, after to Fritz, Mollenberg & Chen, 2002) - Alpha Cronbach coefficient is 0.833; Scale of optimism / pessimism (Penezić, 2002) – Alpha Cronbach for subscale of optimism is 0.789, for subscale of pessimism 0.806; Life Style Preference Questionnaire - constructed as a five-step Likert type scale, which measures the intensity of the preference of ten lifestyles (Popadić, 1995; Luković and Čizmić, 2012; Mladenovska-Dimitrovska, Dimitrovski, 2015; Knežević, 2016); and DASS21 –Alpha Cronbach coefficient in this research for anxiety scale is 0.847, for stress scale 0.839, and for scale of depressiveness 0.863. The Alpha Cronbach values has shown for most questionnaires applied equally high scores as well as in our previous researches (Alić, Cerić and Habibović, 2017, 2018).

### **Analysis of lifestyle results**

In this research, for the purposes of examining the value orientations and lifestyles, we used the Life Style Preference Questionnaire - constructed as a five-step Likert type scale, which measures the intensity of the preference of ten lifestyles: utilitarian style, family-sentimental style, egoistic orientation, popularity orientation, hedonistic orientation, power orientation, Prometheus activism, altruistic orientation, cognitive style and religious-traditional style (used in numerous researches: Popadić, 1989; Popadić, 1990; Luković i Čizmić, 2012; Mladenovska-Dimitrovska, Dimitrovski, 2015; Knežević, 2016). Descriptions of these lifestyles provide a broad framework of understanding current trends among youth, especially within the student population. In comparison to other surveys conducted in neighbouring countries, the results of our research show dramatic changes in terms of preferred lifestyles<sup>1</sup>.

<sup>1</sup> For comparison purposes, in their research on a sample of 237 examinees, high school students in Bitola, Mladenovska-Dimitrovska and Dimitrovska (2015), they used the same scale and got a completely different ranking of life styles: among the high school students in Bitola, the most preferred lifestyle was family -sentimental style, then utilitarian, followed by egoistic and hedonistic orientation. Minimum preferred lifestyles in this research were: orientation to popularity, orientation to power and a cognitive lifestyle. In a research carried out within the doctoral dissertation, Knezevic (2016) lists some of the changes that have taken place in terms of changing the value orientations (Petrović and Zotović, 2009, after Knežević, 2016: 46) in the last two decades in Serbia. Namely, there is a gradual decline

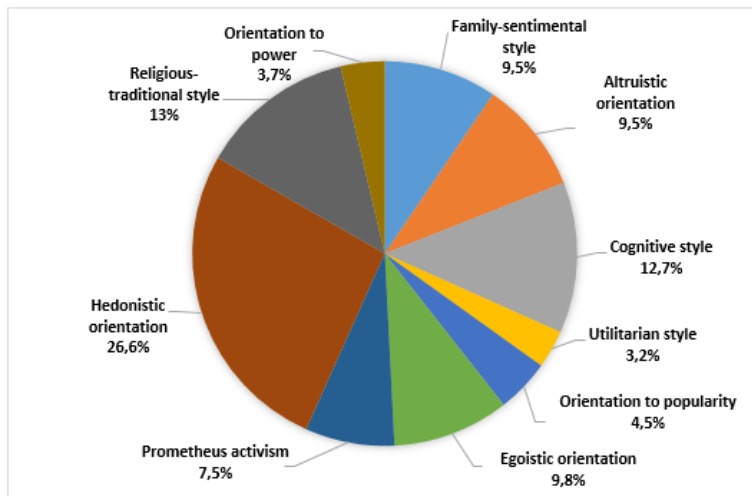
Taking into consideration the fact that the overview of the preference of lifestyles that youth choose as those styles they currently live, provides numerous information about the individual and collective status of a society, we were interested to what extent is particular style present in terms of students' preferences (Table 1).

**Table 1.** Distribution of results regarding the preference of lifestyles by gender and on the entire sample

	Female		Male		Total		Rank
	f	%	f	%	f	%	
Family-sentimental style	31	10%	9	7,6%	40	9,5%	5
Altruistic orientation	32	10,5%	8	6,7%	40	9,5%	5
Cognitive style	39	12,7%	15	12,7%	54	12,7%	3
Utilitarian style	8	2,6%	6	5,2%	14	3,2%	10
Orientation to popularity	12	4%	7	6%	19	4,5%	8
Egoistic orientation	28	9,2%	14	11,8%	42	9,8%	4
Prometheus activism	22	7,1%	10	8,5%	32	7,5%	7
Hedonistic orientation	85	27,6%	28	23,7%	113	26,6%	1
Religious-traditional style	37	12%	18	15,3%	55	13%	2
Orientation to power	13	4,3%	3	2,5%	16	3,7%	9
<b>TOTAL</b>	<b>307</b>	<b>100%</b>	<b>118</b>	<b>100%</b>	<b>425</b>	<b>100%</b>	

On the entire sample, hedonism is most preferred lifestyle (26.6%), and this lifestyle is equally presented in male (23.7%) and female examinees (27.6%). It is interesting to note that hedonism currently present in more than a quarter of students, indicating the dominant concept of youth, the desirable state of things, as well as the value orientations of young people that are dominant in our society and in an individual, but also in the collective sphere within the subculture of youth<sup>1</sup>. For the purpose of graphic visualization of the representation of life styles and student value preferences, Figure 1. shows the obtained distribution of results.

**Figure 1.** Percentage chart of preferred lifestyles and student value orientations



in the popularity of lifestyles that implies advocacy for the general interests and well-being of other people, while lifestyles that are directed at personal well-being are increasingly preferred. Thus, research conducted in the 1990s (Popadić, 1990 and 1995, according to Knežević, 2016: 47) in the adolescent population in Serbia, show that the most attractive family style, while the least attractive is the religious-traditionalist orientation, as well as the orientation to power. The results of the second measurement (Popadić, 1995) show changes in the priorities of young people in Serbia. Namely, the popularity of the religious-traditionalist, hedonistic and egoistic way of life is growing, while the altruistic and activist style has become less popular.

<sup>1</sup> Can this inclination explain the tendency of youth to leave Bosnia and Herzegovina? Of course, along with variables such as the feeling of hopelessness, the idea of a promised land, and so on, this connection should be explored too.

The second style of representation is religiously traditional, on the whole sample it appears within 13% of the observed population, 15.3% in men and 12% in female examinees.

It is interesting that in the students covered by this research, the cognitive style appears in only 12.7% of the examinees in the overall sample (12.7% in both men and women), which indicates a complete lack of readiness for learning, acquiring knowledge and research work. This trend could be considered worrying since student years are the era when the tendency to learn and professional development should be far more pronounced, especially if we take into account that the sample of young people covered by this research, as we already said, consisted exclusively of the student population (and not those who decided to work or other activities after high school). The next, fourth in the ranking, is the egoistic orientation (9.8%), which is more pronounced than the family-sentimental (9.5%) and altruistic orientation (9.5%). After activism (7.5%), the least present styles are popularity orientation (4.5%), power orientation (3.7%) and utilitarian style (3.2%). Such results remind us of what Tomić-Koludrović and Leburčić, referring to Shelsky, called the "sceptical generation" in similar research in Croatia (Tomić-Koludrović and Leburčić, 2001) <sup>1</sup>.

In the continuation of the analysis of the collected data, we were interested in which of the observed variables correlate the preferences of lifestyles, since the relationship between values, lifestyles, family / family status and other considered variables could indicate the characteristics of the subgroup.

Therefore, the calculation of the relationship between the observed criteria of the variables was made using the Spearman's rho coefficient of correlation, since the correlation ranking was to be determined. Using Spearman's rho coefficient of correlation, the possible correlation between variables was examined: general student data (based on which the role model was sampled), assessment of the dimensions of father and mother emotionality, level of empathy, intercultural sensitivity, tendencies of anxiety, depressive moods, stress, and all compared to the results achieved with regard to the preference of lifestyles.

Based on the analysis of the derivation from the correlation matrix for lifestyles and variables of the tendency to depressed moods, stress, anxiety, level of intercultural sensitivity and empathy, a number of extremely interesting correlations have appeared (Table 2).

So, a propensity to depression correlates to  $P < 0.01$  in subjects who do not prefer the family-sentimental lifestyle ( $r = -0.180$ ;  $p = .000$ ), and the same result is also established in terms of the correlation between non-preferring the family-sentimental lifestyle and tendency anxiety at  $P < 0.05$  ( $r = -0.095$ ;  $p = .045$ ). This would mean that those students who do not live and do not prefer the current family-sentimental lifestyle are also part of a sample that is more inclined to depressive and anxious moods.

**Table 2.** Abstract from correlation matrix for life styles and criteria variables

Scale		Depression	Anxiety	Stress	Intercultural sensitivity	Empathy
Family-sentimental style	Spearman's rho	-.180**	-.095*	-.018	.171**	.193**
	Sig. (2-tailed)	.000	.045	.699	.000	.000
	N	445	443	445	447	443
Religious-traditional style	Spearman's rho	-.029	.032	.049	.045	.124**
	Sig. (2-tailed)	.548	.501	.306	.346	.009
	N	445	443	445	447	443
Altruistic orientation	Spearman's rho	-.017	.006	.030	.263**	.212**

<sup>1</sup> Tomić-Koludrović and Leburčić (2001) empirically tested, on a sample of 1283 youth in Croatia in 1999, a hypothetical typology of eight lifestyles of youth, which, by combining the typologies of lifestyles of youth from different European research, was constructed by Gaiser (1994): family oriented young people, male oriented, conventionally oriented, hedonistic oriented, subjectively oriented, reasonably sceptical oriented, dependently oriented and refusingly oriented. Their research results indicate that, although the hypothetical typology has not been confirmed, among the examined sample of youth in Croatia, it is possible to identify six lifestyles: hedonistic intellectual, lifestyle of fashionable dominance, superficially sociable, traditional family, social-conscious and lifestyle of leisured fashionableness. In relation to the hypothetical typology, among the examinees, there were the most family-oriented types (25.6%), followed by male-oriented (15.4%), hedonistic oriented (14%) and subject-oriented (13.5%).

	Sig. (2-tailed)	.727	.892	.527	.000	.000
	N	445	443	445	447	443
Cognitive style	Spearman's rho	-.054	-.031	-.019	.378**	.193**
	Sig. (2-tailed)	.251	.521	.689	.000	.000
	N	445	443	445	447	443
Utilitarian style	Spearman's rho	-.033	-.057	.006	.161**	.003
	Sig. (2-tailed)	.493	.232	.899	.001	.958
	N	445	443	445	447	443
Orientation to popularity	Spearman's rho	.120*	.043	.035	-.218**	-.213**
	Sig. (2-tailed)	.011	.363	.463	.000	.000
	N	445	443	445	447	443
Egoistic orientation	Spearman's rho	-.045	-.077	-.020	.164**	-.002
	Sig. (2-tailed)	.343	.107	.670	.001	.959
	N	445	443	445	447	443
Prometheus activism	Spearman's rho	.007	.079	.036	.135**	.098*
	Sig. (2-tailed)	.876	.096	.448	.004	.038
	N	445	443	445	447	443
Hedonistic orientation	Spearman's rho	-.015	.000	.026	.198**	.101*
	Sig. (2-tailed)	.752	.990	.587	.000	.034
	N	445	443	445	447	443
Orientation to power	Spearman's rho	.072	.074	.063	.026	-.071
	Sig. (2-tailed)	.129	.120	.185	.589	.135
	N	445	443	445	447	443

In students with higher scores on the scale of intercultural sensitivity, there is a correlation at the level  $P < 0.01$  with regard to the preferences of family-sentimental lifestyle ( $r = 0.171$ ;  $p = .000$ ), altruistic ( $r = 0.263$ ;  $p = .000$ ), cognitive orientations ( $r = 0.378$ ;  $p = .000$ ), and in terms of utilitarian ( $r = 0.161$ ;  $p = .001$ ), egoistic orientations ( $r = 0.164$ ;  $p = .001$ ); readiness for activism ( $r = 0.135$ ;  $p = .004$ ), but also hedonism ( $r = 0.198$ ;  $p = .000$ ). In students with higher scores of intercultural sensitivity, there is a negative correlation with respect to popularity orientation ( $r = -0.218$ ;  $p = .000$ ). It is interesting that the level of intercultural sensitivity is not in correlation with the religious-traditional style.

The higher the scores on the empathy scale, the more likely they are correlations at the level  $P < 0.01$  with family-sentimental ( $r = 0.193$ ;  $p = .000$ ), with a religious-traditional style ( $r = 0.124$ ;  $p = .009$ ) altruistic ( $r = 0.212$ ;  $p = .000$ ), cognitive style ( $r = 0.193$ ;  $p = .000$ ), and at  $P < 0.05$  activism ( $r = 0.098$ ;  $p = .038$ ). Negative correlations between higher scores on empathy scale were found in popularity orientation.

These data at the same time mean that more intercultural sensitivity and empathy can be expected among young people who prefer: family-sentimental, religious-traditional, altruistic, cognitive, hedonistic style, and the inclination to social activism. Among the set lifestyles, all styles other than hedonistic were expected, which should be investigated in more detail.

We also tried to determine possible correlations with regard to the assessment of the dimensions of parental behaviour and the preference of lifestyles (Table 3).

As we expected the correlation at  $P < 0.01$  level, it was established between the father's emotionality with the family-sentimental ( $r = 0.143$ ;  $p = .004$ ), the religious-traditional style ( $r = 0.144$ ;  $p = .004$ ) level  $P < 0.05$  with a cognitive style ( $r = 0.108$ ;  $p = .031$ ) and power orientation ( $r = 0.106$ ;  $p = .033$ ), as well as altruism (we consider it to be considered because the value is  $p = 0.051$ ). A higher estimate of the mother's emotional dimension correlates to  $P < 0.05$  with family-sentimental ( $r = 0.108$ ;  $p = .024$ ), religious-traditional style ( $r = 0.103$ ;  $p = .031$ ) 05 with altruistic orientation ( $r = 0.093$ ;  $p = .051$ ) and cognitive style ( $r = 0.112$ ;  $p = .019$ ).

Interestingly, a higher assessment of father control significantly correlates to  $P < 0.01$  with altruistic orientation ( $r = 0.129$ ;  $p = .010$ ), while maternal control correlates to  $P < 0.05$  with popularity orientation ( $r = 0.110$ ;  $p = .021$ ).

**Table 3.** Abstract from correlation matrix for life styles and dimensions of parent's behaviour

Scale		Dimension of father's control	Dimension of father's emotionality	Dimension of mother's control	Dimension of mother's emotionality
Family-sentimental style	Spearman's rho	-.058	.143*	-.014	.108*
	Sig. (2-tailed)	.248	.004	.777	.024
	N	402	404	438	438
Religious-traditional style	Spearman's rho	-.005	.144**	.043	.103*
	Sig. (2-tailed)	.913	.004	.373	.031
	N	402	404	438	438
Altruistic orientation	Spearman's rho	.129**	.097	.053	.093
	Sig. (2-tailed)	.010	.051	.269	.051
	N	402	404	438	438
Cognitive style	Spearman's rho	.048	.108*	.042	.112*
	Sig. (2-tailed)	.334	.031	.380	.019
	N	402	404	438	438
Utilitarian style	Spearman's rho	.052	.070	.053	.047
	Sig. (2-tailed)	.296	.159	.270	.323
	N	402	404	438	438
Orientation to popularity	Spearman's rho	.090	.014	.110*	-.065
	Sig. (2-tailed)	.070	.773	.021	.177
	N	402	404	438	438
Egoistic orientation	Spearman's rho	.073	.008	.053	.065
	Sig. (2-tailed)	.144	.877	.267	.177
	N	402	404	438	438
Prometheus activism	Spearman's rho	.040	.001	.039	.041
	Sig. (2-tailed)	.425	.978	.419	.396
	N	402	404	438	438
Hedonistic orientation	Spearman's rho	.052	.020	.036	.007
	Sig. (2-tailed)	.302	.682	.454	.876
	N	402	404	438	438
Orientation to power	Spearman's rho	.028	.106*	.069	.019
	Sig. (2-tailed)	.572	.033	.150	.696
	N	402	404	438	438

Differences in terms of scores achieved on the empathy scale were interesting to analyse in terms of preferred lifestyles and benchmarks. As expected, the highest percentage of above-average empathic fellows among students who declare that they prefer the currently living family-sentimental (28.2%) and religious-traditional (29.5%). The smallest percentage of highly empathic among students who prefer orientation to popularity (15.7%), utilitarian style (14.2%) and, surprisingly, cognitive orientation (14.8%)<sup>1</sup>.

<sup>1</sup> For comparison purposes view: Alic, A., Cerić, H., & Habibović, S. (2015). The Connections of Empathy and Life Styles among Bosnian Students. *Procedia-Social and Behavioral Sciences*, 205, pp.457- 462.



### Analysis of results obtained in terms of researching the role model

As part of the research, the participants were given the opportunity to indicate what their first and second role models are. We assumed that this data would complete the image of the agents and sources of socialization and culture, and enabled a more detailed insight into the trends among the student population related to learning by model, explained in the theoretical framework. Due to the large number of different people from the intimate sphere, politics, science, religion, sports and Estrada's, we have opted for grouping models into the following categories: parents (mentioned jointly as parents, but also separately and jointly listed father and mother), athletes<sup>1</sup>, politicians<sup>2</sup>, scientists<sup>3</sup>, religious / religious models<sup>4</sup>, celebrities<sup>5</sup> (celebrity stars, singers, actors ...), other close people (from the family: grandfather, grandmother, granddaughter / uncle, aunt, sister, brother ...), there will be a large sample of samples that did not identify anyone as a model. At the level of descriptive analysis, but also t-test, we analysed the representation of certain role models within several sampling lines, and the comparison of two large groups within the sample, possible differences between examinees who have someone for the model and those who did not specify anyone as a model.

**Table 4.** Descriptive presentation of the role model among students and students in terms of first and second choices

	First choice		Second choice	
	Frequency	%	Frequency	%
parents	47	10.3	11	2.4
father	39	8.5	29	6.3
mother	78	17.1	27	5.9
athletes	12	2.6	6	1.3
scientists	15	3.3	14	3.1
celebrities	34	7.4	15	3.3
religious authorities	37	8.1	5	1.1
no model	181	39.6	334	73.1
politicians	3	0.7	5	1.1
other members of the family	11	2.4	11	2.4
Total	457	100.0	457	100.0

The examinees had the opportunity to choose the first and then the second model. In the first election, the majority of students who do not have a model are 39.6%<sup>6</sup>, followed by mother with 17.1%, parents with 10.3% and father with 8.5%. If we gather these percentages, we will notice that 35.9% of students choose their parents as their first choice. It is also a high percentage of the choice of religious personality, 8.1%, and celebrities with 7.4%.

In the second election, the number of students without role model is increasing, i.e. 73.1%. As a second choice, the father has 6.3% of the choices, followed by a mother with 5.9% (Table 4. and Figure 2.).

**Figure 2.** Percentage display of sample choices among students

<sup>1</sup> In the category of athletes, the following persons were identified as students: Kobe Bryant, Michael Jordan, Zlatan Ibrahimovic, Džeko, Cristiano Ronaldo, Messi, etc.

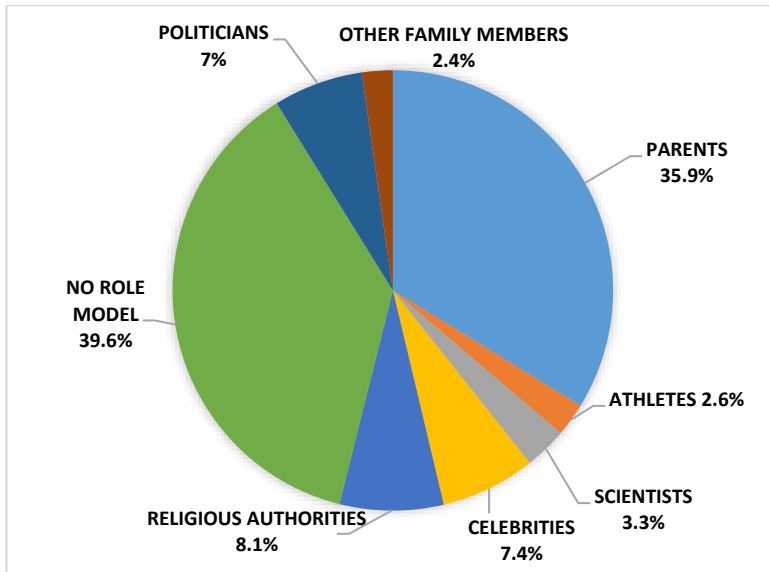
<sup>2</sup> The following persons were listed as politicians in the category of politicians: Tito, Trump, Putin, Berlusconi, Ce Guevara, etc

<sup>3</sup> In the category of scientists, the following persons were listed as students: Maria Curie, Nikola Tesla, Rosalind Franklin, James Watson, Francis Crick, etc.

<sup>4</sup> In the category of religious / religious examples, the following persons were identified as students: Muhammad AS, Jesus.

<sup>5</sup> The celebrities included the following individuals who were instructed by the students as dozens: Dino Merlin, Eminem, Lepa Brena, Oprah Winfrey, Paris Hilton, Angelina Jolie, Beyonce, Celion Dion, etc.

<sup>6</sup> For comparison, in our earlier research (Alić, 2007, 2012), on a sample of 847 subjects, which included members of three generations within the observed families, only 3.7% of the respondents stated that they did not have a model. In the same research, within the sample of the youngest generation, out of a total of 285 subjects, only 2.5% did not have a model.



In relation to gender, we have the following structure of answers:

In the sample of students, the highest percentage is without answers i.e. without a model (39.9%), followed by mother (21.6%), parents (11.9%), and father (7.9%), then religious figures (7, 6%), celebrities with 4.9%, other family members, and scientists with 2.4%. Politicians and athletes are rarely taken as role models (a total of 3 in a sample). When the sum of both parents is added then the percentage of parents as a model for students is 41.4%.

The students have the following structure of answers: without a role model, 38.3%, celebrity 14.1%, father 10.2%, religious personality 9.4%, athletes 7.8%, parents 6.3%, mother 5.5 %, scientists 5.5%, and politicians, as well as other family members of 1.6%, and when both parents sum up, then the percentage of parents as a model for students is 22%.

In order to analyse the results of the sample choices, it was particularly interesting to note that the fullness / incompleteness of the family from which students come from is interesting (Table 5).

**Table 5.** Descriptive representation of role models among students and students in terms of variable completeness / incomplete family

coded models	I come from...				Total
	Complete families (both parents)	(both families of divorced parents)	of Families with one parent		
parents	11.1%	.0%	7.7%		10.3%
father	8.8%	.0%	11.5%		8.5%
mother	16.7%	21.7%	19.2%		17.1%
athletes	2.2%	8.7%	0.0%		2.6%
scientists	3.2%	4.3%	3.8%		3.3%
celebrities	7.1%	8.7%	11.5%		7.4%
religious authorities	8.4%	8.7%	3.8%		8.1%
no model	39.6%	47.8%	34.6%		39.6%
politicians	0.7%	0.0%	0.0%		0.7%
other members of the family	2.2%	0.0%	7.7%		2.4%
Total	407	23	26		457

Students who come from a complete family as their first choice choose their mother, then parents, dads, religious figures, celebrities.

Students who come from families of divorced parents did not choose either their parents or father as a model, but only in their mother's case, in 21.7% of cases, which is also the largest group of students without a model - 47.8% of them. Students of divorced parents do not even choose politicians, but other members of the family as role models. They choose athletes in 8.7%, and in the same percentage and celebrities. Students who come from a family with one parent first elect their mother, and then their father and their parents.

With rural students, the selection order is as follows: mother, father, parents, religious figures, and equally celebrities and scientists.

The order of students from the city is: mother, parents, father, celebrities, and then religious figures.

The order is almost identical in relation to the place where they currently live.

During the analysis of the results, we noticed that two large groups of examinees were identified: one group of examinees with a model, and more than a third with no model. We were interested in whether there are visible differences between these two groups. We examined t-test whether there are differences between students who have a choice and those who have no choice of role model (Table 6).

**Table 6.** Comparison of groups of students with and without a role model in view of the considered variables

Scales		N	Mean	Std. Deviation
The altruistic orientation	has a role model	271	3.86	1.035
	no role model	177	3.65	1.098
Cognitive style	has a role model	271	3.99	1.020
	no role model	177	3.73	1.095
Prometheus activism	has a role model	271	3.75	1.133
	no role model	177	3.47	1.158
The religious-traditional style	has a role model	271	4.22	1.099
	no role model	177	3.92	1.243
Interaction engagement	has a role model	274	28.04	4.393
	no role model	181	27.12	4.137
Interaction attentiveness	has a role model	274	11.31	1.980
	no role model	181	10.88	1.889
Emotionality - father	has a role model	250	39.14	4.946
	no role model	163	37.65	5.638

t-test gender of students	t	df	p
The altruistic orientation	2.013	446	.045
Cognitive style	2.563	446	.011
Prometheus activism	2.570	446	.010
The religious-traditional style	2.703	446	.007
Interaction engagement	2.243	453	.025
Interaction attentiveness	2.269	453	.024
Emotionality - father	2.822	411	.005

The scores of the altruistic orientation are statistically significantly higher for students with a role model at  $p < 0.05$  ( $r = .0045$ ;  $df = 446$ ). And with the cognitive style, we also find statistical significance for the benefit of students who have a role model, and at  $p < 0.05$  ( $r = .0011$ ;  $df = 446$ ). It is identical with activism, and here we find a difference in favour of students who have a role model, and the difference is present at the level of  $p < 0.01$  ( $r = .0010$ ;  $df = 446$ ). We also find the difference in the religious-traditional style in favour of students who have the model, as well as in interactional competence

and inclusiveness. It is very important to emphasise that students with a role model also statistically significantly estimate higher the father's emotionality at  $p < 0.05$  ( $r = .024$ ;  $df = 453$ ).

## Conclusions

Within the observed sample of 457 students from 9 faculties and 10 study departments of the University of Zenica and Sarajevo, a number of variables related to empathy, intercultural sensitivity, degree of resistance to stress, anxiety and depression, the choice of role models and lifestyles, and the assessment of parental behaviour. All variables are within the role model of the sample examined with each other, but also in relation to gender, demographic characteristics, study orientations, everyday habits of students and variables related to family circumstances.

When it comes to the relation between the level of empathy and the selected role models, a high percentage above the average of empathetic is among the students who choose parents as role model (21.7%), religious figures (22.2%), but also among those who do not have models (20.7%). The most low-empathy among the students are the politicians as role model (33.3%), other members of the family (27.3%), athletes (25%), celebrities (23.5%), but interestingly father, too, 23.7%. At the same time, the lowest percentage of above-average empathy is the students who choose the politicians (0%), celebrities (8.8%) and athletes (8.3%).

The preference and current living of one of the offered lifestyles was a separate part of the research. On the whole sample, hedonism is most preferred (26.6%), and this lifestyle is equally highest in male (23.7%) and female examinees (27.6%). It is interesting to note that hedonism currently lives more than a quarter of students, indicating the dominant concept of youth, the desirable state of things, as well as the value orientations of young people that dominate in our society and in an individual, but also in collective sphere within the subculture of youth. The second style that is mostly presented is religiously traditional, on the whole sample it appears within 13% of the observed population, 15.3% in men and 12% in female examinees. It is interesting that in the students covered by this research, the cognitive style appears in only 12.7% of the examinees in the overall sample (12.7% in both men and women), which indicates a complete lack of readiness for learning, acquiring knowledge and research work.

The examinees had the opportunity to choose the first and then the second model. In the first election, the majority of students who do not have a model are 39.6%, followed by a mother with 17.1%, parents with 10.3% and a father with 8.5%. If we gather these percentages, we will notice that 35.9% of students choose their parents as their first choice. It is also a high percentage of the choice of religious personality, 8.1%, and celebrities with 7.4%. In the second election, the number of students without role model is increasing, i.e. 73.1%. As a second choice, the father has 6.3% of the vote, followed by a mother with 5.9%. The T-test has identified possible differences between these two largest groups of students: with a choice of model and without model. A statistically significant difference in the benefit of students who have a role model is determined by altruistic orientation and cognitive style. It is identical with activism, and here we find a difference in favour of students who have a role model, as well as with the religious-traditional style, interactional powers and interactional involvement. Students with a higher education also assess the father's emotionality.

The results obtained in this research are not just a useful and interesting source of information about the characteristics of young people's culture in terms of preferred role models, life orientations, values, sensitivity to others, all in view of family circumstances, but also an important set of data based on which could develop work programs with students. Young people, at least according to the results presented in this research, are increasingly turned to entertainment and immediate pleasure, are sceptical and quite pessimistic, and among adults outside the family, there are no examples, and more and more people who declare themselves to have no role, even within intimate circles. The results also partly explain some of the very current trends in our society, such as: emigration, outpouring of youth and professional staff, growing feeling of helplessness, pessimism and apathy among young people, as well as shifting the age limit in which young people take over social functions and get married.

## References

- [1] Alić, A., Cerić, H., & Habibović, S. (2018). Interdisciplinary View into Optimism and Pessimism in Emic Perspective. *European Journal of Interdisciplinary Studies*, 10(1), 7-17.
- [2] Alić, A., Cerić, H. & Habibović, S. (2017). Evaluations of Students and Teachers on Quality of Teaching Process Regarding Working Styles. *European Journal of Social Sciences Education and Research*, [S.l.], v. 10, n. 2, pp. 94-100.

- [3] Alić, A., Cerić, H. & Habibović, S. (2017). Students' Cultural Background as a Determinant of Various Categories of Social Behaviour. *European Journal of Social Sciences Education and Research*, 11(2), pp. 267-282.
- [4] Alic, A., Ceric, H., & Habibovic, S. (2015). The Connections of Empathy and Life Styles among Bosnian Students. *Procedia-Social and Behavioral Sciences*, 205, pp.457- 462.
- [5] Alić, A. (2012). *Struktura i dinamika obiteljske kulture*. Sarajevo: Dobra knjiga i CNS.
- [6] Alić, A. (2007). *Povezanost socio-pedagoških faktora obiteljskog života i transgeneracijskog prijenosa vrijednosnih orijentacija*. Univerzitet u Sarajevu, Filozofski fakultet, Odsjek za pedagogiju. Doktorska disertacija.
- [7] Aronson, E., Wilson, T.D., & Akert, R.M. (1998). *Social Psychology* (3rd ed.). New York: Longman.
- [8] Baron-Cohen, S. (2012). *The Science of Evil: On Empathy and the Origins of Cruelty*. Basic Books.
- [9] Fritz, W., Mollenberg, A., & Chen, G.M. (2002). Measuring Intercultural Sensitivity in Different Cultural Contexts. *Intercultural Communication Studies*, 11(2), 165-176.
- [10] Gaiser, W. (1994). Lebensstil oder Überlebensstrategie? In *Lebensstile in den Städten* (pp. 179-195). VS Verlag für Sozialwissenschaften, Wiesbaden.
- [11] Knežević, T. (2016). *Odnos profesionalnog i životnog stila zaposlenih i stila upravljanja organizacijom*. Univerzitet u Novom Sadu, Fakultet tehničkih nauka, Departman za industrijsko inženjerstvo i menadžment. Doktorska disertacija
- [12] Luković, S. & Čizmić, S. (2012). Povezanost preferencijama životnih stilova i profesionalnih interesovanja petnaestogodišnjaka. *Primenjena psihologija* 2012/1, 81-108.
- [13] Mead, G.H. (1973). *Mind, Self, and Society - From the Standpoint of a Social Behaviorist*. Chicago: The University of Chicago Press.
- [14] Mladenovska-Dimitrovska, M., Dimitrovski, A. (2015). Preferencija životnih stilova kod srednjoškolaca i njihova povezanost sa polom, školskim uspehom i obrazovanjem roditelja. *Zbornik radova sa XXI naučnog skupa, Empirijska istraživanja u psihologiji*, Filozofski fakultet, Univerzitet u Beogradu.
- [15] Popadić, D. (1995). Uzasne i generacijske razlike u preferenciji životnih stilova. *Psihološka istraživanja*, 7, 71-88.
- [16] Penezić, Z. (2002). Skala optimizma/pesimizma. U: Lacković-Grgin, K., Prorokovi, A., Čubela, V. i Penezić, Z. (2002). *Zbirka psihologijskih skala i upitnika*. Zadar: Sveučilište u Splitu, Filozofski fakultet Zadar.
- [17] Raboteg-Šarić, Z. (1995). *Psihologija altruizma*. Zagreb: Alinea.
- [18] Rijavec, M., Miljković, D., Brdar, I. (2008). *Pozitivna psihologija*. Zagreb: Ekološki glasnik
- [19] Rot, N. (2008). *Osnovi socijalne psihologije*. Beograd: Zavod za udžbenike i nastavna sredstva.
- [20] Tomić-Koludrović, I. Leburic, A. (2002). *Sociologija životnog stila: prema novoj metodološkoj strategiji*. Zagreb: Naklada Jesenski i Turk.
- [21] Tomić-Koludrović, I., Leburic, A. (2001). *Skeptična generacija: Životni stilovi mladih u Hrvatskoj*. Zagreb: AGM.
- [22] Vulić-Prtorić, A. (2000). Somatizacija i kvaliteta obiteljskih interakcija kod djece i adolescenata. *Medica Jadertina*, 30 (1-2) 21-31.

## International Security at the "Crossroads" of Globalization

**Xhavit Sadrijaj**

Student in the Doctoral Program at the European Studies Institute, University of Tirana

### Abstract

There are no such things as safe Oasis' for life anymore. Wars and crises starting from Syria, through Iraq and passing through Ukraine, cruel terrorist attacks in Paris, Brussels, Berlin, North Korea, long rows of refugees through the Mediterranean Sea, failed states, various epidemics and large population influxes in Central and North Africa, cyber-attacks, are a powerful message that world security circles have been shaken and that peace and stability are no longer an implicit issue. Dealing with challenges that acutely justify the current security mechanisms and policies has no alternative. Beyond current threats, crises and conflicts, our world is changing. All this clutter can cause political overload and an escalation of the most fatal situation.

**Keywords:** International security, Security challenges, endangered peace, wars, crises, political overload, policy justification.

### Introduction

Dynamic developments, in the field of international security are crashing at the turbulent crossroads of the new order that is trying to be created through Globalization.

The multidimensional spectrum of the action of this macro-process, despite the benefits it has brought to the international economic level, has also caused a variety of crises on that level, especially in the unstable and poor countries, thus greatly affecting international security. Previous models and security policies, together with the institutions and organizations involved in security and security provision, are justified and insufficient. Networking of the economy and other fields is not enough without the networking of security institutions. The process of globalization is reorganizing the world's system of governance,<sup>1</sup> causing serious challenges to global security at international level. Threats and risks are growing at the crossroads of the Globalization process. Nowadays, no one can talk about security in the extent of what was said several years ago.

### International Security and the complexity of Globalization

*We write too much, and talk too less, which is a serious problem concerning security.*

Security is the essential element of all public life issues and the basic needs of all natural and social systems.<sup>2</sup> It is a sensitive issue that requires special attention and skills, careful training, and serious discussions. Buzan teaches us that *Security is the search for freedom from the threat. Looked from the context of the international system, security has to do with the ability of states and societies to maintain their independent identity and functional integrity.*<sup>3</sup> In today's circumstances this emerges as a very complex and multi-dimensional process. Results are our indicator. The challenges that countries face whilst going towards a world that it is intended to be complicate the security even more.

Security is the basis of peace but not absolute peace in every field and system. It depends on everything people do, starting from the individual up to the home of all individuals, the world. The brighter minds of international relations are constantly preoccupied with the concept of security, but at the same time the diverse development of societies makes the success

<sup>1</sup> Keith Suter, *Globalisation and the New World Order*, page. 10, <http://www.global-directions.com/Articles/Business/Globalization1.pdf> watched on 08. 11. 2016

<sup>2</sup> Endreß, Christian / Schattschneider, Leonard (2010): Was ist Sicherheit? Interdisziplinäre Betrachtung einer unklaren Begrifflichkeit, in: *Notfallvorsorge*, Walhalla Fachverlag, 2/2010, Pages. 8 - 9.

difficult. Einstein seeks security in gist. With his foresight, he had longed to invest in mothers who raise children.<sup>1</sup> But besides mothers' education, the environment, the circle, and the society in which these children grow up are of great importance too. *The apple sees the other apple and so it ripens.*<sup>2</sup> Even if you can manage to have peace in your house, that peace will be inadequate if the neighbors do not do the same. Any attempt towards bringing the noisy neighbor to join the chain of silence, brings conflict and then the security of one or both parties is jeopardized. Security should be the same for everyone - as Kant teaches, at a Universal level. This is naturally still related to the conditions and circumstances created in different circles of society. For peace and strong security are interlinked with the development and rhythm of the societies. Peace and security are strong interlinked with the development and life rhythm of the societies.

There can be no peace even in a single family, if one of its members has bad conditions and security. There is no peace in a state if a part of its citizens do not enjoy equal conditions and security. There is no peace in the world if some of its societies do not enjoy an approximate level of living and security, like the rest do. And Peace nor international security will not always be possible in the complex periods of great changes like it is now in this turbulence of the new order which is trying to be created.

Every process is manifested in its best, but with abundant problems as well. Viewed from this context, the process of Globalization has improved the living standards of hundreds of millions of people, but the increasing scarcity of resources is likely to turn it into a victim of its success.<sup>3</sup> Deficiencies of food, energy, water, soil and natural resources are elements that can cause zero competition between countries in the process, thus increasing poverty, state fragility, economic instability, inflation and strategic competition between major powers.<sup>4</sup> Huntington says the relationship between states and groups will not be narrow and will often be antagonistic.<sup>5</sup> The developments of this clash dimension and the actors that emerge on the ground through it are unpredictable and faster than the State's own opportunities to face them. Existing policies have a huge inconsistency with the pattern of the new order and they are not even falling somewhat in time and place concerning each country or society. To walk with time has become difficult. Reformulation of policies and their adaptation, the created situations, is a slower process than the situations itself. Some of these policies emerge at the same time of risk exposure, thus, turning insufficient to manage and keep under control the situations that shake the circles of international security. The development of appropriate legality and new strategies for addressing and managing current security challenges, through continuous systematic analysis of the security spectrum is a necessary issue, for the development of new security accesses.<sup>6</sup> Fukuyama says that the critical weakness, which has overthrown strong states, was primarily the lack of legitimacy.<sup>7</sup>

International security, dangers and threats that challenge it are not only the subject of all issues, but also the main problem of all other commitments in the world, in the conception and assurance of security at the swelled crossroads of Globalization. According to Robert O. Keohane and Joseph D. Nye, globalization is a state of the world of interconnection networks at multinational distances.<sup>8</sup> Networks that can be interconnected through streams and the influence of capital and wares, ideas and information, people and strength<sup>9</sup>. These developments create realistic opportunities to achieve economic prosperity, to spread political freedom, and to promote peace. However, they also produce powerful forces of social fragmentation, thus creating critical weaknesses, and sowing the seeds of violence and conflict. One should never forget, the great distance of east and west as the birthplace of globalization and the growth of economic crises in this relationship. These are aspects that refer to "globalization," and they all have implications<sup>10</sup>.

---

<sup>1</sup> Warum Krieg?, Albert Einstein, Sigmund Freud, a card exchange with an essay from Isaac Asimov, Diogenes Verlag, 1972, pages. xx - xx

<sup>2</sup> Wise folk word

<sup>3</sup> Alex Evans, Globalization and Scarcity, Multilateralism for a world with limits, November 2010, fq.5, <http://www.globaldashboard.org/wp-content/uploads/Globalization-and-Scarcity.pdf>

<sup>4</sup> Exactly there

<sup>5</sup> Huntington. Samuel P. The Clash of Civilizations and the Remaking of World Order Logos A, 2004, page. 291

<sup>6</sup> Reinhard Meier-Walser / Alexander Wolf (hrsg.), Neue Dimensionen Internationaler Sicherheitspolitik, Berichte und Studien 93, page. 8, [http://www.hss.de/uploads/tx\\_ddceventsbrowser/BS-93.pdf](http://www.hss.de/uploads/tx_ddceventsbrowser/BS-93.pdf)

<sup>7</sup> Fukuyama, F. The End of History and the Last Man, Zenit, Prishtinë 2006, page. 35

<sup>8</sup> Joseph D. Nye and John D. Donahue, Governance in a globalizing world, Brookings Institution Press, Washington D.C. 2000, page. 2

<sup>9</sup> Exactly there

<sup>10</sup> Lynn E. Davis, Globalization's Security Implications [http://www.rand.org/content/dam/rand/pubs/issue\\_papers/2005/IP245.pdf](http://www.rand.org/content/dam/rand/pubs/issue_papers/2005/IP245.pdf) seen on 31. 10. 2016

Security, in general, is not a static state and depends on many parameters. Of particular importance are the state and the opinion of the individual, and society in general regarding the perception of existential threats, their appreciation and willingness to deal with them. It also depends on the dynamics of developments and changes in environmental conditions, the nature of threats, political, economic and health problems, threats of terrorism, threats from cyber-attacks and interstate aggression like the current one of Russia in Ukraine, the wars (Iraq, Libya, Syria), the US-North Korea clashes, climate change, the huge wave of refugees, as well as the collapse of financial systems or their getting out of control. International security is a challenging social situation which will consistently be among the most important topics in the international relations roundtables.

### **Challenges of international security in the crossroads of globalization**

*Saving our planet, getting people out of poverty, advancing economic growth ... these are all one and in the same war. We need to link the points between climate change, lack of water, lack of energy, global health, and food safety and empowering women. The solutions of a problem should be a solution for everyone.*

Ban Ki-Moon

The world is facing old and new security challenges that are far more complex than the managing capabilities of our institutions.<sup>1</sup> The international security dimension nowadays no longer looks like it did in the last century. Globalization is the most important feature in transforming the international security landscape.<sup>2</sup> It has grown the linkage between societies, and states but at the same time led to shrinking space and time, thus creating more global challenges. It has also brought global public goods.<sup>3</sup> One of the great challenges of this process in our swinging world is that it cannot achieve the same effect on every corner of action during its extension. The diversity of political-, economic-, security- systems, well-being and conceptual ideological, religious differences of national societies are at a great juncture trying to find the "best" or desirable way out. No less disturbing are the inequalities that this process bring.<sup>4</sup> Networking of many factors through this process despite the benefits it brought in some areas, it sneakily enabled the misuse of these networks for illegal activities as well, such as terrorism, organized crime, nuclear contraband as well as human and ware smuggling.

Such abuses should be understood as common problems, manifested through the process of globalization and not be seen as separate problems. If globalization brought these activities and security threats, the fight against them should be done on the same level as well.

The use of networks in illegal activities as well as the creation of secretive norms (Keck and Sikkink 1998), while supporting negative phenomena such as terrorism, drug trafficking, human being trafficking, nuclear smuggling, etc., are the true illustrators of the consequences of globalization in the epistemological picture of international security (Slaughter 2012).<sup>5</sup>

But not only these are left as dangerous consequences of the globalization process. Our world has changed. It is facing real crises and dangers. Daily newspapers around the world are overfilled with headlines: Syrian Civil War, Fighting in Ukraine, Turkish-Kurdish Conflict, terrorist attacks in Paris, Brussels, Berlin, large crowds and long refugee rows in the Mediterranean Sea towards Europe, major outbreaks of the population in North Africa, dangerous diseases and epidemics, NATO-Russia tensions, Brexit, the US tensions with North Korea, etc. What remains as hope for the people in all this mess? Insecurity and that just for a safer future.

There are wars and war conflicts taking place in the world. Researchers talk about 409 conflicts, of which 223 are manifested by violence.<sup>6</sup> Our world is filling with various problems every day, problems that will fill the cup one day and overload the capacities of international politics together. Institutions with insufficient capacities will be forced to engage with greater intensity in facing new challenges by storing old ones in drawers. Too many patients with multiple complaints at the doors of few doctors cause overload in the diagnosing process and determining the right medication, even more so when

<sup>1</sup> Alex Evans, Globalization and Scarcity, Multilateralism for a world with limits, November 2010, <http://www.globaldashboard.org/wp-content/uploads/Globalization-and-Scarcity.pdf>, Introduction

<sup>2</sup> Anne-Marie Le Gloannec, Bastien Irontelle and David Cadier, New and evolving Trends in international Security

<sup>3</sup> Anne-Marie Le Gloannec, Bastien Irontelle and David Cadier, New and evolving Trends in international Security

<sup>4</sup> Sandra J MacLean, Globalization and the New Inequalities: Threats and Prospects for Human Security, CGPE Working Paper 04-02, January 2004, page.. 11. Seen on. 07. 11. 2016 <http://www.sfu.ca/cgpe/pubs/Globalization%20and%20the%20New%20Inequalities-WP.pdf>

<sup>5</sup> Anne-Marie Le Gloannec, Bastien Irontelle and David Cadier, New and evolving Trends in international Security

<sup>6</sup> Alle Kriege auf der Welt in einer Karte, <http://www.swp.de/ulm/nachrichten/politik/alle-kriege-auf-der-welt-in-einer-karte-12238860.html> seen on 02. 11. 2016.



a medication does not react the same on all the patients although they all have the same diagnosis. The release of new medicines dims the old ones, but the possibility of the erroneous diagnosis in some patients should not be overlooked either. As broad as the intersection of globalization appears to be, its escapes are narrow. Turning frequently around it just blows the situation even further, whereas the expansion of exit routes around the junction is not a successful solution either. Every delay is a delay, which then turns the solution into a non-solution. Complex problems impose complex solutions. The international security architecture is in a real stress test. The insufficiency of adequate mechanisms and tools that move along with the developments makes it difficult to design effective policies and strategies for detecting, identifying, and quickly targeting the situation which stings the international security. The emergence of risks and threats as well as the confrontation with them in a deeply changed environment, requires tedious running and efficient action. The 21st century rules for international security are not even roughly defined, despite the obvious progress that has been made.<sup>1</sup> Security parameters have changed; they are no longer as in the past. In the past, security was characterized by border security and the limited control of the movement of people and wares. This lasted until the end of the East West conflict.<sup>2</sup> This embodied the idea of specific internal and external security spheres. The police, administration, judiciary and civil protection dealt with the inner problem, whereas the diplomacy and the armed forces dealt with the outside ones, and their main responsibility was to avoid risks and possible military attacks. Now, through the process of globalization, security belongs to a new era. The world is undergoing a deep rebalancing of economic power and wealth. It is experiencing many insecurities, the same way as it did 100 years ago. Foreign investment and global supply chains are linking governments, nations as well as markets,<sup>3</sup> thus establishing a kind of Global Village, but to what extend is this Village an ideal oasis? It certainly is not a romantic place.<sup>4</sup> The diversity of interdependence does not always bring good; it also has its hurtful sides. The roads and channels of action within this village do not only contribute to freedom and well-being. Through them circulate as well as organized crime, terrorist groups and many other dangers. Then the products of globalization process are not equally divided among the villagers, and inequalities within them stimulate other security threats. Political, economic and social disparities in this village have a major impact on the international system by fluctuating the wroth, religious, cultural, ideological nodes.<sup>5</sup>

### **International Security in a Globalized World - Is It Possible?**

One of the biggest challenges in the security field at a global level is dealing with the conceptual security complexity.<sup>6</sup> At this level, international security is closely interlinked with interstate security. The security requirements of a state are not sufficient if the requirements of other states are not taken into consideration in the same way.<sup>7</sup> Unilateral actions do not contribute to security. Globalization has made profound changes that have affected the international space. It is presented to the global achievements of information technology or as we encounter it in literature (distressing distance), the emergence of the global market, and the spread of democracy, which reflects a seemingly global situation in the east. A number of international system democracies have achieved a substantial growth, even the height of economic growth, but not including Africa.<sup>8</sup> But looking at the other side the problems that this process brings as risks and threats to international security are just as obvious, such as international organized crime, mass migration, ideological, religious, cultural and ethnic conflicts, spatial degradation, and various pandemics that do not contribute to security. Not less harmful is also the gap that is widening between the rich and old-turning north and the depleted, poor youthful south.<sup>9</sup> The post Cold War period is no longer stable as well as less predictable. The threats we face nowadays are multidimensional and widespread. The world today is unsafe.<sup>10</sup> The international security system that has been built during the last century is no longer sufficient. It was designed to protect states and their sovereignty by strengthening security between states. The new system under construction is proving almost the opposite. There are no adequate tools and policies for such a system. Old-fashioned state systems do not withstand the flow of new processes. They cannot catch up with the dynamic developments on the ground. Long peace might have put the state's preventive mechanisms to sleep. The sack of risks and violent threats is

<sup>1</sup> Garies SVEN BERNHARD, Informationen zur politischen Bildung Nr. 326/2015, page. 9

<sup>2</sup> Ibidem, page. 5

<sup>3</sup> Globalization and World Order

[https://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20140521LondonConference1.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140521LondonConference1.pdf) seen on 20. 11. 2016

<sup>4</sup> Garies SVEN BERNHARD, Informationen zur politischen Bildung Nr. 326/2015, page. 5

<sup>5</sup> Ibidem, page. 5

<sup>6</sup> McSweeney, Bill. Security, Identity and Interests: A Sociology of International Relations, Cambridge University Press, 1999.

<sup>7</sup> UN Chronicle, National Security versus Global Security, <https://unchronicle.un.org/article/national-security-versus-global-security> seen on. 20. 11. 2016

<sup>8</sup> Rob McRae & Don Hubet, Human Security and the New Diplomacy, McGill-Queen's University Press 2001, page. 14

<sup>9</sup> Rob McRae & Don Hubet, Human Security and the New Diplomacy, McGill-Queen's University Press 2001, page. 15

<sup>10</sup> Exactly there, page 15

fully packed and about to burst. The weak states are among the serious problems that emerge. They have become good nests for the new type of terrorism that can stretch its claws to the developed world.<sup>1</sup> The Southern and Northern clashes continue to be big. The South represents a permanent threat for the North. It is not treated otherwise from the opposite side either; the only difference is the context. The northern intervention in the south on the pretext, to re-design security strategies, and the real interests of the south to reduce poverty and increase the development of this part of our globe are not perceived as presented. Northern strategies do not match the perceptions of the south, and they differ from region to region.<sup>2</sup> There is also a lack of an adequate concrete platform for the approximation of the minds of these poles, therefore the gap between north and south continues to exist and widen further. The interventions to combat negative phenomena such as terrorism seem to have added more long-term problems than they have made quick solutions. Problems like these can deepen the divisions even more and undermine the efforts to achieve international security in the process of globalization. Existing regimes and rules often do not reflect the new threats well, but they are also not able to handle them adequately. Achieving an alternate governing in a global level is still far away. It is as if the hope for a peaceful world has evaporated. The fall of bipolarity left behind a vacuum of security policies "A new global complexity" for which a political pattern has not yet been developed.<sup>3</sup> There is still a lot of work to do in the positive and negative outcomes about globalization for national security and the impact of globalization on the capacities of some international and national stakeholders as well as institutions for ensuring human security.<sup>4</sup> The challenge for international security knows no stop, and this lets us understand that peace and stability are no longer an implicit issue.

### Conclusion

A final definition of the international security dimension in such circumstances remains in permanent endeavor. It is at the great juncture of creating a new order. Globalization as a process is still far from universalism and is heavily loaded with globalization ghettos but it is still apparent as a broad spectrum trend. The main problem in this process was the fact that the world was not prepared for activities of such magnitude. The process preceded the preparations thus creating a great distance and detachment between these two. The linking of some areas of international relations has not only brought benefits that are not to be denied. It also brought a negative phenomenon as well as a lot of freedom that certainly did not have the same positive effect on everyone. The misunderstanding of this notion made the situation very difficult and sometimes even led it out of control. Even the chocolate in the empty belly hit counterfeit.

Globalization caused dependence between states and this instead of bringing the states together it actually did the opposite. Differences in achievements through the process of globalization awakened many problems, especially in the states that did not benefit as much as the other states. These clashes did not contribute much to their security nor the international level security. North and South differences continue to be and will remain a major concern for international security, because of the big gap between them. It is as if the crossroads of globalization have confused the entries and exits. Security policies are overly justified; their retrieval takes time and there is no time. Today has become unachievable, and tomorrow is followed up by a new day, of which we know nothing. The interstate alliances are unstable as well. Creating new alliances in the future would seriously undermine international security. States that are trying to produce and possess nuclear weapons are unbalancing the current state of affairs in this regard. The global village is more likely seen as an unmanaged territory rather than a promised land. Our world is really surrounded by many crises and dangers which leads us to asking a very serious and heavy question:

Can a globalized world be managed, and if yes, by whom?

### References:

- [1] Alex Evans, Globalization and Scarcity, Multilateralism for a world with limits, November 2010, <http://www.globaldashboard.org/wp-content/uploads/Globalization-and-Scarcity.pdf> Alex Evans, Bruce Jones, and David Steven, Confronting the Long Crisis of Globalization: Risk, Resilience and International Order
- [2] Alle Kriege auf der Welt in einer Karte, <http://www.swp.de/ulm/nachrichten/politik/alle-kriege-auf-der-welt-in-einer-karte-12238860.html>

<sup>1</sup> Fukuyama, Francis, State Building, AiiS, Tirane, 2008, page.175

<sup>2</sup> Friedrich Ebert Stiftung, Dialogue on Globalization, Regional Renaissance? Security in a Globalized World, page.3

<sup>3</sup> Ibidem, page 1

<sup>4</sup> Security Studies: An Introduction published by Associate Professor Elliott School of International Affairs Paul D Williams, Routledge London & New York 2008, page. 235

- [3] Anne-Marie Le Gloanec, Bastien Irondele and David Cadier, New and evolving Trends in international Security [http://www.transworld-fp7.eu/wp-content/uploads/2013/04/TW\\_WP\\_13.pdf](http://www.transworld-fp7.eu/wp-content/uploads/2013/04/TW_WP_13.pdf)
- [4] Endreß, Christian / Schattschneider, Leonard (2010): Was ist Sicherheit? Interdisziplinäre Betrachtung einer unklaren Begrifflichkeit, in: Notfallvorsorge, Walhalla Fachverlag, 2/2010
- [5] Fukuyama, F. The end of history and the last man, Zenit, Prishtinë 2006
- [6] Fukuyama, F., State building, AiiS, Tirane, 2008
- [7] Garies SVEN BERNHARD, Informationen zur politischen Bildung Nr. 326/2015,
- [8] [https://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20140521LondonConference1.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140521LondonConference1.pdf)
- [9] Globalization and World Order  
[https://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20140521LondonConference1.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140521LondonConference1.pdf)
- [10] Huntigton. Samuel P. The clash of civilizations and the Remaking of World Order, Logos A, 2004
- [11] Joseph D. Nye and John D. Donahue, Governance in a globalizing world, Brookings Institution Press, Washington D.C. 2000
- [12] Keith Suter, Globilisation and the New World Order, <http://www.global-directions.com/Articles/Business/Globalization1.pdf>
- [13] Lynn E. Davis, Globalization's Security Implications  
[http://www.rand.org/content/dam/rand/pubs/issue\\_papers/2005/IP245.pdf](http://www.rand.org/content/dam/rand/pubs/issue_papers/2005/IP245.pdf)
- [14] McSweeney, Bill. *Security, Identity and Interests: A Sociology of International Relations*, Cambridge University Press, 1999.
- [15] Rob McRae & Don Hubet, Human Security and the New Diplomacy, McGill-Queen's University Press 2001
- [16] Sandra J MacLean, Globalization and the New Inequalities: Threats and Prospects for Human Security, CGPE Working Paper 04-02, January 2004,  
<http://www.sfu.ca/cgpe/pubs/Globalization%20and%20the%20New%20Inequalities-WP.pdf>
- [17] Security Studies: An Introduction herausgegeben von Associate Professor Elliott School of International Affairs, Paul D Williams, Routledge London & New York 2008
- [18] UN Chronicle, National Security versus Global Security, <https://unchronicle.un.org/article/national-security-versus-global-security>
- [19] Warum Krieg? Albert Einstein, Sigmund Freud , një këmbim letrash më një esse nga Isaac Asimov, Diogenes Verlag, 1972, fq. xx - xx

## Theoretical Approach to Enhance Information Literacy and Lifelong Learning Through Montessori Methodology

Juan-José Boté

Departament de Biblioteconomia, Documentació i Comunicació Audiovisual & Centre de Recerca en Informació, Comunicació i Cultura. Universitat de Barcelona. C/ Melcior de Palau 140, 08014 ES, Barcelona.

### Abstract

This work is a theoretical proposal to apply the strongest points from the Montessori methodology to improve information literacy through lifelong learning. Since lifelong learning includes cognition and skills, information literacy permits the solving of problems as well as effectively communicating and interacting with the environment. This means having abilities and skills that through adequate training permit the acquisition of new knowledge or improving knowledge on any topic, within a formal or informal environment. It also could permit seeking, managing, and comparing information. However, there are some questions that arise with older individuals. Since lifelong learning usually takes place in informal environments, getting resources to learn may be a difficult task. Learning difficulties also involve information abstraction, text comprehension, and technological barriers. Consequently, lifelong learning and information literacy are likely to be affected. The question comes up as to which pedagogical methodology may fit better for lifelong learning and the acquisition of better information literacy skills. Task breakdown, guided repetition, and ordering activities from simple to complex are essential keys in the Montessori methodology, which help not only older people but also children to enhance information literacy as well as assist with lifelong learning.

**Keywords:** Montessori Method, Information Literacy, Lifelong learning, adult learning, e-learning, MOOC

### Introduction

This article highlights that the Montessori methodology can benefit people in information literacy through lifelong learning. Many literature reviews on information literacy and lifelong learning exist. However, the subject of learning methodologies which help training at different ages is rarely studied. Lifelong learning affects a person throughout their life since it affects to its whole working life. Over time, a person's ability to train both in formal and informal environments decreases. In addition, physiological ability decreases. However, the ability to learn still exists. Thus, it is appropriate to propose a pedagogical methodology to accompany training in later life.

The Montessori model has been chosen for a variety of reasons. It can be observed throughout the scientific literature that the Montessori Method can be applied not only to children in school. In medicine, there are also innumerable cases where it is shown that this method helps people with dementia or Alzheimer's (Lin, Watson, Wu et al., 2011). This indicates that the Montessori learning methodology is applicable in several phases of a person's life. The Montessori Method, in addition to being inclusive, also incorporates learning and improving literacy.

### Objective of the theoretical approximation

This article presents the three concepts together. First, it presents the Montessori Method as a pedagogical model. Second, the concept of information literacy is defined as an ability to select and use information. Finally, the lifelong learning concept is described as a need for training at any age.

Bearing in mind the meaning of each of the elements, this article tries to respond to the following questions:

Q1: Is it possible to carry out a theoretical approximation between the Montessori Method and the concept of lifelong learning?

Q2: Is it possible to approach an online training system adapted for age, which includes information literacy and the Montessori Method, and is applicable to lifelong learning?

## The Montessori method

The Montessori Method is a pedagogical learning system initiated by Dr. Maria Montessori in Rome in 1900. The methodology is based on a model in which children learn skills and techniques with a teacher as a guide, through a course tailored to each child. There are many aspects of the Montessori methodology that can be emphasized. However, one of the learnings from Montessori classes is that the lessons that are taught should embody the concepts of brevity, simplicity and objectivity. On the other hand, the role of the teacher changes and they become a facilitator–guide when they observe the actions of the children (Gutek, 2004).

In addition, there are several elements – such as self-education multi-age classes, a prepared environment, and the teacher as a guide – that are necessary within the methodology of Montessori at an early age (Haskins, 2010). Fidelity to the Montessori Method is due both to the use of materials and to teachers' training in this methodology. Otherwise, it is difficult to explain the high commitment to this methodology in US schools. (Debs, 2016).

In the Montessori Method, the students experience a learning itinerary adapted for their measurement. This is both for the student's advantage and to cater for students with exclusion risks or students who need special education. This issue of individualization may be included in sections of inclusive education (Debs and Brown, 2017).

Although all of these concepts are applied according to children through the Montessori Method, in an informal and formal learning environment with adults, it should also be possible to create scenarios using these three concepts. Often, adults are not accustomed to studying; they haven't done it in a while or they just don't have enough motivation. This means that with the passage of time and age, traits appear, such as an inability to comprehend abstraction and limited concentration in reading or mental agility, depending on the type of activity.

Starting from the basis that an adult needs training throughout his or her working life, an option would be to consider the design of scenario training, using the help of the three concepts discussed above. It should be considered that in these scenarios a teacher where its main role is working as a guide must be present and that their work should be based on observation, even if this scenario is virtual.

In this circumstance, it would be possible to design learning scenarios, even in real time. The Montessori Method is a constructivist methodology where the student is at the centre of learning and one of the elements emphasized in this learning is science inquiry (Rinke, Gimbel and Haskell, 2012). However, a translation can be made to adult-centred and customized learning, where the adult also controls the learning time.

In the case adults, they have the advantage of training consciousness. In the information society at present, an adult is aware of the process of continuous training, as well as of their need for such training. This need is caused by not only a personal desire for lifelong learning, but also to improve one's work situation. However, one of the drawbacks is a lack of study or reading habits, which may be because of one's own profession. Another drawback is also the time available for training, even if it is online. Often, time spent with family, leisure or hours of work prevent further training.

It can be deduced that in adults, especially those born between 1953 and 1975, there's a technological gap in digital learning, as from 1980 to 1990—when these individuals were already past their prime education years—there was a large expansion in the prevalence of personal computers. In many cases access to information and computer technologies (ICT) was not an affordable option in that decade, or the learning curve was very high. Also, the adoption of information technologies by this generation is very different from that of people born after 1990. Regarding the use of technology, it is described the trends in different types of software. It is explained ways in which technology enables the Montessori Method to be applied to learning.

Thus, the use of the senses while using the software is particularly based in the use of colours; sense perception is one of the aspects also mentioned in the Montessori methodology (Drigas and Gkeka, 2016). On the other hand, adults who decide to pursue lifelong learning are very likely to be unfamiliar with the Montessori Method (Walls, 2018). This may not necessarily influence a person's training, but it can help to improve information literacy.

In early ages, a low or poor literacy can be attributed to several factors, such as a low income (Lloyd et al, 2017). However, it can also occur among adults who have not had a compulsory basic education or who have stopped reading or writing regularly. Also, the fact that they have not experienced training for a long time implies that reading or writing could also worsen any previous level of literacy originally acquired.

A person's motivation for self-training relies on factors such as independence and autonomy. Thus, it has been observed that when pupils of schools have more autonomy, they are more intrinsically motivated. They also possess high levels of independence and trust, and this level of control improves after their academic career (Fraumeni-McBride, 2017).

Other authors have conducted a review of the literature in Medline on the Montessori methodology applied to dementia. Their findings are that, in older people, the Montessori Method is not only a beneficial action, but also complements other non-pharmacological interventions (Soares and Martin, 2012). Other authors also did research on the difficulties and advantages of teaching geometry with an approach to the Montessori Method. Because of that, the authors employed the Montessori Method as an inductive way to determine if participants used Waray, a language spoken in the Philippines, with indigenous terms instead of English (Oyzon et al., 2014).

Nowadays there are many learning opportunities, both online and in-person, it is worth keeping in mind that the figure of the teacher-guide is very different in a classroom environment compared with a virtual environment. In the classroom environment, there is physical contact and the adaptation of specific training itineraries seems to be easier. However, in a virtual environment, adapting technology to the observation method can be performed with actions within a portal, depending on the desired goals.

### **Information literacy**

The issue of defining the concept of information literacy is confusing, as there are many types of literacy. Several concepts of literacy are digital, functional, visual, and cultural literacy, and different definitions of these can be found in the literature (Bawden, 2001). However, in this case it is necessary to connect with a pedagogical model, like the Montessori Method, with the skills that are then generated through the information literacy organisation. One example involves the selection of information.

On the other hand, a model of information competencies can be designed or redesigned with even better competencies, pairing the type of information literacy with a pedagogical model that supports it. Information literate people are those who have learned how to learn and know how information is organized. Information literacy includes the ability to find information and know how to use it so that others can learn from it (ACRL, 2017). Information literate people are also prepared for lifelong learning because they always find the data they need for each decision they make.

The person who learns requires certain skills and attributes to make learning fruitful (Candy, 2002). Information literacy has many definitions. However, these have many points in common. These points are effective information-seeking, informed choice of information sources, information evaluation and selection, comfort in using a range of media to best advantage, awareness of issues to do with bias and reliability of information, and effectiveness in transmitting information to others (Webber and Johnston, 2000).

However, it is important to differentiate between information literacy and digital literacy. Both are not the same. Regarding digital literacy, the four competencies of digital literacy are the search for information on the Internet, hypertext browsing, knowledge assembly, and content assessment (Bawden, 2008). The rise of the use of smartphones as a tool for everyday use has made it easier for people to have access to information. However, there are still many issues for both adults and younger generations.

Take, for example, the distinction between false news and the truth. It is also necessary to differentiate between the technique of information retrieval from an electronic device and the selection of an appropriate source of information. These are contexts in which, although young people have easy access to information, many are not yet able to discriminate as to the quality of that information. These are aspects that young people have easy access to, although they are not yet able to discriminate in many cases. Therefore, literacy skills need to be improved, regardless of whether the model requires digital or information literacy.

It is more and more necessary not only to own information but also to know how to use it, especially information searched on electronic devices like mobile devices. Dependence on technology to manage information increasingly requires the design of strategies to help improve information literacy.

In a global society, it is important for a learning methodology to be present and to have proved its effect in a given target population. This fact is important because the right information use makes the citizen a knowledge generator in the long term. This generation of knowledge should then have a later influence in the economy. If the information is used to innovate and create new products, it thus can produce subsequent economic growth (Catts and Lau, 2008).

Moreover, the great abundance of information in many places, not only on the Internet, produces cross-relationships among the competencies and skills of different literacies. As an example, if a person speaks multiple languages, he or she can search, select, and retrieve in several languages in a totally different way. This leads to interrelationships among information, digital, and cultural literacy.

### **Lifelong Learning**

Lifelong learning arises from the need in a globalized environment to be informed and to adapt to constant change in one's working or personal life. In the future, people who learn will not be bound by any geographical location. In addition, the tools they need for learning should be highly portable, individual and unobtrusive, adaptable, persistent, useful, and intuitive (Sharples, 2000).

Other authors also express the correlation between information literacy and lifelong learning. This means that the better one's training in information literacy, the better use one will make of tools throughout one's life.

One of their research areas of CRELL (Centre for Research and Education for Lifelong Learning) is adult skills and adult learning in lifelong learning. In its report, it is stated that in certain European countries, lifelong learning has relevance for adults in the formation of social trust (Da Costa et al., 2017).

In addition, other factors are considered that also influence lifelong learning, such as educational past, disability, level of income, cultural aspects, and even religion. (Rahanu et al., 2000)

### **Approximation to the theoretical proposal**

Adults today have more and more problems related to information abstraction or retaining information they have learned, understanding texts, or simply accessing new technology. Thus, the selection and design of training itineraries according to age is made more and more necessary. There is also a need for an individualized plan. Participants in online training do not always have the same knowledge or education background. Training for an 18-year-old adult is not the same as for a person of 55 years old who may not have read or written for a long time. In this case, vocational training or training for personal needs is required.

To make a theoretical approximation between the Montessori Method, information literacy and lifelong learning, it will be considered especially progression over time. In an online training environment, access to resources is unlimited because the information is online. However, the time available for training is not unlimited.

That is when concepts of information literacy and the selection of information need to be formed. If the environment is formal, this information will become defined. However, in informal training environments, the selection of information requires previous analysis. This previous analysis depends on the background education.

It seems logical to think that a person who is in a virtual training environment, before starting the course, will perform a pre-knowledge audit of the contents they are going to study. This audit could include issues such as reading capacity measurement, technological ability, abstraction capacity, and other issues that may be affected by age. Depending on the result, training paths suitable for each person's capacities can be created. If we think of a virtual environment within a platform such as a MOOC (Massive Open Online Course), one can perform this audit by signing up to a course.

One of the big problems in a MOOC is the high rate of participant dropout (Belenger and Thornton, 2013). Reasons for this include low interaction with the teacher or participation in an online course purely for entertainment. However, with the proper methodology, the dropout rate can be reduced. In addition, when a training scenario is proposed with formal or informal training online, consideration is often not given to the diversity of the students or their capacity to finish the course.

It is certainly true that the concept of motivation is difficult to measure through a qualitative or quantitative methodology. However, other aspects can be measured, such as the level of prior knowledge or the willingness to acquire new skills. In addition, some MOOCs involve formal training, with starting and ending dates and a teacher in charge of the course. But there also are MOOCs that are offered as educational resources without any teacher in charge.

In this scenario, an audit of prior knowledge makes sense, so that customized learning paths can be assigned according to the capacity of the enrolled student. This can be done with a teacher who acts as a coach according to the Montessori Method or with intelligent analysis software in the case of a MOOC that is presented in the form of an open educational resource. This means that – if applying a Montessori methodology with the concepts of brevity, simplicity and objectivity – a person who is enrolled in a MOOC could take longer to acquire knowledge according to age or could perform the same

training at different times. When applying an adult-centred model, the modules could be applied according to actual knowledge.

In case the option is to use knowledge analysis software, the software itself could make determinations according to the results of the audit of prior knowledge. This could define the information literacy level of a person. Adaptation of learning materials should be done according to age. Thus, it is possible to find software that employs themes with different colours, typefaces, or images, each appropriate for different ages of users.

At a conceptual level, modules targeted at young people could become more complex by applying the same concepts to an older age group. Usually, in a MOOC course, there is an intervention by a teacher, because they have specified dates for the completion of milestones. Therefore, the teacher tends to be virtually present in the development of a MOOC.

## Conclusions

A theoretical model has been proposed to approximate the Montessori Method for information literacy and lifelong learning. It is certainly true that the Montessori Method is not the only pedagogical method, but it has been tested at different ages with positive results. In future work, the creation of online materials inspired by the Montessori Method will be considered. User testing of educational materials based on the Montessori Method will also be considered, and testing among different population groups will be necessary to consider which kinds of materials can be better adapted to specific targeted students.

## References

- [1] American Library Association. (2017). *Presidential Committee on Information Literacy: Final Report*. Retrieved from <http://www.ala.org/acrl/publications/whitepapers/presidential>.
- [2] Bawden, D. (2008). *Origins and concepts of digital literacy*. In: Lankshear C and Knobel M (ed.) *Digital Literacies: Concepts, Policies and Practices*. New York: Peter Lang, 17–32.
- [3] Bawden, D. (2001). Information and digital literacies: a review of concepts. *Journal of Documentation*, 57(2), 218-259. <https://doi.org/10.1108/EUM0000000007083>
- [4] Belenger, K & Thornton, J. (2013). *Bioelectricity: A Quantitative Approach*. *Duke's University's First MOOC*. Retrieved from [http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/6216/Duke\\_Bioelectricity\\_MOOC\\_Fall2012.pdf](http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/6216/Duke_Bioelectricity_MOOC_Fall2012.pdf)
- [5] Candy, P. (2002). *Information Literacy and Lifelong Learning*. White Paper prepared for UNESCO, the U.S. National Commission on Libraries and Information Science, and the National Forum on Information Literacy, for use at the Information Literacy Meeting of Experts, Prague, The Czech Republic. Retrieved from <https://pdfs.semanticscholar.org/f94d/1b7db0ed803048bf2781fec5bb1daa64c3f7.pdf>
- [6] Catts, R., Lau, J. (2008). *Towards Information Literacy Indicators*. Retrieved from <https://dspace.stir.ac.uk/bitstream/1893/2119/1/cattsandlau.pdf>
- [7] Da Costa, P., Rodriguez, M., Vera-Toscano, E., Weber, A. (2017). *Education, Adult Skills and Social Outcomes*. Retrieved from [http://publications.jrc.ec.europa.eu/repository/bitstream/JRC89591/skills\\_social\\_outcomes\\_piaac\\_final\\_version\\_pubsy.pdf](http://publications.jrc.ec.europa.eu/repository/bitstream/JRC89591/skills_social_outcomes_piaac_final_version_pubsy.pdf)
- [8] Debs, M. (2016). Racial and Economic Diversity in U.S. Public Montessori Schools. *Journal of Montessori Research*. 2016; 2(2):15-34. <http://doi.org/10.17161/jomr.v2i2.5848>
- [9] Debs, M., Brown, K. (2016). Students of color and public Montessori schools: a review of the literature. *Journal of Montessori Research*, 3(1). <https://doi.org/10.17161/jomr.v3i1.5859>
- [10] Drigas, A.; Gkeka, E. (2016). Montessori method and ICTs. *International Journal of Recent Contributions from Engineering, Science & IT (IJES)*, 4(1). <http://journals.sfu.ca/onlinejour/index.php/i-jes/article/view/5481> ,
- [11] Gutek, G. (2004). *The Montessori method: the origins of and educational innovation*. Lanham: Roman & Littlefield.
- [12] Fraumeni-McBride. (2017). The effects of choice on reading engagement and comprehension for second-and third-grade students: an action research report. *Journal of Montessori Research*, 3(2). <https://doi.org/10.17161/jomr.v3i2.6453>
- [13] Haskins, C. (2010). The Montessori Method: Cultivating the Potential of the Child to Build a More Peaceful World. Retrieved from <https://jwal.nipissingu.ca/wp-content/uploads/sites/25/2014/06/v4284.pdf>
- [14] Lin, L., Huang, Y., Watson, R., Wu, S. and Lee, Y. (2011). Using a Montessori method to increase eating ability for institutionalized residents with dementia: a crossover design. *Journal of clinical nursing*, 20, pp. 3092-3101. <https://doi.org/10.1111/j.1365-2702.2011.03858.x>



- [15] Lloyd, A., Lipu, S., Kennan, M. (2017). On becoming citizens: examining social inclusion from an information perspective. *Journal of Australian Academic & Research Libraries*, 47(4), 304-315. <https://doi.org/10.1080/00048623.2016.1256806>
- [16] Oyzon, V., Lubio, C., Salamia, J., Ripalda, L. (2014). Teaching Geometrical Figures in Waray: The LNU-ILS Experience. *Journal of Education and Learning*, 8(2). <http://dx.doi.org/10.11591/edulearn.v8i2.213>
- [17] Rahanu, H., Khan, N., Georgiadou, E., Siakas, N. (2015). *The role of information literacy in overcoming obstacles to learning and lifelong learning*. EDULEARN15 Proceeding, 1184-1194 Retrieved from <https://library.iated.org/view/RAHANU2015ROL>
- [18] Rinkell, C., Gimbel, S., Haskell, S. (2012). Opportunities for inquiry science in Montessori classrooms: learning from a culture of interest, communication and explanation. *Research in Science Education*, 43(4), pp: 1517-1533. <https://doi.org/10.1007/s11165-012-9319-9>
- [19] Sharples, M. (2000). The design of personal mobile technologies for lifelong learning. *Computers & Education*, 34, 177-193.
- [20] Soares, D., Martín, J. (2012). Montessori Method applied to dementia: literature review. *Revista Gaúcha de Enfermagem*, 2012;33(2):197-204. <https://doi.org/10.1590/S1983-14472012000200027>
- [21] Walls, J. (2018). To what extent do parent of Montessori-educated children “do Montessori” at home? Preliminary findings and future directions. *Journal of Montessori Research*, 4(2). <https://doi.org/10.17161/jomr.v4i1.6737>
- [22] Webber S., & Johnston B. 2000. Conceptions of information literacy: New perspectives and implications. *Journal of Information Science*, 26(6), 381-397.

## The Teacher, Teaching and the Learning Styles of the Students

**Dr. Lindita Lutaj**

University "Aleksander Moisiu", Durres

Faculty of education, Department of Pedagogy, Albania

### Abstract

The learning styles are ways or methods through which a pupil learns, perceives and understands information. The recognition of the learning styles is very important as it creates for the teachers the possibility to select the techniques and proper strategies in accordance with these styles. This study aims to highlight the importance that the style recognition has from the teacher and to evaluate the role in adopting the teaching conform them. In the study we have assessed if the selection of the techniques and strategies of teaching conform pupils' style leads to a more effective learning. The study included teachers ( N=30 ) and pupils ( N=300 ) from the elementary cycle of schools in the city of Tirana. The instrument used was the questionnaire for the teachers and another one for the pupils of the schools in the study. From the analysis of the data we noticed that recognizing the learning styles from the teachers helps in the realization of the more productive hours and the improvement of the quality of the school hours. Each pupil has his own way of learning. This way is taken into consideration from the teacher when he plans the activities during his teaching, in order to achieve success in each student. The teacher plays an important role in adopting the teaching methods according to the students' styles by ensuring a more effective learning. The use of information technology during class hours helps the pupils in their learning styles. Providing information to the parents for their children methods of learning is very important, as it makes the parents create the best conditions for the children to study.

**Keywords:** teachers, teaching, learning styles, adoption.

### Introduction

The learning styles are ways and methods used by the students to learn, percept and understand information. People have always talked about the learning styles since the ancient times. Aristotle stated: "Each child has specific talents and skills". He also noticed the changes in his students in the area of information obtaining and data extraction. The recognition of the learning styles from the teachers is very important, as it creates opportunities to organize the work by selecting techniques and strategies in accordance to the students' needs. Recognizing the learning styles is one of the general standards for the teachers. Standard number 6 states: "The teacher accepts and keeps in his mind the changes of the methods of the learning styles. The teacher creates for the students the possibilities and conditions for their progress". The learning styles depend on the cognitive, emotional and environmental factors and in different individuals these factors have various degrees of impact.

### Some approaches on the learning styles

Learning styles are considered as complex methods (James and Gardner, 1995) of information perception, the feelings and behaviors in learning situations (Marriam and Caffarella, 1991), a special approach of the behaviors and opinions which relate to the learning context (Swanson, 1995). From the analyses of the learning styles are distinguished four aspects which are related to: perception (sight), cognitive knowledge (mental), feelings (affective) and views expressed through behavior (active) (Dunn & Dunn, 1993). Based on these aspects are classified four types of styles. According to Kolb the learning styles are: Divergent (open), Assimilating (adopting), Convergent, Accommodating (adoptive). Honey and Mumford based on Kolb classified these styles in: active style, reflective style, theoretical style and pragmatist style.

In the study of Demis Kunje, Elizabeth Selemani-Meke and Keiichi Ogawan in Kobe University in Japan the researchers prove that the relationship between the learning programs, teaching and learning are closely related. There are other approaches that are especially oriented in the treatment of this relationship (Kunje, Meke - Selemani & Ogawa, 2009).

### **Learning styles according to Kolb**

Learning styles are terms through which the natural or permanent model of individual is prescribed, the way they take and perceive information. People change by the ways they study (Gardner, 1995). Kolb model refers to the theory of experimental learning where the individual uses all his cognitive skills.

### **Learning styles according to Gregorc**

According to Anthony F. Gregorc learning styles are a set of observed behaviors or qualities, through which the mind relates to the world, and finds its way to obtain new information. These skills may change with time. He makes a certain division of the learning styles: students with a continuing real learning, students with an occasional real learning, students with a continuing abstract learning and students with an occasional abstract learning.

### **Learning styles according to Solomon and Felder**

According to Felder & Solomon, students possess these learning styles: active, reflective, sensitive, instinctive, virtual and verbal.

### **Learning styles according to Dunn Dunn**

According to Dunn Dunn, learning styles are a combination of many biological features which contribute in concentration, each in its own way and all together as one. According to Dunn Dunn, there are different learning styles even among the family members. Some various elements develop as a product of students' experiences and other factors too. According to Dunn Dunn, there are some factors that affect the style of learning such as:

**Environment** which includes elements such as sounds, noises, temperature, the way of class organization etc.. Some students like to study with the music on the surroundings, some others prefer the quietness, some the light and some warm areas, and some want the class to be organized differently.

**Physiological factors**, which relate to the skills to learn, desire to study, the proper time to study. Thus, some pupils find it difficult to study late hours, and some not; some prefer to study during the classroom hours.

**Social preferences**, which include learning with a friend, individual, in the group or with an adult;

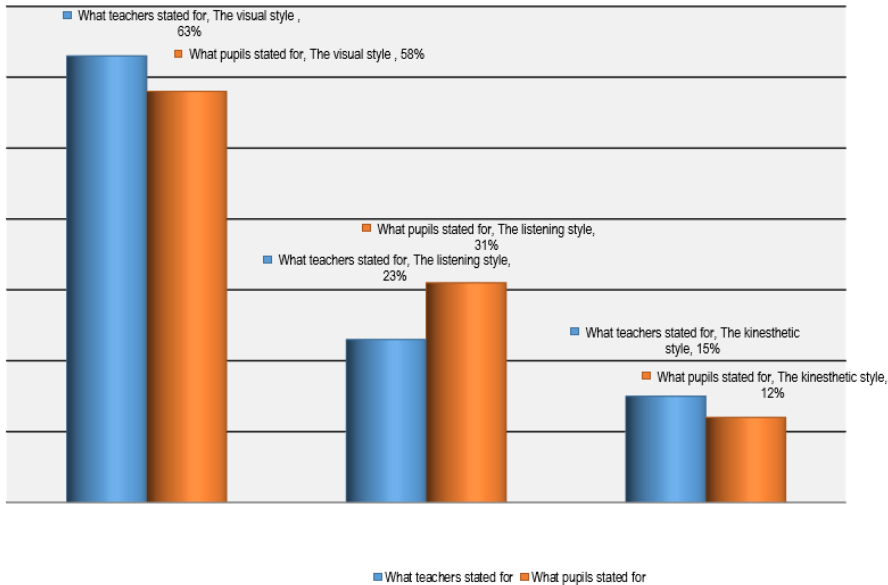
**Psychological factors** which include the global/analytical learning, impulsive and reflective learning.

### **Methodology**

This study aims to evaluate importance of recognizing the learning style from the teacher, and the way the teacher organizes its job based on this recognition, in order to increase the quality of the learning efficiency. The main goal of this study is to prove that the recognition of the learning styles from the teacher and the selection of the techniques and strategies of teaching adopted according to the learning styles, heads to a more effective learning of the pupils. We used a quantitative method of study, realized through the questionnaires of the teachers and pupils. The population of this study comprises of the teachers of some elementary and middle schools of the district of Tirana, who teach third grades and fourth grades of elementary education. The teachers sample was N=30 and the students' sample was N=300, all in the schools participant in the study.

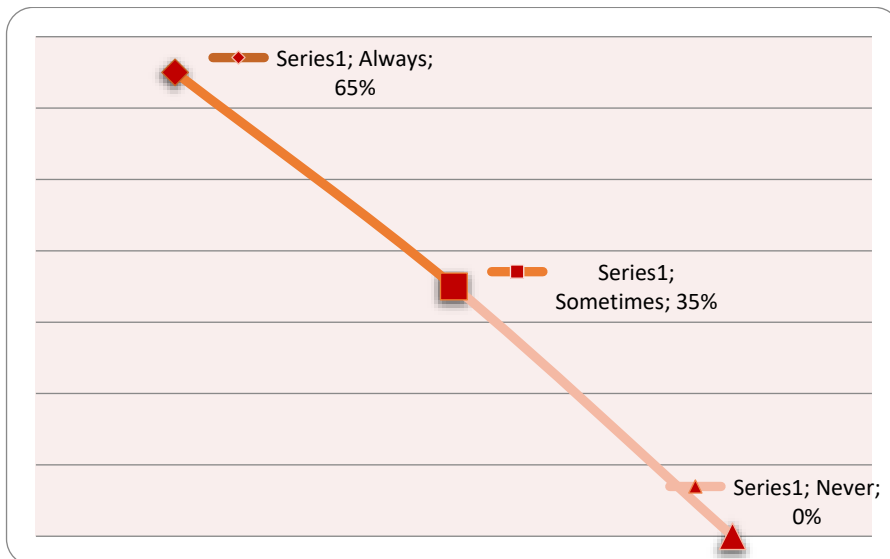
### **Results and discussion**

In order to get the right answers, we asked questions to the teachers and the students. In relation to the question to the teachers that "Which of the learning styles have you seen to your students" 63 % of the teachers stated the visual style, 23% stated the listening style, and 15 % stated the kinesthetic style. When we asked the students that in what learning style they feel better, 58% stated the visual style, 31% the listening style and 12% the kinesthetic style. Here is the graphic presentation of the acquired data:



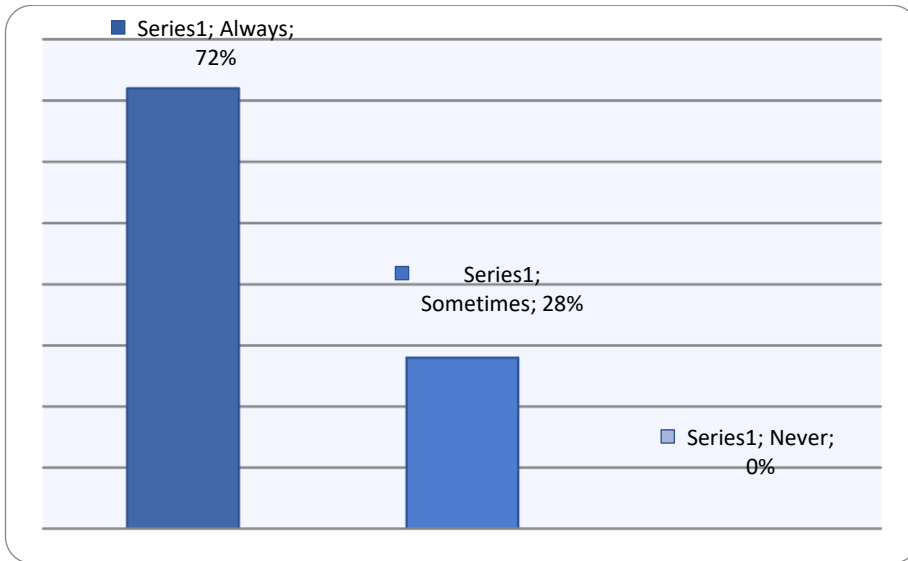
**Graphic 1: Learning style according to the teachers and the students**

In relation to the question: "Do you keep in mind the learning styles of your students when you prepare the lesson planning", 65 % of the teachers stated the answer *always*, 35 % stated *sometimes*. Here is the graphic presentation of the data:



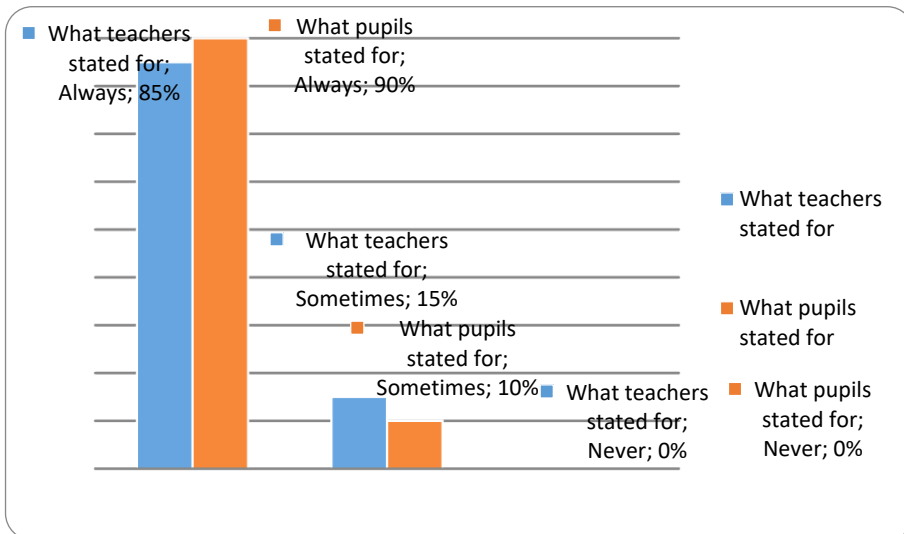
**Graphic 2: Taking into consideration the learning styles during the lesson planning**

The question to the teachers if "Recognizing the learning styles helps them to organize the lesson hour", 72% of the teachers stated that it *always* helps them as they consider the student learning style, 28 % stated that it helps them sometimes as they not always take into consideration the student learning style. Here is the graphic presentation of the data:



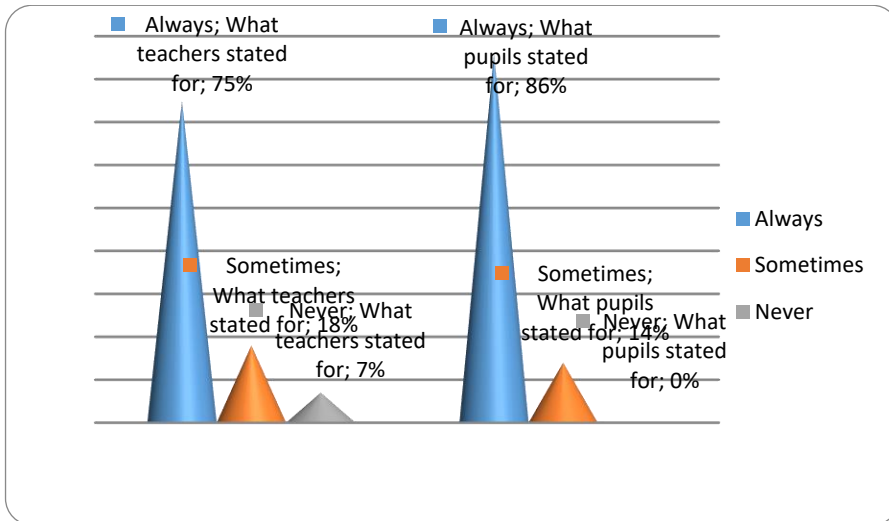
**Graphic 3: Organization of the lesson process based on the learning styles of the students**

In relation to the question: "Do you think that the selection of the techniques and strategies of teaching according to the styles, helps in realizing the lesson competencies", 65 % of the teachers replied *always*, 35 % *sometimes*. Here is the graphic presentation of the data:



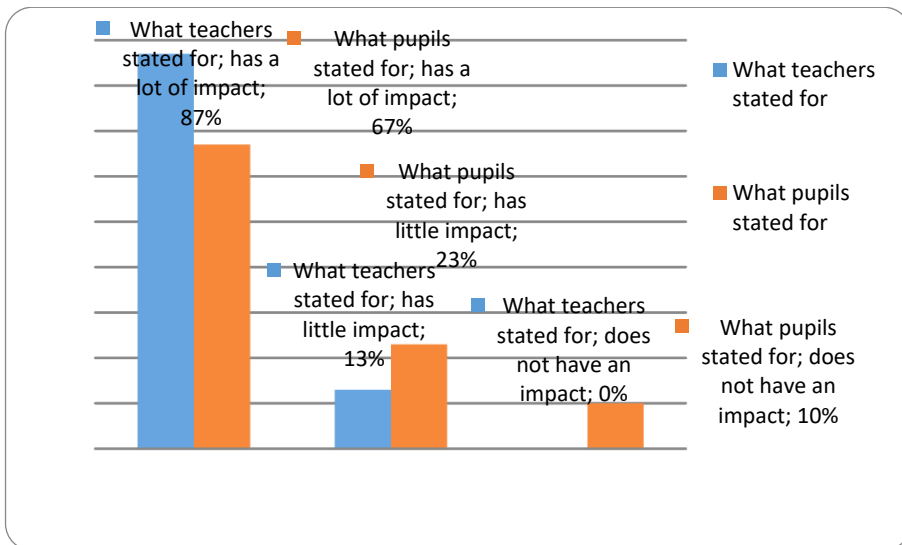
**Graphic 4: The impact of the techniques and strategies in fulfilling the competencies**

In relation to the question "Does the technology help the students in learning according to the styles", 75% of the teachers replied that it always helps them, 18% that it helps them sometimes, and 7 % of them think that technology does not play an important role in students learning according to their learning styles. Around 86% of the pupils stated that it always helps them, while 14% think that it helps them sometimes depending on the lesson techniques.



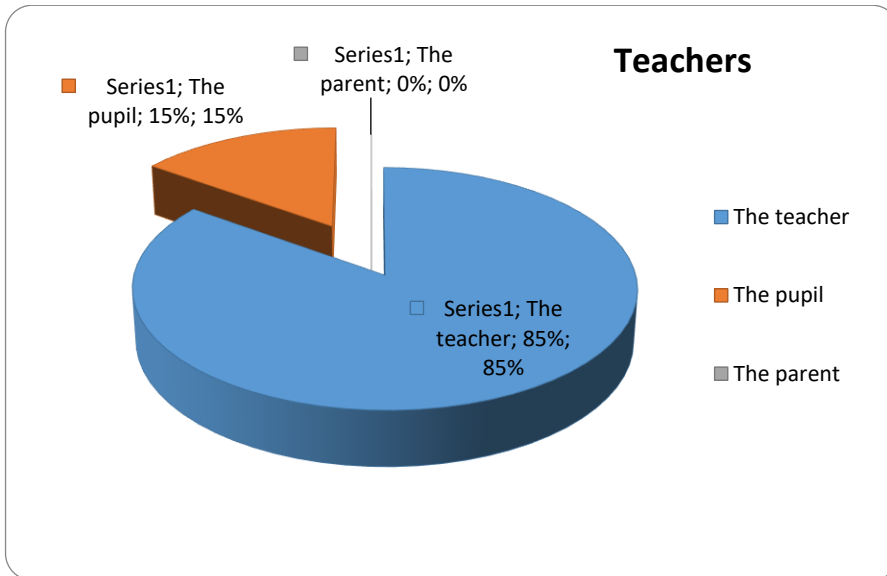
**Graphic 5: The help of technology on the student learning styles**

In the question “Does the information of the parents about the learning styles of their children have an impact in increasing the learning efficacy”, 87% of the teachers stated that it has a *lot of* impact, 13% stated *little*. For the same question, 67% of the pupils think that informing their parents has a *lot of* impact, 23% think that it has *little* impact and 10% think that it *does not have* an impact.



**Graphic 6: Information of the parents for learning styles of their children**

For the question “ Is learning a product created by the pupil, the teacher or the parent”, 80% of the teachers state that learning is a product created from the teacher and only 20% state that is a product created from the pupil. The exact answer would have been that learning is a product created by the pupil and is helped by the teacher.



**Graphic 7: Learning as a product created by the teacher, the parent or the pupil**

### Discussions

Referring to the answers of the teachers and the students related to the recognition of the learning styles, we notice that there are similar answers from them all, which shows that teachers know pretty well their students' learning styles. What is more obvious is that it prevails the visual style followed from the listening style. Only 65% of the teachers think they always keep in mind their pupils' learning style when they prepare the lesson plan, and 35% of them state that they only think of those occasionally.

The answers and the graphic presentations show that the lesson organization is done according to the learning styles, where 72% of the teachers state that they always keep in mind the students' learning styles in planning of the learning process and 18% state that they only sometime think of the learning styles.

The selection of the techniques and proper strategies in accordance to the learning styles has an impact on the formation of the learning competencies. This is shown clearly in the graphics presented. The study showed that the technology helps the pupils to learn according to their learning styles. This is stated from the teachers and the pupils that participated in the study.

This study showed that is very important to inform the parents for the learning styles of their children. In the interviews with some parents of the pupils included in the study, we saw that when the parents have the right information of the way their children learn, they can support them better.

### Conclusions

This study is important, as it tries to see the role of teaching adaptation in student learning styles. The study revealed that the teacher plays an important role in adapting the teaching according to the learning styles, by recognizing and using the appropriate teaching methods, techniques and strategies in the lesson. Teachers should perform classroom activities such as competitions, role-play, and group work so that all students feel involved. Teachers should receive appropriate training in the use of teaching methods, by adapting them to pupils' learning needs and styles. The teacher pays attention to the recognition of student learning styles, as it helps in the realization of learning competences. Most teachers always keep in mind the learning styles when planning the lesson plan, which creates the opportunity for better planning of the lesson hour.

Starting from the results of the schools included in the study, it should be noted the importance of each of the learning styles. Each student learns in his own way and is not like other students. This fact must be respected by the teacher, in order for each student to be helped to achieve his success. The students should be encouraged to learn according to their

learning style where they feel better, but to experience other learning styles, as they do not possess a single learning style. The parents should be informed about the style of their children's learning, to have the characteristics of the learning style explained, in order to create suitable conditions for home learning.

According to the results of the answers provided by the teachers and students involved in the study, the use of technology in the classroom is also important. It directly affects the enhancement of the quality and effectiveness of the lesson hour, by strengthening the styles of learning for each student. The teacher should use organizational graphics when explains new information. Schemes help students rearrange information and make relations that they may have overlooked. The use of technology contributes to the concentration of students through the appearance of different images, through voices and understanding of phenomena.

Recognizing the learning styles of the pupils enables students to integrate into the learning process, facilitates the work of the teacher in organizing and orienting learning from the students, creating opportunities for organizing independent learning.

## References

- [1] Barbara A. Soloman Richard M. Felder, *Learning styles and strategies*.
- [2] Fleming, N., & Baume, D. (2006) *Learning Styles Again: VARKing up the right tree!*, Educational Developments. SEDA Ltd.
- [3] <https://arsimi.gov.al/files/userfiles/arkiva/dok-0012.pdf>
- [4] Institute of Curriculum and Training, *Basic General Standards for the Teacher*. (2008), Tirana.
- [5] IZHA, *The Curriculum Frame of Pre-University Education of the Republic of Albania* (2014) Tirana.
- [6] *Manual for teachers. (2006) Positive disciplines in overall teaching loving classrooms*. UNESCO & Save the Children, Tirana.
- [7] Musai, B., (1999) *Education Psychology*, Tirana.
- [8] Musai, B., (2003) *Teaching Methodology*. PEGI, Tirana.
- [9] Musai., B. (2005) *Teaching and interactive learning*. CDE, Tirana.
- [10] Tamo. A. & Karaj, Dh. & Rapti, E. (2005). *Teaching and learning*, Mokra, 2005.
- [11] Woolfolk, A. (2011). *Education Psychology*, CDE. Tirana, 2011.
- [12] Yamagishi, R. N. (1971): *Teachers' learning styles: their effect on teaching styles*. University



## An Environment Without Barriers

**Adem Spahiu**

Teaching staff in College Heimerer (Kosovo)

**Mimoza Zylfiu**

### Abstract

In Kosovo is not known the exact number of persons with disabilities. According to the WHO, it is estimated that up to 15% of the general population may be persons with disabilities. the fundamental right of persons with disabilities is that htye live within their community where they can circulate and participate wituout obstacles in the wider social life, cultural, labor, etc. As in education, according to our research the assessment made by we and the UNICEF, reported that in Kosovo only 11% of children with disabilities are involved in the education system. Based on the research and other informations from islolated disabilities persons in Kosovo, indicate that consenquently being denied from fundamental rights and free movement, may causes separation from social life, also this may casue difficulties for full socialization and integration, as a very important factor in development and preparation for every day life acitivities. Building an enviroment without barriers is obviosly a very important issue for the inclusion of persons with disabilities in all sectors of social life,for the purposes of their integration in different areas of life: social, eductional, training and working employment. Purpose of the research is to identify and analyze the mainbarriers that impede the free movement of persons with disabilities and to create a an enviroment without barriers. Necessary data for study are collected in some places of Kosovo. For research we have used quantitative methods, selections of citizens has been in casual way without any specific criteria. Collection of data and creation of questioner is made based in necessary elements or right questions for as clear as possible identification of the problem.

**Keywords:** right's, disabilities, citizens barriers, information, care

### Introduction

In Kosova is not known the exact number of persons with disabilities. According to the WHO, it is estimated that up to 15% of the general population may be persons with disabilities. the fundamental right of persons with disabilities is that htye live within their community where they can circulate and participate wituout obstacles in the wider social life, cultural, labor, etc. As in education, according to our research the assessment made by we and the UNICEF, reported that in Kosova only 11% of children with disabilities are involved in the education system.

Based on the research and other informations from islolated disabilities persons in Kosova, indicate that consenquently being denied from fundamental rights and free movement, may causes separation from social life, also this may casue difficulties for full socialization and integration, as a very important factor in development and preparation for every day life acitivities.

Building an enviroment without barriers is obviosly a very important issue for the inclusion of persons with disabilities in all sectors of social life,for the purposes of their integration in different areas of life: social, eductional, training and working employment.

Purpose of the research is to identify and analyze the mainbarriers that impede the free movement of persons with disabilities and to create a an enviroment without barriers.

Necessary data for study are collected in some places of Kosova. For research we have used quantitative methods, selections of citizens has been in casual way without any specific criteria

Collection of data and creation of questioner is made based in necessary elements or right questions for as clear as possible identification of the problem.

### **The purpose of the research**

Research “ An environment without barriers” - aims to identify and analyze the main barriers that impede the free movement of persons with disabilities, as well as practice and training them for life and work.

Identification of these barriers with goodwill of the society will enable overcoming them, in order to create a better environment for a functional environment for development and finding of these persons.

This research aims to identify specific steps that can be taken to start solve the problems.

A key objective of the research is to develop an overview and guidance that can be used by government, advocacy group, donors and non-governmental organization to improve for people with disabilities and services based on the needs and their rights.

### **Methodology**

Regarding the problems of persons with disabilities and for lighting of the different situations and social and individual attitudes to solve them, will be applied the methodology research in the samples of the population involved in the research of the highly complex and sensitive problem.

In exploratory research will be included:

Family members of persons with disabilities

Persons with Disabilities

Education institutions ( schools, primary and basic secondary education and preschool)

Centres of social work

Association for persons with disabilities

State-government institutions dealing with care for persons with disabilities

Municipal or regional institutions for employment, etc.

Selected sample ( representative sample)- should be provided on the appropriate criteria for the validity of the final results, the results of which will enable: lighting the problems of people with limited ability, drawing the conclusions and appropriate recommendations, etc.

Among the methods to be applied during the research of this issue will be:

-Observative- descriptive method of forms, contents and activities in the areas and research areas related to persons with limited ability.

-Method analysis of printed documentation and written about the laid-mentioned problem.

**Techniques-the most important instruments that will be applied during the research process research of the laid problem will be:**

Survey( questionnaire)

Interviews and

Collection of documents ( material) printed and written analysis.

After accumulation of the research material by statistical techniques and analysis of the material the final results will be issued at the proper interpretation. By issuing the appropriate conclusions and recommendations, the material which will be distributed relevant institutions for the issues of the personal problems with limited ability.

### **Interviews**

**One of the questionnaires that are used is this:**

Questionnaires to residents

- Gender? \_\_\_\_\_  
Residents? \_\_\_\_\_  
Educaton rate? \_\_\_\_\_  
Postiton socio-economice? \_\_\_\_\_  
At what age did you start to come to this institute? \_\_\_\_\_  
What you will change in this institute? \_\_\_\_\_  
Livelihoods in this institution? \_\_\_\_\_  
Daily activies? \_\_\_\_\_  
How are physical conditions? \_\_\_\_\_  
The way the family visits? \_\_\_\_\_  
Somethings to add by the resident? \_\_\_\_\_

Figure 1. Number of persons with disabilities and cmbined in the Kosova Municipality<sup>1</sup>

### The number of members in the Municipality

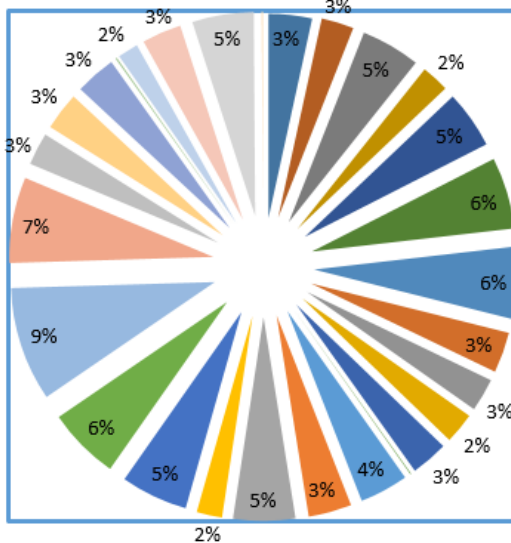
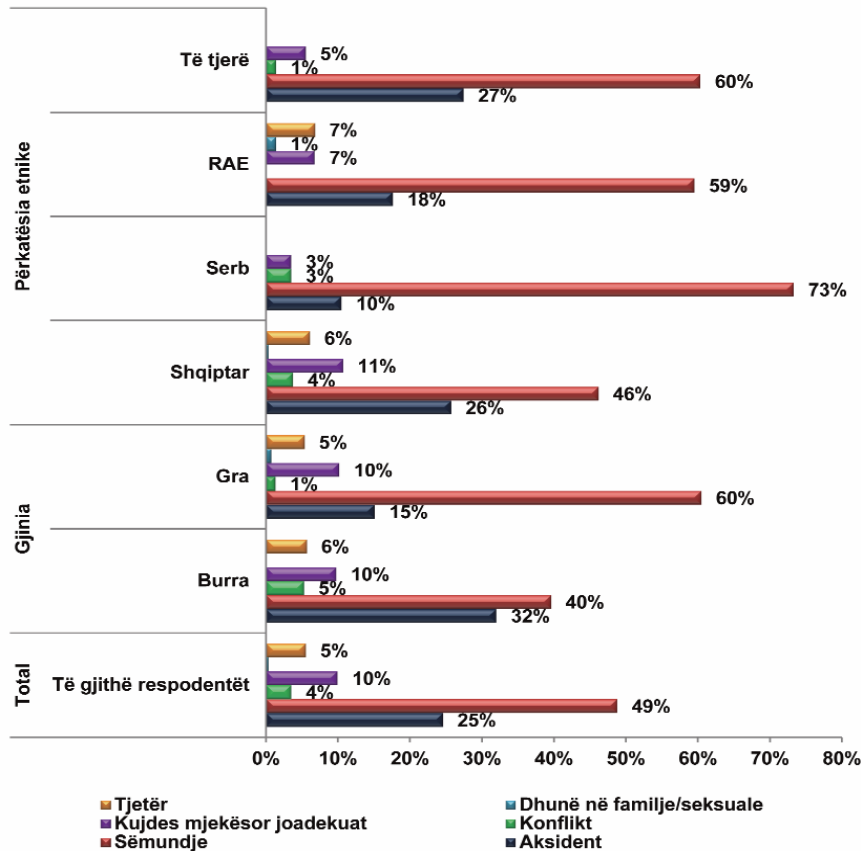


Figure.2 The causes of disability by gender and ethnic group<sup>2</sup>



Considering the differences between the spectrums of ethnic groups, the Serbs have the highest percentage (73 percent) of impairment resulting from the disease followed by others with 50 percent. Respondents Albanians and other present similar percentage- 26 percent and 27 percent – of disability caused by accident. Concern percentage, even is low (1.4 percent) was observed in the group of Roma, Ashkali and Egyptian, who indicate domestic violence or sexual as the originating source of their limited ability (see Figure 2)

#### - Access of the society towards disability

One of the most concrete guidance and practical to disability in Kosovo is: comprehensive policy framework on "disability issues in Kosovo", which was launched in 2001. This guide provides recommendations to regulate matters relating to persons with disabilities as follows.

#### -Social Model and Human Rights

Social Model and Human Rights, considers disability as a social problem that requires response from society. Persons with disabilities are jointly mobilized and own organized. Their goal is to build a civil movement which is controlled by persons with disabilities. In the movement of persons with disabilities central thing is the appearance of disability as an issue of human rights and development in general. This leads to the recognition and acceptance of disability as a normal part of life, that people with disabilities are equal citizens and therefore should enjoy equal rights but also responsibilities

#### Key findings in the research

Some of the main barrier faced by persons with disabilities in Kosovo in order to access the most comprehensive social life are:

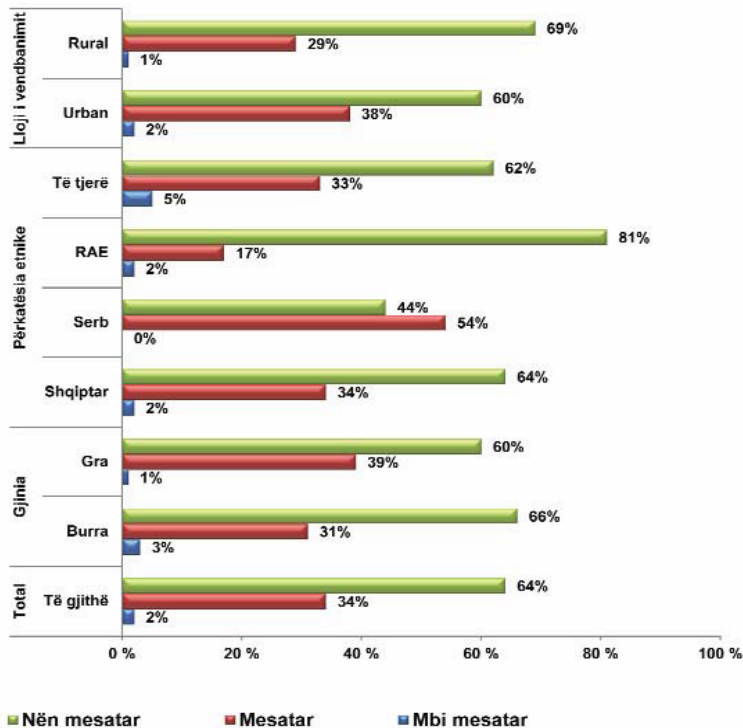
**The economic situation**-in post-war Kosova's economic situation was difficult. With the advent of international were opened new jobs and national organisations, as well as public institutions. This led to some improvement in the economic situation of the population in general in Kosova, however, regarding persons with disabilities, for them the barriers continued because they could not work in these organizations and institutions for various reasons, such as inappropriate infrastructure illiteracy, low level of awareness of employers, etc.

According to information from NGOs of persons with disabilities, it appears that they do not have any statistics on the number of persons with disabilities in Kosova who are employed to work in any form, even self-employment. We know that this number is very small and only associations of persons with disabilities employ these people. In state institutions and public administration as well this number is very small. According to law No. 03/L-019 for vocational rehabilitation and employment of persons with disabilities, the Ministry of Labour and Social Welfare to establish the maintain statistics on the number of jobs seekers and employees are persons with disabilities.

Vice President of the the Association of the Blind and Visually impaired said that the exact number of people blind and visually impaired is not known. Employment is terrible; very few are employed, because of the that they facing other problems as economic and social issues. Are very poor, because they are not employed receiving a pension of 60 euros which is not enough for anything. According to him, Kosova is estimated to have about 2.000 blind, from these number is estimated to be employed only 2%. They are also employed in the public sector and the private sector. Social assistance which blind persons received has made them to stay inside their home and not seeking work.

While a survey conducted by UNDP, who acted in a part of Kosova, signed between socio-economic status of the families of persons with disabilities, by sex, ethnic group and type of residence as these data come follows.

Figura 3. Socio-economic status of the family of the disabled persons, according to their gender, ethnicity and type of residence



Results by gender, ethnic group and type of settlement, women, Serbs and those living in urban areas describe their economic well-being as the highest percentage in comparison with men, Albanians, Roma, Ashkali and Egyptians and those living in rural ( see figure 3)<sup>1</sup>

**Disabled war-** divided into several categories and varies category depending on the rate of payment.

**As beneficiaries of the social scheme of war invalids are 3487 earnings divided by the degree of disability that begins with 20% disability.** Social schemes are shared with the deegree of disability payment starts from 130 euro who are cilivian war invalidsl. But participating categories of the KLA start from 20% to 180 euros up to 81% and further that is still with the assitant.

*Figura 6 Number of disabled war in Kosova Municipalities*

Invalidëve të UÇK-së			
Nr.	male	female	municipality
1.	244	4	Deçan
2.	10		Dragash
3.	111	1	Ferizaj
4.	34	1	F. Kosovë
5.	185	2	Gjakovë
6.	47	2	Gjilan
7.	411	7	Glogovc
8.	43	3	Istog
9.	72	1	Malishevë
10.	14		Kamenicë
11.	121	3	Klinë
12.	66		Lipjan
13.	130	1	Malishevë
14.	138	1	Mitrovicë
15.	2		Novobërd
16.	34		Obiliq
17.	179	3	Pejë
18.	220	1	Podujevë
19.	417	14	Prishtinë
20.	135	4	Prizren
21.	97		Rahovec
22.	5		Shtërpce
23.	87	1	Shtime
24.	294	2	Skenderaj
25.	192	1	Suharekë
26.	14		Viti
27.	131	1	Vushtri
28.	1		Zveçan

<sup>1</sup> Broad survey of persons with disabilities in Kosova p.17

In Kosova municipalities, social assistance beneficiaries of war invalids are in total: 3487, where 3444 men and 43 women.

Guardian for disabled persons with bodily injury with over 80%. In addition to war invalids are included families of invalids after death (including spouse and children under the age of 18 years respectively 26 years

if they are in education), civil disabled, civilian invalids families after death, families of

martyrs, families of missing KLA, families of the civilian victim, families of

civilian disappeared, war invalids caregivers and civilian invalids caregivers.

The average salary for war invalids is 192.9 €

Low economic development did not contribute to the lives of people with disabilities in improving the welfare and development of their social life, while UN data reports that poor nutrition, life-threatening work (including accidents (Fletcher and Hurst, 1995) clearly indicate the current position of persons with a high risk of physical disability, lack of knowledge on the health and care of maternity, personal and public hygiene, poor sewage and natural disasters, disability in Kosova.

- Living costs of persons with disabilities and institutional care - Persons with disabilities have specific and costly needs that for the Kosova standard are still far from the minimum reach of their achievement.

People with disabilities are known to enjoy a pension that does not meet their needs in the near future. When we associate this with the need for associates of the largest number of people with disabilities, a companion who has a cost, then we can say that their material position is far from the needs.

Today, no support equipment is provided by the country's institutions and the basic needs of people with disabilities. Providing this need is made by non-governmental organizations that have no sustainability and are based solely on projects and donations of goodwill.

While in the areas where wheelchairs are free, crutches, hearing aids, and maintenance are expensive, and this situation makes it more difficult for these people with disabilities to develop.

#### Example:

*"Sometimes auxiliary equipment (cars) due to inadequate infrastructure lead to breakdowns and defects, which can be adjusted with a small repair, but usually these cost and the NGOs that provide these services have no durability material. (A middle-aged man, capital of the capital, employed us.)"*

Figure 11. Percentage of unemployment, by type of disability.<sup>1</sup>



<sup>1</sup> Comprehensive Survey for Persons with Disabilities in Kosova p.43

The highest percentage of the unemployed is among those in whom the situation substantially limits physical activities. However, the percentage of unemployed respondents with other types of disability is also high (see Figure 11)

- **Female and Disability-** The position of women in our society still being charged with a traditionalism and conservative elements in general is still in a non-enviable position compared to male gender, a phenomenon also reflected in the approach of persons with disability with gender. This low status makes them more prone to poverty and marginalization.

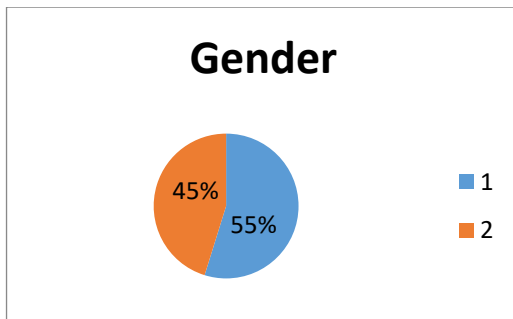
To illustrate this we have the following examples, those that live in large families as a young man declares: "I live in a large family, I have four brothers married, all have their families. Parents have died, as parents do not support, and my kings do not help. I often heard them saying, "With the hell and the quakkah, where I look after them all" and to bring me the "crippled" (Shows a woman with physical disabilities, paraplegia.)

While the second example specifically shows marriage against her will, which states: "My family is poor and many members, when I grew up for 19 years, my family began to interest me as a memoir, pam pyt mu. They found me an elder and a martyr for helping my family first and for memes of my life and my sake. (Shows a woman of the age of 29, with physical disabilities.)

"This is why you come out on the road when you can not walk."

At a wedding, a woman has told me "what kie a sakat je".

Figure 7. Percentage of women and men with disabilities and combined in Kosova <sup>1</sup>



The table shows that the largest number of physical and combined disabilities are men with 55% and women with 45% (see Figure 7)

**Infrastructure-** The way in which the physical environment is developed and organized greatly impedes the level of independent and equal living of persons with disabilities and other citizens. The current situation shows that in our organization the infrastructure mainly does not meet the needs of people with disabilities. One of the main barriers for people with disabilities is the physical barriers that hinder people with disabilities to realize their rights in education, employment, training, recreation, health care, participation in political life, etc.

In general, access to health facilities is difficult for all types of disability. At University Clinic Center of Kosova (UCCK), hospitals at their entrance have adjusted the wheelchair access, while the elevator (vertical access) is, in most cases, unusable, as most elevators are not maintained and are out of service. Rooms at UCCK are overloaded with beds and it is impossible to move the person with a wheelchair in them. Existing toilets in hospitals and family medicine centers are very small and are not suitable for use by wheelchair users

- **Communicating** - Knowing how difficult it is to include people with disabilities in communication (deaf persons) on the inability to use sign language and the lack of materials and documents in the Braille alphabet (blind persons) by institutions ours, it makes their integration more difficult.

Based on the analysis of the situation of persons with disabilities in Kosova, made by Handicap International, the HandiKos approach (physical infrastructure) in public places is estimated at 65% as a very problematic issue.

<sup>1</sup> NGO HandiKos database



People with disabilities in Kosova, which according to international estimates can be 150,000, live in conditions of poverty, isolation and inferiority. Their experience has been exacerbated by the conflict and population movements that have prevailed in Kosova over the last few years. It is an important remark that disability not only affects the individual but also his family and the community where he lives and operates. The number of those affected by disability is quite large, including the large number of families living with them, in particular by implying traditional families in our country where often the number of members of a family is large enough .

- Inclusion of people with disabilities in society

a) The state of the current infrastructure in Kosova for equal access to free and unhindered access for people with disabilities rarely presents difficulties in their participation in everyday life, education, employment and vocational training;

b) Persons with disabilities who are not in equal position due to their psychological and physical condition or health status can not be a participant in the process of lawmaking and the creation of the right and proper attitude of the society to creating their own and appropriate conditions and needs;

c) Transmission and free circulation - During the research, interviewers indicated that they need travel assistance if they are not accompanied by escorts, since mainly urban and interurban transport vehicles do not have the appropriate technical equipment to facilitate travel (due to lack of escalators, lack of braggings alphabet, etc.). It should rely on assistance from the transport worker or other passengers. They often encounter problems when they miss occasional help or when they seek help. It happens that wrongly granted assistance can harm a person with disabilities in self-esteem.

illustration: "Many times when I ask for help from passers-by to cross the road, they unintentionally do this by tightening my shirt collar. At that moment I feel so inferior and insignificant." (Describes the situation of a person with visual impairment.)

A person with a disability at first described an incident where he had asked a traveler to tell him when their bus had arrived. The traveler had left without announcing it and as a result, the disabled person was left standing waiting for an indefinite transportation, explains the person with disabilities at sight.

From the above illustrations it can be concluded that despite the efforts of the citizens who have higher awareness towards the people in need, their problem can and should be solved only by the institutions and their solution must be sustainable.

Identified group participants, high transport prices, lack of proper awareness amongst transport personnel towards persons with disabilities and the general public and the needs of disabled passengers, barriers in the transport system as main obstacles that they face, show that the problems identified have an enormous impact on the violation of their fundamental rights for free movement as citizens of Kosova.

Also, as a problem for public transport utilization, people with hearing impairment and / or speech impairments often encounter communication difficulties with workers and other travelers. Lack of visual information on transport vehicles presents difficulties in selecting the destination requested by persons with disabilities. Usually the sign language is not understood and the ability to write ticket requests or information is not always a solution to the problems of people with disabilities, because a number of them do not know the literacy.

Because of the inadequate transport for persons with physical disabilities (wheelchair users) the only solution to some extent in the city of Pristina, they may be only taxis for their journey, but this also exacerbates the cost of living them.

• Lack of slopes in some locales and sidewalks without the appropriate walkway for people with disabilities prevents them from doing loose movement. Ponds, unmarked pit roads, the small number of traffic lights with acoustic signals for people with disabilities and their failure to function properly, road dumps and difficult crossings create obstacles to the development of the movement and can also affect the deterioration of disability or any other obstacle. All of this implies that they have difficulties in meeting their needs in social life. Illustration: "When I went to the Center for Social Work, I encountered various physical barriers, starting from inappropriate sidewalks, especially at the entrance of the main CSW, whereby a citizen tried to help me enter the CSW, but unfortunately I got angry and the citizen felt too bad. (Explains a male person, a wheelchair user).

Health services-The medical service and the level of treatment should be appropriate and acceptable to all, which is the basis for equalizing opportunities for people with disabilities. A disabled person can not perform medical services without the assistance of an assistant at all hospital centers due to stairs, lifts that in many cases do not work, lack of sign language knowledge starting with the worker who works at the door and in the absence of the writings of the Brain, as well as the inscriptions which give priority to persons with disabilities.

From research conducted in the Deaf Association of Kosova, access to health services in Kosova is poor (85% out of 100 respondents say access to health services is poor, 1% say access to health services is above average, 11% say the approach is poor toward the average).

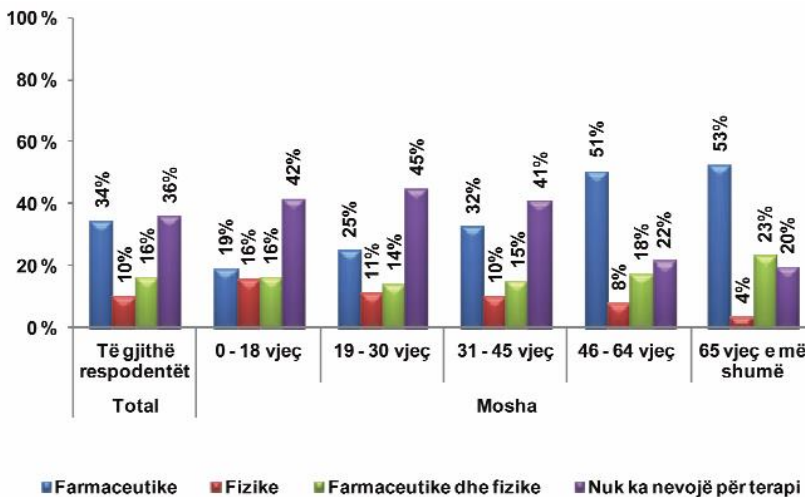
As for the question asked by the NGO representative HandiKos: How is physical and personnel access, as well as other patients, compared to the person with disabilities in healthcare institutions? It shows that: The physical access of persons with disabilities to healthcare institutions is miserable, especially for wheelchair users. According to some of our researches and other associations of people with disabilities, access to health facilities in state institutions is as follows: 90% of facilities have access to wheelchair users only on the ground floor, 10% have access to the high floors as well which have lift and are in usable condition. Another physical disadvantage in these facilities is the inability of wheelchair users to use in the toilets. Few objects have proper access to the toilets - he adds.

Regarding the access of health personnel, they often have no knowledge of the type and origin of disability, so this affects more and more the deterioration of their situation and in most cases persons with disabilities are expected to (just as sick), and do not take into account the daily and current health problems that come due to disability.

### Illustration

When I get to the doctor with the Vlach an injection, I have a few more pots and injections and I do not have feelings in the body parts.

Figure 8. PWDs who need therapy by age



Respondents in need of treatment suggest that roughly 34 percent of people with disabilities need pharmaceutical treatment and 10 percent physical improvement, while 16 percent of respondents need both. 78 percent of PWDs who need pharmaceutical treatment are taking, but more than half (54 percent) of those in need of physical treatment are not being treated, most often because it is too expensive ( 65 percent). Among those who need both treatments, 52 percent are accepting, while 23 percent are not. It is also worrying that 9 per cent of PAKs who need physical treatment are only receiving treatmentfarmaceutik, gjëqë lë të kuptohet se ata marrin hapa për dhimbje, apo qetësues, në vend të trajtimit për të cilin ata me të vërtetë kanë nevojë ( Shih figurën 8)<sup>1</sup>

**Education** - The issue of education of people with disabilities is quite complex and requires a special professional approach. Our educational system and school education, although having an educational and pedagogical work with children with developmental obstacles, conclude that organizing educational and educational activities with these children should have a different approach that includes a range of requirements.

<sup>1</sup> Comprehensive Survey of People with Disabilities in Kosova, p.33

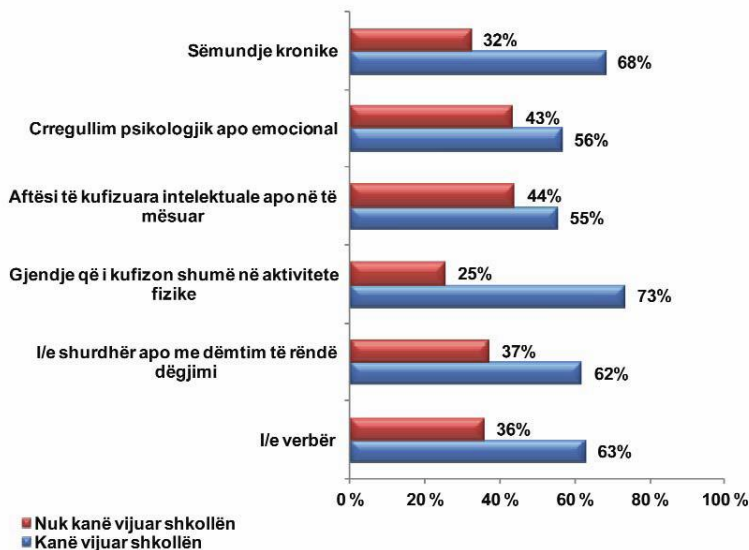
In addition to creating the right infrastructure for these children (for which it has been mentioned before) the professional didactico-methodical preparation of the teaching staff is not yet sufficiently level to meet all the requirements of the working program with these kids.

Today, when talking about children with disabilities, we think of children who are under stress, and this requires that in the process of their education a focused commitment to the disordered function is practiced, but keeping in mind the complete state of personality of them.

In such cases these children with disabilities should be treated in line with the developmental scale and work according to the developmental performance of the social environment of the class they are in. For this, the forms of contemporary organization are more than necessary in the developmental process of teaching work. For which, according to the degree of developmental deprivation of the child, it is necessary to determine the form and contents of didactic-methodological actions. In this regard, if we are dealing with the developmental slowdown that relates to the joint work of these children in the regular social environment of the classroom, regular teaching staff should have a culture of preparing for work with these children it is preferred that they also have profiles assistants from special pedagogy. Whereas the organization of special classes that can operate at ordinary schools, for the most severe retardation, children are sent to special schools, in which the external and internal organization of the teaching work is developed on the basis of the developmental scale of these children.

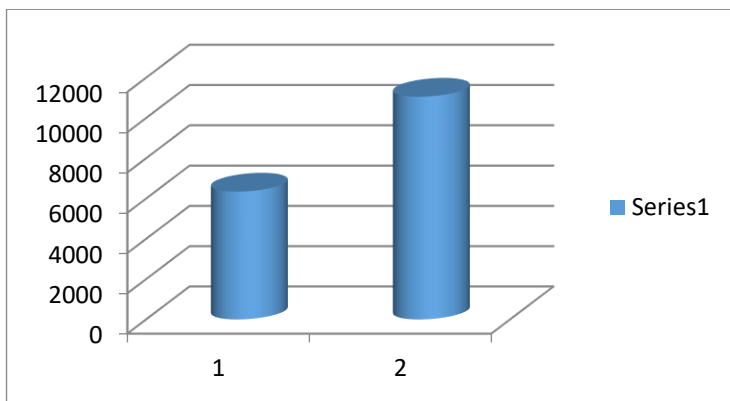
According to UNICEF's assessment, it is reported that in Kosova only 10% of children with disabilities are involved in the education system. This is due to the difficult economic conditions of families, the inadequate physical infrastructure, inadequate assessment by the assessment committees, the prejudices that exist on the part of the institutions and the low awareness of the child's family. This situation shows and leads to the inability of their best preparation, so that in the future they will be able to find a job and not be more deferred to poverty.

Figure 9. Percentage of respondents who have / did not attend school, by type of Disability



Respondents with physical disabilities attended school more often (73 percent), then those with intellectual problems (55 percent) and those with psychological disorders (56 percent). Persons with chronic illness also more often claim (68 percent) that they did not attend school compared to respondents with other handicapped persons. Respondents to whom disability is diagnosed more late life have attended school more often (76 percent) than those to whom the impaired ability was diagnosed early (65 percent) (see Figure 9)

Figure 10. Percentage of persons with physical and combined disabilities who have and did not attend school



Respondents with physical and combined disabilities attending school are 6345, while respondents who did not attend school are 11058 (see Figure 10)

**-The role of CSO-s and NGOs to improve the situation of persons with disabilities.**

**a) The role of non-governmental organizations**

The organization of the social and professional activity of people with disabilities in Kosova, as we have noted above, has a long developmental experience and now we can say that the main bearer of activities in terms of non-governmental development activity should be distinguished by HandiKos -i. Which is the main provider of support and rehabilitation services for people with physical disabilities and has established a network of Community Centers and Active Local Groups of People with Disabilities.

In addition, NGOs now operate in Kosova with a considerable number of associations which, with their activities, are profiled according to the character of persons with disabilities such as the Association of the Blind, the Association of the Deaf, the Association of Speech Therapists, the Association of the Autistic, Red Cross,

Association of Doom Syndrome Kosova, SOS-Kinderdorf, Kosova. Which, as social and professional associations, operate with their programs in the development interests of their members and are an integral part of society.

**Some data from NGOs**

• In the Syndrome Down Syndrome of Kosova, there are 670 people affected by down syndrome, while the number of deaths in the last three years is up to 18 people. Regarding education, 57 children are enrolled in regular education and over 112 in special education and attached classes;

• In SOS Kinderdorf, there are three children with light physical disabilities aged 2-4, as well as a child with mental retardation of 3 years of age. There are 7 children with physical and mental disabilities in the garden who are from 3-6 years of age.

• Deaf Association of Kosova, estimated to be around 7,000 to 8,000 deaf persons. According to FAD (2004), it is thought that there may be 3 deaf people in 1000 people in Kosova. WHO estimates that 0.2% of the entire population is classified with deep lost hearing (81 dB or more). If we take these WHO estimates, it turns out that the total number of deaf people in Kosova is 3,600. So, the approximate estimate of the deaf population in Kosova is between 3,600 (WHO) - 7/8000 (AAC).

A number of international NGOs have supported local organizations of people with disabilities in Kosova, which some NGOs are still supporting

**.b) Non Governmental Organization**

From government organizations that support and lobby for people with disabilities are: MEST Office, MoH, DMS.

Near the Ministry of Labor and Social Welfare are:

Institutional Care Division (DPI), which operates within

Department of Social Welfare with the following three sectors:

- The Department for Mental Disabilities,
- Sector for Elderly and Non-Family Care Sector,
- Complaints Sector.

Under the managing of the Ministry of Labor and Social Welfare are two very important institutions where there are also persons with disabilities:

-Special Institute of Shtime- After the end of World War II in the former school for households in Shtime was established the House - a shelter for elderly who did not have family care. The period after the 90s is the period of separation of this institution from the House of the elders (on 22.06.1991) and its functioning as a separate institution.

Some of the residents are from 1969. The youngest are 19-24 years old.

Figure 12. Residents with disabilities in Shtimë Institute

<i>Nr. The total rezidents in Shtime Institute is 59</i>	
Male: 38	Female: 21

There are 59 residents in the Shtime Institute: 38 men and 21 women. From Kosova, Serbia Bosna maska, Hungary and from Gora (see Figure 12)

• **House of elderly people and family care**-In the early 1947s, the elders' home was in Shtime, in the late 1960s, moved to Pristina, where the Raider Foundation helped. Then there was built in the yard of an elders house an object where refugees were settled from Albania. The elders' home was under the supervision of the Secretariat for Health, while the Institute for Social Policy, namely at that time the Provincial Entity for Social Policy and Professional Orientation, conducted professional supervision.

The capacity is for 70-80 people, which is full capacity. In this institution are located elderly persons without family care.

Figure 13. Number of residents in the home of elderly peop

Month	Albanian	Serbian	Others	Total
Aprill	75	10	10	95
May	73	10	10	93
June	75	10	10	95

In the column "Others", are included the number of persons placed in the home of elderly persons and without family care belonging to these ethnic nationalities: Turkish, Bosniak, Egyptian, Ashkali, Roma, Croat, etc. ( see the table 13) <sup>1</sup>

### Practices of other countries

It is estimated that more than one billion people live with some form of disability, accounting for 15% of the world's population (based on 2010 global population estimates). This is higher than the previous World Health Organization estimates, some 785 million (15.6%) people aged 15 to older live with disabilities, while Global Burden of Disease estimates a figure of around 975 million (19.4%) of persons. The World Health Survey estimates that 110 million people (2.2%) have significant functional difficulties, and according to the Global Burden of Disease there are 190 million (3.8%) who have "severe disabilities" - equivalent to disability that is considered as in quadriplegia, severe depression or blindness. Only Global

<sup>1</sup> Statistical Office

Burden of Disease measures children's abilities (0-14 years), estimated to be 95 million (5.1%) children, of whom 13 million (0.7%) have "severe disabilities".

In other developed countries, all the needs of people with disabilities are guaranteed and covered by laws based on the United Nations Convention on the Rights of Persons with Disabilities and the Disabled People in those countries. These people are not counted as the poorest, but are contributing to the state by offering themselves to the labor market and raising their well-being.

The United Nations supports the drafting of the Standard Rules for Equalization of Opportunities for Persons with Disabilities, provides governments with a guide on the actions they will receive. The Standard Rules are adopted by the UN General Assembly on December 20, 1993. (footnotes)

According to the World Health Organization (WHO), it is estimated that around 59 million people in the world (0.9% of the total population) with hearing loss classified as heavy losses (hearing loss of 61 dB or more), (WHO 2005, Hualanddhe Colin 2009). This means 16,200 deaf and semi-deaf persons who live in

**-Albania - has a National Disability Strategy** that presents a plan to change their situation. As for illustration, we are presenting some of the relevant contents of this National Strategy of Albania for people with disabilities.

According to international standards, the focus of the definition of disability is shifted from the point of damage to the prospect of the development of the injured persons and their daily participation in social life, as well as the concrete measures to be taken to avoid, minimize and offset these limitations. At the same time, the focus on the policies that will be followed will vary from disability to the ability and competencies of the injured persons.

Disability policies will no longer be understood as policies for minorities, but their objectives based on the principles of equality, non-discrimination, inclusiveness and self-determination will be considered an important part of a civil rights approach to politics, being convinced that these policies have a positive effect not only for persons with disabilities, but also for other groups of society, such as the elderly. This policy is a challenge for the entire society because it should be considered as a task of society to build structures that ensure the full inclusion of people with disabilities in all areas of everyday life.

3. Associations of persons with disabilities in Albania are highly advanced in their structural development and should be considered as an important competence factor. Moreover, they already play a precious role in some activities in order to increase the participation of people with disabilities in society. Therefore their contribution should be institutionalized in the monitoring and reporting structures of the strategy.

4. It is clear that civil rights policy does not only affect the political, social and economic sphere, but also significantly affects policies in general. Therefore, the strategy will reflect this in detail and will create a comprehensive approach to people with disabilities, aiming at a system for the continued inclusion of disability in Albanian legislation. <sup>1</sup>

**-Croatia** - live 429,421 disabled people (9,7%)

Croatia has a new working regulation which guarantees the right to exemption from paying the annual fee for the use of public transport by the order which was approved on the basis of the designated authority. On 6 December 2011 came into force the new rules of procedure and the manner of exercising the right to exemption from payment of the annual fee for the use of public transport regulated by the ordinance. This ordinance was adopted on the basis of the roadside authority, which provides for a circle of people with disabilities who are entitled to relief from the payment of annual fees and tariffs, and the power to make decisions on the basis of which can achieve such rights.<sup>2</sup>

## Conclusions

The number of people with disabilities is high in Kosova, based on international estimates that can range from 150,000 to 180,000 in our country (the World Health Organization report).

Based on the research conducted one of the most worrying issues is the low level of education of persons with disabilities.

<sup>1</sup> The National Strategy for Disabled Persons

<sup>2</sup> Internet, Official Gazette nr. 136/11

In our educational and education system, greater and more serious engagements should be made in the training of current teaching staff to work with children with disabilities, as well as adequate preparation of teaching staff during their regular education as well as at levels higher degree of master's degree and specialization for different profiles.

One of the poorest groups in society in Kosova consists of people with disabilities and their families.

Despite the existing legislation, there is still a lack of adequate readiness in infrastructure and transport.

There is no support with the auxiliary tools for people with disabilities for free movement.

Employment of people with disabilities is low.

Disability is often crucial for not accepting these persons in workplaces in accordance with their professional preparation.

Persons with disabilities who are in employment relationship are faced with physical infrastructure problems for carrying out daily activities for the performance of their duties.

The degree of social and individual awareness is still at an inadequate level of understanding of the needs and the creation of conditions for a better life of people with disabilities.

There are negative attitudes of society to disability.

Physical infrastructure and transportation are very inappropriate

A comprehensive strategy on disability in Kosova is lacking

### **Recommendations**

1. Raise awareness of society in general for people with disabilities in particular through some forms, such as:

- Greater involvement in disability in the media;
- Staff training programs of various institutions, in particular health personnel, for the most appropriate access to people with disabilities;
- Increase the number of children with disabilities involved in special education of certain categories with a tendency to include them in the regular education process.

2. For children with disabilities to have equal rights as other children in education, basic conditions must be created such as:

- Physical infrastructure of schools;
- Teachers' ability to work with children with disabilities.

3. For the establishment of legal infrastructure (sub-legal acts and administrative instructions) in the implementation of current laws, it should:

From the municipal level - the urbanization directorate, the implementation of the Construction Law and the Administrative Instruction on the Technical Conditions of Public Premises for Persons with Disabilities.

4. Free Movement

- Urban and inter-urban transport services should be regulated by law to supplement the right to freedom of movement;
- Access to information, communication and transport should be accessible to persons with disabilities by having access to all services in the Brail, signs or languages that are accessible to them in the stop of the means of transport.

5. Social Assistance.

When talking about the social scheme, it should be noted that:

- The government should consider finding ways to supplement their family budget or allow all medical services for these persons to be free of charge;

- MLSW, specifically in the employment sector, should ensure that people with disabilities have access to and support in starting their own minibuses through individual, cooperative or NGO initiatives;

- MLSW should make the amount of social assistance, disability pensions and other forms of material support compliant with disability, which implies compliance to meet their health needs

#### 6. For MLSW and private businesses

- Encourage increasing employment opportunities by recognizing the different needs of people with disabilities;

- Ensure communication services, access and infrastructure with appropriate employment opportunities;

- To organize various forms of training to enable people with disabilities to work.

7. The implementation of sign language and written documents in the Braille alphabet in institutional and public facilities helps disabled people to have easier access to their social life.

8. Steeple is very important for all people with disabilities to include activities and budget lines of access (construction or removal of architectural barriers in institutions that do not have suitable slopes for people with disabilities).

9. To sanction institutions that do not have suitable slopes for people with disabilities.

#### 10. Health services

- MoH and MLSW to monitor all health care institutions and ensure that infrastructure and assistive staff are appropriate and helpful to people with disabilities.

- While every form of categorization of persons with disabilities as well as social care and care in providing their care should be carefully developed according to the character of the existing changes in the developmental scale of the disorders and in accordance with the concerns of these persons with disabilities, taking into account the degree of impairment and disability on one side and, on the other hand, their needs.

#### 11. For MEST and MED

Creating equal opportunities for people with disabilities in the education system by increasing the degree of:

- Implementation of legislation in the field of education for persons with disabilities;

- Provide an inclusive education system in school institutions, professional development programs for inclusive education for teachers and people involved in the education system;

- Improving the competences on disability at the municipal level;

- Services should be provided by relevant institutions in the field of education, social affairs and other civil service. From the facts presented by the respondents' data in the report, it is evident that there is a lack of knowledge of sign language in Kosovo and the lack of recognition of bilingualism;

- Creation of spaces that allow access to and respect of sign language, health institutions, educational institutions, legal institutions, police and other important sectors.

#### 11. Governmental organizations

Social protection:

- Improving social services, reflecting the fundamental rights and freedoms of people with disabilities, increasing the economic living standards of persons with disabilities and families by creating and implementing a coherent legal framework for the access of people with disabilities limited to a greater spectrum of community service quality.

#### **Budget Assistance for Assistance:**

- For a more inclusive living, people with disabilities need help and maintenance. Government institutions provide these free means and this law to meet this need for people with disabilities.



### **Employment:**

To offer people with disabilities equal opportunities in employment and in some cases where appropriate qualification has priority.

### **List of documents**

- Law on Pensions of Persons with Disabilities in Kosova;
- The Law on Material Support for Families of Children with Permanent Disabilities;
- Convention on the Protection of the Rights of the Child;
- Different research;
- Documents from NGO Handikos;
- National Report on Persons with Disabilities
- A comprehensive policy framework on the issue of disability in Kosova, drafted by HandiKos and UNMIK;
- Albania's National Strategy on People with Disabilities;
- The Ombudsperson's Annual Report 2017;
- UNICEF Study, Justice Denied: The State of Education of Children with Special Needs in Post-Conflict Kosova;
- Statistical Office, Publication of Social Welfare Statistics for Q2 2017;
- Broad Survey of Persons with Disabilities in Kosova;
- World Report on Disability, the Association of Deaf Offsprings of Kosova;
- Council for the Advancement of the Rights of Persons with Disabilities in Kosova.

## Development of Internal Controls in Small and Medium Enterprises - Case of Albania

PhD. Nertila ÇIKA

University of Tirana, Faculty of Economics

Rruga e Elbasanit, Tirana, Albania

### Abstract

Under the current conditions of the economic development, the management of entities requires information in order to make efficient economic decisions to achieve the objectives by taking the respective risks as well. To achieve this goal, among other things, the organization of effective internal control systems and accounting is important. Financial scandals at the beginning of the XXI century highlighted the deficiencies and indicated the need to establish effective internal control systems and risk management. Small and medium enterprises currently represent the major part of economic activities throughout the world. In Albania, they represent the largest proportion of all types of enterprises, providing a lot of opportunities for employment. Mechanisms of internal control are a tool and a way of monitoring the human resources activities of SMEs. It plays an important role in the prevention and detection of fraud and protection of physical and intangible resources, and leading to high efficiency and smooth functioning of the business. This study examines and describes the effectiveness of internal control systems in Albanian small and medium size enterprises. The study focuses on the five main components of internal control and their impact on achieving the company's objectives. To achieve these objectives we formulate one research question: To what extent does the internal control system of SMEs comply with the principles of effective internal control? The literature review chapter is based from various resources such as books, articles and online papers. We will use questionnaire to collect data pertaining to the five essential and interrelated components of internal control: control environment, risk assessment, information and communication, monitoring and control activities. After obtaining adequate theoretical framework and practical data, a comprehensive analysis is carried out based on these data. This study has shown that SMEs in Albania has a solid and effective internal control system, but still it needs more improvement and generally it requires more attention from the board members.

**Keywords:** Internal control, control environment, risk management, control activities, information and communication, monitoring. **JEL:** M40, M41

### Introduction

Small and medium enterprises (SMEs) are more prone to loss of employees, and less able to absorb these losses than large corporations. The main objectives of entrepreneurs are profitability and growth; business should be characterized by new strategic practices and continuing growth (Smith, 1997). The contribution of SMEs to the Albanian economy is also very important. They provide indirect support and income growth. SMEs are also able to provide goods and services similar to large companies. The development of SMEs is a key to the country's regional development. Moreover, the growth of SMEs, have affected governments to include the sector in the formulation of strategies and programs of economic development.

For management of assets and the efficient use of it, to ensure reliable accounting information for law enforcement, management of the entity designs procedures that constitute the internal control system. Drafting of these procedures is determined by a number of factors, among others by the costs and benefits, the size of the entity and the level of organization of accounting. Accounting is built around internal controls, thus becoming an important tool for providing necessary information for the management of the property and its efficient use. Accounting professionals can and should play an important role and leadership helping the entity to follow an integrated approach and oriented unit of risk management and internal control, which then helps in the creation, growth and preserving shareholder value.

Small business sector is well represented in Albania and is similar in structure to that of the European Union. The part of micro enterprises in total, according to INSTAT is about 96.2%, being higher than the EU average (92%) (INSTAT 2017).

The force of economic development in Albania is the private sector. This sector is growing constantly; it produces 75% of GDP and employs 83% of the workforce (INSTAT 2017). The contribution of Albanian SMEs in the economy, as measured from the value added (75%) is higher than the EU average (58%). Following the same model, the contribution of Albanian micro enterprises in employment is 48% higher than the European average (30%). Consequently, the total contribution of the SME sector in employment Albanian is 83% greater than the EU average (67%) (INSTAT 2017).

Internal control is a very important part of the management systems of entities and their ability to manage risk. It is a basic factor to support and realize the achievement of the objectives of the unit and for the creation, establishment and protection of the values of its owners. A developed system of internal control allows the entity to obtain and collect as many opportunities and avoid market pressures creating her the opportunity to save money and time, to encourage the creation and preservation of entity values. Strong Internal Control System gives the opportunity to the entity to take more risks, making it more competitive in the market where it operates. An effective risk management and an effective Internal Control System should be a key part of good governance at every level of an organization and throughout its operations (IFAC (IFAC) 2011).

Internal control is a tool by which are directed, monitored and measured resources of these SMEs. He plays an important role in the prevention and detection of fraud and physical protection; moreover it leads to high operational efficiency of the business. Therefore if there is a strong system of internal controls to monitor and run businesses, the prospect of bankruptcy reduces (Sampson, 1999). Internal control means different things to different people (COSO 2013). Therefore, it is determined by many definitions that affect many aspects of entities in different ways and somewhat creates confusion among business owners and other stakeholders. Harrison (2011) argues and shows his opinion on the definition of internal control which is "a system of procedures implemented by management of the company". It is designed to follow company politics, promote operational efficiency for data reliable accounting and in accordance with legal requirements. "However most widely accepted definition and used more wisely in relation to internal control, is found in a publication called the Internal Control - Integrated Structure (1994) and updated by the most recent edition of 2013. This integrated structure was established by COSO which is one of the organizations that is created to develop recommendations for public companies and their independent auditors.

An important element of internal controls are effective financial controls, including conducting proper accounting records. This is because they help to ensure that the entity does not necessarily expose to financial risks that can be avoided, and that the financial information used within the entity and published one is reliable. These financial controls also help to ensure the protection of assets and to prevent and detect fraud. Internal and external environment where the unit operates, continuously change. The internal organization of the entity and its objectives may change consistently and the entity consequently faces risks that are constantly changing. Therefore, a strong internal control system also depends on the overall assessment, the nature and extent of risks that is exposed to. During the history of the development of internal control system has had a large number of attempts to give a definition of it. Obviously the achievement of just a comprehensive definition, as in other fields of study, is almost impossible. Developments occurred in entities, in their management, change in social, political and economic environment influence and affect the dynamics of the definition internal control. According to Vlacovlas Lakis, Giriūnas Lukas (2012) Constant changes in the size, functions and roles of internal control have made not possible to form a common definition of internal control and identify his place in the organization.

The rest of the paper is organized as follows: In the first part we will present a brief literature review about the components of internal control. In the second part we will explain the Methodology that we have used to gather and process data about the internal control components of the small and medium Enterprises in Albania. Next we present the main results we have obtained from the analysis of the primary data, gathered by questionnaires. Last we conclude by presenting the main findings of our study.

### **I – Components of internal control: a brief literature review**

According to COSO (2013, p.17), internal control primarily consists of five interrelated components, which are considered as criteria for determining and achieving an effective system of internal control. These components are made in accordance with the management style and philosophy, making the differences from one entity to another, and are inseparable with the management process. COSO also suggests some tools or guidelines to help business to assess and improve their system of internal control through these five related components, which will be analyzed in more details below.

### **– Control environment**

As mentioned by Edward Chow (2005, p.10), the control environment is the most important element of an entity, not only in the framework of internal control, but also in all the operations that this element is involved and that influences in the organizational structure, objectives and risk assessment. On the other side the control environment "sets the tone of an organization, influencing the control consciousness of its employees" (COSO 2013, p. 23). The control environment also can determine the structure for some entities, as well as a routine ethic work of people employed.

### **– Risk assessment**

The facts show that regardless of the size, structure or different industry every business entity can not avoid the impact of risk. Risks can come from inside or outside of the enterprise. The fact shows that doing business is always going along with the risk. The higher the risk, the greater is the profit that can be achieved. However, there is no component that can reduce all risks to zero. Risk assessment can be seen as the basis for determining risk management of entities. Specifically, risk assessment and identification is a precondition for determination of risk solutions. In order to take the right decisions to direct the company, managers need to know the level of risk for each activity, and so they can know which decisions can be accepted by adapting to that level of risk.

### **– Control activities**

As stated in the Internal Control of the structure of COSO (2013, p.49), control activities are policies and procedures to ensure that management directives are carried out. These policies and procedures are intended to support other activities necessary to minimize business risk and to enable assistance to proper implementation of the objectives and efficiently throughout the enterprise. Once managers identify risks, they are also responsible for the designation, implementation and monitoring of control activities to prevent or reduce the identified risks.

### **4 – Information and communication**

It is believed that the information and communication control environment, risks, control activities and their implementation should be reported to superiors, and move from the highest to the lower level of management, as well as horizontally in an enterprise. There is no doubt that information is needed for all levels of management to support their operations and to meet the objectives in terms of financial reporting and their compliance. All information used in business are so closely related to each other. For example, financial reporting is not only used from third parties or public, but also it plays an important role in the decision-making process or budget. Moreover, the quality of information affects the ability of managers to make decisions and control of business operations. Also shows the appropriateness of the data in the respective reports. (COSO 2013, p.92). Communication is one of the most natural attribute of information systems. Communication is defined as the availability of information from external or internal parties of the entity, in such ways as; from higher levels to lower ones, from the lowest levels in the higher ones, as well as between units connected horizontally. It is noted that internal control is effective when the communication process is carried out fairly, reliably and done accurately on time. (COSO 2013, p. 93).

### **– Monitoring**

Monitoring is the last part of the internal control which is referred as "the process that assesses the quality of system performance as time passes. This is achieved through ongoing activities, separate evaluations or a combination of both" (COSO, 2013, p.69). Monitoring of course plays an important role in the system of internal control; it helps in maintaining its effectiveness during different periods. Monitoring is carried out across the whole enterprise activities in two ways: continuous monitoring and special evaluation or shared.

### **II – The methodology of the study**

To complete this study a research strategy should be well defined. This requires the analysis of various research strategies to assess the best method that suits better with the purpose of this research. In order to choose the most suitable method there are analyzed advantages and disadvantages of every method to justify the methods that satisfies more the goals. Other factors that have been considered to choose this research strategy are availability of the collected data, data reliability and ease of data collection. Research methods that have been analyzed are different. To decide in choosing the most appropriate research method are taken into account the objectives of research, time constraints to complete the research, the real possibilities of gathering information and economical and political development in Albania. For this purpose it has resulted that the best research methodology is descriptive and analytical.

We have reviewed the literature in order to get a better understanding of developments in the field of building a SIC (System of Internal Control) and SC (System of Control), opinions, discussions and assessments about definitions, role and importance of SIC in decision making, about factors that impacts and should be taken in consideration during establishment of the system. From such sources such as books, foreign articles and domestic authors in the field of accounting, discussions with the regulators, associations in the field of accounting, surveys conducted by institutions or researchers, website and other resources are collected, recorded and analyzed the data in order to identify theoretical and practical problems in this field, the debates made and the need for such a study in the specific field.

There are 2 main methods of research, quantitative and qualitative, and preference for one of these methods is related to the purpose of the paper. In our paper we have used both methods. We used qualitative methods to understand in what way the internal control system in economic entities in our country is organized. Through this method is found out which control activities are most useful, and in what form are organized the most essential aspects of internal control in the Albanian entities. Quantitative methods are used for the analysis of questionnaires like finding frequency, frequency and percentage of the presence or absence of internal control elements in the Albanian businesses. The study uses two types of data: secondary data are used primarily to create a clear idea of the concept of internal control, how it has evolved over the years. At the same time through secondary sources we identify the components of internal control and the main types of controls used by the Albanian entities. Primary data are data obtained by concrete observations made by a researcher. In the case of our study primary data were obtained from a questionnaire addressed to businesses in Albania, prepared based on the COSO framework.

The target group of our study is the set of small and medium business in Albania, while the sample selected at random consists of 86 economic entities, which operate in Tirana and perform various activities. The questionnaire was distributed to businesses in electronic form, but also in person through direct contact with representatives of economic entities. According to the type of activity, business part of our study consists of: manufacturing businesses 22.1%, service 43%, construction and trade respectively 4.7% and 22.1%. Other businesses that are not classified in any of the above groups are 7 in total, so 8.1%. It can also be a coincidence, but by this we can notice that the service sector in recent years occupies a significant part of the market.

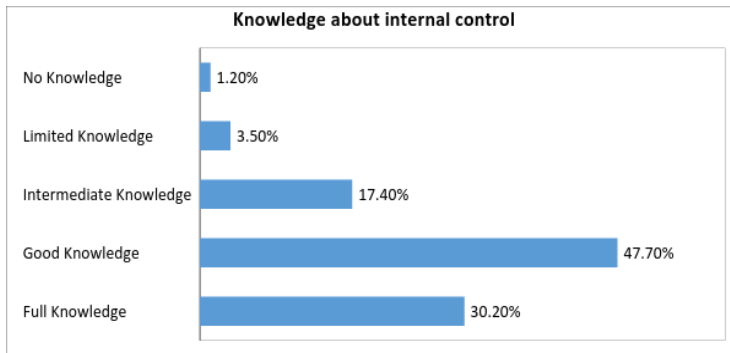
### **III – Results of analysis of primary data**

Before presenting the analysis of the questions about the internal control activities, we will give several outlines about some general descriptive statistics regarding the sample included in this study. Most of the respondents are economists at around 38.37%, followed by managers at a relatively high percentage of approximately 20.93% and followed by IT / programmer and those with a technician position constituting respectively about 12.79% of the sample taken in study. Persons in other professions make up to 15.12% of the total. Analyzing this data we can understand that the majority of the people that answered this questionnaire are those who are in charge or directly involved in implementation of Internal Control System. This is the reason that their answer reflects the reality of what happens in the companies where they are employed.

Most of the respondents belong in the group of seniority from 1-3 years in their current job and make up 37% of the total. Followed up by those employed in the last year with 30% of the total and the other group with 3-5 years of works experience have a considerable part of 26%. An interesting factor taken to study is the gender of the target group. About 55.8% of the respondents are females and the other 44.2% are males.

The rest of the questions in the questionnaire cover the internal regulation, politics of the company, and other practices of internal control. Regarding the question about internal regulation and policy, respondents answered that they have moderated and even full knowledge about their company policies. Only a small part of the respondents answered that they have no knowledge about this topic.

**Figure 1.** Knowledge about internal control

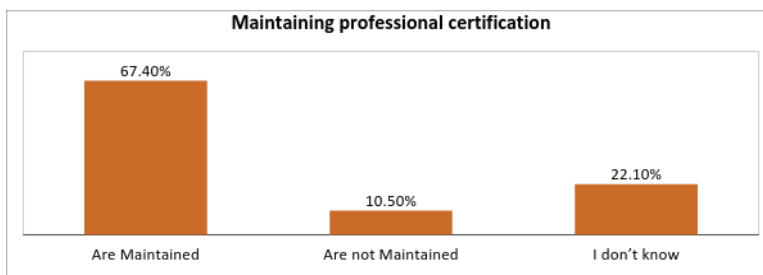


**Source:** Primary data, author

This element is very important and is a key factor in the performance of daily work of an employee. Company's internal regulation should be well known, to respect then all the rules and ethical behavior leading so to an effective operation of internal control. So at this point we can say that most of the employees are aware of this regulation.

Some practices in terms of existing control environment in the studied companies are adjusted through questions about personnel records, recruitment and training process. More specifically, the data are presented below

**Figure 2.** Maintaining professional certification



**Source:** Primary data, author

It is in the interest of the companies to have these elements documented and preserved, in order to be aware of the professional achievements of their employees. Preservation of these elements influences directly in achieving a more effective internal control.

Regarding to recruitment and training, 50% of the respondents answered that they had training before beginning of work officially, but 31.3% of them do not have one and 18.8% are not aware if their company offered training for new staff.

**Figure 3.** Information if there have been a process of recruitment or training

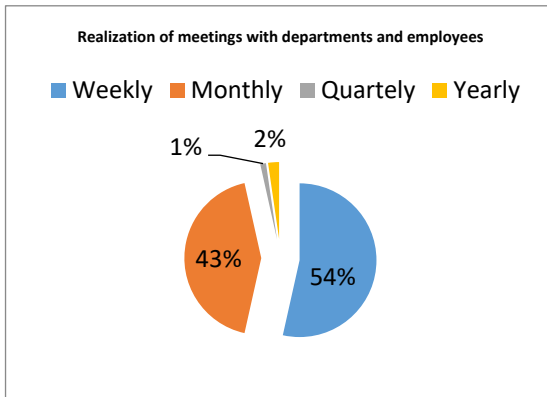


**Source:** Primary data, author

Training is a key element, because during which new employees understand work processes in the company, they also learn internal regulation. Avoiding training process may lead to a case of fraud or theft being or not aware of them.

Employees are also asked about meetings that managers or administrators organize with relevant departments and the level of integrity and transparency in these meetings. Organizing frequent business meetings is good, because in this way you observe closely the implementation of tasks by employees. 55% of responders answered that managers and administrators organize meetings weekly with employees, 43% monthly and a very small percentage in 4-month periods or annually. Frequent meetings organization by employees' side can be seen as a pressure by the management company, but it is a key element on achieving company's objectives.

**Figure 4.** Frequency of meetings realizations with departments and employees



**Source:** Primary data, author

Regarding the issue of integrity, the most respondents answered that the elements of integrity and transparency used in these meetings are considerably of high level. To achieve the higher goals and an effective internal control is suggested that leaders should show high level of integrity and transparency, which is reflected in the answers given by asked employees.

One of the most important elements of the Internal Control System is the segregation of duties. From the analysis of responses on segregation of duties, in order that no one shall not have full control or authority over a particular transaction resulting data as follows:

**Table 1.** Segregation of duties and responsibilities of employees in company

Level of clarity	Frequency	Percentage
Very clear	22	25.5%
Clear	38	44.2%
Lightly clear	21	24.4%
Unclear	5	5.9%
Do not know at all	0	0%
Total	86	100%

**Source:** Primary data, author

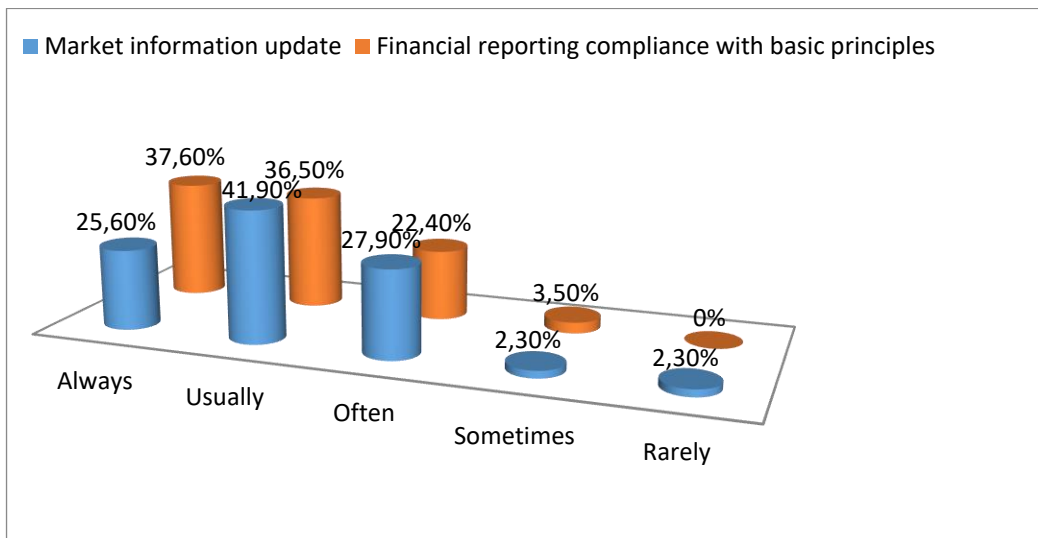
There are 26 businesses that do not have a clear segregation of duties. Generally, this lack of segregation of duties is present mainly in small businesses, where the number of employees is small and so the same person for example, can record transactions as well as he can make payments and receipts. This procedure is quite negative because it creates space for certain individuals to have the opportunity to abuse with the power that is given causing damage to business without being detected.

One of the important components of internal control is the identification and risk assessment. To understand how the Albanian entities take precautions to identify risk before they suffer damage and caused trouble, there are the following responses regarding to this.

*Specific objectives.* In this part, we have formulated the question in order to get the employees awareness of the company's operating objectives. As a result, 91.7% of responders stated that they are aware about this issue and 8.3% of them do not know or do not care about this. Although small percentage, the fact that there are employees in the company that do not know the objectives that the company wants to achieve, is not a strongly desirable element. Each employee at the moment that is part of a working group should definitely be informed about the objectives required to be achieved.

*Updated information.* About the question of how often the company does update information for the market economy conditions, competitors or changes in laws, we have introduced in parallel financial reporting compliance with basic principles such as the completeness, accuracy and validity. Normally update of information should be made in accordance with these principles, so we have analyzed in parallel with each other these two elements.

**Figure 5.** Market information update and financial reporting compliance with basic principles



*Maintenance of assets and information.* A vital activity control, which should be part of the internal control system of any entity, is to protect its physical assets. Three areas of application for this are (1) inventory controls, (2) controls of the documents, and (3) cash controls.

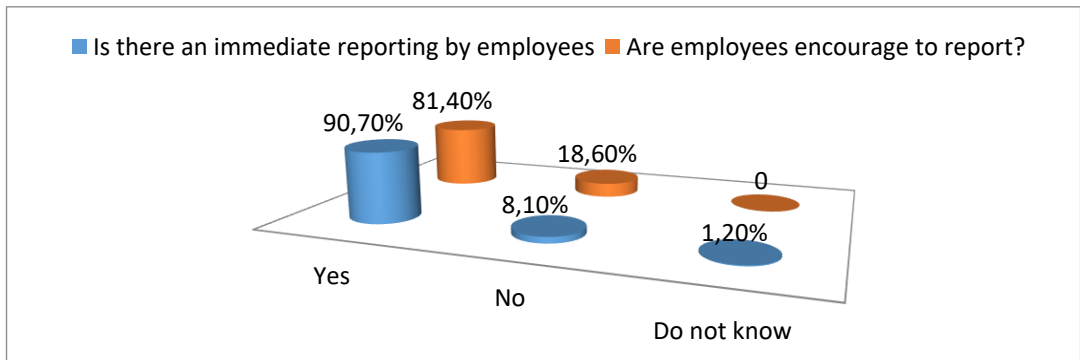
Regarding the companies included in this study it appears that a good portion of them are protected at this point. For a moderate security are answered 23.3% of the responders. At a satisfactory level of security are answered about 58.1% and a tiny part, about 1.2% reported a lower level of security of the company at this point. Generally we see the responses given by the companies in the study have an acceptable level of protection to assets and information, which affects the effective implementation of internal control.

*Information and communication.* The information must be recorded and communicated to the appropriate level of management and others within the entity, in an appropriate form and within a time frame that makes possible the realization of responsibilities and other controls. When an error or a fraud occurs, most employees tend to notify immediately for this problem their managers. 90.7% of responders said "Yes" to this element and only 8.1% said "No".

To minimize the risk of fraud, managers or executives devise motivation policies to encourage employees to report any reasonable suspicion to the managers of the company. Below is the connection between the two elements.



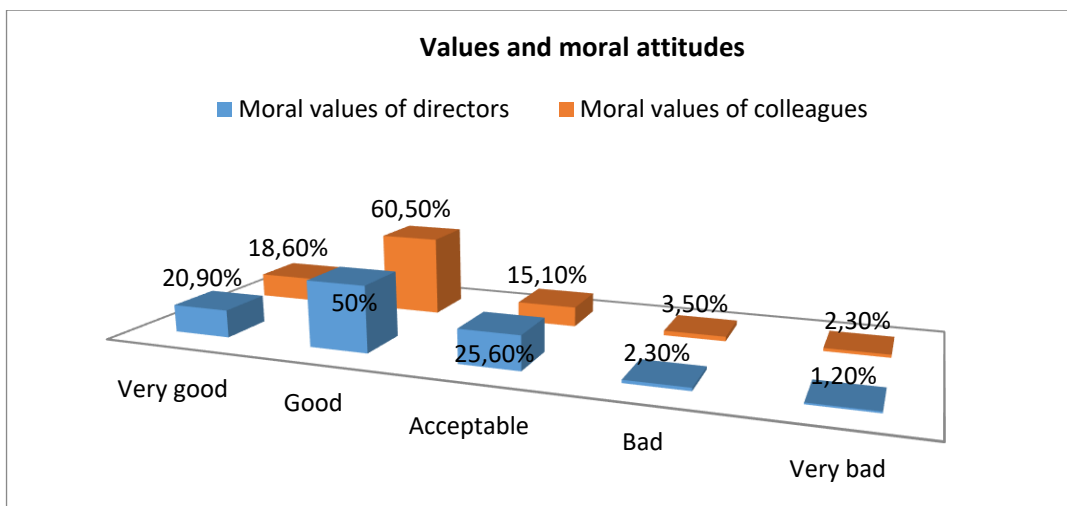
**Figure 6.** Reporting a problem from employees



We can notice that these two elements are connected in parallel with each other. So the immediate reporting of problems is related to the encouragement given by the direction in order that this report occurs. Customer complaints are always bad news for all companies because their purpose is customer satisfaction. Therefore, whenever there is a complaint from consumers, employees and managers rush to check and find out the reason for this error. 91% of respondents said that the company always tries to find the causes of customer complaints and to reimburse them if this is necessary and only 2% stated that these complaints are not taken more into consideration.

*Previous cases of fraud.* Another aspect that can be analyzed to assess the functioning of the internal control of the companies in the study is the occurrence of fraud and theft in earlier periods. From the study and the answers given, it turns out that only about 1/3 of the employees questioned answer with certainty that there were no cases of fraud in the past. 29.1% of the responders, which translates into 25 businesses claim fraud, occurred, while the remaining 37% were unaware of this part. But this should not be taken as an element of not occurrence of theft or fraud, as this element could have happened, and the management of the company does not want new employees to be aware of this fact.

**Figure 7.** Values and moral attitudes



Failure of implementation of moral attitudes, as by the directors, as by employees, will led to unwanted cases of fraud or theft and so in a failure of effective internal control.

**IV – Main findings and conclusions**

This paper is focused in the internal control system for small and medium enterprises. We try to investigate which of the control activities prevail more than others. We find out that the medium enterprises have a somewhat completed control system, yet there are several problems that may be noticed.

A sound system of internal control cannot be built without the management of the owners of the entities. In addition, management philosophy can be detected through the level of integrity and transparency that managers show in their work. Over 72.1% of responders feel a level of middle and high ethical standards by management and their board of directors. From Table 4.3, the interaction between the board of directors with senior staff are simply enough with most of the meetings conducted weekly and monthly. This means that companies basically have a good foundation for designing a sound system of internal control. However, the number of companies that prove otherwise should be taken into consideration and should be seen further improvement opportunities.

The segregation of duties is an essential element of control in order to avoid duplication of work and assignment of responsibilities, but this aspect is missing in most of the businesses in the study. In small business, but not only, we have the case of a single person who does some works at the same time, which normally should not be done.

This paper highlights the weaknesses of the information and communication components in the Albanian entities. Documentation of procedures for carrying out certain actions or documentation of knowledge and skills for a working position is missing not only in small business, but also in medium-sized businesses. Albanian businesses generally do not consider very important the presence of written procedures, verbal communication of many issues is still very present in our entities.

Regarding the physical asset and data protection, this element becomes necessary to sign, because some employees, who actually represent the respective companies, feel that their system of control at this point has begun to fade somewhat. Thus, companies need more solutions to protect assets and data in a secure way.

Companies have suffered from fraud in earlier periods, as almost 1/3 of the responders confirm this fact, and at this scale is also the percentage of those who are not informed about this part.

However, about the moral values and attitudes of the current directors, the majority of responders have a good impression for this part. Similarly, some current ethical standards of colleagues, respondents believe that they are working with ethical people. There are few entities where these moral values do not apply. Failure of implementing the moral attitudes, as by the directors, as by employees, will necessarily lead to unwanted cases of fraud or theft and in a failure effective internal control. In short, we can say that the companies have experienced fraud or theft in the past, but in this working environment, are mostly assessed ethical values of directors and employees.

Finally, we conclude that the Albanian economic entities somehow recognize the importance of internal controls. They have made progress towards the construction and operation of a structured control system, but have a long way to make up its consolidation. It remains a big challenge especially for small businesses, which should understand that the investment performed in this context could burden their finances at present, but will give the fruit in close future, will serve in building a secure and profitable future.

## References

- [1] Adam Smith (1997) - *Corporate Fraud and Internal Control Workbook: A Framework for Prevention*
- [2] Committee of Sponsoring Organizations of the Treadway Committee (COSO). - Internal Control – Integrated
- [3] Edward Chow. (2005), "*Internal Control and Risk Management - A Basic Framework*".
- [4] Framework – December 2011, New issue *Internal Control – Integrated Framework (Framework)*, May 2013
- [5] Harrison, H. & S. (2011), *Financial Accounting. International Financial Reporting Standards, 8th edition*
- [6] Institute of Certified Public Accountants, 2006, AICPA Committee of Sponsoring Organizations of the
- [7] Institute of Statistics (INSTAT), (2017) – *Reports about SMEs in Albania*
- [8] Internal Control over Financial Reporting: Guidance for Smaller Public Companies - Publisher : American
- [9] Sampson D. (1999). *Understanding Internal Controls: A Reference Guide for Managing University Business Practices. University of California.*
- [10] Treadway Committee (COSO). (1992). *Internal Control Integrated Framework, Executive Summary.* www.coso.org.

## Impact of Political Instability on the Reality of Iraqi Political Parties: a Study According to the Results of the 2018 Elections

Assist. Prof. Dr. Hamsa Kahtan Khalaf

University of Baghdad, College of political sciences

### Abstract

The Iraqi political parties had been affected since 2003 by the political pivotal transformations which happened according to the aftermaths of democratic elections , especially under the disruptions of American's invasion that led in cooperation with its allies in April 2003 .So the social and political situations became ruling according to the new aspects of practicing the new stage of authority as compromise settlements and quota and ethno - sectarian distribution to be as following as compatible with theory of practicing the authority responsibilities(Power sharing ) as what happened now , besides to that all political democracy scene has greatly been distorted because of the instability penetrated within rebuilding the state and its institutions from the beginning as planned by an active powerful political forces . Many functions that are characterized by competitions among the political parties had changed the concepts of exercising democracy in a real way to be done an effective shape ,because of the political and social actors had different role ,which were being a reflection of another reality within the democracy's process .So that all the situations had been complicated too much owing to the factors of political instability that influenced negatively on the framework of the state , especially the impacts of economic and social factors as of poverty, stagnation , ignorance and disease and another underdevelopment features which predominated over political and social retrogression levels . In addition to that the absence of an efficient administrative elites , which appeared recently under different conditions and circumstances .So it was became very obviously as we know precisely that democracy's process in Iraq since 2003 was comprehensively undemocratic in practicing because the political forces have not democratic culture that encourage the dialogue to solve all pending problems , and have not abundant tolerance to accept the differences of others parties yet . The phenomenon of the political instability has divided into different varieties by which scattering among the addresses of suspicion and it definitely has a sectarian discourse dimension in case of dealing among each other . So these addresses and dialogues were being away from the political national conformity correctly , because of there was something like definitely as the exclusion and marginalization discourses in order to narrowing any active political party within the political process try to do pro – active role to settle all pending crises . Furthermore , the reality of political life has been under the continuous crises and conflicts over an authority along time not to gain gradually the outcomes of procurement during application the constitution clauses and valid laws , in order to preserving the political stability and to be done more far from the national unity fragmentation and the weakness of political institutions . Finally , we need too much time to reach into condition of stability , especially after opening anew spaces toward active real participation , and because there was a growing need for educated people who could administer the society and the state institutionally by existing strong government, and ultimately peoples will have ability to form new political governing elites later

**Keywords:** Impact of Political Instability on the Reality of Iraqi Political Parties: a Study According to the Results of the 2018 Elections

### Introduction

The political democracy's process didn't entail the clash among political forces and social elites within Iraqi society and imposing unilateral wills against the others as what happened since 2003 , but it needs to sustain the transformations of political trends peacefully as a realistic democratic pattern and to be more stability in comparing with the huge challenges which confronted the society and the state alike ; especially against the terrorists groups defiance .So there is another urgent need for a vital debate about all pending problems and obstacles that thwarted and dwindled the prospects of

political process in Iraq post 2018 elections , and they will have too much problems and crises to override it wittingly for making the general political stability as a ultimate outcome .

The political democracy's process in Iraq is witnessing now a turning point basing on sharing the powers among all political forces , but its inclinations has not been viewed within a dynamic framework , because of absence the peaceful political opposition inside the legislative institution ; then there were multiple factors involved in making instability by stimulus for political change often comes from outside the government and according to the political pressures from all political forces which have obviously the impact over the general stability in Iraq .

#### **The Problem of Research :**

The political process in Iraq since 2003 has been witnessed different challenges that affected over the political stability , especially due to the desire of all political ruling elites to be as a part of an authority not to contribute for re - building the stability and the peace within structures of institutions framework .

#### **Method of Research:**

This research shall be based on the analytical systematic approach and also historical approach in an attempt for researching scientifically , and to tackle the dimensions of political instability on the reality of the Iraqi political parties as a study according to the results of the 2018 elections that sprouted various effects over the problematic political transformations as well as societal perils which have reflected on experience of democracy post 2003.

#### **Hypothesis :**

This research based on a certain hypothesis which tackled the effects of political forces over the political democracy's process since 2003 , So that we witnessed different challenges that wavering the public situations ; specifically the role of the political governing forces in destabilization the whole society and the state alike .

#### **The structure of the research :**

The research has been distributed into specific prelude and final conclusions , sorting scientifically into three items , firstly the dramatic political transformations toward democracy to analyze the continuous crises within political democracy's process and to know the repercussions of the political chaos on stability . Secondly ,the scientific research has tackled about security defiance against terrorism and the political retrogression to recognize the political untrustworthiness among ruling elites , and to limit the effects of rebuilding the social – security requirements over political stability . Thirdly , we researched about overstepping the efforts to re – build the political stability ; and to diagnose precisely the hard hiatus after elections on 12 May 2018 and political instability, and finally ,to describe the necessity for concluding a comprehensive national discourse .

#### **First : The Dramatic political transformations toward democracy :**

The method of practicing democracy in Iraq was transformed as a copy from the western pattern method which prevailed vigorously in all countries of the third world as a new form of democratization since the first decade of 1991 .

The multinational force's 2003 invasion of Iraq overthrew previous Iraqi's government and installed replaced of it an interim administration , Then transitional government hold elections on 30 January 2005 ; in order to begin the process of writing a permanent constitution instead of the Law of Administration for the State of Iraq for the Transitional Period which was signed on 8 March 2004 by the Iraqi Governing Council .

Accordingly to the international reasons and the internally huge pressures by which motivated different factions and political parties that claimed the January 2005 elections were the first free elections in Iraq's history, to rebuild another experience in democracy's process and to be as legitimate hope to form a condition of a fair representation of all groups ; but on the contrary to that all the scenes had been done effetely as a results of ethno – sectarian partitions of authority . So that all political forces had distracted in rebuild the powers and political influences on behalf of rebuilding a real democracy's experiment and starting in practicing a new pattern of political participation , after violent inherited legacy from the past of despotism rule which predominated severely during more of three decades ago (1968 – 2003) .

#### **1 – The continuous crises within political democracy's process :**

Iraq's democracy has been witnessed biggest challenges under the circumstances of the formation of any government after procured any election experience , as which elections had continuously caused knotty problems as a political competitions

among different social and political active forces in the state , So many security problems had revealed ; especially after the events of falling Mosul province on 9 – 10 June 2014 under the hands of the terrorists armed groups , as a result of delaying the national conformity to dissolve all pending controversies among political active parts in society and the state alike .

The political crises in Iraq had begun after the first election which hold on January 30, 2005 , in order to inaugurate a new period under so – called partition of authority (Power sharing) by exercising the legislative roles according to the wills of the political parties not to the clauses of the new permanent constitution of 2005 ; and first of all after hold the parliamentary elections on 15 December 2005 according to the valid constitution .

Furthermore , the post period of 2003 in Iraq adopted the specific principle which pertaining about those who gaining the majority after each experience's election ,So the consequences of these changes were being more not easy , because of the struggle over the same authority regardless of the numerical weight ingredients for any party within the political process ; and the elections were conducted on a clear ethno – sectarian lines ending with a convincing majority for the Shia coalition as a result of the real outcome for procured elections . In spite of Sunni politicians discovered the advantages of bargaining in the negotiations for the formation of a counterpart coalition , So Sunni politicians were invited to form the first national government as so – called previously under the head of “ Nouri Al – Maliki “ in June 2006 ; and all parties satisfied to share the political positions <sup>(1)</sup>.

The same period started after 2008 when the agreement of withdraw United States of America signed for ending the presence of it in Iraq , despite of reality that Sunni tribal militias trained and financed by the Americans , were winning the battle against terrorists (Al – Qaeda organization) and also contributed to the sectarian rapprochement . In the same of this year the Iraqi parliament approved the Justice and accountability Law ; but the election of 2010 was marred by disqualification of hundreds of Sunni candidates due to the allegations of previous membership in the Baath party as pretext . Al Maliki's government could have another advance after winning the municipal elections of 2009 , and there were a target to weaken the Sunni political blocs and another parties as well as a part of imposing the stronger will over all partners in political process <sup>(2)</sup> .

However , to analyze about what happened in Iraq matters terribly for the peoples thoroughly ; those who hoped so much for the future in order to assuming some of chances , but if we refused this true , we will miss the opportunity to better understand when and how to respond to the instability according to the reality of the coming challenges at the long term <sup>(3)</sup> )?

Nevertheless , we should elucidate the dimensions of deep – seated review about the framework distinguish between Western democracy and Iraq's nascent democracy , to limit the nature of Iraq's political problem and its effects on the stability by re - examining the facts of practicing democratic process and to make sure of these new political transformations <sup>(4)</sup> .

## **2 – The repercussions of political chaos on stability :**

The deliberations about the political chaos and its effects on the stability scene must understand the best peaceful and democratic ways to override all problems inside the general political life , So the new stage of democracy in Iraq was worsening the political situation by giving autocratic elites a free hand to impose its wills over the political process ; and this was leading in the direction of reestablishing another pattern in exercising the authority away from the original views of a democratic Iraq <sup>(5)</sup> .

On the other hand , national reconciliation as a specific key of absolute significance to the new development of democracy was definitely reduced to just a few conferences and some inactive official statements , and without any exerting efforts toward a real path to dissolve all pending problems , So the internal situation had become more sufferings from the disputed wills among all political parties and to be done an effected by deficiency status in social capital as a result of that <sup>(6)</sup> . So

(1) Benjamin Isakhan , Legacy of Iraq : from the 2003 War to the “ Islamic state “ , Edinburgh University , U.K , 2015 , PP . 99 – 100 .

(2) Ibid , P . 102 .

(3) Emma Sky , The unraveling : High hopes and missed opportunities , Atlantic books Ltd , U.S.A , 2015 , P. 4.

(4) Benjamin Isakhan , Democracy in Iraq , History , Politics , Discourse , Routledge Taylor & Francis group , London and New York , 2016 , PP . 150 – 151 .

(5) David Ghanim , Iraq's dysfunctional democracy , Praeger , U.S.A , 2011 , PP , 7 – 8 .

(6) Ibid , PP . 10 – 11 .

that the elections in Iraq should be associated with a various procedures according to the mutual understandings for reaching into a specific resolution, without leaving all participants in democracy's process away from available options by investment the circumstances for seeking about another resources according to the legitimacy of democracy and its effects

At least until now, the new experience had failed to produce a real democracy in Iraq, in spite of many Iraqis had benefit from the aftermaths of democracy and elections without restoring the political stability, So if Iraq misses this real opportunity, it would perhaps be the biggest mistake inside the society and it could might made another crises in case of committed by the political forces in democratic process <sup>(1)</sup>.

Furthermore, Iraqi people want to be continued in democracy's process by practicing its political role in holding elections continuously, but democracy couldn't take forward steps without a basic real participation according to the commitment for preserving it's a unitary state and the achievements of democracy recently <sup>(2)</sup>.

The elections of March 2010 had been given deeply crises because of huge controversies about the form of cabinet, especially after the political intransigence among all political parties within democratic process, to select the heads of three main constitutional institutions according to the principle of quota compromise not depending on the national conformity and agreement; So that the severe competition has been escalated to select a certain political leader irrespective who was the suitable symbol for that decisive stage of practicing nascent democracy in Iraq. Despite of missing agreement about the larger representative bloc inside the parliament which meant the largest number to form the government within ( 15 ) days from the date of election of the president of the republic <sup>(3)</sup>. But the real crisis was also about who should be the prime minister of Iraq after ( 9 ) months of political differences among the political ruled elites ( Elected parties ), especially within stubbornness between "Iyad Allawi" and "Nouri Al – Maliki" for heading of the new cabinet. Eventually the Erbil Accord ( Shadowy Erbil framework ) that concluded on 8 August 2010, ending all political arguments to form rapidly the new national government according to the compromise between "Masoud Al – Barzani" the head of the Kurdistan Democratic Party and "Al – Maliki" the head of Islamic Al – Dawa party under so – called the national alliance that prepared ultimately the ground for the formation of the second Maliki's government in November 2010 <sup>(4)</sup>.

Nevertheless, the nature of the tensions and controversies between Iraqi Kurdistan and the central Iraqi government mounted increasingly through 2011–2012 on the issues of power sharing, oil production and territorial control. In April 2012, the president of Iraq's semi-autonomous northern Kurdish region demanded that officials agree to their demands or face the prospect of secession from Baghdad by September 2012. This was the main problem in the relationships between of them which ended into another crisis due to Kurds have continuously announced the issue of independence. So they hold an independence referendum for Iraqi Kurdistan on 25 September 2017; and as a result of what happened, Iraqi federal government in the center ended the Kurdistan controlling over the city of Kirkuk as well as most all of the disputed territories in Northern Iraq had consequently been returned under the control of central government in Baghdad.

So that, the complex pluralistic political scene with the multiple of power had revealed without any agreement on the rules to prevent pluralism from degenerating into conflict, but the power was fragmented and likely to become more in the short run <sup>(5)</sup>.

## **Second : Security defiance against terrorism and the political retrogression :**

The political democracy's process in Iraq has encountered security defiance owing to an international terrorism that undergone effects around the public situations from different sides, especially as a result of falling the city of Mousl in Iraq's Nineveh under the control of terrorists groups as so – called the Islamic state in Iraq and Levant ( Daesh ) on 9 June 2014 after general factors that happened behind of it as following as <sup>(6)</sup> :

<sup>(1)</sup> Ibid, P. 16.

<sup>(2)</sup> Liam Anderson and Gareth Stansfield, The future of Iraq, Dictatorship, Democracy, Or division? St. Martin's press, U.S.A, 2014, P. 19.

<sup>(3)</sup> The permanent of Iraqi constitution 2005, Article ( 76 ).

<sup>(4)</sup> For more details look at the site, <https://gulfanalysis.wordpress.com/2011/12/28/the-arbil-agreement-versus-daawa-authoritarianism,P.1>.

<sup>(5)</sup> Marina Ottaway and Danial Kaysi, The state of Iraq, Middle east journal, February 2012, P. 6.

<sup>(6)</sup> Anna Louise Strachan, 11 / 1 / 2017, <https://assets.publishing.service.gov.uk>, P. 2.

A – Sectarian policies : Marginalization of Sunni minority following the 2003 U.S.A led invasion of Iraq had been fostered an anger and resentment due to Debaathification policies and the dissolution of the Iraqi army made Mousl a fertile for extremist groups like ( ISIS ) .

B – Lack of a post 2003 road map : The United states of America lack of a post 2003 plan for Iraq's stabilization and also contributed to the rise of ( ISIS ) and its dangers .

C – The crises within political system : The mechanism of practicing an authority became more far from the reality in comparing with the permanent constitution of 2005 , in addition to that the nature of Al – Maliki's policies toward all political parties in order to consolidate its personal power base and that made the whole situation into another catastrophic status .

D – The violent oppressions : The violent suppression of Sunni protestors and the disbanding the Sahwa ( Popular volunteers ) had fostered anger and resentment among the Sunni community , and making them more open to recruitment by extremist groups ultimately .

E – The security deterioration : as a result of the ferocity and commitment of (ISIS) fighters led to the fall of Mousl , and there was a general consensus by specialized analysts that Iraqi armed forces were inactive and inability at that moment to confront this type of war against terrorists armed group; as well as the lack of equipment had become the main reason to city's fall .

F – The international community's shortcomings : The international community's unwavering support for AL – Maliki's government previously , notably owing to the great failures to pursuit the political reforms among all the political ruling elites and the another political forces too .

#### **1 – The political untrustworthiness among ruling elites :**

The political process had been passed under huge of interceptive wills and The transition status to transfer from covert control into overt control ,So this is nevertheless very important, because it represents a huge public challenge to the Baghdad authorities recently. For a start, ( Isis ) has seized large quantities of arms, equipment and fuel, including different military arms , as well as millions of dinars from the Iraqi banks as a result of security repercussions in different areas of northern and western regions of Iraq . So the Baghdad's government will have to try to take Mosul back by force due to [Iraq](#) has large armed forces again ,but like almost every other instrument of state in a corrupt and incompetent administration became far less effective than they should be expectantly intentioned <sup>(1)</sup> .

The proliferation of sub-state actors during the fight against (ISIS) triggered rival co-optation efforts on the premise that those who provided security earns and have the right to govern as they desire . Such governance is highly unstable, because there is no central arbiter, and usually short-lived. Hence the need for state institutions to reassert control, and this ambition was long thwarted by the Kurdish claim to many of the disputed territories, but since the ill-conceived Kurdish referendum and its aftermath, meaningful dialogue and negotiations between Baghdad and Erbil should again become possible after the formation of a new government ultimately <sup>(2)</sup> .

The constitution of Iraq didn't represent an agreement among political forces , and the constitution itself not backed by a political pact , So it was considerably fragile as a result of increasing the claims from Kurdish forces to grant the more powers instead of the real federal powers of the central government in Baghdad ; as were the responsibilities became more confused in comparing with the other provinces that could become as autonomous unit by imposing their wills as happened from the Kurdistan regional autonomy , So the conflict over the formation of new regions in Iraq had been accepted as a part of a federal constitution without agreeing to a federal form of government <sup>(3)</sup> . While the 2008 provincial law(No.21) have increased the powers of provincial governments, and there is no doubt that the provincial elections of 2009 and 2013 had consequently been performed the scope of controversies between the central unit and the local units .

However , Iraq's central government was perceived a certain path to reduce the centrifugal forces by taking part all political and social groups in the regional and national government a like , but the real disputes among the central units and local units had increased about whoever's responsibility over control of Iraq's natural resources ; which have tugged at these

---

(1)The Guardian view: the fall of Mosul threatens civil war in Iraq , look at the details in:

<https://www.theguardian.com/commentisfree/2014/jun/11/iraq-fall-mosul>, P.1 .

(2)Iraq's Pre-election Turmoil , <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/iraqs-pre-election-turmoil>, International crisis group , 31 January 2018 , P. 3 .

(3) Marina Ottaway and Danial Kaysi , op , cit , P . 15 .

centrifugal forces ; thereby fueling the political tensions by which the federal structure was designed to accommodate in order to solve it consequently not to be remained as a problematic issue <sup>(1)</sup> .

Meanwhile , The prime minister “ AL – Maliki “also sought to discredit provincial authorities in the eyes of their own citizens, when the citizens angered by the lack of services and made of popular demonstrations for demanding to achieve the political and economic reforms during the “ Days of Rage ” which beginning in late of January 2011. “AL - Maliki” sought also to deflect blame onto the provincial government , because of His accusations that incompetent provincial officials that were responsible for the dismal levels of services backfired in many Iraqi regions <sup>(2)</sup> .

So that the democracy’s political process requires several tools could be pursued by political ruling elites in order to achieve a conditions of political stability in Iraq ,in spite of huge difficulties that adopting theoretically due to of different explanations to the clauses of valid constitution of 2005 , and according to the rules of the governance of law , but the campaign of fighting corruption incompatible to the international indications of accountability and transparency which had been remained very weakness since 2003 ; and prohibiting the political banishment or cooptation among the whole governing elites those who have the right of participation in political process , So it had to be continued constantly due to the desire of consolidating their powers within its authority .

## **2 –The effects of re – building social – security requirements over political stability:**

Iraq’s parliamentary elections which hold in 2014 and saw the ruling Shiite National Alliance form to be as a coalition government with the Kurds and Sunnis political parties , but the rise and collapse of (ISIS) in Iraq fundamentally had changed the dynamics of Sunni politics and also inter-sectarian politics in Iraq. So there was an emerging political framework that took a different shape in Iraq - Islamist political parties especially versus to the civil/secular parties. So that much of the Sunni population was detached from Sunni leaders in Baghdad, and granting” Haider AL- Abadi ” a better chance to win in the coming elections as he is regarded by many Sunnis and Shiites as a compromise between various blocs. The collapse in support for Vice President “ Usama Al-Nujaifi’s ” by Al-Mutahidoon coalition at the last election meant there will be a number of Sunni parties erupted rivalry for supporting them in the 2018 elections. the popularity of those who were prominent as part of Iraq’s business-as-usual, quota-driven political model has declined. The traditional Sunni, Shiite and Kurdish blocs, split along ethnic and sectarian lines, are not as popular with voters as they once were, and there are also plenty of new divisions within them <sup>(3)</sup> .

Among the Shia bloc itself , the division between the “ AL-Maliki and AL- Sadr/Hakim “ factions emerged in the 2013 after the provincial council elections in southern Iraq, but AL-Maliki’s support waned due to the damaging impact of his sectarian political agenda.” Haider AL-Abadi ” avoided much of the political muck-raking surrounding the election, and may triumph in 2018 because many voters and notables want to avoid the insecurity resulting from a more powerful victor <sup>(4)</sup> .

Despite the vibrancy of the campaigning, there were many reasons to be done pessimistic about the elections of 2018 in Iraq and it was sharply divided country into different factions. So prime Minister “ Haider Al-Abadi ” has been created his own “victory” coalition to capitalize on claims he led the country to victory over (ISIS) as what happened on 11 November 2017. On the one hand, the multiplicity of parties could be seen as a sign of a healthy democracy; but many of them are relatively narrow and sectarian from the another hand later . So in the Kurdish region, the Kurdistan Democratic Party (KDP) will compete with the Patriotic Union of Kurdistan ( PUK) ,and with the Gorran (Change) party and also with several small socialist and Islamic parties. The divisions were being happened as a historic problem, but they have been increased since the independence referendum law that concluded and hold it on 25 September 2017. For example, the Kurdistan Democratic Party (KDP) was not campaigning in Kirkuk , because of its officials were pushed out of the city in October 2017 when Baghdad’s government sent the Iraqi army forces to remove Kurdish Peshmerga from controlling the disputed areas . The elections thus put the reality test of unity experience on Iraq and the Kurdish region even though many disputes were not resolved yet. The same divisions exist between the Shi’ite politicians who dominate Baghdad and Sunni Arab areas that were devastated during the war with (ISIS). In Sunni areas,” Iyad Allawi” was competing against local lists and

(1) Sharmila L . Murthy , Iraq’s constitutional mandate to justly distribute water : The implications of federalism , Islam , International law and human rights , the Geo , Washington , Intl L . Rev . Vol . 42 , 2010 , P . 761 .

(2) Marina , op , cit , P . 18 .

(3) Iraq Election 12 May 2018 – Parliament, <https://www.globalsecurity.org/military/world/iraq/election-2018.htm> , PP . 6 – 7 .

(4) Ibid , P . 7 .



Usama al Nujayfi's Muttahidoon alliance. It's more difficult to see major differences between the platforms of these groups but each of one has its local support, some of which is based on the family and tribal ties <sup>(1)</sup> .

Iraq has won the battle against (ISIS), but What will be happened in the post-ISIS peace period? This is the main question in front of the government of Prime Minister "Haider Al-Abadi" faces as it heads into the election season. Rather than providing a reprieve, the parliamentary and governorate elections scheduled for 12 May 2018 threaten to perpetuate instability. If the past is any guide, Iraq will see several months of pre-election posturing, alliance formation and inflamed political rhetoric, followed by a prolonged and turbulent period of post-election government formation <sup>(2)</sup> .

Furthermore , the federal government in Baghdad and the Kurdistan regional government (KRG) in Erbil over the core issues that have vexed their relationship perplexedly , and the dividing and sharing of political control and oil revenues in the disputed territories become into controversial matter . These priorities are interconnected; the EU and its member states can help Iraq to make forward progress, but much limited , on all of them through the debt use of reconstruction funds. As for the Kurdistan region, it is undergoing its own post-referendum upheaval, and the EU and its member states can do much to assist the Kurdish polity to organize credible regional assembly elections and carry out a much-needed political transition as well for the future <sup>(3)</sup> .

### **Third : Overstepping the efforts to re – build the political stability :**

While it is difficult to know the dimensions of impact of the regional and international actors over the political reality in Iraq , notably after hold the elections in order to rearrange the requirements of settlement problems which concerning with mutual ties to, Iran, Turkey, Saudi Arabia , U.S.A etc... and their relations with various local communities, to the extent that they pursue objectives consistent such as with an Iranian strategic agenda and are recruiting fighters from among the local population to help secure those interests, they are creating a parallel model of rule in comparing with the interests of rest active powers in the world ,as far as exerting efforts to confront the international terrorism phenomenon since more (15) years ago . This model, familiar from Iran itself and from other states in the region , as well as from Iran's role in Syria and Lebanon recently alike. "AL-Abadi" who like his predecessors has tried to balance Iran's interests with those of the U.S., Turkey and Saudi Arabia, he faces a serious challenge firmly . the PMUs also have sprouted political parties primed to compete in the national elections, and are co-opting local tribal and minority leaders, giving them an advantage in local elections. To prevail in the elections and create a governing majority, "AL- Abadi" will have to work with some forces that oppose Iran's spreading influence, including former rivals and adversaries such as Kurdish parties and the Sunni politicians; exploit intra-Shiite divisions; and solicit the support of the Shiite religious establishment headed by Grand Ayatollah "Ali al-Sistani". In addition, he will need to try to reduce the PMUs' role in the disputed territories by reinserting state security forces that recruit manpower from among the local population, and luring back skilled government administrators who fled these areas after (ISIS) arrived, and many of whom found shelter in the Kurdish region and became at any way co-optation targets for the Kurdish parties <sup>(4)</sup> .

Prime Minister " Haider Al-Abadi " and the winner of the general parliamentary elections " Muqtada al-Sadr " held a joint press conference after a meeting late on 19 May 2018 , in which they spoke of their vision for Iraq's future, signaling that they may work together, " There was a clear message in this meeting , hoping that your government will be all inclusive " , as said Sadr. Both had run on platforms advocating a non-sectarian, technocratic government, and the new government should be strong and provide public services and security to the people in the coming four years <sup>(5)</sup> . So that an Iraqi Kurdish delegation from the Kurdistan Democratic Party (KDP) has also left Erbil for Baghdad to take part in talks on the formation of a new Iraqi government ( The cabinet), and they will have to work in order to achieve the rights of the Kurds and to be a real partner in the political democratic process for the future versus previous period that witnessed postpone of fulfillment its demands <sup>(6)</sup> . In spite of the preponderance decisive solution in the formation of new government in the coming period

(1) Can Iraq's elections bring stability after ISIS? Look at for more details: The Hill newspaper ,<http://thehill.com/opinion/international/386337-can-iraqs-elections-bring-stability-after-isis>, 2018 , P. 2 .

(2) Iraq's Pre-election Turmoil , <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/iraqs-pre-election-turmoil>, 31 January 2018,P. 1 .

(3) Ibid , P.2 .

(4) Ibid , PP. 2 - 3 .

(5) Confidential and proprietary, Prepared by Risk Analysis Team, Iraq © GardaWorld ,Weekly Iraq .Xplored report ,26 May 2018 , , PP. 6 – 7 .

(6) Ibid , P. 9 .

recently, by establishing a stronger political coalition between the coalition led by a Shiite cleric, “ MoQtada al-Sadr “ and AL – Fatah Alliance in cooperation with the another political coalitions .

### **1 – The hard hiatus after elections on 12 May 2018 and political instability :**

The democracy’s political process in Iraq had been fulfilled according to the equation of comprise among different political forces in order to practicing the political work as known previously in liberal states that explicated the western democracy in parallel with what could have been doing within political conditionality that imposing exclusively over the developed countries, but the reality devoted otherwise approach as so-called the quota incompatible with ethno – sectarian affiliations inside the whole society of Iraqi democracy’s process .So the distribution of authority became ruled with the theory of powers partitions(Power sharing) among political governing elites , as what happened in the formation of The Iraqi Governing Council on 12 July 2003 . Thus, the political process sprouted a status of interactions among different participants , essentially after taking over transitional stage to be necessity in carrying out and exercising a new nascent democracy ; to distinguish between the procedures political work and the real challenges that confronted the political process, in order to achieve political stability in Iraq , by adopting obvious rules of the practicing the constitutional articles .

However ,There was another problematic issue that revealed concerning with the level of upper three presidencies notably the President of republic and his deputies (3) ,and the President of parliament and his deputies (2) ; and the Prime minister with his deputies (3 - 2) . Especially, the main problems had become on the whole parliamentary elections which hold according to many laws of elections such as on 15 December 2005 which concluded according to the electoral law ( No.16 ) which enacted on 9 September 2005 and it increased the number of seats to ( 325 ). But the second parliamentary elections concluded on 7 March 2010 according to the electoral law( No.26) which enacted on 9 December 2009 ; and the third parliamentary elections ( the number seats of parliament became 328 members according to the electoral law No.45 that promulgated in 2013 and its amendments later in November 2017) which concluded on 30 April 2014 under so hard political and security tensions and circumstances too , specifically after the fall down of Mousl province later under the terrorism of the extremists groups of Islamic state ( ISIS ) on 9 – 10 June 2014.

the future of Iraqi political system after fourth legislative election which hold on 12 May 2018 needs to a comprehensive reforms among different political forces (6,904 candidates from 87 parties are contesting and competing for 329 seats), and to conduct the political democracy’s process by consolidating peaceful competitions as compatible with the constitutional articles of 2005, and to encourage the national accord about basic principles of democracy to preserve what’s happened until present time .

### **2 – The necessity for concluding a comprehensive national discourse :**

The political democracy’s process witnessed an important development after Iraq’s May parliamentary election was marred by low turnout and allegations of fraud , to override the stalling talks on forming of a new government , considerably the Iraq’s parliament has mandated a nationwide manual recount of votes <sup>(1)</sup> . An Iraqi judicial body will oversee a manual recount of ballots from last month’s election that including many who had apparently lost their seats in the election which amended the election law to demand a manual recount overseen by a panel of judges. The May 12 election appeared to result in a surprising victory for the coalition led by a Shiite cleric, “ MoQtada al-Sadr “ , overturning a political establishment that has been entrenched since 2005. So that since the election result announced , the politicians have made a barrage of complaints about voting irregularities, often without citing any evidence, and have made competing demands to address those flaws. The vote and its aftermath had crystallized pent-up frustration among Iraqi political parties and the international community about the performance of the Independent High Electoral Commission of Iraq ,So the quasi-autonomous agency that oversees campaigns and elections; and the results, however, have not been formally ratified, as the country has waited for the electoral commission to investigate allegations of isolated cases of fraud and reports of malfunctions in new electronic ballot machines <sup>(2)</sup> .

The upcoming parliamentary elections may represent an important turning point in Iraqi politics as, the rivalry between current prime minister ” Haider Al-Abadi “ and his predecessor “ Nouri al-Maliki “ has caused a schism within the ruling

(1) Hamza Mustafa , Iraqi Shiite Cleric Says ‘Faked’ Alliances Won’t Solve Election Complications , 16 June, 2018 , For more details look at : <https://alsharq.alawsat.com/english/home/article/1302486/iraqi-shiite-cleric-says-faked-alliances-won-t-solve-election-complication> , P . 1 .

(2) Iraqi Council to Oversee Manual Recount Amid Post-Election Chaos , The New York Times( Newspaper) ,U.S.A, 7 June 2018 , PP . 1 – 2 .

Dawa party, which has been in power since 2005. In spite of the political splits among the Shia community do not constitute a new trend yet, but the antagonism between “Abadi” and “Maliki” as well as populist cleric Muqtada al-Sadr’s scope of influence, are expected to have a significant impact on government formation in the coming days <sup>(1)</sup>. So the State of Law Coalition is under the aegis of former prime minister “Nouri al-Maliki” who aspires to return to power for four years again after being forced out of office under domestic and international pressures. Meanwhile, The alliance enjoys the support of several Shia militias and political forces and movements with its organizations, such as the Asaib Ahl al-Haq paramilitary, which consider Abadi as a weak leader <sup>(2)</sup>. “AL - Abadi” and his victory Coalition could face many difficulties in gaining support from Kurds due to his harsh response to the Kurdish referendum, and he struggles to garner support from the reformists and liberals <sup>(3)</sup>.

The Fatah Alliance is a result of a schism within the Islamic Supreme Council of Iraq (ISCI), which has been one of Dawa’s major rivals for decades but has not been able to recover from the split with its military arm, the Badr Organization, which left (ISCI) during the 2014 parliamentary elections campaign to join Dawa’s State of Law coalition. The Fatah Alliance was formed by PMF and includes ISCI’s traditionalists and members of the Badr Organization, which has become the strongest individual group among the PMF. It is led by “Hadi al-Amiri” the former Iraqi minister of transportation and the head of the Badr Organization <sup>(4)</sup>.

Al-Hikmah is another product of the divisions within the (ISCI), and the coalition was formed by “Ammar al-Hakim”, who broke with the Islamic Supreme Council of Iraq in July 2017, amid tensions with ISCI’s old guard; and “Al Hakim” wants to appear as a moderate cleric, acceptable within the Sunni world and free from Iran’s influence. So he seeks to appeal to a younger and more progressive generation of Iraqis <sup>(5)</sup>.

Consequently, the Marching toward Reform Coalition includes a wide range of elements, including the Iraqi Communist Party, the Sadrist movement (Istiqama) as well as other leftists and secular groups. It is led although by an alliance between a religious movement and a secular party appears paradoxically, this coalition has been leading a dynamic anti-corruption campaign and is expected to gain many of seats. Several small Sunni and secular groups have joined the Sadr-led alliance, which has focused its discourse on the widespread corruption among governmental structures on the need to move away from the quota system <sup>(6)</sup>.

Furthermore, “Al- Abadi” the prime minister of Iraq’s government called for all political forces that participated in the last election of May 2018, to conduct a real discourse according to the national principles for making a new circumstances to form the upcoming government and to be more far the quota and political dealings and compromise as what happened previously; and to be more comprehensively by gathering all political coalitions as The al-Qarar Al-Iraqi Coalition and The al-Wataniya Alliance and Kurdish parties alike.

In nowadays, it is now clear that Iraqi parliamentary elections will be held on 12 May 2018; leaving aside the political arguments of those advocating a postponement and others wishing to see elections held by their constitutional deadline, there are bigger problems being ignored, wittingly or unintentionally within Iraqi political circles that become most significantly extreme political fragmentation and blatant foreign intervention to draw the next map of political forces and alliances <sup>(7)</sup>.

In short, politics and political forces in Iraq, after more than fifteen years from the establishment of the new Iraqi democratic state, it remained a prisoner of foreign relations and the influence of foreign powers, whether regional or international, Arab or non-Arab powerful actors. In the 2010 elections, the nationalist-oriented Iraqi list, backed by Turkey and several Arab states, came away with the biggest parliamentary bloc, but Iranian pressure and tacit U.S consent undermined the results of the ballot box. Al - Shia parliamentary coalition was formed after the elections that returned “Al-Maliki” to premiership, so many Things are not much different in 2018. The ongoing, effective foreign influence in Iraq clearly indicates that the

---

(1) Special report: The impact of Iraq’s 2018 parliamentary elections, For more details look at : <https://globalriskinsights.com/2018/05/special-report-iraqs-2018-parliamentary-elections>, P. 1.

(2) Ibid, P. 2.

(3) AUDREY BOLUS and SAVANNAH CARTER, Fact box: Iraq’s 2018 Parliamentary Elections, MAY 8, 2018, for more details look at : <http://www.atlanticcouncil.org/blogs/menasource/factbox-iraq-s-2018-parliamentary-elections>, p. 1.

(4) Ibid, P. 3.

(5) Ibid, The same page.

(6) Ibid. p. 4.

(7) Political fragmentation and foreign interference set the parameters of Iraqi elections, Al – Jazeera Centre for studies, Doha, Qatar, 29 January 2018, P. 1.

results of the coming elections will not be the sole factor determining who will govern but many things more pertaining with political stability might made another opportunity for the future of the political democracy's process <sup>(1)</sup> .

### Conclusions :

The political instability among governing elites and non – governing sectors , became depending permanently on the bargains , compromise , conformity , quota and many other procedures that used by means of the political pressure or banishment and sometimes practicing by the cooptation alike . Thus , there were several interpretations incompatible with the real understanding of permanent constitution and the values of the liberal democracy as well ; So that the political scene has witnessed many of crises and serious events concerning with the different matters and might influenced over the political stability notably after the elections of 2018 , and it will a year of change at anyhow .

The prime minister " Al – Abadi " will lead an alliance ( Victory alliance ) that will try to investment all the chances of making victory against the terrorists groups as much as possible , he will likely also be supported by " Moqtada al-Sadr " as a leader of the powerful Sadrist movement, which has now reinvented itself as a supporter of state authority and the rule of law after his results that approximately proved its popular powerful somewhat with the other political coalitions and alliances which took part in the last elections .

But the coming government will form according to the compromise and political conformity ( Power sharing ) as soon as to allow a sufficient number of political groups in order to occupy lucrative ministerial positions, which they then use to enrich themselves and finance ;and which they need in order to guarantee their government positions and that whatever progress is made in living standard ; and it is sometimes painfully slow and limited in scope , and considering into an account the failures of the past period results .

Ultimately , we should remember very vigilant to what happened when the popular protestors entered the headquarters of Prime Minister's Office on 20 May 2016 ; as a result of lagging accomplishment the comprehensive reforms in different sides of public life for any citizen in Iraq .So that the inevitability of making an initiative to settle all pending problems is very necessity henceforward by capitalizing all political support which powered just from Iraqi people at any circumstances and crises which encountered the political process of democracy ; and making a national settlement for all different problems within political process as a suitable unique team homogeneously and to be an active in the merits and its outcomes for the future of political process in Iraq's democracy .

### References

- [1] Anna Louise Strachan , 11 / 1 / 2017 , <https://assets.publishing.service.gov.uk>, P. 2 .
- [2] AUDREY BOLUS and SAVANNAH CARTER , Fact box: Iraq's 2018 Parliamentary Elections , MAY 8, 2018 , for more details look at : <http://www.atlanticcouncil.org/blogs/menasource/factbox-iraq-s-2018-parliamentary-elections> , p . 1 .
- [3] Benjamin Isakhan , Democracy in Iraq , History , Politics , Discourse , Routledge Taylor & Francis group , London and New York , 2016 , PP . 150 – 151 .
- [4] Benjamin Isakhan , Legacy of Iraq : from the 2003 War to the " Islamic state " , Edinburgh University , U.K , 2015 , PP . 99 – 100 .
- [5] Can Iraq's elections bring stability after ISIS? Look at for more details: The Hill newspaper ,<http://thehill.com/opinion/international/386337-can-iraqs-elections-bring-stability-after-isis>, 2018 , P. 2 .
- [6] Confidential and proprietary, Prepared by Risk Analysis Team, Iraq © GardaWorld ,Weekly Iraq .Xplored report ,26 May 2018 , , PP . 6 – 7 .
- [7] David Ghanim , Iraq's dysfunctional democracy , Praeger , U.S.A , 2011 , PP , 7 – 8 .
- [8] Emma Sky , The unraveling : High hopes and missed opportunities , Atlantic books Ltd , U.S.A , 2015 , P. 4 .
- [9] Hamza Mustafa , Iraqi Shiite Cleric Says 'Faked' Alliances Won't Solve Election Complications , 16 June, 2018 , For more details look at : <https://alsharq.alawsat.com/english/home/article/1302486/iraqi-shiite-cleric-says-faked-alliances-won-t-solve-election-complication> , P . 1 .
- [10] Iraq Election 12 May 2018 – Parliament, <https://www.globalsecurity.org/military/world/iraq/election-2018.htm> , PP. 6 – 7 .

---

(<sup>1</sup>) Ibid , P . 2 .

- [11] Iraq's Pre-election Turmoil , <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/iraqs-pre-election-turmoil>, International crisis group , 31 January 2018 , P. 3 .
- [12] Iraq's Pre-election Turmoil , <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iraq/iraqs-pre-election-turmoil>, 31 January 2018,P. 1 .
- [13] Iraqi Council to Oversee Manual Recount Amid Post-Election Chaos , The New York Times( Newspaper) ,U.S.A, 7 June 2018 , PP . 1 – 2 .
- [14] Liam Anderson and Gareth Stansfield , The future of Iraq , Dictatorship , Democracy , Or division ? St. Martin's press ,U.S.A, 2014 , P . 19 .
- [15] Marina Ottaway and Danial Kaysi , The state of Iraq , Middle east journal , February 2012 , P . 6 .
- [16] Political fragmentation and foreign interference set the parameters of Iraqi elections , Al – Jazeera Centre for studies , Doha , Qatar , 29 January 2018, P . 1 .
- [17] Sharmila L . Murthy , Iraq's constitutional mandate to justly distribute water : The implications of federalism , Islam , International law and human rights , the Geo , Washington , Intl L . Rev . Vol . 42 , 2010 , P . 761 .
- [18] Special report: The impact of Iraq's 2018 parliamentary elections , For more details look at : <https://globalriskinsights.com/2018/05/special-report-iraqs-2018-parliamentary-elections>, P. 1 .
- [19] The Guardian view: the fall of Mosul threatens civil war in Iraq , look at the details in: <https://www.theguardian.com/commentisfree/2014/jun/11/iraq-fall-mosul>, P.1 .
- [20] The permanent of Iraqi constitution 2005 , Article ( 76 ) . For more details look at the site , <https://gulfanalysis.wordpress.com/2011/12/28/the-arbil-agreement-versus-daawa-authoritarianism>,P.1.

The following Appendixes of research for the number of seats and candidates in elections of 2018

Governorate	Seats
Anbar	15
Babil	17
Baghdad	71
Basra	25
Dohuk	12
Dhi Qar	19
Diyala	14
Erbil	16
Karbala	11
Kirkuk	13
Maysan	10
Muthanna	7
Najaf	12
Nineveh	34
Al-Qadisiyyah	11
Saladin	12
Sulaymaniyah	18
Wasit	11
Total	328

Governorate	Number of Candidates
Anbar	383
Babil	338
Baghdad	1,985
Basra	522
Duhok	115
Dhi Qar	279
Diyala	259
Erbil	173
Karbala	197
Kirkuk	291
Maysan	105
Muthanna	102
Najaf	244
Nineveh	907
Al-Qadisiyyah	191
Saladin	332
Sulaymaniyah	211
Wasit	180
Minorities	90
Total	6,904

The number of candidates in elections of 2018

---

## Characterisation of the Average Worker Employed Under Flexible Forms of Employment – Report on the Study of Individual Differences in the Context of Sociodemographic Data Concerning Polish Workers

**Małgorzata Dobrowolska**

Silesian University of Technology

**Mariola Paruzel-Czachura**

University of Silesia

**Marta Stasiła-Sieradzka**

University of Silesia

**Jagoda Sikora**

University of Silesia

### Abstract

The paper presents the sociodemographic data obtained as a result of an empirical study carried out on a group of n=2118 workers employed under what is referred to as flexible forms of employment, within a more extensive research project entitled “*Occupational problems of individuals working under flexible forms of employment – the psychological perspective*”. The inspiration to focus on this particular part of the research was provided by a trend observed in the international literature, analysing the profile of an average flexible worker in highly developed countries. An analysis of the study sample of flexible workers shows that the group included rather young people, with a similar share of women and men, living in big cities, and with a rather short length of service; they were well-educated, married people with children, with a small number of previous employers, and mostly working in the private sector. The Polish study sample matches the descriptions of the *average flexible European worker*.

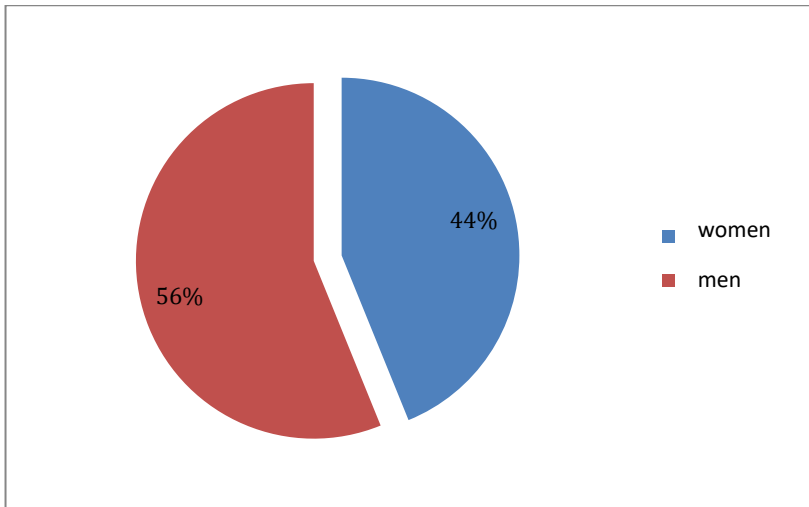
**Keywords:** workers employed under flexible forms of employment, sociodemographic data, worker profile, individual differences.

### Introduction

The aim of the paper is to present the sociodemographic data obtained as a result of an empirical study carried out on a group of n=2118 workers employed under what is referred to as flexible forms of employment, within a more extensive research project by the first author, entitled “*Occupational problems of individuals working under flexible forms of employment – the psychological perspective*”. The inspiration to focus on this particular part of the research was provided by a trend observed in the international literature, analysing the profile of an average flexible worker in highly developed countries due to a fixed percentage of the employer market being filled with flexible solutions.

The research was conducted among people living in southern Poland. Participation in the research was entirely voluntary and anonymous. Out of the 2,500 questionnaire sets given to the study subjects, 2,118 completely filled out research tools were selected, and this is how the final sample size was determined. 136 questionnaires were rejected as having been filled out incorrectly, and 246 subjects refused to participate in the research, even though they had been informed about it earlier, or interrupted the research in the process of filling out the questionnaires.

2,118 respondents participated in the survey, of whom 44% were women and 56% were men. One can very well assume that, due to the size of the sample, no disproportion was revealed between the flexible contracts concluded among women and men.

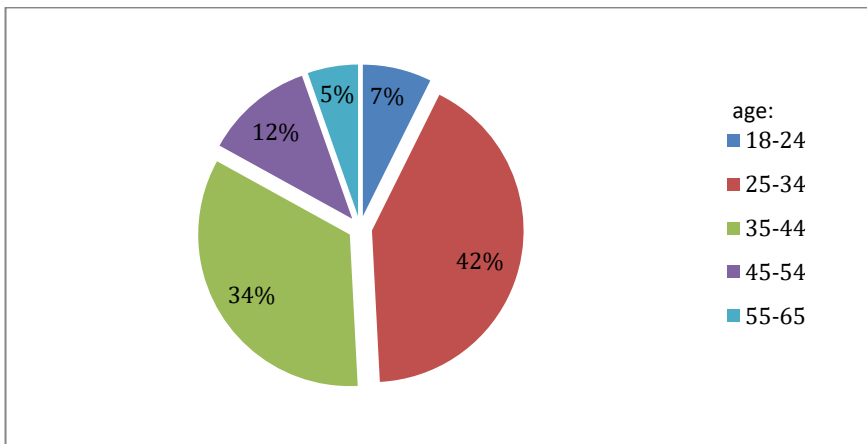


**Figure 1. Sample distribution by gender (N=2118).**

**Source: own compilation.**

The study subjects were adults of various ages (but all of working age), 18–60 in the case of the women, and 18–65 in the case of the men. 7% of the study subjects were aged 18 to 24. The most numerous group (42%) consisted of subjects aged 25–34. 34% of the respondents were 35 to 44 years old. Another 12% of the respondents were subjects aged 45 to 54, while 5% were aged 55–65. The mean age in the studied sample was 36, and the media age was 35. The youngest study subject was 18, and the oldest one 65.

The result distribution on the Polish sample matches the *European characterisation of flexible workers*, describing them as rather young people with an average length of service with the organisation, of up to five years (Nollen, 1996).

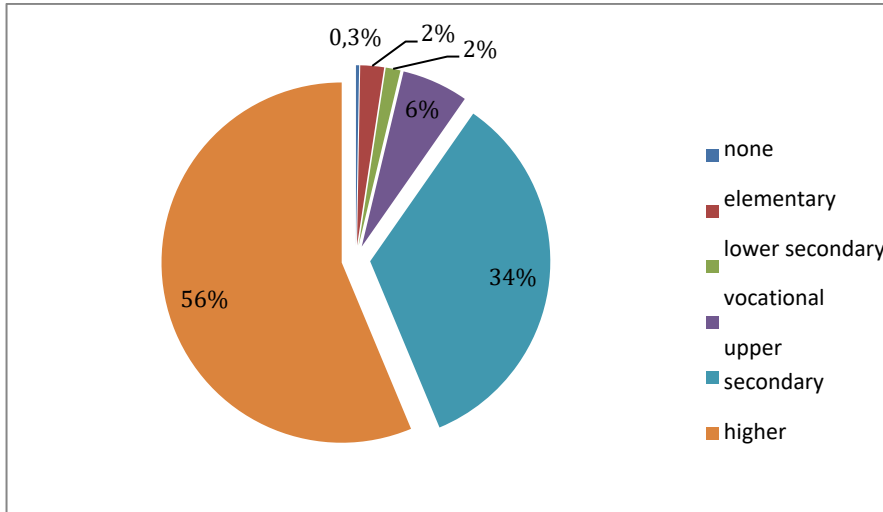


**Figure 2. Sample distribution by age (N=2118).**

**Source: own compilation.**

The flexible workers who participated in the study were well-educated. Over half of the study subjects (56%) had completed higher education. A substantial group of the subjects (34%) had completed upper secondary education. 6% of the respondents had completed vocational education, while only 4% were people with elementary or lower secondary school education. People without any education accounted for only 0.3% of the sample. The result is interesting in that the social

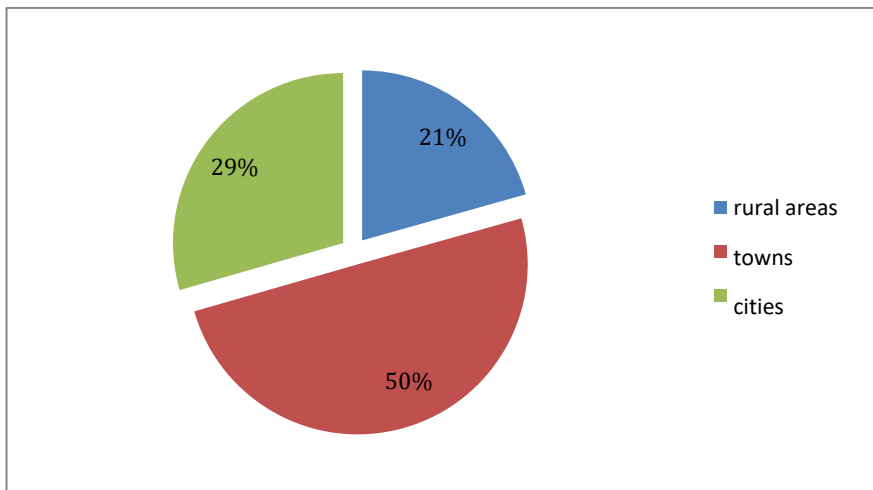
perception of flexible employment is related to the stereotypical and pejorative image of employment under the relevant forms, described as “junk jobs”, or jobs for people with low qualifications. It turns out, however, that the vast majority of the individuals entering such forms of employment are educated people.



**Figure 3. Sample distribution by education (N=2118).**

**Source: own compilation.**

Most of the study subjects were urban dwellers, with 50% living in towns, and 29% in cities. Respondents living in rural areas accounted for 21% of the sample. The distribution obtained may result from the difficult access to job agencies and organisations applying flexible staffing solutions in rural areas.



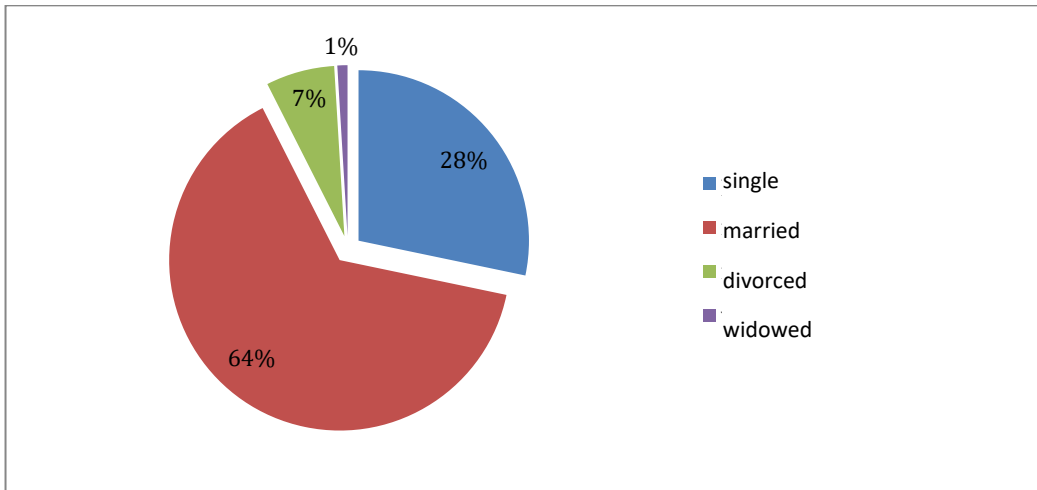
**Figure 4. Sample distribution by place of residence (N=2118).**

**Source: own compilation.**

28% of the study subjects were single. 64% were married. 7% were divorced, and 1% were widows or widowers. Juxtaposing these results against the distribution of the results in terms of the age of the study subjects, one may assume that the majority are people for whom a characteristic stage of life is represented by forming a family or by having a typical



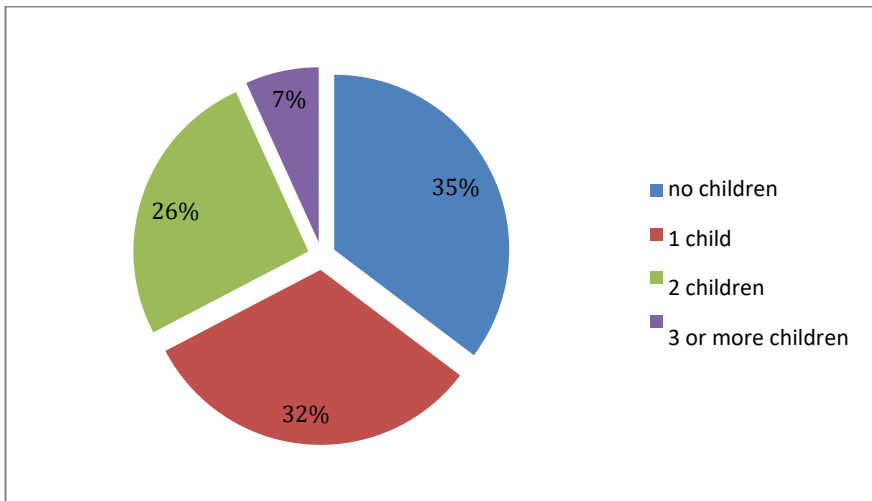
family life, which makes them no different from the descriptions of workers employed under traditional forms. The results presented below supplement this interpretation.



**Figure 5. Sample distribution by marital status (N=2118).**

**Source: own compilation.**

The study subjects were mostly people with children (65%), including: 32% with 1 child, 26% with 2 children, and 7% with 3 or more children. Childless individuals accounted for 35% of the sample.



**Figure 6. Sample distribution by number of children (N=2118).**

**Source: own compilation.**

The study focused mainly on work-related aspects. The respondents, i.e. workers hired under flexible forms of employment, were divided into 9 job groups, each composed of over 200 people. The following groups were distinguished:

fixed-term workers;

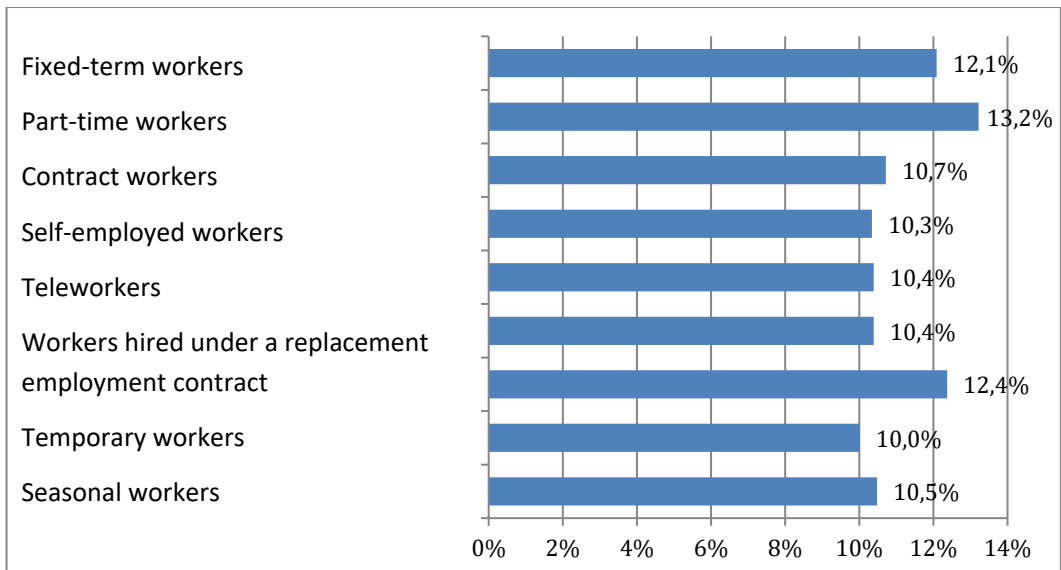
part-time workers;

contract workers;  
self-employed workers;  
teleworkers;  
workers hired under a replacement employment contract;  
temporary workers;  
seasonal workers;  
social economy workers.

The distribution of the study subjects with regard to legal regulations is illustrated by the of flexible forms of employment provided below:

replacement employment in accordance with Article 25 § 1 of the Labour Code;  
temporary employment as defined in the Act of 9 July 2003 on the employment of temporary workers (Polish Journal of Laws Dz.U.03.166.1608);  
self-employment, running one's own business activity as defined by the Act of 2 July 2004 on freedom of economic activity;  
telework in accordance with Article 675ff. of the Labour Code;  
fixed-term employment in accordance with Article 25 § 1 of the Labour Code;  
part-time employment in accordance with Article 292 § 1 of the Labour Code;  
work under a civil-law contract on the basis of the freedom of contract principle, i.e. Article 3531 § 1 of the Labour Code;  
seasonal work in accordance with Article 25 § 1 of the Labour Code;  
employment in the social economy, including: social cooperatives, worker cooperatives, disabled and blind cooperatives, non-governmental organisations and entities indicated in Article 3, paragraph 3 of the Act of 24 April 2003 on public benefit activity and volunteerism (Dz. U. of 29 May 2003, as amended).

The detailed sample distribution with respect to the groups that were distinguished in relation to the employment form is presented in the chart below.



**Figure 7. Sample distribution by employment form (N=2118).**

**Source: own compilation.**

The selection to the individual 9 employment groups did not demonstrate a significant disproportion.

Flexible workers pursue various occupations. They were grouped into the following categories:

company officers, directors and presidents;

independent professionals;

engineers/technicians;

lower-level officials;

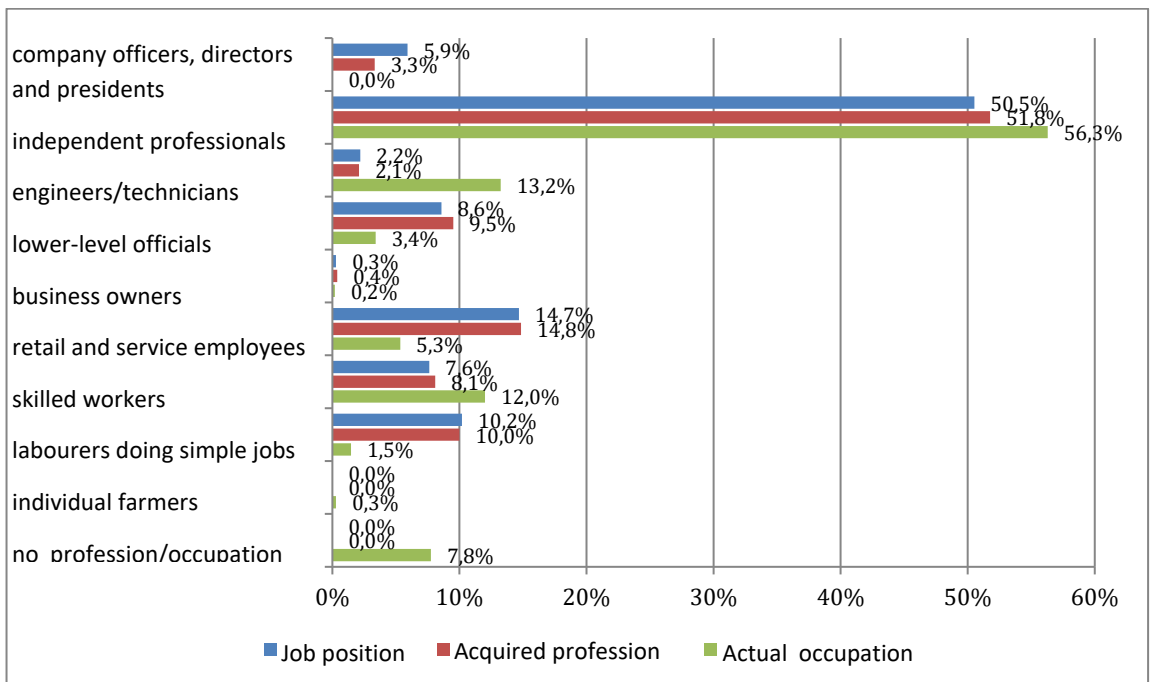
business owners;

retail and service employees;

skilled workers;

labourers doing simple jobs.

The chart below shows the distribution of the studied sample with respect to the current job position, acquired profession and actual occupation.



**Figure 8. Sample distribution by job position (N=2098), acquired profession (N=2102) and actual occupation (N=2118).**

**Source: own compilation.**

The length of service of the flexible workers participating in the study ranged from several months to several dozen years (41 years was the maximum), with the mean length of service being 8.5 years. Length of service of the largest group of

study subjects (42.6%) was up to 5 years, while the smallest number of respondents had worked for a long time, which also corresponds to the already mentioned *European characterisation of the average flexible worker* (Nollen, 1996).

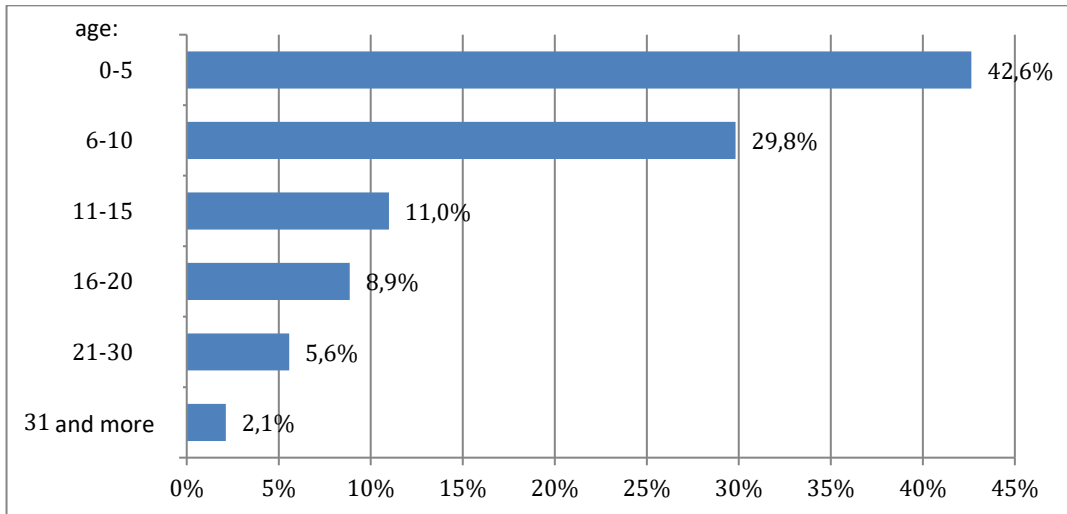


Figure 9. Sample distribution by length of service (N=2118).

Source: own compilation.

The flexible workers who participated in the study had mostly had 2–3 employers (47%). 13% of them had had only one employer. The remaining respondents had changed their job slightly more often. 28% had worked with 4–5 employers, while 12% had had over 5 employers. The results obtained demonstrate relatively low migration between employers, which one might have expected in relation to flexible employment.

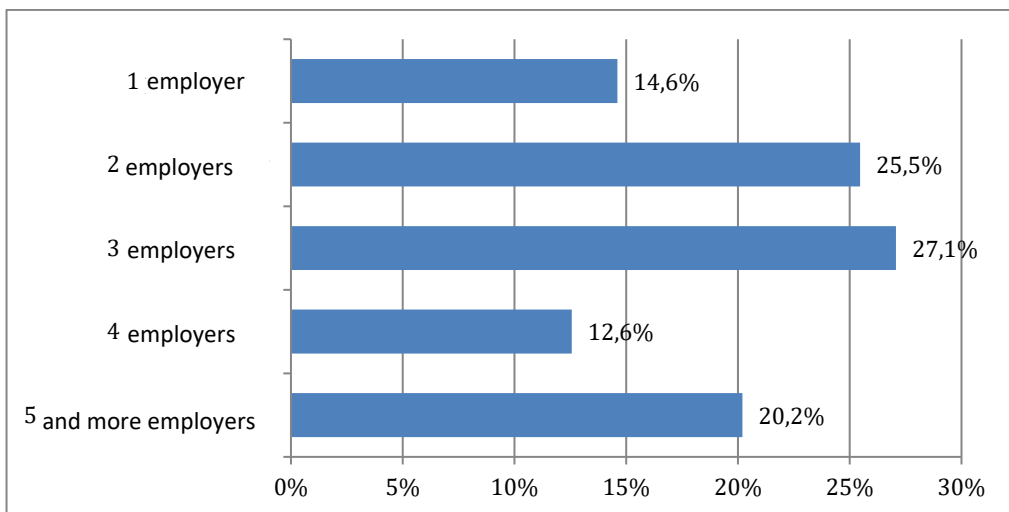
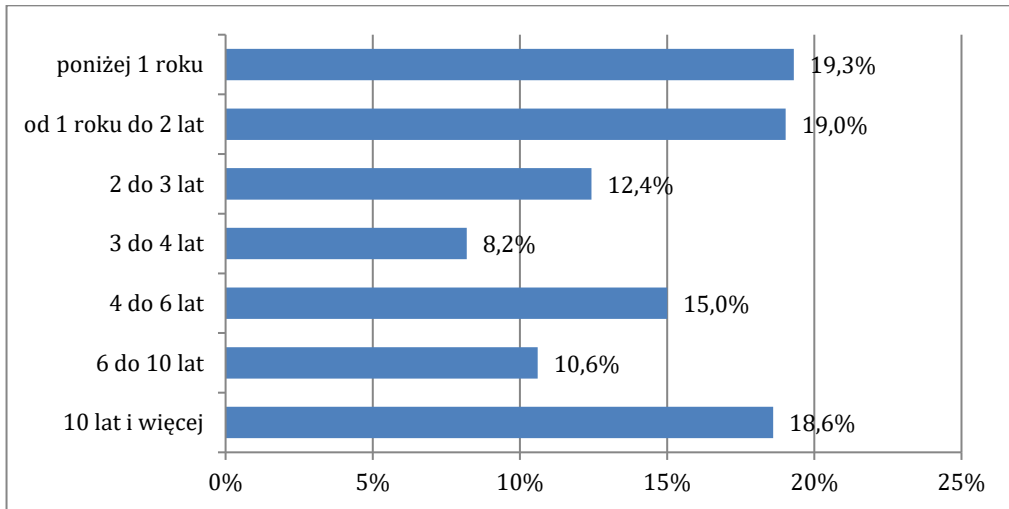


Figure 10. Sample distribution by the number of employers so far (N=2118).

Source: own compilation.

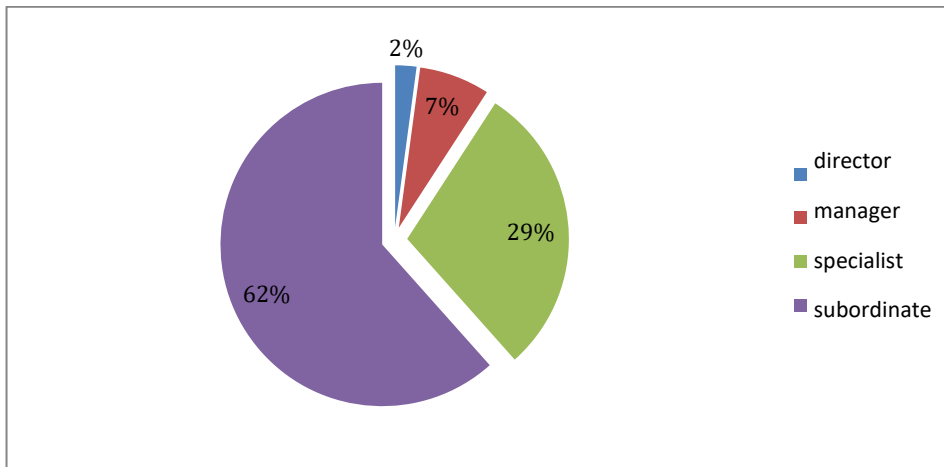
The flexible workers who participated in the research had been working for 5.5 years on average under their contract in force at the time of the study. The detailed distribution of the answers in a breakdown by time category is shown in the chart below. Paradoxically, the group with the highest percentage figure comprised individuals working not only under

short-term contracts, under the same contract up to one year (19.3%) and up to two years (19.0%), but also ones with long-term employment relationships, of more than 10 years.



**Figure 11. Sample distribution by employment time under the current contract (N=2118).**  
Source: own compilation.

As far as their place within the employee structure was concerned, the largest share of the respondents were subordinates (62%). Flexible workers also included specialists (29%), but less often managers (7%) or company officers/directors (2%).



**Figure 12. Sample distribution by position in organisational structure (N=2118).**

Source: own compilation.

Over half (54%) of all the flexible workers who participated in the study were working in the private sector. 34% were people employed in the public sector, and the remaining 12% were working in the social sector. The private sector used flexible staffing solutions to a much larger extent than the public sector.

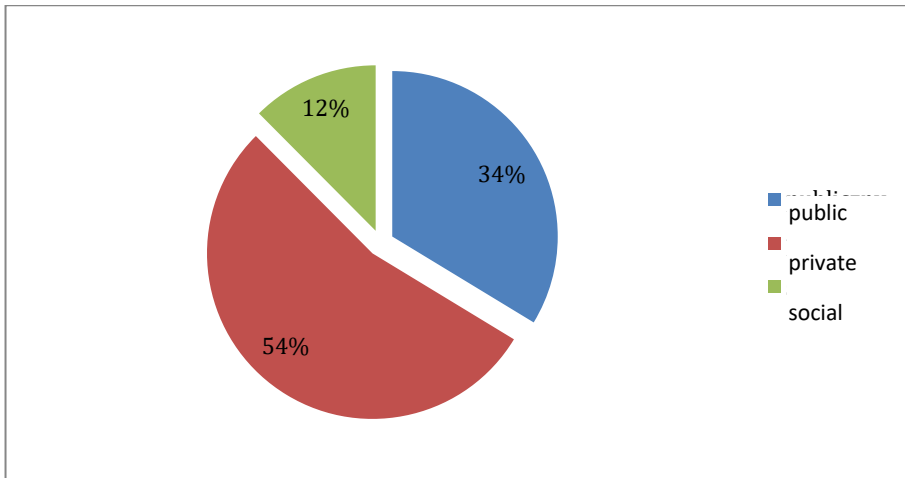


Figure 13. Sample distribution by employment sector (N=2118).

Source: own compilation.

The largest number of the study subjects worked in the public administration sector (31.8%) and in the service sector (28.5%), the least of them in health care and education. The detailed distribution is presented in the chart below.

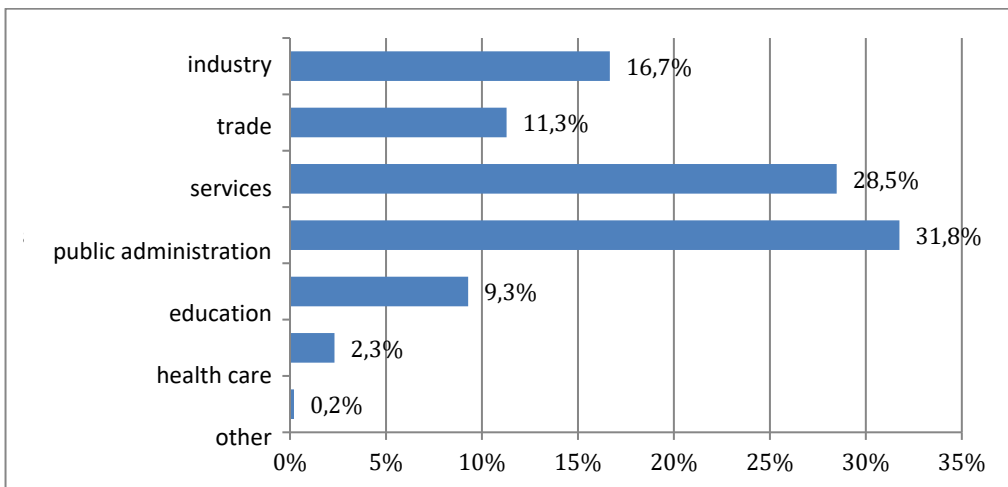


Figure 14. Sample distribution by employment sector (N=2118).

Source: own compilation.

### Conclusion

An analysis of the study sample of flexible workers shows that the group included rather young people, with a similar share of women and men, living in big cities, and with a rather short length of service; they were well-educated, married people with children, with a small number of previous employers, and mostly working in the private sector. Therefore, the study sample matches the already mentioned description by Nollen (1996) of the *average flexible European worker*. In the individual 9 employment forms, study groups were distinguished of over 200 subjects, and the whole sample consisted of 2,118 subjects on the basis of whom the analyses presented above were performed.

**References:**

- [1] Dobrowolska M., 2012: Employee and flexible forms of employment – a theoretical analysis and empirical studies/ Pracownik i elastyczne formy zatrudnienia. Analiza teoretyczna i studia empiryczne, Wydawnictwo Uniwersytetu Warszawskiego, Warszawa, s. 162
- [2] Dobrowolska M., 2012: Performance appraisal systems in traditional and non-traditional forms of employment/ Systemy ocen pracowniczych w tradycyjnych i nietradycyjnych formach zatrudnienia, Wydawnictwo Naukowe KMB Press, Katowice, s. 151
- [3] Dobrowolska M., 2013, *Problemy życia zawodowego pracowników zatrudnionych w elastycznych formach – perspektywa psychologiczna*, Wydawca Instytut Studiów Międzynarodowych i Edukacji Humanum, Warszawa, s. 621, ISBN 978-83-932603-4-8, 1 329 450 znaków
- [4] Nollen, S. D., Axel, H. (1996). *Managing Contingent Workers: How to Reap the Benefits and Reduce the Risks*. New York: AMACOM.

## Options for Overcoming Seasonality in Bulgarian Tourism

Elenita Velikova

Assoc. Prof. Dr. Elenita Velikova, Department "Economics of tourism"  
University of National and World Economy, Sofia, Bulgaria

Svetla Tzvetkova

Assoc. Prof. Dr. Svetla Tzvetkova, Department "Economics of transport and Energy"  
University of National and World Economy, Sofia, Bulgaria

### Abstract

For the longest time tourism has been an economic and social phenomenon in the everyday life of hundreds of millions of people. Not only does it encompass their free movement, it is also an essential form of utilizing spare time and a primary means of creating connections between them – for political, economic and cultural contacts. Additionally, tourism is one of the main factors that improve people's quality of life. For these reasons, over the past few decades its size has increased significantly and its scope of influence continues to expand. Data from recent years has indicated an unprecedented growth in the number of travels, profits, tourism objects and jobs. The economic significance and development of tourism predetermines the **topicality** of the investigated problem. In view of the establishment of the primary parameters of this development, the **object of study** is the tourist industry worldwide and in Bulgaria, and the **subject of analysis** will be the options for overcoming seasonality. Determining the significance of tourism for Bulgarian economy gives us **reasons to presume** that the discovery of effective mechanisms for minimizing seasonality will further expand the role of the tourist industry.

**Keywords:** *tourism, economic development, seasonality, alternative tourism, decisions, event tourism*

**JEL Codes:** *E32, P00, R11, L83*

### 1. Introduction

In specialized literature, tourism is often categorized as a leisure activity that tourists perform in a place that is different compared to their residence. In the modern world, however, this definition is no longer valid, hence why it should be given a new meaning. First of all, tourism is not necessarily different from everyday activities. Every day, we walk, try to feel good, engage in various programs, exercise, have fun – things that are typical for a holiday. Also during our tourist experience we may have started an activity that needs to be continued when we go home (for example sports, fitness, diet, health programs, etc.)

Consequently, tourism activities may increase the number of duties typical of everyday reality instead of reducing it. Secondly, these obligations define tourism not as a passive activity but as a unifying experience. For modern tourists, the "tourist experience" is partially or solely motivated by their health and well-being or by the perception of their health or well-being. As a result, tourism can involve hard work and it is not necessarily limited to time and place – the impact of the provided services remains and travels with tourists even to their residence. In reality, the long-term recovery and benefits of tourism occur at a stage when the tourist has already returned home. This development defines tourism as an activity that takes place not only during the holidays but is increasingly intertwined with everyday life. Searching for opportunities to increase the duration of tourist activities outside the main seasons will increase the efficiency of the operation of tourist sites and hence the overall positive effects of the industry.

It is also important to note that tourism stimulates the development of other related sectors in the economy, in particular trade, transport, communications, agriculture, household goods, etc. Along with its high economic potential, it also plays an



important social role, having a significant impact on the population's employment. This gives us reasons to claim that increasing efficiency in the tourism industry will have additional multiplier effects in other economic activities with which tourism interacts directly or indirectly. Analyzing the dynamic of the main economic indicators for tourism development, it can be concluded that in the past 25 years it has developed at a rapid rate. Even in conditions of unfavorable conjuncture and periods of economic crisis in the world economy, tourism has retained its positive growth tendencies.

The transformation of tourism into a **dominant sector in Bulgarian economy** is hindered by the seasonality factor. Finding effective approaches and mechanisms to overcome it will increase the expansion of the industry, improve the supply and demand structure, increase employment and pay levels, which will contribute to the sustainable development of tourism towards improving its quality and competitiveness. Based on the analysis of the state of tourism, **the purpose of this article** is to offer effective solutions and guidelines for its effective economic development, leading to overcoming or at least minimizing seasonality. In order to achieve this goal, the state and development of the tourism industry as a whole and in Bulgaria is studied, seasonality is analyzed as a factor that hinders tourism development and sets the directions for overcoming it. On this basis, the future directions for the development of Bulgarian tourism are defined.

## 2. State and Development of the Tourism Industry

Tourism as an industry is accompanied by a number of activities that have a direct and indirect impact on its development and trends. Nowadays, it has been recognized as the **world's largest service area**. The tourism industry generates **9% of global GDP**, 6% of world exports and 30% of exports of services. In spite of political and military conflicts, as well as terrorist attacks, international travel has shown a 7% growth compared to trips in 2016 and has reached the pre-estimated volume of 1,322 billion tourists (UNWTO, 2018).

The number of overnight stays has grown by 3%, with average spending rising by 4% per night. The direct economic consequences of the industry, including accommodation, transport, entertainment and attractions, amount to roughly \$ 2360 billion in 2015. The number of international outbound travel trips has increased from 528 million in 2005 to 1,322 billion in 2017, according to data from a World Travel Monitor study and IPK International results (IPK International, 2016/2017).

The evidence shows the **significant expansion** that provides the industry with new challenges and new opportunities for expansion. The development of modern, global tourism, the introduction of new technology that provides opportunities for virtual travel and the emergence of new and unique in essence destinations influence the general culture of the individual, contribute to the formation of aesthetic attitude, sense, taste for the beautiful and the expedient; at the same time, it is one of the new strands in the competitive struggle for attracting as many visitors as possible. Yordanov (2013) points out that the trends in the development of tourism on an international scale are related to the new needs and the new attitude of tourists towards the motives and the preferences for the model of organizing and conducting tourist trips (Yordanov, (2013), pp. 189-190). Planning and building modern tourist destinations requires **an emphasis on innovation** to a very large extent and the monitoring of current and significant trends in the industry. As a result of the analyses carried out in the present scientific research, we will ultimately outline the main trends that will determine the tourism industry's scale of development in the future.

The data for 2017 is extremely encouraging and exceeds the 4% growth forecast per year identified by the World Tourism Organization. European countries and Africa have marked the largest growth in the number of visits – 8%. About 671 million tourist trips were made in the countries of Europe in 2017, while Africa was visited by 62 million tourists – a record for this region. The number of tourists is increasing all the time in almost all other parts of the world:

- in the Asia-Pacific region by 6% - up to 324 million tourists;
- in the Middle East (+ 5%) – 58 million and 207 million tourists;
- in North and South America (+ 3%) (UNWTO, 2018).

The growth of tourist traffic in 2017 is linked to the **global economic recovery** as well as the revival of tourist markets in countries like Brazil and Russia after a period of long decline. What's more, the tourist industry recovered in extremely short time after the 2008 crisis; the only year in which travel was reported was 2009. The upward trend of tourism development has been observed since the 1950s when official tourism statistics were officially put into practice.

In order to further illustrate **the economic importance of tourism**, we will provide some extra details of its development. The number of citizens traveling outside their countries for a period of 67 years is as follows: 25 million in 1950; 278 million

in 1980; 674 million in 2000, and **1,322 million in 2017**. The World Tourism Organization's projections envisage an increase in international travel by about 3.3 % per year by 2030, with the number of tourists reaching 1.8 billion. **Revenues from international tourism worldwide** have also risen many times: \$ 2 billion in 1950; \$ 104 billion in 1980; \$ 495 billion in 2000 and **\$ 1260 billion in 2015**.

WTO surveys also show that **the purpose** of about half of the trips is **recreation and entertainment**. **Relaxing or other recreational trips** amount to about 53% or 632 million. Only 14% of all international tourists indicate business and professional duties as the purpose of their trips. Another 27% travel for other reasons, such as visiting friends or family, religious motives, medical treatment, and more. The purpose of visit of the other 6% is not specified. **Tourism holds third place in the export of goods and services** after fuels and chemical products, surpassing food and automobile products (Institute for Development and Sustainability of Tourism, 2018). And this is just the data for international travel, disregarding the domestic travel data reported by the national statistical institutes of each country.

The development of tourism in our country is also interesting. According to Gatovski (2013), Bulgaria's favorable geographic position is a key factor in the development of tourism and determines its importance for the country's economy (Gatovski, 2003, p. 377). The statistics on the **state of tourism in Bulgaria in 2017** show that Bulgarian citizens have made a total of **6,227,623 trips** abroad for all types of purposes. **The growth** compared to 2016 is **15.5%**. 8.883 million foreign tourists have visited Bulgaria in 2017. Compared to 2016, the total number of tourists over 15 years has increased by 11.5%. **The purpose of the majority of tourist trips in the country and abroad is rest**. Regarding expenses, the biggest share in the country is for food – 40,3% and for foreign countries – the ones for transport – 32,7%. In 2016, the average cost of traveling for personal purposes was 176 leva in the country, and 502 leva abroad. At the same time, the average cost of one person for professional travel is 160 leva in the country and over 1000 leva abroad (NSI, 2017).

Over the past year **3331 places of accommodation** with over 10 beds have been working in Bulgaria – hotels, motels, campsites, chalets and others. The number of rooms in them is a little over 140 000, and the beds – 328 000. Compared to 2016, the total number of the places of accommodation has increased by 4% and the number of beds – by 1.8%. The total number of overnight stays in all places of accommodation in 2016 is 25.2 million, or 17.7% more than the previous year. The trend for more overnight stays in high-end hotels is confirmed. In 2016 hotels with 4-5 stars have accounted for 66.2% of the total number of overnights stays by foreign citizens and 31.5% for Bulgarians. 3-star places have reported a 25.1% of overnight stays for foreigners and 29.1% for Bulgarians. For the previous year, only **accommodation revenues have reached 1.22 billion leva**, or 18.9% more compared to 2015 (Marinova, 2017). 2016 has reached a peculiar peak, with summer tourism still in the lead due to the peculiarities of our country; however, winter tourism has also been booming, especially in the last couple of years (see Table 1, 2 and 3). The data in the tables clearly shows the increasing development in tourism during the summer months (over three times more than the worst months – January and February). Another point of interests is the fact that during the first quarter of 2018, an increase in overnights stays has also been reported, compared to the same period for the previous year.

**Table 1:** Indicators for tourism development in Bulgaria by months for 2017.

	I, 2017	II, 2017	III, 2017	IV, 2017	V, 2017	VI, 2017
Accommodation places - number	1797	1832	1884	1965	2240	2771
Beds - number	109472	109760	111805	148650	228223	294925
Overnight beds - number	3275103	2984206	3319324	3793643	6221189	8596360
Realized overnights	802008	907497	782648	907959	1310088	3889525
Overnight people	334639	381171	382036	435536	503540	926888
Overnight income - leva	41602823	45842442	39829780	44243661	61500829	188034651

Source: *Systematization of the author by dates from NSI.*

**Table 2:** Indicators of tourist development in Bulgaria by months for 2017

	VII, 2017	VIII, 2017	IX, 2017	X, 2017	XI, 2017	XII, 2017
Accommodation places - number	3114	3145	2729	1959	1787	1946
Beds- number	320846	313039	285492	154450	106315	116586
Overnight beds - number	9569051	9547718	8280116	4315241	3106346	3459206
Realized overnights	6009519	5946368	3089259	864659	711284	833282
Overnight people	1219459	1256599	797630	422165	371626	430357
Overnight income - leva	316977719	323729497	152576883	44804976	37465642	44288098

Source: *Systematization of the author by dates from NSI.*

**Table 3:** Indicators for tourism development in Bulgaria by months for 2018

	I, 2018	II, 2018	III, 2018
Accommodation places - number	1894	1883	1942
Beds - number	113473	110690	114904
Overnight beds - number	3420127	3016690	3452659
Realized overnights	910011	939410	832903
Overnight people	372966	389090	400398
Overnight income - leva	50009574	50224683	44955261

Source: *Systematization of the author by dates from NSI.*

This data eloquently shows the exceptional development of tourism worldwide and in Bulgaria. Holiday sea tourism plays a dominant role among the reported trends the dominant role of holiday is sea tourism, which continues to be among the most popular and most sought after types of tourism. In recent years there has also been a significant increase in demand for ski vacations during the winter season. This outlines the development of another tourist season in our country, albeit with a smaller scale than the summer season. **Although the supply of tourist products has diversified over the years, in our opinion, tourism demand will continue to be dominated by these trends.**

### 3. Analyzing Seasonality as a Factor Hindering Tourism

Tourism is not a panacea or a solution to all the problems of economic development in underdeveloped or developing countries, with our country falling into the latter category. The cited data indisputably shows the exceptional **economic importance of tourism**. The figures also indicate that the largest and most preferred types of tourism continue to be the sea recreational and winter ski tourism for recreation or vacation. Over half of all trips worldwide are subject to this purpose. Bulgaria is no exception to world trends (see Figure 1). However, these types of tourism are largely hampered by the seasonality factor. The question arises: What would be the economic impact of tourism in the world if we could reduce seasonality or increase the possibilities for extending the tourist season, regardless of the weather conditions?

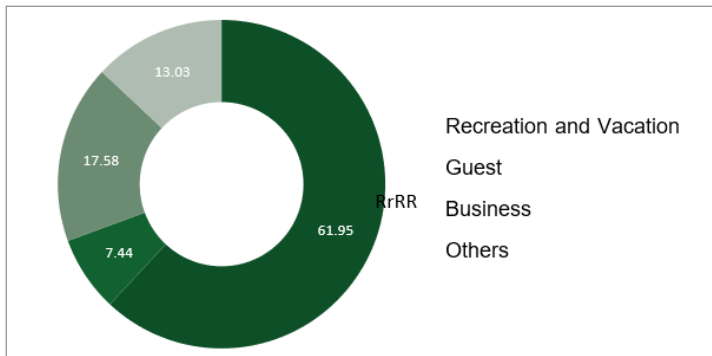


Fig. 1. Structure of foreigners' tourist visits in Bulgaria by purpose in 2017

Source: NSI

Seasonality is a defining trait and a major problem for tourism industry. The necessity for its study is determined by: the complex influence of the natural and climatic conditions on the pricing process of tourist services, the characteristics of the tourist flow (volume, structure, direction) and the profit of tourist companies; the major economic consequences on all levels (national, regional, company); opportunities for developing strategies to limit negative effects and extend the season. Seasonal fluctuations hold important economic significance and are the result of a variety of factors. Their influence determines the length of the tourist season (Kazandzhieva, 2016).

According to **Eurostat data**, one in four European trips takes place in July or August. For 2015, tourist demand for EU tourists is concentrated in the third quarter, mostly in August (12.7%) and July (11.1%). The number of trips in August is 2.4 times larger than the number of trips in the worst month of January. The seasonal model is even clearer when examining the length of trips – the number of overnight stays in August is 3.8% higher than the number of overnight stays in the worst month – November (Eurostat Statistics Explained: Seasonality in tourism demand, 2017).

The situation analysis of the **Bulgarian tourist product**, made by the Ministry of Tourism in the Annual Program for National Tourist Advertisement, points out that one of its weakest aspects is its highly pronounced seasonality and dependence on sea and winter tourism, as well as the supply of a uniform and seasonally dependent product (Annual National Tourism advertisement, 2018). Surveys conducted among foreigners about their motives for visiting to Bulgaria also indicate that Bulgaria is popular as a cheap tourist destination for summer sea and winter ski tourism (Operational Program "Regional Development" 2007-2013).

Although our country has the potential to develop year-round tourism such as cultural and spa tourism, we are still competitive precisely with the two aforementioned types of seasonal tourism. For this reason, **we believe that it is economically appropriate to explore the possibilities of extending the tourist season in the traditional, well-known and enjoyable types of tourism.** Exploring and studying the **approaches to extending the tourist season** will increase the competitiveness of Bulgarian tourism, increase the efficiency of Bulgarian tourist companies and improve employment and wages in the field of tourism. These are effects that will support **state policy in the field of tourism and the successful development of the business.**

A frequent criticism of tourism is that it provides only a **low level of income, and a seasonal one at that.** It is well known that the majority of jobs in tourism are of low qualification. The employees are mostly women and young people. The job is inconsistent and inconvenient in terms of work schedule. The rate of pay of the majority of employees is low. It is necessary to improve working conditions and ensure the development of human resources (Ivanova et al. (2013), p. 150).

The development of effective mechanisms that will lead to the extension of tourist stays will have a beneficial effect on the level of pay in tourism. This will considerably reduce turnover and improve the opportunities for attracting and retaining well-qualified and efficient human resources in our country, which will greatly improve the quality and competitiveness of Bulgarian tourism.

**The seasonal fluctuation of tourism demand** has a negative impact on national economy. The fact that the material base and the staff are employed for only a few months per year is the reason for the high share of the conditional and permanent costs in the cost of the tourist product. This reduces the possibility for a flexible pricing policy, impedes the activity of tourism enterprises and reduces their competitiveness. Seasonality leads to a concentration of road vehicles to leisure areas during the high season. Travel comfort and quality of service are reduced (Rakadzhyska, (2007), p. 101).

Tourism development, in contrast to the development of service activities, influences the growth of travel needs. Moreover, the development of international and domestic tourism has become one of the chief factors that influence the growth of the population's transport mobility and the volume of passenger freights in the last decade (Tsvetkova, 2009). These growing needs provide the basis for looking for opportunities to increase tourism supply, which is also the name of recreational tourism. Finding effective solutions to extend the tourist season would contribute to increasing the efficiency of tourism and meeting consumer preferences more fully.

According to Ivanova (2013), the negative **consequences of seasonal inequality** in demand require a thorough study of this phenomenon and the adoption of appropriate organizational, economic and social measures. For this purpose, tourist organizations employ seasonally differentiated prices (increased prices during the active season, moderate prices in-between seasons and discounts during the "dead season"), stimulating the development of the types of tourism that are impervious to seasonal fluctuations (business, congress, etc.) (Ivanova, 2013, p. 151).

Reducing prices in the wings of the season or raising them during the active season is a well-established practice that has proven its effectiveness. As we pointed out earlier, our country has the capability to offer a number of year-round tourism types. However, our country is still perceived as a destination for cheap sea tourism and holds second place for ski tourism. Therefore, the possible decisions to extend the summer or winter tourist season are subject to research interest.

#### **4. Potential for Extending the Tourist Season**

In relation to the Bulgarian Presidency of the Council of the European Union, a meeting of European and Balkan tourism ministers was held in our country. It was announced that **tourism has a leading role in the economic growth and regional integration between the countries**. To achieve sustainable tourism development, a **shared economy and implementation of EU regulatory policies in the sector is needed**. Besides, the statistical data is also evidenced by the significance that tourism holds for the Bulgarian economy. According to the World Tourism and Travel Council in 2016, in this sector and all related economic activities **Bulgaria's gross domestic product is worth over BGN 11.6 billion, which is approximately 13% of the country's indicator**. For this period, the number of **employees** in the sector and all related branches was **363,000 people**, which is approximately **12% of all employees** in Bulgaria.

All this proves the leading role of tourism in our economy. As mentioned earlier, the most developed and most visited types of tourism in Bulgaria are **the summer sea and winter ski tourism**, which, however, are limited by the seasonality factor. Moreover, according to consumer surveys, expert assessments and on the basis of our own studies, we can say that these are also the most competitive types of tourism in Bulgaria. For this reason, the **purpose** of the present scientific paper is **to determine the possibilities for improving the economic development of tourism in our country, based on an analysis of the current situation and expert assessment of the future development or identification of desired development directions to be taken into account in the national tourism policy**.

In our opinion, the Bulgarian tourist product will be improved significantly through **the development of effective mechanisms for extending the tourist season for the most competitive and perspective for development types of tourism in Bulgaria – summer sea and winter skiing**. Other authors point out that mass development models of those types of tourism can be resisted through cultural tourism and diversification of the product (Yordanov, 2012, p. 56).

**Alternative forms** of tourism are of interest for overcoming seasonality. These "new" forms of tourism made their appearance in developing countries between the 1970s and early 1980s, in order to tackle the hard mass tourism. These forms of tourism served a more sensitive approach giving priority to natural and cultural resources at the front line of planning and development of the destination. They appeared in different names and various models to improve situation and to preserve the original rural appeal of the tourist destination (Triarchi, Ei., Karamanis, K. (2017). The same authors indicate ecotourism, cultural and creative tourism as forms of alternative tourism. Most authors support the standpoint that alternative tourism unites those types of tourism that differ from the mass ones, which, for their part, are marine recreational tourism and winter ski tourism.

According to the Statute of Bulgarian Association of Alternative Tourism (BAAT) alternative tourism involves travel that is personal and authentic and encourages interaction with the local environment, people and communities. Alternative tourism includes package tours and individual tourist services in the following areas:

Nature-based tourism - tourism in natural environments, ecotourism, outdoors and adventure including biking, horseback riding, skiing, snow shoeing, rafting, diving, caving and hiking;

Culture tourism - rural, cultural heritage, ethnic, religious, wine, cuisine, music and crafts (BAAT's Statute, 2018).

The classification of alternatives forms of tourism made by Ö. Özer, M. Avci and N. Karakuş is indisputably the most exhaustive one. It can be studied thanks to Table 4.

Among the types of alternative tourism indicated in the table, astronomical tourism and cruise tourism are not as widely covered in Bulgaria. The rest are represented well and have significant chances for further development. Among them, the ones with the highest potential and opportunities are ecological, rural, cultural tourism as a whole and health tourism. Bulgaria has a total of 942 protected territories, 35 of which are well-kept reserves and 55 preserves, 3 national and 11 natural parks, 346 natural monuments and 492 protected areas, covering a total of 578 484 hectares (The Law for Protected Territories). They are an essential prerequisite for the development of ecological and rural tourism, the latter of which is also developing well in the multiple country houses scattered across the country's mountainous and hilly territories.

**Table 4.** Alternative Tourism Types

<p>1. Recreational Alternative Tourism Astronomy tourism Steam train tourism Marine aquariums and tourism Bird watching tourism Speleological tourism Landscape tourism Eco tourism Auto-caravan tourism Rural tourism Tableland tourism Camping and tourism National Parks Botanical tourism Photo safari tourism</p>	<p>2. Sportive Alternative Tourism Horse riding and tourism Cycling sport and tourism Mountain climbing sports and tourism Golf tourism Skiing and winter sports tourism Underwater sports and tourism Water sports and tourism Trekking Hang gliding and tourism Hunting tourism</p>	<p>3. Cultural Tourism Silk road Ancient cities and historical places Shooting areas</p> <p>4. Health Tourism 5. Yacht Tourism 6. Faith Tourism 7. Congress Tourism 8. Cruise Tourism 9. Youth Tourism</p>
--	---	--

Source: Özer, Ö., M. Avci, N. Karakuş (2016).

**Bulgaria has the third largest cultural heritage in Europe (behind Greece and Italy). Over 40 000 historical, ethnographic and cultural objects have been identified in the country.** Over the past 4000 years seven civilizations have undergone an intense development within today's Bulgarian lands – prehistoric, Ancient Greek, Roman, Ancient Thracian, Byzantine, Bulgarian and Islamic. The advantages of health tourism in Bulgaria involve primarily the natural potential's high competitiveness. There are over 600 mineral water sources in the country, grouped in about 240 beds. Their total debit is about 270 million liters per day. Over 75% of them are warm and hot, with a temperature of 37-101°C. Almost all types of mineral waters found around the world can also be found in Bulgaria.

Thanks to its natural and historical variety, Bulgaria has significant potential for developing **both mass and alternative types of tourism**. The serious, still untapped, potential of natural and cultural resources is a prerequisite for the development of practically the majority of the so-called "alternative forms" of tourist activities which could have a significant impact in terms of changing the currently existing image of Bulgaria as a "destination for mass tourism", as well as help destroy the clear seasonality in consumption outside of the active summer and winter seasons.

There are also other positive effects that could counter the negative economic consequences of seasonality. One possibility is to create prerequisites in our country for the development of year-round types of tourism – cultural, spa, wellness, business and others. While there are sufficient resources in Bulgaria for the development of these species, there is still a long way to go. The starting point in popularizing this type of supply is the development of an effective advertising campaign to demonstrate the country's capability for offering these types of tourism in an attractive and appealing way. Combining recreational with year-round types of tourism would become one of the most profitable strategies for developing our

economy. However, such an advertising policy would require significant resources which, unfortunately, are inseparable from the budget. Therefore, other, more feasible options and solutions that would require fewer resources should be sought.

Literature overviews, personal observations and analyses and personal interviews with business representatives give us reason to conclude that **event tourism can be an effective form for extending the tourist season in Bulgaria**. The organization and conduct of **attractive events** can have effects in a number of directions: extending tourist stays, engaging the available base outside of peak seasons, enhancing the appeal and image of the area where it takes place, as well as a number of other effects.

The organization of tourism events has a positive impact on a given location or region, generating an **economic profit** based on revenues from the sale of products and services from various activities related to the event and increasing tourist turnover, which improves service quality and infrastructure. Since event tourism is **a key area for the image and economy of destinations**, its value has two viewpoints. On one hand, event tourism supports the progress of scientific knowledge in an area with great opportunities for research and development. On the other hand, it could prove important for managers, as it gives them a better understanding of the importance of being a host of unique events in shaping the image of the destination and the development of a sustainable tourism economy (Velikova E., St. Dimitrova, 2017, p. 8-17).

**Events** are increasingly seen as an **integral part of tourism development and marketing planning**. Although the majority of events have occurred with non-tourist purposes such as religious festivals, sports competitions, traditional festivals and cultural celebrations, there is a clear tendency for them to be used by the tourism industry or for the industry itself to create them as a kind of tourist attraction.

The prospects for turning Bulgarian tourist regions into **destinations throughout all seasons** are good. The development of more unpopular specialized tourism types, including event tourism, is limited, mainly due to a lack of information. It would be appropriate to seek options for organizing various events to build an image of our mountain and sea areas as destinations for "non-mass" tourism.

A survey conducted by Toneva has found that the measurement of the impact of event tourism in Bulgaria is applicable in the following more important directions:

- knowledge of market conditions and their use;
- adopting measures for improving event tourism in the future;
- implementing innovations;
- clarifying the strengths and weaknesses and their appropriate interpretation;
- connecting the received information to external systems, etc. (Toneva P.I. 2017)

According to the business, the seasons affect the visits of the tourists both in the sea and mountain resorts. A major problem for hotel-keepers is the strong influence of seasonality in the summer. Despite the fact that a significant number of them study the needs of tourists and the season during which they want to rest, as well as the preferences for various entertainment programs, there is a **lack of essential information from local authorities and communication between event organizers, tour operators and hotel-keepers**. Gatovski (2013) also points out that the current transport infrastructure does not have the necessary parameters and qualities to create the best conditions for transport services for tourism (Gatovski, 2013, p. 596). This further hinders accessibility to destinations in organizing large and significant events in the wings of the season.

In order for the bases of hotel-keepers to be more fully used, it is necessary to design **plans and programs for organizing all kinds of events, mainly during seasons with the least amount of visitors**. Most managers use tourist attractions and organize events in more than one season, but not all year round. The year-long employment of our tourist enterprises can be guaranteed through a more thorough analysis of the tourist market, available investments and good organizational structure.

## 5. Conclusion

In conclusion, an event can help overcome seasonality in tourism, as well as distribute evenly the cash flow in the region and increase full-time opportunities. The lack of year-round employment is one of the reasons why people are reluctant to start working in tourism in Bulgaria. Moreover, the high turnover of staff forces entrepreneurs in the tourism sector to pay

low wages, thus closing the circle. Therefore, creating conditions for year-round employment will improve not only the wages in tourism, it will also minimize the outflow of staff, which will, in turn, increase the quality of the tourist product.

This is only a small part of the positive effects of tourism. It has the ability to achieve a significant multiplier effect on the other economic sectors with which it is closely interconnected – transport, agriculture, commerce, light and construction industries. Improving tourism development through overcoming seasonality by developing year-round types of tourism or organizing attractive events to lengthen tourists' stay could revive Bulgarian economy wholesale and contribute to its stable development. For this purpose, integrated tourist policies for encouraging tourism development through the aforementioned mechanisms should be implemented.

In our opinion, the **trends that will dominate the tourism market over the next few years** are expected to be in the following directions:

- further differentiation of the supply of the tourist product, aiming at a wider range of clients with diverse needs and opportunities;
- the process of concentrating capital, creating large international companies and corporations;
- Maintaining the integration process in the field of tourism both horizontally and vertically.

It is only in recent years that efforts have been made for diversifying the national product through the development of analyzed alternative forms of tourism combining the interest of smaller, but more solvent market segments with the stable consumption of tourist (natural and anthropogenic) resources. At this stage, however, alternative forms of tourism have more of a supplementary position in regards to its place in the national tourist product, meaning that the significant potential of a large portion of Bulgaria's territory remains untapped or scarcely used and businesses and local municipalities there cannot make use of the advantages of tourism.

Besides taking into account the dominant trends, it is important to reduce the impact of seasonality and increase the number of visits by tourists outside the peak season by developing exemplary models to integrate into the concepts of development of the resorts or even areas. Carrying out a quality event requires the coordination of many stakeholders.

In recent years a good example of integrating mass ski tourism with alternative forms of tourism and organizing a number of events in Bulgaria is **the town of Bansko**, which, aside from holding a number of world sports competitions during the winter season, provides excellent options for hiking, rural and ecotourism during transitional seasons, and hosts multiple music festivals and folklore events in the summer.

Combining traditional mass tourism with natural, climate, historical and socio-cultural conditions allows for the creation of a **complex, resource-based product that best suits the needs of tourists and is crucial for overcoming seasonality**.

## References

- [1] Bulgarian Association of Alternative Tourism (BAAT). BAAT's Statute. (2018). Available from: <http://www.baatbg.org/definitions/17/27/> [accessed July 01 2018].
- [2] Eurostat Statistics Explained: Seasonality in tourism demand, Available from: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Seasonality\\_in\\_tourism\\_demand](http://ec.europa.eu/eurostat/statistics-explained/index.php/Seasonality_in_tourism_demand) [accessed Mar 01 2018].
- [3] Gatovski, I., (2013). Improving the Quality of Transport Services for Tourism through the Development of Road Infrastructure. *Jubilee International Scientific and Practical Conference "Business - Positive Force in Society"*. Sofia: NBU, 588-598.
- [4] Gatovski, I., (2013). Condition and Development of Road Transport in the Context of European Integration. *Collection of papers from International Scientific Conference "RESPONSIBLE TOURISM 2020", Tom I*. Varna: Ed. "Science and Economics", University of Economic, 374-383.
- [5] Kazandzhieva, V. (2016). Factors for Assessing the Seasonality of Tourism, University of Economics - Varna. Available from: [https://www.researchgate.net/publication/309202351\\_FAKTORI\\_ZA\\_OCENKA\\_NA\\_SEZNOSTTA\\_NA\\_TURIZMA\\_doc\\_d-r\\_Velina\\_Kazandzhieva\\_ikonomeski\\_universitet\\_-\\_Varna](https://www.researchgate.net/publication/309202351_FAKTORI_ZA_OCENKA_NA_SEZNOSTTA_NA_TURIZMA_doc_d-r_Velina_Kazandzhieva_ikonomeski_universitet_-_Varna) [accessed Mar 01 2018].
- [6] Marinova, Evg. (2017) Tourism in Bulgaria with Sustainable Growth Over the Last Eight Years. Available from: <http://www.investor.bg/ikonomika-i-politika/332/a/turizmyt-v-bylgariia-s-ustoichiv-ryst-prez-poslednite-osem-godini-236617> [accessed Mar 01 2018].



- [7] Ministry of Tourism, Annual National Tourism advertisement, 2018, Available from: [http://www.tourism.government.bg/sites/tourism.government.bg/files/documents/2017-10/godishna\\_programa\\_2018.pdf](http://www.tourism.government.bg/sites/tourism.government.bg/files/documents/2017-10/godishna_programa_2018.pdf) [accessed Mar 01 2018].
- [8] NSI. (2017). Tourist Trips and Tourism Expenses of the Population. Available from: <http://www.nsi.bg/> [accessed Mar 01 2018].
- [9] Institute for Development and Sustainability of Tourism, 2018. Available from: <http://www.irut-bulgaria.com/%D0%BD%D0%B0%D1%87%D0%B0-%D0%BB%D0%BE/> [accessed Mar 01 2018].
- [10] IPK International, *ITB WORLD TRAVEL TRENDS REPORT 2016/2017*. Available from: [http://www.itb-berlin.de/media/itb\\_dl\\_all/itb\\_presse\\_all/World\\_Travel\\_Trends\\_Report\\_2016\\_2017.pdf](http://www.itb-berlin.de/media/itb_dl_all/itb_presse_all/World_Travel_Trends_Report_2016_2017.pdf) [accessed Mar 01 2018].
- [11] Ivanova, P., V. Minkov, L. Ilieva. (2013). *Introduction to tourism*. Svishtov: Tsenov Academic Publishing House.
- [12] Operational Program "Regional Development" 2007-2013, Surveys of Foreign Visitors in Bulgaria, Available from: [http://www.mi.government.bg/files/useruploads/files/turism\\_-\\_statistika\\_i\\_analizi\\_prouchvania\\_proekti\\_prouchvane\\_chujdenci\\_lqto\\_2010.pdf](http://www.mi.government.bg/files/useruploads/files/turism_-_statistika_i_analizi_prouchvania_proekti_prouchvane_chujdenci_lqto_2010.pdf) [accessed Mar 01 2018].
- [13] Rakadjiska, St., Neshkov, M. et al. (2007). *Introduction to tourism*. Varna: University Publishing House "University of Economics - Varna".
- [14] Özer, Ö., M. Avci, N. Karakuş (2016). A Study For the Evaluation of Alternative Tourism Opportunities in Fethiye Destination. *Journal of Tourism and Gastronomy Studies* 4/1 (2016) 21-26, Available from: [http://www.jotags.org/2016/vol4\\_issue1\\_article3.pdf](http://www.jotags.org/2016/vol4_issue1_article3.pdf) [accessed July 01 2018].
- [15] Toneva P. I. (2017). Studying the impacts of event tourism on the host communities in Bulgaria [Online] // *Economic Processes Management: International Scientific E-Journal*. 2017. No 1. Available from: [http://epm.fem.sumdu.edu.ua/download/2017\\_1/epm2017\\_1\\_5.pdf](http://epm.fem.sumdu.edu.ua/download/2017_1/epm2017_1_5.pdf) [accessed Mar 01 2018].
- [16] Triarchi, E., Karamanis, K. (2017). The evolution of alternative forms of Tourism: a theoretical background. *Business & Entrepreneurship Journal*, vol. 6, no. 1, 2017, 39-59, Scienpress Ltd, Available from: [http://www.scienpress.com/Upload/BEJ/Vol%206\\_1\\_4.pdf](http://www.scienpress.com/Upload/BEJ/Vol%206_1_4.pdf) [accessed July 01 2018].
- [17] Tsvetkova, S. (2016). *Specific Features in the Management of the Transport Company's Staff*. Sofia: University of National and World Economy.
- [18] Tsvetkova, S. (2009). *Management of Transport Service Marketing*. Sofia: "Stopanstvo".
- [19] UNWTO, World Tourism Barometer. Available from: <http://media.unwto.org/press-release/2018-01-15/2017-international-tourism-results-highest-seven-years> [accessed Mar 01 2018].
- [20] Velikova, E. (2016). The Influence of the Events in Tourism. *Journal of Science and Research*, Volume 1, 9/2016, p. 83-91.
- [21] Velikova, E., St. Dimitrova. (2017). Events as a Peculiar "Partner" in Tourism. XIII International Scientific Conference „The Modern Science, Business and Education”. *Yearbook of Varna University of Management, Volume X*. Publisher: VUM, Bulgaria, 8-17.
- [22] Velikova, E., St. Dimitrova. (2006). *Event Management in Tourism*. Sofia: „Avangard Prima”.
- [23] Yordanov, D. (2012). Role of Transport for the Development of Tourism in Bulgaria. *"Economics and Management"*, VIII, 4/2012. 51-57. Available from: <http://fe.swu.bg/en/wp-content/uploads/07-4-2012.pdf> [accessed Mar 01 2018].
- [24] Yordanov, D. (2013). Transport Entrepreneurship as a Factor for the Development of Sustainable Tourism. *Collection of papers from International Scientific Conference "RESPONSIBLE TOURISM 2020", Tom I*. Varna: Ed. "Science and Economics", University of Economic, 189-197.

## Analysis of the Historic Moments and the Juridical Aspects of the Government System and the Constitutional Character in Albania During 1920 to 1939

Ph.D. Irvin Faniko

Academy of Security, Albania.

Research Scientific Center

### Abstract

The Albania state had a troubled history: until 1912 it has been western outskirts of the Ottoman Empire, and then she lived a situation of total closure to the outside during the years of Enver Hoxha's government. This "peripheral" character with the mountainous and impervious morphology of the territory and old characters of the indigenous population, has adapted Albania as a country constantly isolated and marginalised, a land border, which has raised in the scientific community many curiosities and various studies of historic anthropological. On the contrary there are not organic studies on constitutional law, even if lately there is a trend reversal. The main objective of this paper is to analyse the government and constitutional system during the Lushnja congress on 1920 and further historical and legal extensions until the 1939s. Before doing so, it has been necessary to present political and institutional events more important in chronological succession that marked Albania's constitutional history and in this way understand the present starting from the past.

**Keywords:** law, nowadays, congress of Lushnja, constitution.

### Preface

At the end of the First World War, Albania was destroyed (Dervishi, 2006, pp 41-44) and ruined, and as a consequence, the Conference of Ambassadors entrusted Albania to Italy (Aliberti & Malgeri, 1999, pp 348-363), entrusting to this one at the same time also with the special role of defense sovereignty. Meanwhile, Prince Wied had left the country without resigning; a fact that made constitutionally that Albania was still a Principality. Once again, the "Albanian question" was opened in relation to the true Albanian state, plagued by all possible invaders during the war period.

### The creation moment of the Lushnja congress

The Lushnja Congress of 21 January 1920 terminated the provisional Durrës government and launched the new Albanian Government. The National Assembly issued a new Statute, which was renamed "The Statute of Lushnja" - which was different from the first Albanian Statute, because the previous one was approved by the International Commission, - elected a High Council of Regency - which consisted of four members - executive with six members, including Sulejman Bej Delvina (Duroselle, Milano 1998, pp 45-46), as a Premier, Mehmet Bej Konika, Foreign Minister and Ahmet Bey Mati Zogu<sup>1</sup> Interior Minister (from March to November 1920) and finally, established the National Council (Senate)<sup>2</sup>. At the end of its term, the National Assembly issued a document requesting for Albania "a full independence in its ethnic and natural boundaries" - the existence of this lasts one was recognized by the Conference of Ambassadors in the form of a monarchy - and refused "any foreign mandate or protectorate". Thus it was freely declared the will to fight and maintain national integrity and independence.

<sup>1</sup> As soon as it came to power, the government quickly signaled a failure to ignore the city of Durrës (Dyrrah) - recall that with the arrival of Prince Wied the capital moved to Durres - and established the new capital in Tirana.

<sup>2</sup> On August 2, 1920, the Italian government decreed with the government Delvina an agreement that obliged to protect Albania's independence and withdraw troops from the territory, including that of Vlora (in defense of the Italian strategic interests remained the possession of the island of Saseno).

## 1.1 The composition and structure of the government system

The Supreme Council of Regime<sup>1</sup> was composed of four members representing the Head of the Albanian State, while this one and the form of government were finally settled. This, however, with regard to the adoption of laws, had not the power of *veto*<sup>2</sup> to prohibit the implementation of a law, thus proclaiming all laws adopted by the National Council.

Government members (Caretti & De Siervo, 2002, p. 209), elected by the High Council of Regency, should receive a vote of confidence from the National Council within three days of the nomination. The government had to resign in the case of an opposing vote.

Its characteristics were: Union, because since there was no President, decisions were taken jointly; Non-reversibility by the National Council (Articles 53-58); The National Council (Senate) was one-room parliament.

It consisted of 37 members elected by the National Assembly with a four-year mandate (Articles 59-60).

The applications to announce the candidacy were: Albanian Citizenship; Having of civil and political rights and other qualities required by law.

Furthermore, the statute disciplined the status of the deputies, hence the duties associated with the development of parliamentary functions

The "Lushnja Statute" - unlike the Constitution of other countries at that time - guaranteed the full independence of the National Council in relation to the Supreme Council of Regency and gave it a function of control over the activities of the government through which the Council could accuse executive members by even sending them to court

The National Council (Senate) began its activity on March 27, 1920 with a well-defined purpose, to adopt laws as it was the only body of the State that could deliver them

But as the *iter* to adopt new laws required a period of time, the "old norms", ie those inherited from Turkish rule, were applied.

Despite the provisional implementation of these norms, the National Council - in its short period of existence, from 27 March to 24 November 1920 - adopted its "*interna corporis*"<sup>3</sup> regulation.

The regulation, divided into 13 parts, consisted of 72 articles that disciplined in detail the internal organization of the National Council itself, also because the "Lushnja Statute" treated it in a general way.

Although the regulation was devoted to internal organization, it exceeded these limits because Article 45 established a constitutional principle that stated that "*the National Council, with a majority of two-thirds of its participants, could modify the Lushnja Statute*", what happened at the end of 1922.

The "Extended Lushnja Statute", with a constitutional character, established the parliamentary form of government and guaranteed the separation of powers.

---

<sup>1</sup> Këshilli i Lartë i Regjencës (Alb.)

<sup>2</sup> During the First World War, Zogu had support the Austro-Hungarian issue, leaving the Albanian tradition who was trying to draw from Eastern Europe or Ottoman Turks Empire. However, Zog's activism in unstable Albania over the years has put into question the Austrians who named him as a Colonel of a small division and sent him to Vienna in 1917, where Zog was arrested and remained until 1918, so he was in Rome in 1918-1919, before returning to Albania in 1919.

<sup>3</sup>The new government declared its will to spread sovereignty across the country, demanding the expulsion of invading troops and refusing any form of protectorate (protection). Albania among other things becomes stronger with the launch of the activities of the Society of Nations. Indeed, in October 1920, a request for accession was introduced, which established the full recognition of the Albanian State as sovereign and its independent. The request is accepted by the General Assembly, and the international recognition process seems to have begun to advance. But in reality, this act does not correspond to those of individual states, which did not establish diplomatic relations with Albania. After the failure to recognize the position of those States that did not consider the Albanian affair in which was being raised, with historical controversies over the territory, this was an element of economic character determined by some positive geological research confirming the presence of gasoil.

The failure to participate in the Society of Nations forced, in November 1920, made Delvina to dismiss. At the same time, Interior Minister Zogu, along with the Delvina government, had become the Governor of Mat, a post that he held from 1920 until 1921.

### **Year 1922 and the Enlarged Lushnja Statute**

This was the case for the so-called "Enlarged Lushnja Statute", which was nothing but the establishment of the parliamentary regime and for the first time in the history of the country the proclamation of the fundamental rights of citizens.

The first elections were those of April 1921 (Honorati, 2001, p. 47), where the two most important parties were distinguished:

- Progressive Party (Conservatores) led by Zogu<sup>1</sup>, where mostly landowners participated;
- The popular (Liberal) party with Noli in head.

Zog became the first prime minister on December 24, 1922.

Zog's government followed the European models<sup>2</sup>, although a large part of Albania still maintained a closed social structure since the Turkish invasion and most villages were under the rule of *bey* (local patron of the territory).

But due to a coup Noli-led state, on June 16, 1924, he was forced to exile. Noli set up a revolutionary government, which remained in power until December 1924.

### **3. Zog's return to Albania and the beginning of an authoritarian regime.**

In that year, 1924, when Zog, with the help of Yugoslavia, returned to Albania, he immediately gave birth to an authoritarian regime. He was officially elected, to the post of president of the Republic of Albania, by the Constitutional Assembly - which on January 21, 1925 declared the Republic of Albania<sup>3</sup>, approving the Basic Statute – having full power on 1 February (Rallo, 2002, p.43 and over).

The organization of the State, in terms of institutions, in the Republic of Albania in 1925-28 consisted of:

Parliament, consisting of the Chamber of Deputies (57 members) and the Senate (18 members). Moreover, parliament jointly met, appointed by the Legislative Assembly, to elect the Head of State.

The President of the Republic, who: was Commander of the Armed Forces; Declared war after receiving the approval of the chambers; Ratified treaties (with a preventive control by the chambers) and accredited diplomatic representatives;

Could dissolve the Chamber of deputies; published the laws but had the right to veto; named and withdrew the ministers; named and withdrew the prosecutors.

Article 8 of the Basic Statute of the Republic of Albania ruled that the executive power belonged only to the President of the Republic, who exercised it through the ministers. So the executive power was focused on the hands of Zog, who was also prime minister.

The Ministers – ten days after the appointment - should be presented to the Chamber to get the trust. They had the right to be heard at every meeting of the Chamber and the Senate whenever they sought the word, but only those who were deputies or senators could vote.

During Zog's presidency, in Albania was gradually eliminated the service and at this point began to emerge as a nation rather than as a feudal aggregate of local *bey*, for the first time since the death of Skanderbeg.

On September 1, 1928, President Zogu became self-proclaimed King of Albanians by the name of Zogu i I and sought to establish a Constitutional Monarchy.

Zog's reign was very soon linked to the Italy of Mussolini until on April 7, 1939 Duce conquered Albania and forced Zog to flee.

---

<sup>1</sup> Politics belonged exclusively to the elevated part of society, because the social part of the lower population did not yet participate in the union process. In fact countrymen and shepherds were anchored in the traditional type of political and social life.

<sup>2</sup> Zogu's party was a particularly active party, so that Zogu himself tried two handfuls of the state, who failed both.

<sup>3</sup> Although he was a Muslim, he undertook various reforms stopping the use of face veils.

## Conclusions

At the end of this paper, after we have made a summary of all the historical period of Albania, "the country of the eagles", during the years 1920 to 1939 from the juridical and historical point of view of the beginning of its state formation, we conclude that this form the government of the newly formed Albanian state was the first of its kind in the whole region.

But, to be honest, we cannot hide at this point some considerations such as: there were deficiencies in terms of fundamental freedoms guaranteed today by the current Charter, and at the same time on the other hand we can see a perfect organization of the structure governmental state. The latter one can be applied today in European countries, and many years after its formation the Albanian state in its present state of government formation has not reached this perfect form of administration.

The unique role that this convention or congress had for the events that would come later of the political progress of the newly formed Albanian state is evident, even from the events that followed.

It is however to reflect over the moments that led to the formation of this congress, the progress of its life, as well as the internal and external factors that influenced these historical moments from the legal point of view, deepening the analysis in particular in the aspect of Albanian national constitutional law.

## Bibliography

- [1] Abdiu F., *Për Kushtetutën, ligjin dhe drejtësinë*, Shtëpia Botuese Arbri, Tiranë 2002.
- [2] Aini M., *Piccolo Codice Costituzionale*, VII<sup>a</sup> edizione, LED Edizioni Universitarie, Milano, 2011.
- [3] Ajani G., *Le fonti non scritte nel diritto dei Paesi Socialisti*, Giuffrè Editore, Milano 1985.
- [4] Ajani G., *L'individuazione dell'area*, in *Trattato di Diritto Comparato*, diretto da Rodolfo Sacco, Torino, UTET, 1996.
- [5] Alibali A., *Two landmarks decisions of the Albanian constitutional court. The individual, the employee and the State* in Review of Central and Eastern European law, 2004.
- [6] Aliberti G. e Malgeri F., *Due secoli al duemila. Transizione, mutamento e sviluppo nell'Europa contemporanea (1815-1998)*, Casa Editrice Ambrosiana, Milano 1999.
- [7] Aliberti G. e Malgeri F., *Due secoli al duemila. Transizione, mutamento e sviluppo nell'Europa contemporanea (1815-1998)*, Casa Editrice Ambrosiana, Milano 1999.
- [8] Anastasi A., *Historia e institucioneve*, Shtëpia Botuese e Librit Universitar, Tiranë 2002.
- [9] Biberaj E., *Shqipëria në transicion: rruga e vështirë drejt demokracisë* (La transizione in Albania, la difficile strada verso la democrazia), Ora, Tiranë 2000.
- [10] Biscaretti di Ruffia P. (cur.), con la collaborazione di Besostri F., *Repubblica Popolare Socialista d'Albania*, Milano, Giuffrè, 1985.
- [11] Biscaretti di Ruffia P., *1988-1990 un triennio di profonde trasformazioni costituzionali in occidente nell'URSS e negli Stati socialisti dell'Est europeo, aggiornamento all'introduzione al diritto costituzionale comparato*, Milano, Giuffrè, 1991.
- [12] Biscaretti di Ruffia P., *Costituzioni straniere contemporanee*, vol. I°, *Gli Stati Socialisti*, Milano, Giuffrè, IV° edizione ed int. rifatta in due volumi, 1987.
- [13] Biscaretti Di Ruffia P., *Costituzioni straniere contemporanee*, vol. II°, Giuffrè Editore, Milano 1994.
- [14] Biscaretti di Ruffia P., *Introduzione al diritto costituzionale comparato, le forme di Stato e le forme di governo, le costituzioni moderne*, Milano, Giuffrè, 6° edizione, 1988.
- [15] Bobbio N., Matteucci N. e Pasquino G., *Il dizionario di politica*, Utet, Torino 2004.
- [16] Bonfiglio S., *Forme di Governo e Partiti Politici*, Milano, Giuffrè, 1993.
- [17] Bongiovanni B., *La caduta dei comunismi*, Milano, Garzanti, 1995.
- [18] Caretti P. e De Siervo U., *Istituzioni di diritto pubblico*, Giappichelli G. Editore, Torino 2002.
- [19] Casonato C., (a cura di), *Lezioni sui principi fondamentali della Costituzione*, Giappichelli Editore, Torino, 2010.
- [20] Cervati A. A., *Per uno studio comparativo del diritto costituzionale*, Giappichelli G. Editore, Torino 2009.
- [21] Cocozza V., *Costituzione*, in *Enciclopedia Giuridica istituto della Enciclopedia Italiana Treccani G.*, vol. X°, Roma 1988.
- [22] Del Re E. C., *Albania punto a capo*, Roma, Seam 1997.
- [23] Della Rocca M., *Nazione e religione in Albania, 1920-1944*, Bologna, Mulino, 1990.
- [24] Della Rocca M., *Rapporti diversificanti sulla scena internazionale*, in *Politica Internazionale*, 1994, n. 3, sub Dossier/Albania: passaggio in Europa,

- [25] Dervishi K., *Historia e Shtetit Shqipëtar 1912-2005* (La storia dello Stato albanese 1912-2005), Shtëpia Botuese "55", Tiranë 2006.
- [26] Duroselle J. B., *Storia diplomatica dal 1919 ai nostri giorni*, Casa Editrice Ambrosiana, Milano 1998.
- [27] Duroselle J. B., *Storia diplomatica dal 1919 ai nostri giorni*, Casa Editrice Ambrosiana, Milano 1998.
- [28] Honorati M. L., *Diritto parlamentare*, Giappichelli G. Editore, Torino 2001.
- [29] Kelsen H., *Teoria generale del diritto e dello Stato*, IV<sup>a</sup> ed., Etas, Milano 2000.
- [30] Kozeli B., *Overview of Albania*, Tiranë, Military, 1995.
- [31] Lanchester F., *Gli strumenti della democrazia*, Giuffrè Editore, Milano 2004.
- [32] Lanchester F., *La forma di governo parlamentare nell'Europa centro-orientale: prime considerazioni*, in Quaderni Costituzionali, 1996.
- [33] Lanchester F., *Pensare lo stato*, Gius. Laterza & Figli, Roma-Bari 2004.
- [34] Loloçi K., *E drejta Kushtetuese*, Shtëpia Botuese Derada, Tiranë 1994.
- [35] Loloçi K., *The new Albanian constitution and the need for a new mentality*, Horizont, Tiranë 2002.
- [36] Marx K. e Engels F., *Manifesto del partito comunista*, (la traduzione si basa sul testo della versione originale apparso per la prima volta a Londra nel 1848).
- [37] Mazza M., *Il diritto est-europeo nella circolazione dei modelli giuridici* in A. Consentino (cur.) *L'identità culturale europea nella tradizione e nella contemporaneità*, Udine, Forum (Editrice Universitaria) 2004.
- [38] Mazza M., *La giustizia costituzionale in Europa orientale*, Padova, Cedam, 1999.
- [39] Mongardini C., a cura di Antonini E. e Nocenzi M., *La società politica. Appunti dalle lezioni di Scienza Politica*, Edizioni Culturali Internazionali, Genova 2000.
- [40] Moro R., *Storia della pace. Idee, movimenti, battaglie, istituzioni*, Bologna, Il Mulino, 2004, f. 180.
- [41] Mortati C., *Lezioni sulle forme di governo*, Cedam, Padova 1973.
- [42] Motta G. (a cur. di), *I turchi, il Mediterraneo e l'Europa*, F. Agnelli, Milano 1998.
- [43] Motta G., *Nell'Europa dell'età moderna: memoria collettiva e ricerca storica*, Passigli Editore, Bagno a Ripoli 2013.
- [44] Motta G., *Studi sull'Europa orientale: un bilancio storiografico. Una nuova generazione di storici (1970-2010)*, Passigli Editore, Bagno a Ripoli 2012.
- [45] Mungu Pippidi A., *The Balkans between Old and New Europe*, in East Eur. Const. Rev., 2003, n. 2-3.
- [46] Neppi M. G., (a cur.), *Stato della Costituzione*, Il sagggiatore, Milano 1995.
- [47] Novacco D., *L'officina della Costituzione italiana*, Milano, Feltrinelli, 2000.
- [48] Omari L. e Luarasi A., *Historia e shtetit dhe e së drejtës në Shqipëri*, Shtëpia Botuese Luarasi, Tiranë 2001.
- [49] Omari L., *Parime dhe institucione të së drejtës publike*, botimi VI, Shtëpia Botuese Elena Gjika, Tiranë 2004.
- [50] Omari L., *Sistemi parlamentar*, botimi III, Shtëpia Botuese Elena Gjika, Tiranë 2004.
- [51] Onida V., *La Costituzione*, Bologna, Il Mulino, 2007.
- [52] Orlandi M. A., *La diffusione del sistema semipresidenziale nell'Europa centro-orientale*, in Adriano Giovanelli (a cura di), *Il semi-presidenzialismo: dall'arcipelago europeo al dibattito italiano*, Torino, Giappichelli Editore, 1998.
- [53] Rallo M., *L'epoca delle rivoluzioni nazionali in Europa (1919-1945). Albania e Kosovo*, vol. IV<sup>o</sup>, Edizioni Settimo Sigillo, Roma 2002.

## Organizational Communication-the Importance of Communication Strategy in Times of Crisis for the Organization

Gazmend Abrashi  
, PhD c.

### Abstract

Crisis is a circumstance in which the organization can not function normally, hindering the achievement of its objectives and threatening survival. When a crisis occurs, there is uncertainty, stress, panic and confusion among management, employees, and the public. This makes it difficult to make the right decisions, while the organization is involved in a crisis. Organization management requires skills to predict the possible crises and weaknesses of the organization, planning strategies to respond to potential crises scenarios, skills to identify early crises, and provide rapid response capacity. When a crisis emerges, strategic communication becomes a key crisis management function. The way an organization communicates or does not communicate with the target audience during the crisis will have a decisive effect on the outcome of efforts to overcome the crisis. Every crisis is different, so it is difficult to predict anything that can happen in an organization. Crisis-based communication strategies are essential for any organization in order to be prepared for taking measures in the event of a crisis and thus preventing the formation of negative publicity and other negative consequences for the organization.

**Keywords:** *communication, crisis, communication in crisis, media, public relations, strategy.*

### Theoretical framework

#### Organizations characteristics

Undoubtedly, each organization has its own characteristics that differ from other organizations not only in its field of action, but there are many elements that are characteristic of organizations. From this fact, we can conclude that organizations have their own specifics even when in difficulty or internal crisis. What causes such a situation, what should be the measures to be taken, and how to manage such a situation to overcome these difficulties, and return to normal functioning of the organization.

The organizational structure is characteristic of the organizations because it organizes, delegates and performs the work within the organization. An efficient and interoperable structure would be a greater opportunity to succeed, but not only so, because the efficient structure would enable employees to be more satisfied and motivated and not have misunderstandings about the work they do. Meanwhile, organizational culture is characteristic for each organization because each organization has its own culture, and this is unique, although there may be organizations that have the same activity but still have a different culture. This can be illustrated with different examples, one of which could be, if we make a comparison between members of a family, despite having grown together and living, still each has its own culture, and it is shown in its own way, and this manifests itself in relation to others, the same applies when the organization goes through the crisis, where each member manifests it in a special form and manner.

#### The impact of organizational culture on the organization life

Generally, each organization has its own culture, which it is distinguished from others, but the issue is deeper and more complicated, because we are dealing with human resources i.e. its employees who have their own culture and intellect and the issue becomes more sensitive and should be given special importance. Initially it is thought that an organization has a single culture that is distributed throughout the organization. In reality, there may be multiple cultures within any given organization. For example, people working in the sales department may have a different culture from what people in the store can have.<sup>1</sup> A culture that appears within the different departments, branches, or geographic locations is called a

<sup>1</sup> <http://open.lib.umn.edu/organizationalbehavior/chapter/15-3-characteristics-of-organizational-culture/>

subculture. While there are a number of sub-cultures within an organization, this makes it even more difficult for a crisis situation for the organization, because people with different cultures and formations react and act in different ways and may create problems in the process of responding to the created state.

Research has shown that employees' perceptions about subculture were related to employee engagement towards the organization (Lok, Westwood, & Crawford, 2005).<sup>1</sup> Therefore, in addition to understanding the values of the wider organization, managers will have to make an effort to understand the values of subculture to see its impact on the behavior and attitudes of the workforce.

### **Organizational conflicts or organizational crises**

There are dozens of definitions written about the concept of conflict. The most widespread are: Kenet Bollding: "Confronting situations in which the parties see the disagreement of the potential future positions and in which each party wants to remain unmanageable with the desire of the other." Morton Dojc's brief definition: "When there are two contradictory opinions about one issue, this is a conflict."<sup>2</sup> In each conflict, we distinguish three basic phases:

- The emerge of conflict;
- The reaction (what is do after its emerge) - act as if everything is under control, make concessions, silence, cry, go to superiors, hit or speak nervously, complain, laugh as if nothing had happened, talk, agree to talk and so on;
- Consequences - stress, relief, escalation, reduction of tension, solution (good or bad), touched feelings, etc.<sup>3</sup>

The term "conflict" does not make sense. Much of the confusion is created by researchers of various disciplines who are interested in studying the conflict. Fink (1968), in his classical revision, has illustrated an extraordinary thing, changes in the definitions of conflict. He discovered a number of specific definitions, interests, and a variety of general definitions that strive to be inclusive. In the organizational field, Mars and Simon (1958, p. 112) consider the conflict as a breakthrough in standard decision-making mechanisms, so that an individual or group experience difficulties in choosing an alternative.<sup>4</sup>

On the other hand, Pondy (1967) has argued that organizational conflict can best be understood as a dynamic process based on organizational behavior. This is a very broad definition that excludes very few things that arise in a group or individual. Tedeschi et al. (1973) take a middle position, defining the conflict as "an interactive state in which an actor's behaviors or intentions are to some extent incompatible with the behaviors or intentions of any other actor". It is understood by their exposure that "actor" refers to any social entity, from the individual to the corporative organization. Smith (1966) also takes a similar approach and defines the conflict as "a situation in which conditions, practices or goals for different participants are essentially incompatible." Another definition of conflict is "a kind of behavior that occurs when two or more parties are in opposition as a result of a relative deprivation perceived by activities or interaction with another person or group" (Litterer, 1966, p. 180).<sup>5</sup>

The distinction between the two last authors in determining the conflict is that while Smith considers the conflict as a situation, Litterer considers it a kind of behavior. However, both authors and Tedeschi et al. consider conflict as a result of incompatibility or opposition to goals, activities or interaction between social subjects. Baron (1990, see also Mack & Snyder, 1957), after reviewing a number of recent definitions of the conflict, concluded that although they are not identical, they overlap in relation to the following elements:

1. Conflict involves the opposite interests between individuals or groups in a zero situation;
2. Such conflicting interests should be recognized for the existence of the conflict;
3. Conflict involves beliefs on either side that the other will hinder (or already hinder) its interests;
4. Conflict is a process; it develops from existing relationships between individuals or groups and reflects their past interactions and contexts in which they occurred; and

---

<sup>1</sup> Lok, P., Westwood, R., & Crawford, J. (2005). Perceptions of organisational subculture and their significance for organisational commitment. *Applied Psychology: An International Review*, 54, 490-514.

<sup>2</sup> Todorov, Antonij, Kanev, Dobrin, Angelova, Ilija, "Menaxhmenti politik", Shkup, 2009, pg.97.

<sup>3</sup> Ibid, pg.97.

<sup>4</sup> Rahim, Afzalur, M., "Managing conflict in Organizations", Londér, 2001, pg. 17.

<sup>5</sup> Ibid, pg.18.



5. Actions by one or both parties, in fact, produce obstruction to others' purposes.<sup>1</sup>

### **Conflicts within the organization**

The most common chances of having conflicts within the organization are when the organization has changes that affect employees' interests. There will be no conflict when no new decisions are made when there are no changes, and that is a state of organization. Conflict is not a tangible phenomenon. It exists in the minds of the people who are their participants. People emotionally enter conflict. It stems from their role in the company's functioning process.<sup>2</sup> Which means that the fear of change, eventually the loss of position and benefits that it uses, can lead to a conflicting situation with the manager or the owner of the organization.

Conflict represents a situation in which intentions, attitudes, emotions and incompatible behavior lead to disagreement or controversy between two or more parties. It occurs when goals, values or events are perceived as contradictory by two or more parties.<sup>3</sup> Conflicts are the result of a certain behavior. The manager's duty is to create an organizational climate that will create healthy relationships between employees without the existence of conflicting opportunities. Today, conflict is seen as an inevitable phenomenon that can have positive and negative effects on the company's functioning. Therefore, the role of managers is not to prevent or eliminate conflicts, but to resolve them.<sup>4</sup> Many organizations have compiled a Code of Conduct and Ethics, with a view to providing employees with a clear indication of how they behave and collaborate within the organization. Depending on the organization's functioning log, these codes are more rigorous and are fully implemented.

Given the fact that organizational conflicts exist and have different effects on the functioning of the company, but also for the employees, it imposes the need to review the content of the conflict, in its definition, the selection of the types and causes of the organizational conflict, and the processing strategies for solving them.<sup>5</sup> According to some definitions, the conflict is a state of disagreement between the manager, the workers and the organizational units in the performance of the work.

The other definition of conflict says that it is a phenomenon due to the simultaneous existence of opposite interests of different behavior between two or more parties. The third definition shows that conflict is a dispute between two or more groups that derive from the discrepancy between goals, interests, and values. This is a normal phenomenon given the fact that organization is made up of differences, i.e. individuals who are distinguished among themselves.<sup>6</sup> This can even be understood in this way where there are differences, there is also incompatibility of thoughts, ideas and as a result there may be disagreements and conflicts.

### **Types of conflict within the organization**

Insufficient organization of work and inadequate management system leads to the appearance of the attack of the interests of certain groups and individuals, does not cooperate, loses the work discipline, has no work responsibility that is the basis for the conflict.<sup>7</sup> Also, coverage or blocking the flow of information or giving incomplete or untrue information can also lead to conflict in the organization. When there is a lack of adequate information in an organization, there are phenomena of informal unions and objections.<sup>8</sup>

Starting from the types of conflicts, we begin with conflicts or confrontations with oneself or as interpersonal conflicts are known, then we pass into conflicts or employee relationships between ourselves, and then with the relationship with the manager and the management. Under the conditions of the parties involved in the conflict, we can distinguish the following types of conflicts:

- intrapersonal, interpersonal, intragroup, intergroup, and intra-organizational, inter-organizational conflicts.<sup>9</sup>

---

<sup>1</sup> Ibid, pg.18.

<sup>2</sup> Postolov, Kiril, Drakulevski, Lubomir, "Organizimi", Shkup, 2010, pg.100.

<sup>3</sup> Kasamati, Mimoza, Manxhari, Mimoza, "Sjellje organizative", 2002, pg.295.

<sup>4</sup> Postolov, Kiril, Drakulevski, Lubomir, "Organizimi", Shkup, 2010, pg.100.

<sup>5</sup> Ibid, pg.100.

<sup>6</sup> Postolov, Kiril, Drakulevski, Lubomir, "Organizimi", Shkup, 2010, pg.101.

<sup>7</sup> Stamenkovski, Aleksa, Jaqovski, Boshko, "Komunikimi Afarist", Shkup, 2011, pg. 138.

<sup>8</sup> Ibid, pg. 138.

<sup>9</sup> Postolov, Kiril, Drakulevski, Lubomir, "Organizimi", Shkup, 2010, pg.101.

Intra-personal conflicts are conflicts that the person has with itself. These conflicts arise from individual characteristics and manifestation. Interpersonal conflicts are those conflicts that arise in relationships with others. Usually these are conflicts that occur as a result of disagreement of goals and activities that a person has and do not respond to the goals and activities of others.<sup>1</sup>

Intragroup conflicts arise within the group. They manifest themselves as a conflict of roles, conflict of outcome, and conflict with iteration - interaction. According to the conflict of roles, it means when a person in the group performs the work of another person from that group. There is a conflict of outcome when some of the group should make a decision that is in opposition to the other members of the group. And, in the end, the conflict of interaction is when the success of the work is attributed to itself, while the failure is presented as a result of others not working.<sup>2</sup>

Intergroup conflicts are the result of group identification, clear group differences and - frustrations. The identification group means that employees identify the group they belong to. The visible differences of the group can be manifested in different forms - grouping of different floors of enterprises - pursuit of different schools and more. Frustration – it is usually a result of a situation when a group reaches their goals, while the other group is unable to reach such goals. Intergroup conflicts are created in relationships with other groups and can be horizontal and vertical. Horizontal conflicts occur at the same level of conflict between the technical sector and the marketing sectors are a form of this type of conflict. Vertical conflicts occur between different hierarchical levels and usually relate to issues related to control, power, goals, and wages and benefits.<sup>3</sup>

Intra-organizational conflicts arise within the general company. And, finally, inter-organizational conflicts arise between different companies in the market. This is the result of creating interest groups and groups in the market, competition for resources, customers and suppliers.

## Conclusion

In the process of conflict management, it is possible to apply different strategies. Selecting the relevant strategy is determined by the type of conflict, and the outcome is to be achieved in conflict resolution. Then, they must try, except to choose the conflict but also to eliminate the reasons used as sources for the emerge of the conflict. In this process of conflict resolution there will be problems that need to be solved. If it is a constructive conflict, it should be helped to this point until it is proven that one side is determined to be a destructive conflict or even adversely affect the work environment and employee health.<sup>4</sup> Avoiding problems that lead to conflict is possible with the use of indirect and direct strategies. Indirect strategies include the following:

- creating of a standardized reward system;
- better organization of work;
- involvement of low management structures, decision-making in top management
- creating a sense of mutual respect and trust.

The measures mentioned are called indirect methods of conflict resolution because they do not go directly with conflict participants but pull back reasons that lead to conflict. In direct methods that apply to resolve conflicts - we can mention methods of avoidance, mitigation, compromise, confrontation, negotiation, mediation and arbitration. By avoiding the problem is ignored in the hope that it will disappear. Mitigation involves minimizing the conflict, making things go well. Compromise means the case when both parties make deals and there are no winners and losers - defeated. Confronting is reaching agreement or solving the problem. Co-operation negotiations mean the resolution of direct conflicts with the participation of the contradictory parties. Negotiation is done through mediation through a third party whose job is to help the confronting parties to reach an acceptable solution. Arbitration involves the third party in conflict, which confronts the parties with a certain outcome and tries to resolve it correctly.<sup>5</sup>

---

<sup>1</sup> Ibid, pg.101.

<sup>2</sup> Ibid, pg.101.

<sup>3</sup> Ibid, pg.101.

<sup>4</sup> Postolov, Kiril, Drakulevski, Lubomir, "Organizimi", Shkup, 2010, pg.104.

<sup>5</sup> Ibid, pg.105.

It is now clear that based on our disposition in relation to the conflict, it is very important during our reaction to the ability to communicate in conflict situations. But here we will mention:

- a) Specificity of effective communication from assessment;
- b) Effective communication elements.

**Bibliography:**

- [1] Afzalur M. Rahim, *"Managing conflict in Organizations"*, Londër, 2001.
- [2] Aleksa Stamenkovski, Boshko Jaqovski, "Komunikimi Afarist", Shkup, 2011.
- [3] Antonij Todorov, Dobrin Kanev, Ilija Angelova, "Menaxhmenti politik", Shkup, 2009.
- [4] <http://open.lib.umn.edu/organizationalbehavior/chapter/15-3-characteristics-of-organizational-culture/>
- [5] Kiril Postolov, Lubomir Drakulevski, "Organizimi", Shkup, 2010.
- [6] Lok, P., Westwood, R., & Crawford, J. (2005). Perceptions of organisational subculture and their significance for organisational commitment. *Applied Psychology: An International Review*, 54, 490–514.
- [7] Mimoza Kasamati, Mimoza Manxhari, "Sjellje organizative", 2002.

## Montessori Methodology Applied to Maths - the Math Day

**Neus Campán**

Escola Montessori – Hospitalet de Llobregat - Barcelona

**Anna Maria Rabella**

Escola Montessori – Hospitalet de Llobregat – Barcelona

**Juanjo Boté**

ORCID: 0000-0001-9815-6190

Departament de Biblioteconomia, Documentació i Comunicació Audiovisual & Centre de Recerca en Informació, Comunicació i Cultura. Universitat de Barcelona. C/ Melcior de Palau 140, 08014 ES, Barcelona.

### Abstract

One of the challenges in primary and secondary school is that students learn by themselves but also must be able to show their abilities to peers. This work, which has taken place for 10 years, involves a one-day experience when students get together to celebrate a math day through Montessori methodology at the school. Every year the math day is held at Montessori School in Hospitalet (Barcelona), a school that was founded by 1952. The founder was a student from Maria de Montessori who named the school and applied its methodology. On this day, secondary minor students are coached by the last course students to develop abilities in math through role playing. Younger students also participate in workshops created by the higher students and guided by teachers. The important concepts involved in the annual math day are cognitive and inclusive learning and teacher participation. To sum up, collaborative work is necessary for students to better enjoy the learning process. Through a strategic change, the institution is returning to foundational origins and profiting from the annual event.

## Issues in Vocabulary Acquisition; Academic and Technical Vocabulary in Medical English

**Çağla Taşçı**

Pamukkale Üniversitesi

### Abstract

In some studies academic and sub-technical vocabulary was the most problematic area of academic writing in English for science research students (Shaw 1991; Santos 2002; Thurston and Candlin, 1998). In the case of medicine as well as medical terms which are in the category of Nation (2001) as “specialized words”, students also have to deal with academic words or sub-technical words. Sub-technical vocabulary comprises a range of registers or topic areas in academic and technical language. (e.g. analyze, context, valid, react, function) (Nation, 2001). Using/learning academic vocabulary, both learners and users should pay special attention to rhetorical functions of this set of words in academic literature. In the current paper, the role of academic vocabulary in academic texts, the methods of learning and teaching vocabulary will be discussed based on the current literature on vocabulary acquisition.

## **RDA: Who? What? Where? - Introducing the Research Data Alliance and Its Opportunities for the Social Sciences**

**Ricarda Braukmann**

Affiliation: Data Archiving and Networked Services (DANS)

### **Abstract**

The Research Data Alliance (RDA, [www.rd-alliance.org](http://www.rd-alliance.org)) is an international organization aiming to build the social and technical bridges that enable open sharing of data. The RDA develops infrastructure and community activities to reduce barriers to data sharing and exchange. The RDA operates across the globe and connects researchers from a variety of disciplines, including the social sciences. The aim of this talk is to give an overview of the RDA activities that are of particular interest for social science researchers. The talk will start off with a general introduction of the RDA and its working structure. In the following, results of a small study assessing the RDA work focusing on social sciences will be presented. In particular, an overview of RDA working and interest groups relevant for social scientists will be given. In addition, RDA outcomes and recommendations that fall within the scope of social science research will be presented. Finally, there will be room for discussion on the RDA and the different possibilities for engagement.

**Keywords:** Research Data Alliance, Social Sciences

## Financial Literacy and Level of Financial Competence in Pre-University Students: a Comparison by Academic, Personal and Family Profile

**Sergio Camisón-Haba**

Universitat de València, Department of Business Administration, Avinguda dels Tarongers S/N, 46022 Valencia, Spain.

**José Antonio Clemente Almendros**

Universidad Politécnica de Valencia, Department of Business Administration, Camino de Vera S/N, 7J, 46022 Valencia, Spain.

**María Isabel Borreguero Guerra**

Universidad Miguel Hernández de Elche, Department of Statistics, Mathematics and Informatics, Avenida Universidad S/N, 03202 Elche, Spain.

### Abstract

*The aim of this paper is to diagnose the level of personal financial knowledge of to date pre-university students in the Valencian Community, Spain. This is carried out by means of a double measure, one of which is a novel approach. First, we analyze their level of financial literacy, using the Basic Financial Literacy Test designed by the World Bank in 2012. Second, we determine their level of financial competence, enhancing the abovementioned test to a total of 17 questions, in order to provide a comprehensive view of their understanding of personal finance concepts. Both instruments were fully completed by a total of 1283 pre-university students of the Valencian Community during the 2017/2018 academic year. In both cases, comparisons were made by academic (level of studies, subjects studied and results to date) and personal profile (gender, influence level of their main role model and its activity as entrepreneur). We applied descriptive and inferential analysis techniques, such as Test t, Chi-square, Anova and Krustal Wallis. Obtained results show how groups with different academic background and achievement obtain significantly different results in both financial literacy and competence tests; however, when breaking down different measures of the former academic profile, results are heterogeneous. Finally, we find, with little exceptions, no significant differences between different personal profiles.*

**Keywords:** financial literacy, financial competence, pre-university education, personal finance

### Introduction

How transcendental financial decisions are can be denied, as our lives are highly influenced by them in our roles as workers, consumers, investors, savers, entrepreneurs or taxpayers. Everyday matters such as the purchase of an article, require of an analysis of the conditions of sale given by the price, the possible discounts, the relationship between cost and quality and its comparison with competitive products, among other factors, in order to make the most rational decision. All this justifies the need for population to resolve their financial ignorance gaps that have prevented them from making the best decisions.

The adoption of financial decisions requires the possession of a series of skills and the deployment of a certain set of behaviors by the consumer or the investor, in order to obtain satisfying results. The most frequently used concept to appoint the activity or process carried out to achieve these requirements, the resulting product or the level of instruction achieved, is generally that of financial education.

According to what the OECD (2005) outlines in its "Recommendation on principles and good practices for education and financial awareness", financial education is conceived as "the process by which financial investors and consumers improve their understanding of products, concepts and financial risks and, through information, teaching and / or objective advising,

develop skills and confidence required to achieve the highest level of awareness of financial risks and opportunities, make informed decisions, know where to turn up for help and carry out any effective action to improve their financial wellness".

However, financial competence reaches a greater magnitude, to the extent that citizens considered financially literate can exhibit different levels of financial knowledge.

The analysis of the existing literature on the impacts of financial education on knowledge and behavior in finance, as well as the contingent variables that influence its effectiveness, allow us to gather the factors that must be taken into account when explaining the level of both literacy and financial competence among citizens.

This paper analyzes several of these personal and academic factors as generating elements of a mayor financial knowledge, measured as financial literacy and financial competence, for pre-university students of the Valencian Community, Spain in the academic year 2017-2018.

### **Conceptual framework**

Both the European Commission (2007d) and the OECD (2008), as well as a flood of subsequent studies (eg, Gnan, Silgoner & Weber, 2007, Stango & Zinman, 2009, Lusardi & Mitchell, 2011a, Caballero & Tejada, 2014, Hospido, Villanueva & Zamarra, 2015), share the enumeration of personal benefits (for all ages and income levels), as well as benefits for the economy as a whole, that emerge from an adequate level of financial education.

Financial education has a positive impact on financial knowledge both in developed (Danes, Huddleston-Casas & Boyce, 1999, Bernheim, Garrett & Maki, 2001, Swinton, DeBerry, Scafidi & Woodard, 2007, Waldstad, Rebeck & MacDonald, 2010, Batty, Collins & Odders-White, 2015, Lührmann, Serra-García & Winter, 2015) and developing nations (Bruhn, de Souza, Legovini, Marchetti & Zia, 2013, Jamison, Karlan & Zinman, 2014, Berry, Karlan & Pradhan, 2015).

These personal benefits are materialized as financial education helps youth developing their savings, investment, critical reasoning and problem-solving skills (Varcoe, Martin, Devitto & Go, 2005, Lusardi & Mitchell, 2009). In addition, it helps to plan savings necessary to cover future needs (for example for retirement) or unexpected situations (Lusardi & Mitchell, 2009, 2011b, Xu & Zia, 2012).

Greater financial knowledge is also associated with prudent behaviors such as the diversification of the investment portfolio or the prevention of over-indebtedness (Christelis, Jappelli & Padula, 2010, Van Rooij, Lusardi & Alessie, 2011, Lusardi & Tufano, 2015), even in young people (Brown, Van der Klaauw & Zafar, 2013). It does also help obtaining products such as mortgages and loans with lower interest and commission costs (Disney & Gatherwood, 2013, Lusardi & Tufano, 2015).

In addition to the abovementioned personal benefits, financial education brings important general economic benefits, which can be spilled in the four classical aspects of economic analysis: allocation of resources, economic stability, economic development and distribution (Dominguez, 2017).

With regard to the allocation of resources, financial education has been recognized as a public good because of its specific characteristics: joint consumption (non-rivalry in consumption) and the impossibility of avoiding its enjoyment by anyone within the territorial scope where the service is offered.

Regarding economic stability, financial education favors greater protection for users of financial services, because greater financial education induces the providers of such services to respect ethical practices and to discard bad practices that reduce the creation of value (Caballero & Tejada, 2014: 120). Research on the effectiveness of previous professional advising for house purchasing among low-income citizens in the United States shows that the consumers of this service have a 13% lower level of delinquency on average (Hirad & Zorn, 2001).

Economic development is enhanced by stimulating the approach of viable business projects by investors better prepared financially and with an entrepreneurial vocation that can result in greater entrepreneurship, in promoting innovation and in higher economic growth (OECD INFE, 2015, Lusardi, 2015). From a macroeconomic point of view, the development of complete, advanced and transparent financial markets stimulates the aggregate growth of the economy. It is well established in the economic literature (Greenwood & Jovanovic, 1990, Levine, 1997, 2005, Beck, Kunt & Levine, 2007) that financial development produces faster growth by improving the capital allocation.

Finally, regarding distribution, financial education helps eliminate or mitigate another market failure: the problems of financial exclusion (Villasenor, West & Lewis, 2016: 18 Atkinson & Messy, 2013, Sánchez & Rodríguez, 2015, Chakrabarty,



2012). Ignorance of basic financial issues considerably reduces the probability of people's participation in financial markets (Van Rooij, Lusardi & Akessie, 2011). Financial education collaborates in mitigating the high financial costs associated with illiteracy in this area (Lusardi & Mitchell, 2014: 24) and is therefore crucial to the development of more complete, advanced and transparent financial markets, resulting in the reduction of poverty and income inequality among families (Lusardi, Michaud & Mitchell, 2013).

The evaluation of the positive impact of financial education initiatives is, however, extremely complicated because the variables that can measure their effects (such as the delinquency rate or the volume of financing available) are influenced by a broad amount of forces whose individualization is not an easy task. The analysis of the effectiveness of financial education has served to illustrate the factors associated with the acquisition of financial knowledge, which include, together with the educational system, other factors related to the family environment and the personal profile of the students, which may explain 80% of the total variance of the results (Moreno, Campillo & Salas-Velasco, 2015).

Within the personal profile, gender has stood out as a discriminating variable, with men achieving better results both among the adult population (Bucher-Koenen et al., 2014, Lusardi & Mitchell, 2008) and among the youth (Mandell, 2008, Lusardi & Mitchell, 2009, Lusardi, Mitchell & Curto, 2010, INEE, 2014a, b, 2017, Cordero & Pedraja, 2016a).

The family economic context also plays an important role in explaining the financial knowledge of youth, according to international evidence (Lusardi & Mitchell, 2009, Lusardi, Mitchell & Curto, 2010, Lusardi & Mitchell, 2014, Van Rooij et al, 2011, 2012, INEE, 2014a, b).

The type of school (public versus private or concerted) has also been investigated without finding, after considering the specific profile of the students for each center, significant differences in the results achieved in the financial knowledge tests (Mancebón & Pérez, 2014, Cordero & Pedraja, 2016a).

The social environment both in and outside the school has been similarly analyzed because from this environment arises valuable social and cultural capital. The peer effect has been identified as highly explicative of the student's financial knowledge (Cordero & Pedraja, 2016a), increasing the intensity of the effect when the school is below the average performance (Albert, Neira and García-Aracil, 2014). On the other hand, other contextual factors such as the group of friends seem to be less important (Pinto, Parente & Mansfield, 2005).

Finally, the level of financial literacy is influenced by the socioeconomic characteristics of the population, including the level of GDP per capita (Klapper, Lusardi & Oudheusden, 2015). There is a positive relationship between per capita income and financial education, but only for the 50% economies with the highest standard of living. In these economies, 38% of the variation in the financial literacy rate is explained by per capita income.

The debate about the correlation between the degree of financial knowledge and certain practices in the management of personal finances has even led to recognizing problems when establishing the sense of causality (Lusardi, 2011: 45). Hastings, Madrian & Skimmyhorn (2012: 15) and question whether it is financial education that leads to behaviors that generate better economic results, or on the contrary, certain financial behaviors are the ones that leads to a better instruction in the field, as a manifestation of the well-known learning by doing effect. However, Lusardi & Mitchell (2014: 34) reaffirm the thesis that causality flows from financial education to financial behavior, relying on studies based on instrumental variables and experimental-type ones.

Another criticism is done against the early introduction of financial education in the school curriculum based on its limited usefulness, since its distance from the moment of real application will lead to this knowledge to be diluted when its actually needed (McDermott, 2014, Eley, 2014). The supporters of this thesis believe that it would be more fruitful to divert the resources allocated to financial education towards mathematical training (Webb, 2014).

## Database

The universe of the empirical study are young people living in the Valencian Community who have completed compulsory and non-compulsory secondary education or a Vocational Training cycle of basic or higher education.

To accurately diagnose their educational level, this students group has been divided into five segments: (a) students who have completed compulsory secondary education (ESO); (b) students who have completed the secondary school cycle through Baccalaureate; (c) students who have completed an cycle of basic Vocational Training; (d) students who have completed a cycle of higher Vocational Training; (e) students who have completed the first two years of a university degree in Social and/or Legal Sciences. This last group of undergraduate students, despite not being studied in this paper, gives

us have a balanced sample that allows, in future work, to analyze the evolution of financial education for young people who are taking degrees university students in the field of economic, business or legal sciences.

The selection of the sample has responded to criteria of representativeness in order to achieve a selection proportional to the existing population level by educational cycles and territory. The sample has been stratified taking into account the student population in each training cycle and the weight of them in each of the provinces, as well as the specific weight of each province on the autonomous total.

The size of the sample representative of the population to be studied has been fixed with the following formula, which is the one commonly accepted when the population size is known:

$$n = \frac{k^2 * N * p * q}{e^2 * (N - 1) + (k^2 * p * q)}$$

being:

n: sample size.

N: size of the universe.

k: constant that depends on the confidence level (probability of results of the study to be true). This level has been established at 95% (which means that the probability of erring is 5%), corresponding to a value of k equal to 1.96.

e: desired sample error. It represents the difference between the result obtained by asking a sample of the population and the one that would be obtained by asking the total of the universe. The desired margin of error is 3%

p: proportion of individuals within the population that possess the property investigated. This data is generally unknown, taking as a convention the safest option that is: p = q = 0.5.

q: proportion of individuals who do not possess this characteristic, which will be: q = 1-p = 0.5.

**Table 1: Students who completed training cycles of primary, secondary and university education in social and legal sciences degrees in each province of the Valencian Community, 2014-15 academic year (Source: Valencian Institute of Statistics, from the Ministry of Education, Culture and Sport. Statistics of non-university and university education)**

Province	Number of students who finished the cycle					
	ESO	Baccalaureate *	Basic Vocational Training	Higher Vocational Training *	University Studies Social and Legal Sciences**	Total
ALICANTE	11.620	8.247	4.457	3.894	2.832	31.050
CASTELLÓN	3.658	2.609	1.691	1.376	1.113	10.447
VALENCIA	17.410	11.847	7.017	8.406	4.353	49.033
VALENCIAN COMMUNITY	32.688	22.703	13.165	13.676	8.298	90.530
Province	% of the total students who finished a cycle					
	ESO	Baccalaureate	Basic Vocational Training	Higher Vocational Training	University Studies Social and Legal Sciences	Total
ALICANTE	12,84%	9,11%	4,92%	4,30%	3,13%	34,30%
CASTELLÓN	4,04%	2,88%	1,87%	1,52%	1,23%	11,54%
VALENCIA	19,23%	13,09%	7,75%	9,29%	4,81%	54,16%
VALENCIAN COMMUNITY	36,11%	25,08%	14,54%	15,11%	9,17%	100,00%

\* Students who have completed these cycles by distance mode are not included.

\*\* Given that data is not available for students enrolled or graduates according to the year of the degree they are studying or have finished, we have taken as data the students graduated in undergraduate studies of the branches cited in public universities.

According to the information provided by the Ministry of Education, Culture and Sports, the number of students who completed their studies at each level in the 2014-15 academic year (the last one for which complete data was provided on the date of consultation) by provinces is the indicated in Table 1.

Therefore, the population under study is 90,530 young people who had completed some secondary or higher education cycle of the type cited in centers of the Valencian Community. The representative sample size of this universe with the established reliability parameters (95% confidence level with a sampling error of  $\pm 3\%$ ) is 1,055 people.

However, it is also desired the sample to be representative of the population distribution by province and training cycle, that is, that corresponds to the specific weights of the students of each cycle on the total of students in each province and with the proportion between students of the different cycles and between the three provinces. Table 3 already gives us that distribution of the universe in percentage terms. Applying these percentages to the chosen sample size, we have obtained the number of surveys to be carried out for each group in total and in each province of the Valencian Community (Table 2).

**Table 2: Number of surveys to be carried out according to the sample size and the desired stratification by province and training cycle (Source: own elaboration)**

Province	ESO	Baccalaureate	Basic Vocational Training	Higher Vocational Training	University Studies Social and Legal Sciences	Total
ALICANTE	135	96	52	45	33	362
CASTELLÓN	43	30	20	16	13	122
VALENCIA	203	138	82	98	51	571
VALENCIAN COMMUNITY	381	265	153	159	97	1.055

If we also want the sample size for students who follow each training cycle in each province to have a level of significance and a margin of error similar to those of the total sample, in order to compare each segment with the same levels of exigence, it is necessary to increase the number of surveys to be completed by those levels with a lower initial surveys objective. Given this objective, there has been an increase in the number of surveys to be carried out to students in the vocational training cycles in the intermediate and higher levels and to those who study in the social sciences and legal sciences in the three provinces, as well as to the students of the province of Castellón. In order to maintain the significance of the total sample, without the representativeness in each segment deteriorating, it will be necessary to carry out 1,448 surveys, with the sample distribution established in Table 3.

**Table 3: Number of surveys to be carried out according to the sample size and the desired stratification corrected by province and training cycle (Source: own elaboration)**

Province	ESO	Baccalaureate	Basic Vocational Training	Higher Vocational Training	University Studies Social and Legal Sciences	Total
ALICANTE	135	98	90	76	90	490
CASTELLÓN	43	31	34	27	35	170
VALENCIA	203	140	142	164	138	788
VALENCIAN COMMUNITY	381	269	267	267	264	1.448

The empirical study has required the design of a survey that serves as the basis for the collection of information and the measurement of the variables on which the diagnosis is desired. The questionnaire consists of 71 questions and the average time to complete it was 45 minutes. For the present work, however, only part of this questionnaire has been used.

In particular, certain questions regarding the personal, academic and family profile, as well as the questions related to the finance knowledge test. This abbreviated version of the questionnaire can be found in Annex 1.

The questionnaire also incorporates several questions aimed at shaping the personal, familiar and academic profile of the students, as well as their learning strategies and their motivations and expectations. The selection of this group of variables has been inspired by the results of previous research on the determinants of educational performance, as has been done in previous studies (Molina, Marcenaro & Martín, 2015, Cordero & Pedraja, 2016a, b). The characteristics of the educational center (type of school -public or private-, location, size, etc.) have been captured directly from information provided by the institution itself.

The number of valid surveys finally received and processed has risen to 1,607. The sample collected is important and highly significant, if we take into account that the PISA 2012 report was developed on a sample of 1,050 students belonging to 170 educational centers. After the data collection, the database was cleaned, eliminating those observations in which the amount of unanswered questions was greater than 20%. The total number of surveys available after this purification is 1,571, of which 1,282 correspond to pre-university education and are therefore subject to empirical exploitation in this report.

This sample guarantees compliance with confidence levels and established error margins, both for the whole population studied and for the differentiated segments by type of study and province. As can be observed in the sample distribution indicated in Table 4, the number of surveys obtained for each stratum of the sample has exceeded the minimum size pre-set. The results can then be considered a faithful and statistically significant reflection of the universe studied.

**Table 4. Number of surveys that make up the final sample and its distribution by level and province (Source: own elaboration)**

Province	ESO	Baccalaureate	Basic Training	Vocational	Higher Vocational Training
ALICANTE	194	207	98		499
CASTELLÓN	106	87	40		233
VALENCIA	312	377	150		839
VALENCIAN COMMUNITY	611	671	288		1.571

#### Variables and segmentation

**Financial literacy:** financial literacy is a dichotomous variable that takes the value 1 when the student has answered correctly, at least, 3 out of the first 5 questions of the test, while taking the value 0 when the number of correct answers is 2 or less.

**Financial competence:** the level of financial competence corresponds to the percentage of correct answers over the total number of questions, resulting from the division of the number of correct answers between 17.

For the analysis of the data, the database has been segmented based on various criteria. The groups generated have been carried out taking into account two criteria. On the one hand, different groups have been drawn up based on the student's academic profile, being segmented by level of studies to date (compulsory studies / intermediate studies), results obtained to date (excellent / high / medium / low / poor) and for having completed or not each of the subjects presented in the

curricula in ESO, Vocational Training and Baccalaureate. On the other hand, the study has been segmented based on the personal profile, by gender, income level of the family, level of influence of the role model and business activity of the latter.

The answers are therefore segmented based on 7 criteria, which constitute the basis for the subsequent analysis of the results obtained, for which the following criteria have been taken into account:

Students with a compulsory level of education are those who have completed Compulsory Secondary Education or a module of Basic Vocational Training, while those with higher education are those who have completed the Baccalaureate or a module of Higher Vocational Training and have therefore gained access to the University.

The study of each of the subjects corresponds to a dichotomous variable that takes value 1 when the student has taken the course and value 0 when this same subject has not been taken.

The level of academic results to date corresponds to the student's response to this same question in the questionnaire, so that it is a subjective variable.

To obtain the level of influence of the role model, students have been asked about the level of implication of their role model in various aspects of their academic life. From the sum of the responses to each of the dimensions, the variable level of influence is constructed. When ordering from highest to lowest, students located in the first tercile are those with a high level of influence, those located in the second correspond to a medium level of influence and those present in the last tercile imply a low level of influence.

The gender, family income level and role model activity as an entrepreneur or not are direct answers of the student in the questionnaire.

#### Analysis of data and results

The descriptive analysis of the results allows us to obtain the financial literacy level of the surveyed students, which is shown in Table 5: 67% of the students have answered 3 or more questions and are therefore financially literate. Thus, 17% of students have answered all the questions, while 22.4% and 27.6% have answered 4 and 3 questions respectively. With regard to the non-literate, 19.3% have answered 2 questions, while 10.1% and 3.7% have scored 1 and no questions respectively.

**Table 5: Distribution of students by number of correct answers in questions 1 to 5 of the test and level of financial literacy (Source: own elaboration)**

Number of right answers	Students	(%)
0	48	3,7%
1	129	10,1%
2	247	19,3%
3	354	27,6%
4	287	22,4%
5	218	17,0%
<b>Financial literacy (3/4/5)</b>	859	67,0%

When analysing the results of the questionnaire as a whole, obtaining the results of financial training, a clear decrease in the performance of the students is observed. In fact, only 612 of the 1283 students have appropriately responded more than half of the questions, which would imply passing the evaluation, in an assessment from 0 to 10. This result leads to a level of average financial training of the students of 47.7%, less than 50%. Table 6 shows the distribution of students by number of correct answers and allows to observe that only one of the 1283 students was able to respond correctly all the

questions, while 60 students answered correctly 2 or fewer answers, which implies a score barely higher than 1 in the best case.

**Table 6: Distribution of students by number of correct answers in questions 1 to 17 of the test and level of financial competence (Source: own preparation)**

Number of right answers	Students	Level of Financial Competence	(%)
0	21	0,0%	1,6%
1	12	5,9%	0,9%
2	27	11,8%	2,1%
3	57	17,6%	4,4%
4	75	23,5%	5,8%
5	85	29,4%	6,6%
6	118	35,3%	9,2%
7	139	41,2%	10,8%
8	137	47,1%	10,7%
9	126	52,9%	9,8%
10	127	58,8%	9,9%
11	121	64,7%	9,4%
12	74	70,6%	5,8%
13	72	76,5%	5,6%
14	53	82,4%	4,1%
15	29	88,2%	2,3%
16	9	94,1%	0,7%
17	1	100,0%	0,1%
<b>Average level of financial competence</b>	612	47,70%	

Regarding the success rates by questions, the results allow us to observe how certain aspects of personal finances are widely understood and internalized by the majority of the students, while other concepts present certain success rates that are certainly worrisome. Inflation and the calculation of total and unit costs rise as the best understood concepts, while savings planning, the determination of the risk profile and the hierarchy of financial obligations are the least understood concepts.

**Table 7: Success rates by concepts associated with questions (Source: own elaboration)**

Concept	Success Rate (%)
Inflation and purchase power	80%
Total costs	74%
Unit costs	69%
Simple interest rate	68%
Diversification and risk management	60%
Insurances	57%
Payrolls	55%
Compound interest rate	53%
Financial market investment	48%
Capitalization	44%
Saving planning	42%
Obligations prioritization	42%
Risk profile	39%

Mortgages	30%
Income tax	29%
Loans	21%
Market prices	17%

To deepen the results, a multivariate analysis of the financial literacy and competence rates of the students has been carried out. Using the generated segments, inferential analyses have been carried out to compare the levels of financial literacy and capacity of the students. The analysis of differences of means has been used to compare the different groups and subjects taken. The assumption of normality was verified using the Shapiro-Wilk test and the assumption of homoscedasticity using the Levene test. A Kruskal Wallis test was carried out to analyse those variables that did not meet the normality condition. For those variables that did meet this condition, an Anova test was carried out, with the subsequent Tukey post-hoc tests. We have worked with Stata 14.2, both for descriptive and inferential analysis, always considering a level of statistical significance of 5%.

This analysis has allowed us to obtain relevant conclusions as well as helps to understand what the particularities and characteristics of the academic and personal environment of the student that are generate groups with significant differences in their level of financial literacy and competence

The analysis of our results reveals a high degree of heterogeneity in the differences found among groups. While on the one hand, the academic profile appears to be a clear determinant of results at the level of financial literacy and competence, on the other hand robust differences between students for different educational levels, subjects taken, or results obtained have been found. Conversely, virtually no significant differences by personal profile have been found, but only by gender. In any case, there are no differences by income levels, role model influence or businessman role. This gives special relevance to the work in the classrooms and the academic training as determinants of the financial literacy and competence of Valencian youth.

However, this variability is not relegated to the differentiation between academic profile and personal profile. There is still evident heterogeneity within the academic profile. Thus, compulsory education students (those who have completed compulsory education or basic vocational training) have literacy and competence rates of 56.7% and 41.4% respectively, while students with intermediate studies (high-school and higher vocational training), increase their results to rates of 76.6% and 55.4% respectively. (8)

**Table 8: Descriptions and results of the Kruskal Wallis tests among groups by level of studies (Source: own elaboration)**

Observations	Financial literacy		Financial competence		
	Mean	Standard deviation	Mean	Standard deviation	
<i>Compulsory studies</i>	612	0.566	0.495	0.414	0.185
<i>Intermediate studies</i>	671	0.763	0.425	0.554	0.197
<i>Differences among segments</i>		-0.196***		-0.139***	

Asterisks indicate the statistical significance at 0.01 (\*\*\*), 0.05 (\*\*) and 0.10 (\*) levels.

This heterogeneity is also present among subjects taken (9), allowing us to obtain certain conclusions and draw future lines of work. While students who have completed the subjects of high-school (Economics in the first year and Business Economics and Fundamentals of Administration and Management in second year) present significantly higher results than those who have not completed these subjects, when analysing the level of compulsory education (ESO) and higher-basic vocational training, certain contradictions arise: some subjects present differences in favour of the students who have taken them, while others present them in favour of those who did not. Additionally, in most cases, these differences are not significant. This heterogeneity leads us to think that there are certain factors associated with students in lower-level education that contaminate the analysis by subject. Differences that can be associated with the lower age and therefore the maturity of the students or the lower interest given to the studies, given that certain of the students surveyed will surely not intend to continue their studies or, in any case, access to the University. A future analysis should introduce these particularities as potential moderating variables.

**Table 9: Descriptions and results of the Kruskal Wallis test among groups that have taken or not each subject (Source: own elaboration)**

	Observations	Financial literacy		Financial competence		
		Mean	Standard deviation	Mean	Standard deviation	
<i>Economy (1<sup>st</sup> year high-school)</i>	No	805	0.624	0.484	0.454	0.195
	Yes	478	0.744	0.436	0.543	0.207
<i>Diferences between segments</i>		-0.119***		-0.088***		
<i>Business Economics (2<sup>nd</sup> year high-school)</i>	No	753	0.593	0.491	0.434	0.190
	Yes	530	0.777	0.416	0.563	0.200
<i>Diferences between segments</i>		-0.183***		-0.129***		
<i>Fundamentals of Administration and Management (2<sup>nd</sup> year high-school)</i>	No	1092	0.646	0.478	0.470	0.200
	Yes	191	0.801	0.400	0.584	0.200
<i>Diferences between segments</i>		-0.154***		-0.113***		
<i>Business and Entrepreneurship (vocational studies)</i>	No	1237	0.672	0.469	0.487	0.203
	Yes	46	0.586	0.497	0.483	0.221
<i>Diferences between segments</i>		0.085		0.004		
<i>Initiation to Entrepreneurial and Business Activity (1<sup>st</sup> level ESO)</i>	No	1251	0.669	0.470	0.489	0.204
	Yes	32	0.656	0.482	0.404	0.191
<i>Diferences between segments</i>		0.013		0.085***		
<i>Initiation to Entrepreneurial and Business Activity (4<sup>th</sup> year ESO)</i>	No	1189	0.678	0.467	0.493	0.202
	Yes	94	0.553	0.499	0.418	0.217
<i>Diferences between segments</i>		0.125***		0.074***		
<i>Economy (4<sup>th</sup> year ESO)</i>	No	1010	0.681	0.466	0.500	0.203
	Yes	273	0.626	0.484	0.439	0.200
<i>Diferences between segments</i>		0.054*		0.061***		
<i>Financial Education (ESO)</i>	No	1273	0.669	0.470	0.487	0.204
	Yes	10	0.7	0.483	0.470	0.186
<i>Diferences between segments</i>		-0.030		0.017		

Asterisks indicate the statistical significance at 0.01 (\*\*\*), 0.05 (\*\*) and 0.10 (\*) levels.



From the analysis of the differences in the results among groups by academic results obtained to date (Table 10 and Table 11) two main conclusions are obtained. First, there are significant differences globally and among the different groups analysed. Thus, the tests carried out show that the level of financial literacy and competence of students is significantly different for distinct levels of academic results (p-value 0.00 in both cases). However, when performing a post-hoc analysis by pairs, the differences obtained are concentrated in few cases. This gives us the second conclusion: in general terms, we observe how significant differences are shown in favour of students with exceptional results compared to all others and, to a lesser extent, for certain comparisons between students with high results and the rest with lower performance. However, these differences are not exhibited when analysing the results between students of medium and low performance, which indicates that only when the student has a performance significantly higher than the average in their general studies and is, therefore, extraordinary, is able to transfer it to its performance in the financial literacy and competence tests carried out.

**Table 10: Descriptive for groups with different levels of academic results to date (Source: own elaboration)**

Observations	Financial literacy		Financial competence		
	Mean	Standard deviation	Mean	Standard deviation	
<i>Excellent</i>	88	0.795	0.405	0.580	0.194
<i>High</i>	417	0.729	0.445	0.520	0.202
<i>Medium</i>	706	0.617	0.486	0.459	0.203
<i>Low</i>	69	0.666	0.474	0.458	0.178
<i>Poor</i>	3	1	0	0.549	0.206

Asterisks indicate the statistical significance at 0.01 (\*\*\*) , 0.05 (\*\*) and 0.10 (\*) levels.

**Table 11: Results of the post-hoc tests among groups with different levels of academic results to date (Source: own elaboration)**

	Financial literacy				Financial competence			
	Contrast	Std. Err. S.d.	Tukey		Contrast	Std. Err. S.d.	Tukey	
			t	P> t			t	P> t
<i>Medium vs Excellent</i>	-0.177***	0.052	-3.37	0.007	-0.121***	0.022	-5.35	0.000
<i>Low vs High</i>	-0.062	0.060	-1.03	0.843	-0.062	0.026	-2.37	0.124
<i>Medium vs High</i>	-0.111***	0.028	-3.86	0.001	-0.061***	0.0124	-4.96	0.000
<i>Poor vs Excellent</i>	0.204	0.274	0.75	0.946	-0.031	0.118	-0.27	0.999
<i>Medium vs Low</i>	-0.049	0.058	-0.83	0.920	0.000	0.025	0.02	1.000
<i>Poor vs High</i>	0.270	0.270	1.00	0.855	0.028	0.116	0.24	0.999
<i>Excellent vs High</i>	0.066	0.054	1.21	0.744	0.060	0.023	2.55	0.080
<i>Poor vs Medium</i>	0.382	0.270	1.42	0.618	0.089	0.116	0.77	0.938
<i>Poor vs Low</i>	0.333	0.275	1.21	0.746	0.090	0.118	0.76	0.941
<i>Excellent vs Low</i>	0.128	0.075	1.71	0.425	0.122***	0.032	3.78	0.002

Asterisks indicate the statistical significance at 0.01 (\*\*\*) , 0.05 (\*\*) and 0.10 (\*) levels. S.d. means Standard deviation

However, this conclusion could be certainly risky, since from an analysis of the distribution of the answers in question number 5 of the questionnaire (How would you rate your school results so far?), which has been used for the segmentation of the answers, a high bias is observed to indicate high results. Thus, while only 3 students have indicated that they had poor results, a total of 88 have indicated "excellent" results. Moreover, while 417 students have identified their results as "high", only 69 consider them "low". It is logical to think, then, that the measurement of results, of a purely subjective nature, generates a certain bias in the analysis. It is highly probable, in view of the results, that a large part of the students consider that they have obtained results superior to those indicated by reality. Future research to this publication should address this discrepancy using an objective measure of results, such as the average note of the academic record or the university access note.

Just as the student's academic profile has generated significant differences in each of its segmentations, the personal profile points in an opposite direction, showing only significant differences in the groups generated based on the student's gender. In this sense, the results show a level of financial literacy of 63.5% in women and 70.5% in men. This difference is also showed in the level of financial competence, which is reduced to 46.7% in the case of women and 50.9% in the case of men (Table 12). Although it is evident that the capacity of men and women does not present significant differences at the cognitive level, this difference is explained by the traditionally greater interest shown by the male gender in the financial sector. In fact, this difference in the level of knowledge in finance between men and women has already been found recurrently in the literature (Bucher-Koenen et al., 2014, Lusardi & Mitchell, 2008, Mandell, 2008, Lusardi & Mitchell, 2009, Lusardi, Mitchell & Curto, 2010, INEE, 2014a, b, 2017, Cordero & Pedraja, 2016a).

Table 12: Descriptive and results of the means tests according to gender (Source: own elaboration)

Observations	Financial literacy		Financial competence		
	Mean	Standard deviation	Mean	Standard deviation	
<i>Women</i>	639	0.635	0.481	0.467	0,008
<i>Men</i>	641	0.705	0.456	0.509	0,008
<i>Differences between segments</i>		-0,069***		-0,042***	

Asterisks indicate the statistical significance at 0.01 (\*\*\*) , 0.05 (\*\*) and 0.10 (\*) levels.

When we continue with the analysis of the differences between the different levels of monthly household income (Table 13 and Table 14), we observe how, in no case, there are significant differences. Likewise, when contrasting the influence or implication of the role model (Table 15 and Table 16), which has been classified as high, medium and low depending on whether the student was in the upper, middle or lower third in the distribution of responses to the scale proposed in the questionnaire, no significant difference has been found.

Table 13: Descriptive by groups according to the monthly income level of the household (Source: own elaboration)

Observations	Financial literacy		Financial competence		
	Mean	Standard deviation	Mean	Standard deviation	
<i>From 1000 to 1999 Euros</i>	399	0.656	0.475	0.494	0.202
<i>From 2000 to 2999 Euros</i>	337	0.658	0.474	0.489	0.207
<i>From 3000 to 3999 Euros</i>	188	0.771	0.421	0.492	0.184
<i>From 4000 to 5999 Euros</i>	94	0.680	0.468	0.495	0.205
<i>Less than 1000 Euros</i>	90	0.6	0.492	0.490	0.211
<i>More than 6000 Euros</i>	63	0.634	0.485	0.472	0.235
<i>DK/NA</i>	112	0.642	0.481	0.449	0.210

Table 14: Results of the ANOVA and Kruskal-Wallis test by groups according to the monthly income level of the household (Source: own calculations)

Levels of monthly household income	Financial literacy		Financial competence	
	F	Prob>F	$\chi^2$	Prob> $\chi^2$
	2,01	0,062	5,443	0,488

Asterisks indicate the statistical significance at 0.01 (\*\*\*) , 0.05 (\*\*) and 0.10 (\*) levels.

**Table 15: Descriptive by groups according to the level of implication of the role model (Source: own elaboration)**

	Observations	Financial literacy		Financial competence	
		Mean	Standard deviation	Mean	Standard deviation
<i>High</i>	481	0.681	0.466	0.492	0.205
<i>Medium</i>	415	0.669	0.471	0.490	0.199
<i>Low</i>	387	0.655	0.475	0.480	0.207

**Table 16: Results of the ANOVA test by groups according to the level of implication of the role model (Source: own elaboration)**

<i>Level of implication of the role model</i>	Financial literacy		Financial competence	
	F	Prob>F	F	Prob>F
	0,35	0,7028	0,43	0,650

Asterisks indicate the statistical significance at 0.01 (\*\*\*) , 0.05 (\*\*) and 0.10 (\*) levels.

Finally, the level of financial literacy and competence is analysed based on the activity as a student entrepreneur role model or not (Table 17). It is curious how, both in financial literacy and competence, students with a non-entrepreneur role model have obtained better results. This difference, however, is not significant.

**Table 17: Descriptive and results of the Kruskal Wallis tests according to activity as a role model entrepreneur (Source: own elaboration)**

	Observations	Financial literacy		Financial competence		
		Mean	Standard deviation	Mean	Standard deviation	
<i>Entrepreneur role model?</i>	No	935	0.683	0.465	0.493	0.202
	Yes	341	0.636	0.481	0.476	0.208
<i>Differences between segments</i>			0.047		0.016	

## Conclusions and practical and academic implications

The analysis carried out shows relevant conclusions regarding the level of financial literacy and competence of the students of the Valencian Community, adding additional empirical evidence on determining factors in juvenile financial education.

Firstly, it is shown that there are very significant differences among students according to their academic profile. This materializes both in the simpler group division (compulsory studies or intermediate studies) and in the division according to whether or not they have taken certain subjects. Within this second distinction, it is extracted how the students who have taken high-school subjects show a behaviour far superior to those that have not taken them. However, these differences are not always observed among students who have completed ESO or vocational training courses, which leads us to conclude that certain aspects of high-school students, essentially age, maturity and incentive, enable them to absorb from most successful way in terms of finance treated in the classroom.

This conclusion is in full agreement with a critical current against the early introduction of financial education in the school curriculum, which refers to its limited usefulness, since its distance from the moment of real application will lead to the dilution of knowledge acquired when it is going to be used (McDermott, 2014, Eley, 2014). The performance of financial education is also considered in this sense conditioned by the attitude of the student before the subject. Thus, both the self-confidence (Arellano et al., 2014) and the effort (approximated by indicators of perseverance) (Fernández de Guevara, Serrano & Soler, 2014) of the students have been identified as moderating variables of the effect of the instruction on Financial knowledge in the PISA 2012 tests in Spain

With regard to the academic results of the student, it is only verified that those with extraordinary results obtain better results than the rest. When going down to high levels of results, there is still some significant difference, but it disappears in the

middle and low levels. This makes us think that we may have to obtain results that are much higher than the average to be able to transfer these more global results to specific financial tests.

With regard to the personal profile, a greater performance is observed in male students. These results point in the same line as the existing literature to date, in which gender has stood out as a discriminating variable, with men achieving better results both among the adult population (Bucher-Koenen et al., 2014, Lusardi & Mitchell, 2008) and the juvenile (Mandell, 2008, Lusardi & Mitchell, 2009, Lusardi, Mitchell & Curto, 2010). We converge to the Spanish evidence in this issue (INEE, 2014a, b, 2017, Cordero & Pedraja, 2016a). We believe that this may be due to the traditionally greater interest of the male sector in the field of finance, both personally and professionally and we believe that it is necessary to enhance the female interest in this field through activities both inside and outside the educational curriculum.

Finally, the family environment, as we have measured it, does not generate groups with significant differences among them in terms of results. Thus, the different segments generated based on the family income level have not shown different results. Likewise, those groups with a higher level of implication in the role model have not done so, nor those in which this role model was an entrepreneur.

In general terms, we detect a great significance of classroom training for the acquisition of financial competences. This has important practical implications for the teachers of both public and private pre-university institutions, since they reinforce the role of formal education as a key determinant for the development of university students with high literacy rates and high levels of financial competence.

## Bibliography

- [1] Albert, C., Neira, I., García-Aracil, A. (2014). Capital cultural y social: sus efectos en el conocimiento financiero según PISA 2012". En INEE (2014b). Informe español. Análisis secundario. PISA 2012 Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid, pp. 5-23.
- [2] Arellano, C., Cámara, N., Tuesta, D. (2014). The effect of self-confidence on financial literacy". BBVA Research Working Paper, n° 14/28, Fundación BBVA, Madrid.
- [3] Atkinson, A., Messy, F.A. (2013). Promoting financial inclusion through financial education. OECD Working Papers on Finance, Insurance and Private Pensions, n° 34, OECD Publishing, Paris.
- [4] Batty, M., Collins, J.M., Odders-White, E. (2015). Experimental evidence on the effects of financial education on elementary school students' knowledge, behavior and attitudes. *Journal of Consumer Affairs*, 49(1), pp. 69-96.
- [5] Beck, T., Kunt, A.D., Levine, R. (2007). Finance, inequality and the poor. *Journal of Economic Growth*, 12(1), pp. 27-49.
- [6] Bernheim, B.D., Garrett, D.M., Maki, D.M. (2001). Education and savings: The long-term effects of high school financial curriculum mandates. *Journal of Public Economics*, 80(3), pp. 435-465.
- [7] Berry, J., Karlan, D., Pradhan, M. (2015). The impact of financial education for youth in Ghana. National Bureau of Economic Research, Paper No. 21068.
- [8] Brown, M.W., Van der Klaauw, J.W., Zafar, B. (2013). Finance education and the debt behavior of the young. Federal Reserve of New York. Staff Report, n° 634, Nueva York.
- [9] Bruhn, M., de Souza, L., Legovini, A., Marchetti, R., Zia, B. (2013). Financial education and behavior formation: Large-scale experimental evidence from Brazil. Presentation World Bank, World Bank, Washington.
- [10] Bucher-Koenen, T., Lusardi, A., Alessie, R., van Rooij, M. (2014). How financially literate are women? An overview and new insights. National Bureau of Economic Research, Paper No 20793.
- [11] Caballero, G., Tejada, F. (2014). Nuevos retos en el sector financiero. Recuperando la confianza". In Fundación de estudios Financieros (2014), Nuevos desafíos del sector financiero: recuperando la confianza y mejorando la cultura financiera, Papeles de la Fundación, n° 52, Madrid.
- [12] Chakrabarty, K.C. (2012). Financial literacy and consumer Policies. Panel Discussion on "Financial literacy and consumer protection", Washington, 22th april, BIS Central Bankers Speeches.
- [13] Christelis, D., Jappelli, T., Padula, M. (2010). Cognitive abilities and portfolio choice. *European Economic Review*, 54(1), pp. 18-38.
- [14] Comisión de las Comunidades Europeas (2007d). La educación financiera. COM(2007) 808 final, Bruselas.
- [15] Cordero, J.M., Pedraja, F. (2016a). La educación financiera y su efecto sobre el conocimiento financiero de los alumnos españoles en PISA 2012. Documento de Trabajo, n° 786, Funcas, Madrid.
- [16] Cordero, J.M., Pedraja, F. (2016a). La educación financiera y su efecto sobre el conocimiento financiero de los alumnos españoles en PISA 2012. Documento de Trabajo, n° 786, Funcas, Madrid.

- [17] Cordero, J.M., Pedraja, F. (2016b). Exploring the effect of financial literacy courses on student achievement: A cross study approach using PISA 2012 data. Munich Personal RePEc Archive (MPRA), Paper No. 75474.
- [18] Danes, S.M., Huddleston-Casas, C., Boyce, L. (1999). Financial planning curriculum for teens: Impact evaluation. *Financial Counseling and Planning*, 10(1), pp. 25-37.
- [19] Disney, R., Gathergood, J. (2013). Financial literacy and consumer credit portfolios. *Journal of Banking and Finance*, 37(7), pp. 2246-2254.
- [20] Domínguez, J.M. (2017). Los programas de educación financiera: aspectos básicos y referencia al caso español. E-pública. Revista electrónica sobre la enseñanza de la economía pública, nº 20.
- [21] Eley, J. (2014). Lessons in finance are just beginning. *Financial Times*, 29 de agosto.
- [22] Fernández de Guevara, J., Serrano, L., Soler, L. (2014). Esfuerzo y competencia financiera en España: un análisis con datos PISA. En INEE (2014b), Informe español. PISA 2012 Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid, pp. 25-50.
- [23] Gnan, Silgoner y Weber (2007). Economic and financial education: Concepts, Goals and measurement. *Monetary Policy & The economy*. pp 1-22.
- [24] Greenwood, J., Jovanovic, B. (1990). Financial development, growth, and the distribution of income. *Journal of Political Economy*, 98, pp. 1076-1107,
- [25] Hastings, J.S., Madrian, B.C., Skimmyhorn, W.L. (2012). Financial literacy, financial education and economic growth. NBER Working Paper Series, WP 18412.
- [26] Hirad, A., & Zorn, P. (2001). Prepurchase homeownership counseling: A little knowledge is a good thing. In N. Retsinas & E. Belsky (Eds.), *Low-income homeownership: Examining the unexamined goal* (pp. 146–174). Washington, DC: Brookings Institution Press.
- [27] Hospido, L., Villanueva, E., Zamarro, G. (2015). Finance for all: The impact of financial literacy training in compulsory secondary education in Spain. Banco de España Working Papers, WP 1502/2015, Banco de España, Madrid.
- [28] INEE (2014a). Informe español. PISA 2012 Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid.
- [29] INEE (2014b). Informe español. Análisis secundario. PISA 2012 Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid.
- [30] INEE (2017). Informe español. PISA 2015. Programa para la evaluación internacional de los alumnos. Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid.
- [31] Jamison, J.C., Karlan, D., Zinman, J. (2014). Financial education and Access to savings accounts: Complements or substitutes? Evidence from Ugandan Youth Clubs. *National Bureau of Economic Research Papers*, No. 20135.
- [32] Klapper, L., Lusardi, A., & Van Oudheusden, P. (2015). *Financial Literacy Around the World*. Standard & Poor's Ratings Services Global Financial Literacy Survey. Washington: Standard & Poor's
- [33] Levine, R. (1997). Financial Development and Economic growth: Views and agenda. *Journal of Economic Literature*, 35, pp. 688-726.
- [34] Levine, R. (2005). Finance and growth: Theory and evidence. En Aghion, P., Durlauf, S. (Eds.), *Handbook of economic growth*. Elsevier, Amsterdam, vol. 1, pp. 865-934.
- [35] Lührmann, M., Serra-garcía, M., Winter, J. (2015). Teaching teenagers in finance: does it work?. *Journal of Banking & Finance*, 54, pp. 160-174.
- [36] Lusardi, A. (2011). A framework for evaluating financial education programmes. In OCDE (2011), *Improving financial education efficiency*. OECD-Bank of Italy Symposium on financial literacy, OECD Publishing, Paris.
- [37] Lusardi, A. (2015). *Harnessing financial education to spur entrepreneurship and innovation*. 3rd Global Policy Research Symposium to Advance Financial Literacy, Paris, may.
- [38] Lusardi, A., Michaud, P.C., Mitchell, O.S. (2013). *Optimal financial knowledge and Wealth inequality*. National Bureau of Economic Research Working Paper, No. 18669, Cambridge.
- [39] Lusardi, A., Mitchell, O.S. (2008). Planning and financial literacy: How do women fare?. *American Economic Review, Papers and Proceedings*, 98(2), pp. 413-417.
- [40] Lusardi, A., Mitchell, O.S. (2009). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. *National Bureau of Economic Research Working Paper*, No. 15350, Cambridge.
- [41] Lusardi, A., Mitchell, O.S. (2009). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. *National Bureau of Economic Research Working Paper*, No. 15350, Cambridge.
- [42] Lusardi, A., Mitchell, O.S. (2011). Financial literacy around the World: An overview. *Journal of Pension Economics and Finance*, 10(4), pp. 497-508.

- [43] Lusardi, A., Mitchell, O.S. (2011b). Financial literacy and retirement planning in the United States. *Journal of Pension Economics and Finance*, 10(4), pp. 509-525
- [44] Lusardi, A., Mitchell, O.S. (2014). The Economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), pp. 5-44.
- [45] Lusardi, A., Mitchell, O.S. (2014). The Economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), pp. 5-44.
- [46] Lusardi, A., Mitchell, O.S. (2014). The Economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1), pp. 5-44.
- [47] Lusardi, A., Mitchell, O.S., Curto, V. (2010). Financial literacy among the Young. *Journal of Consumer Affairs*, 44(2), pp. 358-380.
- [48] Lusardi, A., Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. *Journal of Pension Economics and Finance*, 14 (4), pp. 332-368.
- [49] Mancebón, M.J., Pérez, D. (2014). Alfabetización financiera, competencias matemáticas y tipo de centro. In INEE (2014b), Informe español. Análisis secundario. PISA 2012 Competencia financiera, Ministerio de Educación, Cultura y Deporte, Madrid, pp. 137-164.
- [50] Mandell, L. (2008). Financial education in high school. In Lusardi, A. (ed.), *Overcoming the saving slump: How to increase the effectiveness of financial education and saving programs*. University of Chicago Press, Chicago, pp. 257-279.
- [51] McDermott, J. (2014). Teaching finance at school: Wise Investment. *Financial Times*, 1 de septiembre.
- [52] Molina, J.A., Marcenaro, O.D., Martín, A. (2015). Educación financiera y sistemas educativos en la OCDE: un análisis comparativo con datos PISA 2012. *Revista de Educación*, 369, pp. 85-108.
- [53] Moreno, D., Campillo, J.C., Salas-Velasco, M. (2015). Factores asociados al rendimiento en competencia financiera en PISA 2012. *Investigaciones de Economía de la Educación*, 10, pp. 551-570.
- [54] OCDE (2005). *Improving financial literacy: Analysis of issues and Policies*. OECD Publishing, Paris.
- [55] OCDE (2008). *Improving financial education and awareness on insurance and private pensions*. OECD Publishing, Paris.
- [56] OCDE INFE (2015). 3rd OECD/GTLEC Global Policy Research Symposium to Advance Financial Literacy. *Harnessing financial education to spur entrepreneurship and Innovation*. Summary report. OECD Publishing, Paris.
- [57] Pinto, M.B., Parente, D.H., Mansfield, P.M. (2005). Information learned from socialization agents: Its relationship to credit card use. *Family and Consumer Sciences Research Journal*, 33(4), pp. 357-367.
- [58] Sánchez, J.I., Rodríguez, F. (2015). Educación financiera para la inclusión financiera: una hoja de ruta. *eXtoikos*, nº 17, pp. 17-20.
- [59] Stango, V., Zinman, J. (2009). Exponential growth bias and household finance. *The Journal of Finance*, 64(6), pp. 2807-2849.
- [60] Swinton, J.R., DeBerry, T.W., Scafidi, B., Woodard, H.C. (2007). The impact of financial education workshops for teachers on student's Economic achievement. *The Journal of Consumer Education*, 24, pp. 63-77.
- [61] Van Rooij, M., Lusardi, A., Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), pp. 449-472.
- [62] Van Rooij, M., Lusardi, A., Alessie, R. (2011). Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2), pp. 449-472.
- [63] Van Rooij, M., Lusardi, A., Alessie, R. (2012). Financial literacy, retirement planning and household Wealth. *The Economic Journal*, 122(560), pp. 449-478.
- [64] Varcoe, K.P., Martin, A., Devitto, Z., Go, C. (2005). Using a financial education curriculum for teens. *Journal of Financial Counseling and Planning*, 16(1), pp. 63-71.
- [65] Villasenor, J.D., West, D.M., Lewis, R.J. (2016). *The 2016 Brookings Financial and Digital Inclusion Project Report*. Advancing equitable financial options. The Brookings Institution, Washington.
- [66] Waldstad, W.B., Rebeck, K., MacDonald, R. (2010). The effects of financial education on the financial knowledge of high school students. *Journal of Consumer Affairs*, 44(2), pp. 336-357.
- [67] Webb, M.S. (2014). Financial savvy is not something schools can teach". *Financial Times*, September 2th.
- [68] Xu, I., Zia, B. (2012). *Financial literacy around the World: An overview of the evidence with practical suggestions for the way forward*. World Bank Policy Research Working Paper, No. 6107.

## **Role of Analysis CVP (Cost-Volume-Profit) as Important Indicator for Planning and Making Decisions in the Business Environment**

**MSc.Enkeleda Lulaj**

PHd.(cand.) University "Haxhi Zeka ",Peja/Kosovo

**Prof.Dr.Etem Izeni**

State University of Tetova, Tetova, Macedonia

### **Abstract**

This research intends to know how much the Cost-Volume-Profit Analysis is used to planning and making decisions in the business environment. The research has been done in manufacturing and service enterprises, using the combination of econometric models in order for the research to be as accurate and to have positive effect. The data are realized through structured questionnaires, using the Mann-Whitney U test, Brunner Munzel test, p-value, BootStrap, DF-degree of freedom, percent confidence interval, with the dependent and independent variables etc. In whom case the hypotheses are verified, which are raised .The results of this research showed that amount of product produced has positive effect on sales value to service companies and raising profit to the manufacturing business environment, also exists an important relationship between production and sales, and CVP analysis contributes to growth profitability and break-even in the business environment . So, as conclusion based on the results found from research, cost-volume-profit analysis should be used for making decisions, because the risk threshold evidently decreases by doing such analysis. The great demand from service companies for products it significantly increases profit and producing to manufacturing enterprises.

**Keywords:** CVP analysis, break even, costs, production, decision making, margin of contribution, risk threshold etc.

### **Introduction**

Managerial accountants, in the business environment should to calculate as: expenses, income, future profits etc. To help in planning and monitoring operations, they use it cost-volume-profit analysis (CVP), by identifying the necessary levels of operational actions: to avoid losses, to increase target profit, to planning future operations, to monitor the performance of the enterprise. They also analyze the operational risk of how to choose the appropriate costs for producing or service a product or more products.

### **Purpose of Research**

The purpose of this research is to see whether applied or not applied the cost-volume-profit analysis during planning and decision making, so what the effects in break even .Another important purpose in this research is to explore the relationship between the CVP analysis and the profitability analysis, in the business environment of the manufacturing and service, then to determine whether the CVP principles are being met and practiced in manufacturing and service enterprises in Kosovo. Which means: basically, the functioning of the CVP analysis is the principle which emphasizes "the lowest level of costs during the activities, and the revenue increases with the growth of activities in the business environment".

### **Methodology**

As ,case study we have chosen the manufacturing and service environment business in the Kosovo, namely the sale a product or more products affects the realization of profit for manufacturing enterprises , then what is the demand of the service companies and what is the demand of the consumers from the service companies ( a product or more products). For the most accurate realization of this research, we have used several econometric and statistical models during the observed period such as: Mann-Whitney U test, Brunner Munzel test, Degree of Freedom, Bootstrap including dependent

and independent variables. The test is realized with: manufacturing enterprises, service enterprises, and finally with consumers. Qualitative data during the observed period have been verified through raised hypotheses. The econometric and statistical model is processed through the SPSS and R program. Found results will help for planning and effective making decisions through CVP analysis.

## The Hypotheses

### Main hypotheses:

**H1: Exists significant relationship between manufacturing enterprises, service enterprises and customers?**

**H2: Cost-Volume-Profit Analysis is closely related to planning and decision making in the business environment?**

### Ancillary hypotheses:

**H0<sub>1</sub>: Selling more products (increased service) affects profit growth if the contribution margin covers the fixed costs?**

**H0<sub>2</sub>: The quantity of products produced has positive effect on sales value in service enterprises, and increased profits of manufacturing enterprises in the business environment?**

**H0<sub>3</sub>: Selling more products or mixed products (or offering more services) realizes the greatest profit than sale only one product (or offering only one service)?**

## Literature Review

Cost-Volume -Profit Analysis is management tool with which employees as managerial accountants help in making decisions convincing, which have volume of cost depending on activity within the business and implications in profit. But if the management of the enterprise does not apply the CVP analysis during the decision making process, it will result in low performance and profitability. About the definition, for the CVP analysis have given contribution many authors: According to Gautier Et al 2001<sup>1</sup> the CVP analysis shows the relationship between sales prices, production volume, costs, expenses and income, target profit. According to Drury (2000), the CVP analysis determines performance, measurement, control, stock evaluating, costs that need to be planned for production or service, the creating sales prices etc.<sup>2</sup> The definition of the CVP analysis according to the Accounting Institute's rules in the official terminology is "Calculating the predetermined cost as sum, should be under the special conditions of work in the enterprise (business environment).<sup>3</sup> According to Hilton R.W <sup>4</sup>according to mathematical approach, CVP shows the relationship between revenue and cost.

### What is Cost-Volume-Profit Analysis?

Cost-volume-profit analysis is a technique that examines changes in profits, in sales volume, costs, and prices. CVP analysis can be valuable tool in identifying the stretch and size of the economic problems with which the company facing, this analysis helps locate these problems. The CVP analysis is used to ensure information for planning and decision-making such as: choosing problems during planning of products for sale, expanding or narrowing the production line, exploitation of production capacities during the expansion or recession economy of the country. So that managerial accountants to make planning for the future, they should take it information about:

Products or services that affecting in profit maximizing?

Sales volume to reached target profit?

The necessary income to avoid losses?

The contribution margin should cover fixed costs in order to avoid risk?

Should a firm invest in highly automated machinery and reduce its labor force?

---

<sup>1</sup> Scientific paper, volume third pg. 2.

<sup>2</sup> Drury 4 the.Chapter 9

<sup>3</sup> Accounting institute regulations

<sup>4</sup> Hilton R.W



Should a firm advertise more to improve its sales?

### The Purpose of CVP Analysis?

The purpose of the CVP analysis is to create a question that can be used to predict the profits of the enterprises, change in profit or any other element within the question that enterprise managers take into account by expressing the relationship between: sales price, sales volume, variable and fixed costs etc., by adhering this question as a powerful tool for the budgeting process, making decisions, controlling the production that the managers do. So in other words, management accountants should focus on this analysis at the beginning of the production or service process, because there is no time for successive changes.<sup>1</sup>

### The Assumptions of CVP Analysis

Total costs based on business activity are divided into fixed and variable costs,

Selling price is constant ,

Costs are linear and can be divided into variable and fixed elements ,

In multi-product companies ,sales mix is constant ,

In manufacturing companies, inventories do not change etc.

These assumptions help CVP analysis for the exact profit forecasting, but sometimes business operations cannot match all assumptions, in such cases the analysis results in approximation with these assumptions that help in making decisions.

### Methods of Cost-Volume-Profit Analysis

There are two main methods that used in the CVP analysis:

Graphic approach - This method is very useful, because it highlights relations between the cost-volume-profit in a wider aspect of business activities (manufacturing and service). In this case it enables managers, greater perspective to planning and making decisions for the future<sup>2</sup> . The steps included in the graphical method are three: the profit area, the loss zone, the equilibrium zone. Based on three areas, managerial accountants should to planning production quantity, sales price, target profit, risk threshold.

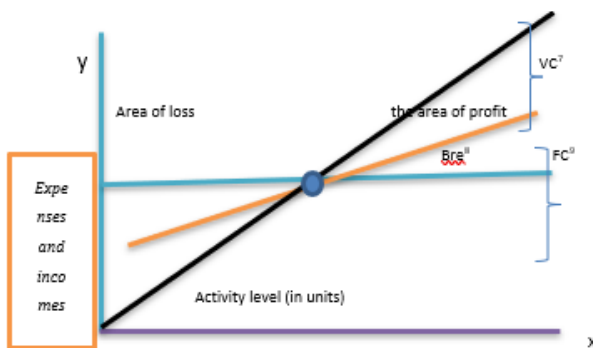


Fig.1. Cost-Volume-profit Analysis in Enterprise (Classical Approach)

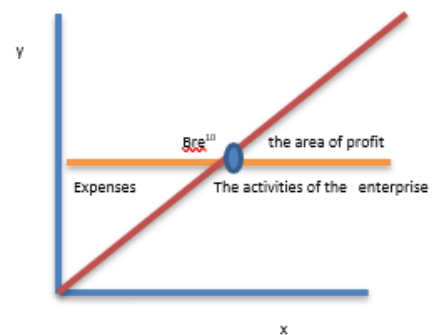
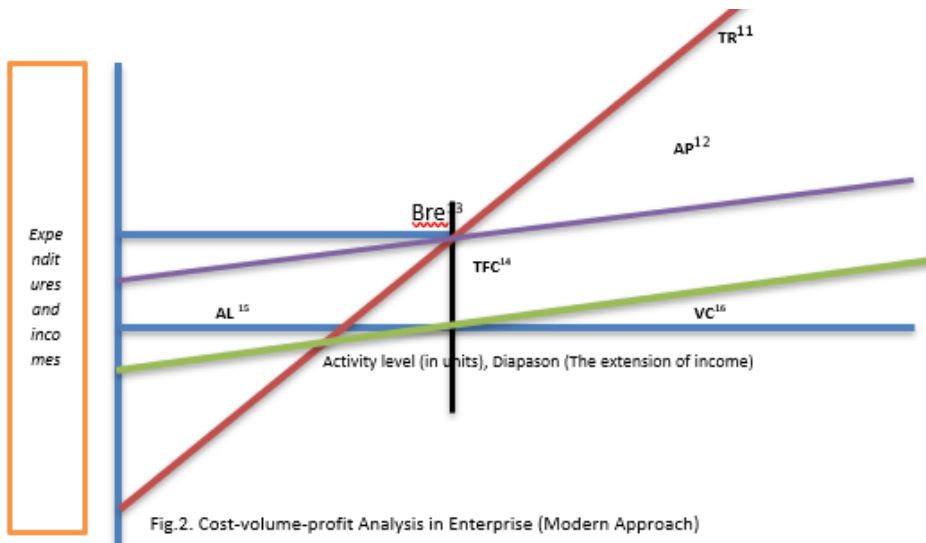


fig.2. Break-even of the enterprise

<sup>1</sup> Cost accounting chapter 17 cost volume profit analyses ,pg.590

<sup>2</sup> Gautier et al 2001 accounting theory and practice



Algebraic approach- This approach helps to incorporate marginal contribution, income statement, and estimation of several cost-volume-profit factors such as: sale price for unit, variable costs for unit, fixed costs of sales, target profit, marginal contribution for unit etc.

$$\text{Contribution} = \text{sales} - \text{variable cost} (1)^1$$

$$\text{Profit} = \text{contribution} - \text{fixed cost} (2)^2$$

$$\text{Sales} - \text{variable cost} = \text{fixed cost} + \text{profit} (3)^3$$

$$\text{Sales (in units)} = \text{fixed cost} + \text{target net income} / \text{contribution margin per unit} (4)^4$$

$$\text{Targeted operating income} = \text{target net profit} / 1 - \text{tax rate} (5)^5$$

$$\text{Quantity of products to be sold} = \text{Fixed costs} + \text{Targeted operating income} / \text{contribution margin per unit} (5)^6$$

$$\text{Risk threshold} = \text{Fixed costs} / \text{Margin of contribution per unit} (6)$$

Expressed in monetary units (€)

$$\text{Risk Threshold} = \text{Fixed Costs} / \text{Contribution Margin Report} (7)$$

Where:

$$\text{Contribution Margin Report} = \text{Contribution Margin per Unit} / \text{Revenue from sale per Unit} (8)$$

For sale:

$$\text{Risk Threshold} = \text{Fixed Costs} * \text{Value of Sales} / \text{Margin of Contribution} (9)$$

$$\text{CMR (unit)} = \text{selling price} - \text{variable cost per unit} / \text{selling price} (10)^7$$

<sup>1</sup> The contribution margin equation - the margin of the contribution must cover fixed costs, thus the revenue exceeds fixed costs. The unit contribution margin is the ratio between the sales price and the variable cost per unit (Horngren 2006) 2006)

<sup>2</sup> Ibid

<sup>3</sup> This difference helps the business to know whether it is in the risk threshold or not. The level of sales in which operating income is equal to zero, sales above the risk threshold result in profit, while sales below the risk threshold result in losses.

<sup>4</sup> Based on this formula, can be calculated incomes from operations.

<sup>5</sup> If we want to see the impact of profit tax on CVP analysis, we use this formula

<sup>6</sup> Using the contribution margin method, with the purpose of determining the target operating income according to the formula

<sup>7</sup> Security margin report - Shows discounts in possible sales, that may occur before we have operational loss

**CMR (Total) = Total Sales - Total Variable Cost / Total Sales (11)<sup>1</sup>**

**CMR = fixed cost + profit / contribution + cost variable (12)<sup>2</sup>**

**Notes:**

**CMR = change in profit / change in sales volume (13)<sup>3</sup>**

**Operating leverage rate = Margin of contribution / Net operating income (18)<sup>4</sup>**

### **When and for What CVP Analysis Will Be Used**

CVP analysis used to provide general information on relations Cost-Volume-Profit for business environment. Accountants also use it to provide the necessary information: for sale, for planning, for control, decision making problems, budget control, sale price decision, product replacement, distribution channel selection, sales volume setting, performance measurement, product quality, customer requirements (Meigs, 1996).

The profit forecast- First, the firm decides on its sales, the costs before the profit calculation, and then decides on the production.

### **Decision-Making for Mixed Products**

Decision and planning which ones products will be produced and which ones will be abandoned, will help the business environment (manufacturing enterprises and service enterprises) to maximize profit. This will be realized by taking into consideration of the sales and production that has been made in the previous years, all this depends on the demand of consumers what to produce or what to serve, and what to be abandoned.

### **Budget Control**

Budget control is the creation of a budget regarding the responsibility of the manager, the policy requirements, and the continuous comparison of the production and service process (J.O.Kalu)<sup>5</sup>. Budget control has to do with using the budget to control operational activities or to secure individual actions, as well as to provide a basis for its re-scrutiny. Cost-volume-profit analysis can be used in the budget control field to compare the sales budget, volume, cost, and actual profit.<sup>6</sup>

### **Decision-Making on Prices**

The price decision affects the quality of production and sales, revenue = cost. Managers need to understand patterns of behavior, the product cycle chain, to reach profit (Horngren 2006)<sup>7</sup>. According to Horngren (2006), great influences on the price decision have customers, competitors and cost. Consumers influence the price, through their demand for products or services, based on the features of the product, quality, etc. The cost also affects the price decision, because the cost affects the supply. The lower the cost of producing a product the greater is the opportunity to supply the consumer with the product or service, thus affecting the growth of operating income. The use of cost-volume-profit analysis in this field is necessary to examine the cost of manufactured products and the planned profit before making the price decision.<sup>8</sup>

### **Case Study in Manufacturing and Service Enterprises**

This research makes the combination of analysis during the design of the length of the research, determining if the principles of CVP analysis used in the business environment. The purpose of this analysis is to test the credibility of the data from the hypotheses raised, and from the questionnaire realized with the consumers, manufacturing and services enterprises.

---

<sup>1</sup> ibid

<sup>2</sup>Security margin report - Shows discounts in possible sales, that may occur before we have operational loss

<sup>3</sup> This happens when the sales price is left out altogether.

<sup>4</sup> This happens when the sales price is left out altogether.

<sup>5</sup> J.O.Kalu

<sup>6</sup> CVP analysis

<sup>7</sup> Horngren 2006).

<sup>8</sup> Horngren 2006).

$$r_{xy} = \frac{\sqrt{(n\sum x^2) - (\sum x)^2(n\sum y^2) - (\sum y)^2}}{(19)}$$

$$\frac{n\sum xy - \sum x \sum y}{n\sqrt{\sum x^2 - (\sum x)^2/n} \sqrt{\sum y^2 - (\sum y)^2/n}}$$

or

$$r^2_{xy} = \frac{\sum xy^3}{\sqrt{(\sum x)^2(\sum y)^2 - (20)}}$$

$$\sqrt{(\sum x)^2(\sum y)^2 - (20)}$$

$$T-Is \text{ calculated} = \sqrt{n-2} / \sqrt{1-r^2} - (21)$$

Product	Product x	Product y	Product z
Sales price per unit	10€	7€	5€
Variable cost per unit	5	5	4
Margin of contribution per unit	5	2	1
Report for mixed sale	3	3	2
Fixed costs for the observed period 150 euros			
Net income for the observed period 700 euros			

Product	Product x	Product y	Product z
Sales price per unit	10€	7€	5€
Variable cost per unit	5	5	4
Margin of contribution per unit	5	2	1
Report for mixed sale	3	3	2
Fixed costs for the observed period 150 euros			
Net income for the observed period 700 euros			

**Table .1.Sales for mixed products<sup>5</sup>**

**Point of profitability:**

$$\text{Step 1: NI}^6 = (P^7_1 * Rm^8_1) + (P_2 * Rm_2) + (P_3 * Rm_3) \text{ (22)}$$

$$\text{Step 1: } (10€ * 3) + (7€ * 3) + (5€ * 2) = 30 + 21 + 10 = 61€^9$$

**Step 2: Total price for three products / mixed sales ratio (23)**

$$\text{Step 2: } 61 \text{ euro} / 8 = 7,625^{10}$$

**Step 3: Difference from MK<sup>11</sup> to Mixed Sales \* Variable X - Fixed Costs=0 (24)**

$$\text{Step 3: } 7.63 \text{ euro} * X \text{ variable} - 150 \text{ euro} = 0$$

$$7.63 \text{ euro} * X \text{ variable} = 150 \text{ euro}$$

$$\text{Variable } X = 150 / 7.63$$

$$\text{Variable } X = 19,66^{12}$$

**Step 4: Total variables X \* MSR / MSR for three products (25)<sup>13</sup>**

Step 4:

<sup>1</sup> n-number of years or months

<sup>2</sup> x-dependent variables

<sup>3</sup> y-independent variables

<sup>4</sup> Correlation coefficient

<sup>5</sup> Model elaborated by the authors for the auxiliary hypotheses H0<sub>1</sub> and H0<sub>3</sub>

<sup>6</sup> Net income

<sup>7</sup> Sales price per unit

<sup>8</sup> Report for mixed sale

<sup>9</sup> 61€ the total for the ratio between sales and sales prices for mixed (mixed)

<sup>10</sup> 7,625 -The average difference from the contribution margin for mixed sales

<sup>11</sup> Margin of Contribution

<sup>12</sup> Total units that included in three products from mixed sales

<sup>13</sup> For reason, partial units cannot be sold until to the final product

Products x:  $19.66 * 3/3 + 3 + 2 = 58.98 / 8 = 7.373 \approx 7$  units

Products y:  $19.66 * 3/3 + 3 + 2 = 58.98 / 8 = 7.373 \approx 7$  units

Products z:  $19.66 * 2/3 + 3 + 2 = 39.32 / 8 = 4.915 \approx 5$  units

Step 5: Testing for business environment for the sales of three products

**Step 5: (MC<sup>1</sup> \* Unit sold per product X) + (MC \* Unit sold per product Y) + (MC \* Unit sold per product Z)(26)**

$(5 \text{ €} * 7 \text{ units}) + (2 \text{ €} * 7 \text{ units}) + (1 \text{ €} * 5 \text{ units}) = 35 + 14 + 4 = 53 \text{ euro}^2$

**Units sold for target profit =  $FC^3 + TP^4 / MCu^5$  (27)**

$UsTp^6 = 150 + 700/8 = 850/8 = 106.25^7$

Sales  $(106.25 * 22 \text{ euro}) = 2337.5$

-V.C  $(106.25 * 14 \text{ euro}) = 1487.5$

MC  $(106.25 * 14 \text{ euro}) = 850$

-FC150

**Operating income 700 euro<sup>8</sup>**

Variable	The quantity of products produced has positive effect on sales value in service enterprises, and increased profits of manufacturing enterprises in the business environment (mixed products ,fixed costs , margin of contribution, purchase price, selling price, offerings of manufacturing and service enterprises , requests from customers and service enterprises etc.)	
	Co-efficient	P-value
Constant	817248.3	658902.2
T	1.240	
sales value of GB and PB	.146	0.028
T	5.233**	
R	.856**	
R <sup>2</sup>	.732	
F.ratio	27.380	

**Table 2.The results obtained from the regression analysis<sup>9</sup>**

<sup>1</sup> Margin of contribution

<sup>2</sup> Margin of contribution per units

<sup>3</sup> Fixed costs

<sup>4</sup> Target profit

<sup>5</sup> Margin of contribution per units

<sup>6</sup> Units sold for target profit

<sup>7</sup> Target profit

<sup>8</sup> Hypotheses H01 and H03 are confirmed, where with the sale of some products when the contribution margin covers fixed costs, then the enterprise will realized profit, so statistically the H01 and H03 are important.

<sup>9</sup> Explanation: important at 5% level. The second auxiliary hypothesis is confirmed

MANUFACTURING ENTERPRISES		SERVICE ENTERPRISES	
Consumers <sup>1</sup>	Evaluation	Consumers <sup>2</sup>	Evaluation
1	4	1	7
2	3	2	9
3	6	3	10
4	2	4	5
5	5	5	8
6	2	6	6

**Table 3. Customer assessment for service companies, and evaluation of service companies for products produced by manufacturing enterprises.<sup>3</sup>**

Evaluation for the manufacturing enterprises and the service enterprises<sup>4</sup>

$$S1: T1 = 4 + 1.5 + 5.5 + 7.5 + 1.5 + 3 = 23$$

$$S1: T2 = 5.5 + 10 + 9 + 7.5 + 3 + 12 = 55$$

$$S3: N = 6$$

$$\mu = n1 \cdot n2 + nX(nx+1)/2 - TX \quad (32)$$

$$S4: \mu = 6 \cdot 6 + 6(6+1)/2 = 55$$

$$\mu = 36 + 21 = 55$$

$$\mu = 2$$

S5: Use of critical values U for test M-W. The significance level 5%<sup>5</sup>

$$N1 = 20$$

$$N2 = 20$$

$$\text{Total } 127^6$$

S6: Use of critical values U for test M-W. The significance level 1%<sup>7</sup>

$$N1 = 20$$

$$N2 = 20$$

$$\text{Total } 105^8$$

For  $n1=6$  and  $n2=6$  critical value per U is 5% evaluation for both enterprises.

For  $n1=6$  and  $n2=6$  critical value per U is 1% evaluation for both enterprises.

$${}^9\mu = 2^{10}$$



<sup>1</sup> Explanation, numbers 1-6 have to do with 600 consumers in both companies for the observed period.

<sup>2</sup> Explanation, numbers 1-6 have to do with 600 consumers in both companies for the observed period.

<sup>3</sup> Explanation: The assessment of this test was done by the service companies and consumers, taking into account all the variables (dependent and independent)

<sup>4</sup> Explanation: Mann-Witney test for both enterprises

<sup>5</sup> Significance 5% level

<sup>6</sup> M-W test

<sup>7</sup> Significance 1% level

<sup>8</sup> M-W test

<sup>9</sup> Hypothesis is confirmed

<sup>10</sup> Data realized by the interview

Testing .05 significance level =5

Testing .01 significance level =2

**Data analysis through other tests such as: Brunner Munzel test and Bootstrap Method for confirmed (substantiate) the auxiliary and main hypotheses.**

**We Analyzed the Questions for Both Enterprises: <sup>1</sup>**

Questions (6,10,22,25 manufacturing enterprises ) and questions (3,6,7,9,10,13 service enterprises)for confirming the first auxiliary hypothesis  $H_{01}$

Questions(1,3,6,7,9,12,13,14,21,25,27,29 manufacturing enterprises) and questions (3,6,7,9,13,7 service enterprises) for confirming the second auxiliary hypothesis  $H_{02}$

Questions(15,16, 22, 27 , manufacturing enterprises) and questions (15,16,21,22 ,service enterprises) for confirming the third auxiliary hypothesis  $H_{03}$

Questions(8,12,14,17 , manufacturing enterprises) and questions (6,7,8,17,21,27, service enterprises) for confirming the main hypothesis  $H_1$

Questions(1,2,4,5,11,13,18,19,20,21,23,24,25,26,27,28,29,30,manufacturing enterprises ) and questions (1,2,4,5,11,12,13,14,18,19,20,21,23,24,25,26,28,29,30, service enterprises) for confirming the main hypothesis  $H_2$

Since our data originates from a Likert-Scale questionnaire ranging values from 1 to 5, the usual one sample t-test is inappropriate. Hence, we select the advanced method proposed by Brunner-Munzel, which compares two groups for stochastic equality. In doing so, we combine the Brunner-Munzel test approach with a Bootstrap Method, in order to generate a second group, which results from a completely randomized synthetic sample. Mathematically, this corresponds in testing:

$$H_0: p = P(X < Y) + 0.5 * P(X = Y) \leq 0.5 \quad \text{vs.} \quad H_1: p > 0.5 \quad (28)^2$$

$$T = \sqrt{n} \frac{X_{n1} - X_{n2}}{\sqrt{\frac{s_1^2 + s_2^2}{n_1 + n_2}}} \quad (29)$$

$$n_1 = n_2$$

$$p = P(X_1 < X_2) + 1/2 P(X_1 = X_2) \quad (30)$$

$$p = P(X_1 < Y_1) + 1/2 P(X_1 = Y_1) \quad (31)$$

Using the Brunner.Munzel.test function in R. Using B = 10,000 bootstrap replicates, we approximate the p-value of the Brunner-Munzel test by using the strong law of large numbers, which guarantees the convergence of the sample mean p-Values to the true p value to confirm the first auxiliary hypothesis  $H_{01}$  for two enterprises . The results can be obtained in the following table 4 :

MANUFACTURING ENTERPRISES					SERVICE ENTERPRISES				
Variable	Brunner-Munzel Test , Bootstrap	P- Value	Df	Percent confidence interval	Variable	Brunner-Munzel Test , Bootstrap	P- Value	Df	Percent confidence interval
P6	0.063*	0.022	23.5	95%	P3	0.027**	0.013	21.6	95%
P10	0.08*	5.07	26.4	95%	P6	0.047***	0.416	17.5	95%
P22	0.16	0.10	19.7	95%	P7	0.020**	0.001	16.8	95%
P25	0.022**	0.01	22.4	95%	P9	0.038**	0.137	27.7	95%

<sup>1</sup> Brunner Munzel test , Bootstrap method

<sup>2</sup> Mathematically testing the hypotheses for manufacturing enterprises and service enterprises

					P10	0.042**	0.269	17.6	95%
					P13	0.025**	0.006	19.6	95%

**Table.4:Bootstrap p values of the one –sided Brunner Munzel test using 10000 replicates based on n= 15 observations .**

The first auxiliary hypothesis is proved 95%, but only two variables show no satisfactory result. Explanation below<sup>1</sup>

Using the Brunner.Munzel.test function in R. Using B = 10,000 bootstrap replicates, we approximate the p-value of the Brunner-Munzel test by using the strong law of large numbers, which guarantees the convergence of the sample mean p-Values to the true p value to confirm the second auxiliary hypothesis **H0<sub>2</sub>** for two enterprises . The results can be obtained in the following table 5 :

MANUFACTURING ENTERPRISES					SERVICE ENTERPRISES				
Variabl e	Brunner-Munzel Test , BootStrap	P- Value	Df	Percent confidence interval	Variable	Brunner-Munzel Test , BootStrap	P- Value	Df	Percent confidence interval
P1	0.055*	0.706	27.3	95%	P3	0.027**	0.013	21.6	95%
P3	0.014***	1.306	23.7	95%	P6	0.047**	0.416	17.5	95%
P6	0.063*	0.022	23.5	95%	P7	0.027**	0.001	16.8	95%
P7	0.054*	0.673	25.5	95%	P9	0.038**	0.137	27.7	95%
P9	0.020**	0.001	20.1	95%	P13	0.025**	0.006	19.6	95%
P12	0.10*	1.98	26.4	95%	P27	0.020**	0.012	27.4	95%
P13	0.030**	0.034	21.4	95%					
P15	0.041**	0.203	27.3	95%					
P21	0.028**	0.025	16.4	95%					
P25	0.022**	0.01	22.4	95%					
P27	0.043**	0.267	25.9	95%					
P29	0.036**	0.094	23.2	95%					

**Table.5:Bootstrap p values of the one –sided Brunner Munzel test using 10000 replicates based on n= 15 observations .**

The second auxiliary hypothesis is proved 95%, but only four variables show no satisfactory result to manufacturing enterprises. Explanation below<sup>2</sup>

<sup>1</sup> Based on data analysis through methods and econometric tests, for the first auxiliary hypothesis **H0<sub>1</sub>** , for manufacturing and service enterprises , we can conclude: In the manufacturing enterprises from 30 compiled variables, for the first auxiliary hypothesis are adapted 4 variables, of which 3 are confirmed at the level of significance 5% (or 95%), while 1 variable not indicates neither results. So, the variable that has given the most satisfactory result for this hypothesis is Q25 (0.01% -0.05%), while the one that has not given any positive result is Q22 (0.005% -0.1%). In the service enterprises from 30 compiled variables, for the first auxiliary hypothesis are adapted 6 variables, of which 5 are confirmed at the level of significance 5% (or 95%), while 1 variable it shows result but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q7 (0.01% -0.05%), while the one that has shown result but not very good is Q6 (0.005% -0.1%)

<sup>2</sup> Based on data analysis through methods and econometric tests, for the second auxiliary hypothesis **H0<sub>2</sub>**, for manufacturing and service enterprises, we can conclude: In the manufacturing enterprises from 30 compiled variables, for the second auxiliary hypothesis are adapted 12 variables, of which 8 are confirmed at the level of significance 5% (or 95%), while 4 variable have shown result, but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q3 (0.01% -0.05%), whereas the one that has shown result but not very good is Q12 (0.005% -0.1%). In the service enterprises from 30 compiled variables, for the second auxiliary hypothesis are adapted 6 variables, of which 6 are confirmed at the level of significance 5% (or 95%).So, the variable that has given the most satisfactory result for this hypothesis is Q27 (0.01% -0.05%).



Using the Brunner.Munzel.test function in R. Using B = 10,000 bootstrap replicates, we approximate the p-value of the Brunner-Munzel test by using the strong law of large numbers, which guarantees the convergence of the sample mean p-Values to the true p value to confirm the third auxiliary hypothesis  $H0_3$  for two enterprises . The results can be obtained in the following table 6 :

MANUFACTURING ENTERPRISES					SERVICE ENTERPRISES				
Variabl e	Brunner-Munzel Test , BootStrap	P- Value	Df	Percent confidenc e interval	Variabl e	Brunner-Munzel Test ,BootStr ap	P- Value	Df	Percent confiden ce interval
<b>P16</b>	<b>0.022**</b>	0.002	26.2	95%	<b>P15</b>	<b>0.050**</b>	0.665	21.4	95%
<b>P15</b>	<b>0.041**</b>	0.203	27.3	95%	<b>P16</b>	<b>0.061*</b>	0.853	22.6	95%
<b>P22</b>	<b>0.057*</b>	0.759	27.4	95%	<b>P21</b>	<b>0.019***</b>	0.002	15.4	95%
<b>P27</b>	<b>0.043**</b>	0.267	25.9	95%	<b>P22</b>	<b>0.020**</b>	0.013	23.8	95%

**Table 6. Bootstrap p values of the one –sided Brunner Munzel test using 10000 replicates based on n= 15 observations .**

The third auxiliary hypothesis is proved 95%, but only two variables show no satisfactory result. Explanation below <sup>1</sup>

Based on the three auxiliary hypotheses elaborated above, we now will confirmed or not, the main hypotheses.

Mathematically this corresponds with testing:

$$T= \sqrt{n} \frac{Xn1-Xn2}{\sqrt{\frac{s1^2}{n1}+\frac{s2^2}{n2}}} \quad (32)$$

$$n_1=n_2$$

$$p= P (X_1 < X_2) + 1/2P(X_1 = X_2) \quad (33)$$

$$p= P (X_1 < Y_1) + 1/2P(X_1 = Y_1) \quad (34)$$

$$H1: p = P(X < Y) + 0.5 * P(X = Y) \leq 0.5 \quad \text{vs.} \quad H1 : P > 0.5 \quad (35)$$

Using the Brunner.Munzel.test function in R. Using B = 10,000 bootstrap replicates, we approximate the p-value of the Brunner-Munzel test by using the strong law of large numbers, which guarantees the convergence of the sample mean p-Values to the true p value to confirm the main hypothesis H1 for two enterprises . The results can be obtained in the following table 7:

<sup>1</sup> Based on data analysis through methods and econometric tests, for the third auxiliary hypothesis  $H0_3$ , for manufacturing and service enterprises, we can conclude: In the manufacturing enterprises from 30 compiled variables, for the third auxiliary hypothesis are adapted 4 variables, of which 3 are confirmed at the level of significance 5% (or 95%), while 1 variable has shown result, but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q16 (0.01% -0.05%), whereas the one that has shown result but not very good is Q22 (0.005% -0.1%). In the service enterprises from 30 compiled variables, for the third auxiliary hypothesis are adapted 4 variables, of which 3 are confirmed at the level of significance 5% (or 95%), while 1 variable has shown result, but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q22 (0.01% -0.05%), whereas the one that has shown result but not very good is Q16 (0.005% -0.1%).

MANUFACTURING ENTERPRISES					SERVICE ENTERPRISES				
Variable	Brunner-Munzel Test BootStrap	P-Value	Df	Percent confidence interval	Variable	Brunner-Munzel Test BootStrap	P-Value	Df	Percent confidence interval
P8	0.022**	0.002	20.6	95%	P6	0.047**	0.416	17.5	95%
P12	0.033**	0.050	23.0	95%	P7	0.029**	0.001	16.8	95%
P14	0.01*	3.01	17.7	95%	P8	0.020**	0.019	18.5	95%
P17	0.025**	0.007	24.0	95%	P17	0.023**	0.003	17.3	95%
					P21	0.021**	0.001	19.2	95%
					P27	0.027**	0.012	27.4	95%

Table 7. Bootstrap p values of the one –sided Brunner Munzel test using 10000 replicates based on n= 15 observations .

The main hypothesis is proved 95%, but only one variables show no satisfactory result at manufacturing enterprises. Explanation below<sup>1</sup>

Using the Brunner.Munzel.test function in R. Using B = 10,000 bootstrap replicates, we approximate the p-value of the Brunner-Munzel test by using the strong law of large numbers, which guarantees the convergence of the sample mean p-Values to the true p value to confirm the main hypothesis H2 for two enterprises . The results can be obtained in the following table 8:

MANUFACTURING ENTERPRISES					SERVICE ENTERPRISES				
Variable	Brunner-Munzel Test BootStrap	P-Value	Df	Percent confidence interval	Variable	Brunner-Munzel Test BootStrap	P-Value	Df	Percent confidence interval
P1	0.022**	0.001	27.4	95%	P1	0.041**	0.209	25.3	95%
P2	0.045**	0.147	18.6	95%	P2	0.049**	0.475	22.8	95%
P4	0.032**	0.051	24.7	95%	P4	0.035**	0.099	16.7	95%
P5	0.020**	0.001	17.7	95%	P5	0.017***	0.001	20.9	95%
P11	0.028**	0.019	19.4	95%	P11	0.042**	0.235	25.1	95%
P13	0.042**	0.251	19.1	95%	P12	0.018***	0.001	23.5	95%

<sup>1</sup> Based on data analysis through methods and econometric tests, for the main hypothesis H1,for manufacturing and service enterprises, we can conclude: In the manufacturing enterprises from 30 compiled variables, for the main hypothesis are adapted 4 variables, of which 3 are confirmed at the level of significance 5% (or 95%), while 1 variable not showing any results. So, the variable that has given the most satisfactory result for this hypothesis is Q8 (0.01% -0.05%), while not showing any results is Q14 (0.1 %-).In the service enterprises from 30 compiled variables, for the main hypothesis are adapted 6 variables, all are confirmed at the level of significance 5% (or 95%) . But, the variable that has given the most satisfactory result for this hypothesis is Q7 (0.01% -0.05%).

P18	0.034**	0.066	22.1	95%	P13	0.017***	0.001	20.0	95%
P19	0.036**	0.097	27.9	95%	P14	0.035**	0.060	18.4	95%
P20	0.023**	0.231	17.3	95%	P18	0.047**	0.400	27.7	95%
P21	0.028**	0.025	16.4	95%	P19	0.044**	0.304	25.3	95%
P23	0.028**	0.014	27.17	95%	P20	0.030**	0.038	18.7	95%
P24	0.015***	5.899	21.9	95%	P23	0.020**	0.122	27.2	95%
P25	0.036**	0.088	20.3	95%	P24	0.037**	0.116	20.5	95%
P26	0.039**	0.190	16.3	95%	P25	0.068**	4.48	14.7	95%
P27	0.045**	0.341	24.3	95%	P26	0.033**	0.058	19.0	95%
P28	0.031**	0.034	23.4	95%	P28	0.040**	0.199	18.8	95%
P29	0.039**	0.154	22.4	95%	P29	0.024**	0.006	17.0	95%
P30	0.032**	0.050	21.8	95%	P30	0.018***	0.001	23.7	95%

**Table 8. Bootstrap p values of the one –sided Brunner Munzel test using 10000 replicates based on n= 15 observations .**

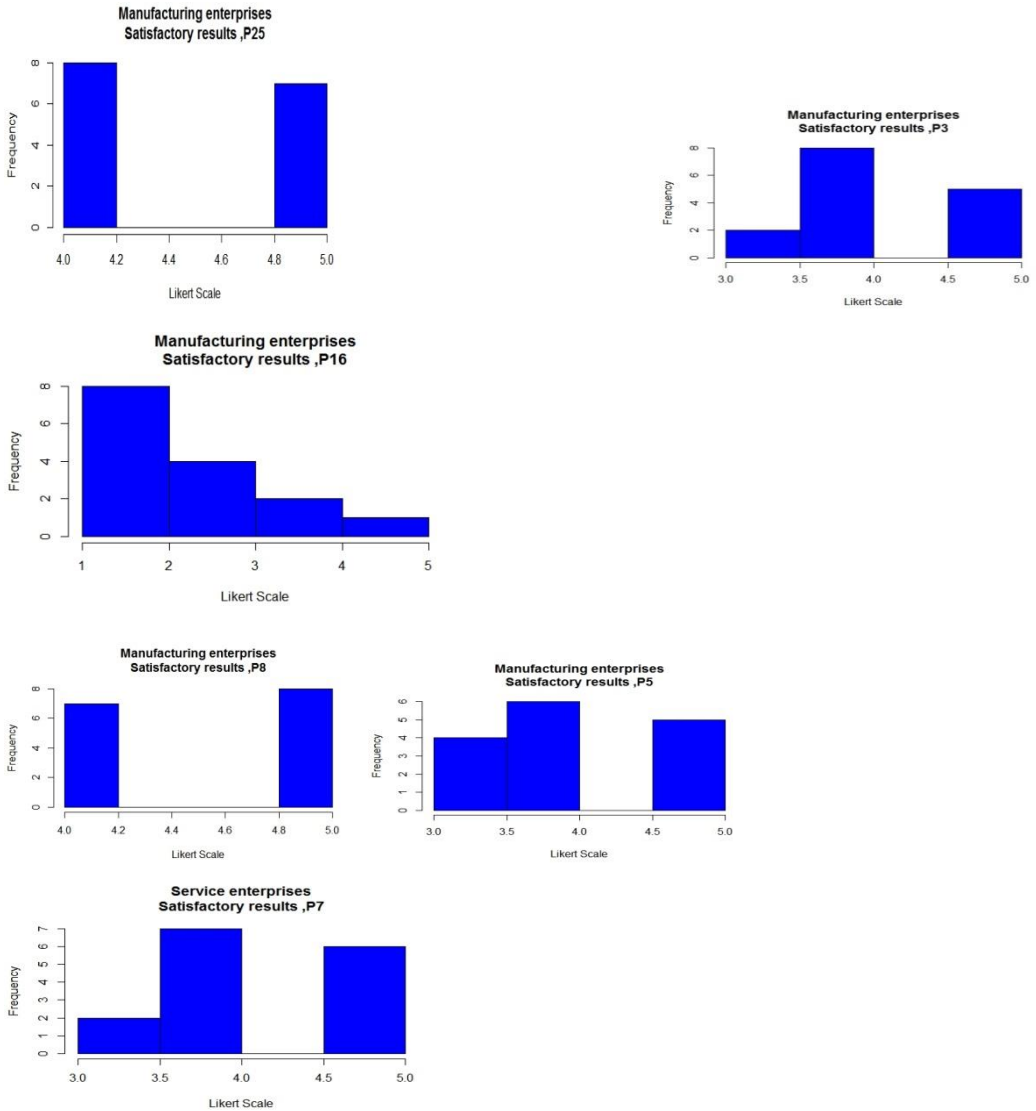
The main hypothesis is proved 95%, but only one variables show no satisfactory result at manufacturing enterprises. Explanation below<sup>1</sup>

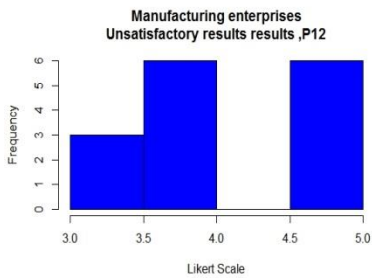
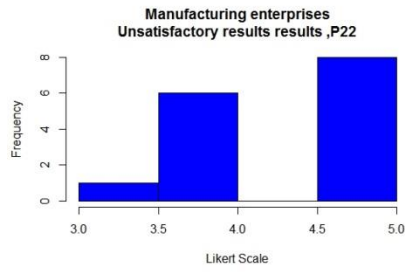
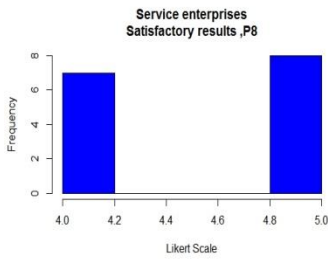
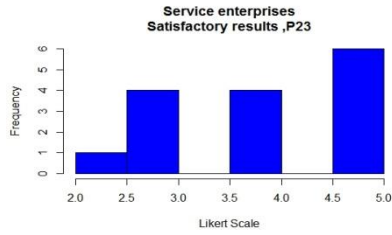
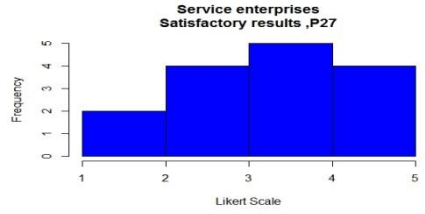
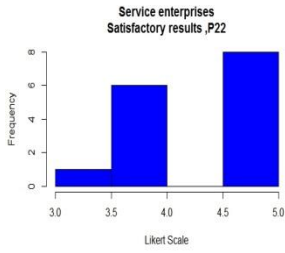
NR.	HYPOTHESES	THIS INDICATES THE OUTCOME ,THE MOST SATISFACTORY	THE MOST	THIS INDICATES THE OUTCOME ,BUT NOT VERY GOOD
1	The main hypothesis H1			
A	Manufacturing enterprises	8		14
B	Service enterprises	8		/
2	The main hypothesis H2			
A	Manufacturing enterprises	5		24
B	Service enterprises	23		14
3	The auxiliary hypothesis H0 <sub>1</sub>			
A	Manufacturing enterprises	25		22
B	Service enterprises	7		6
4	The auxiliary hypothesis H0 <sub>2</sub>			
A	Manufacturing enterprises	3		12
B	Service enterprises	27		/

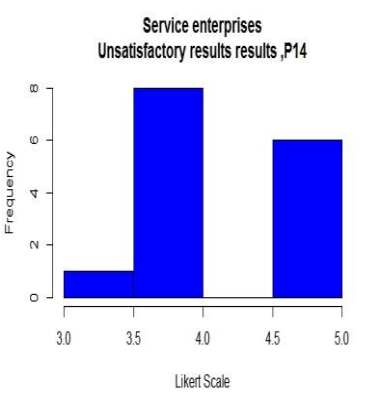
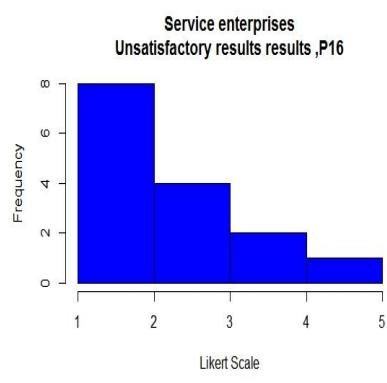
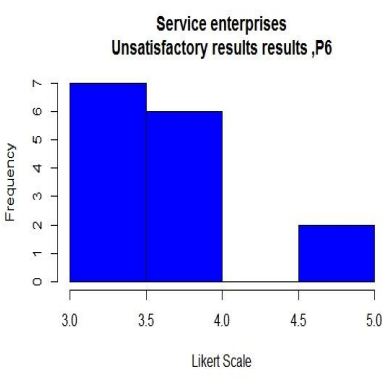
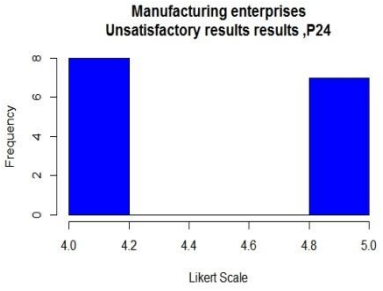
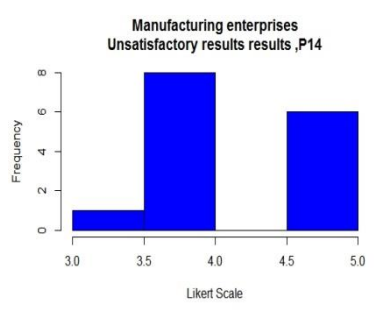
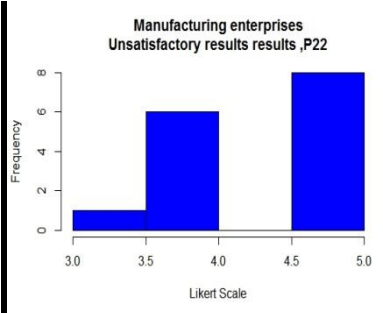
<sup>1</sup> Based on data analysis through methods and econometric tests, for the main hypothesis H2, for manufacturing and service enterprises, we can conclude: In the manufacturing enterprises from 30 compiled variables, for the main hypothesis are adapted 18 variables, of which 17 are confirmed at the level of significance 5% (or 95%), while 1 variable has shown result, but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q5 (0.01% -0.05%), whereas the one that has shown result but not very good is Q24 (0.01%). In the service enterprises from 30 compiled variables, for the main hypothesis are adapted 18 variables, of which 14 are confirmed at the level of significance 5% (or 95%), while 4 variable has shown result, but not very good. So, the variable that has given the most satisfactory result for this hypothesis is Q23 (0.01% -0.05%), while the one that has shown result but not very good is Q14 (0.1%).

<b>5</b>	The auxiliary hypothesis H0 <sub>3</sub>	16	22
<b>A</b>	Manufacturing enterprises	22	16
<b>B</b>	Service enterprises		

Table 8: Analysis of results between the two companies for the three auxiliary hypotheses and the 2 main ones







## Conclusions and Recommendations

Based on the research carried out during this scientific study, we conclude that cost-volume-profit analysis is an important measure during planning and decision making for business environment in manufacturing and service enterprises. We can further emphasize that this analysis has important role in the decisions taken by management of manufacturing and service companies. During the course of this research, an examination of the effect of cost-volume-profit analysis on competitive enterprises, we can conclude for following findings:

The purpose of this research was to review the effect of the CVP analysis in the planning and decision making process, because in previous periods for reasons inefficiency has awakened ignorance by enterprises and in this case the CVP analysis was ignored during making decision.

The study found that CVP analysis is considered and plays a major role in the decision-making process in the production environment, influencing decisions made by management for the products to be produced, costs, and sales,

CVP analysis plays an important role in service companies, influencing decision-making by management for: the products to be served, to be purchased by manufacturing companies, and customer requirements.

Also, this research shows that production and service enterprises pay particular attention to this analysis during the planning process based on the previous years,

Further, this study revealed that applying of techniques cost-volume-profit analysis, to during the decision-making process increases management efficiency to a large extent,

In addition, it was found that the benefits derived from the application of this analysis include: effective cost control, high production and service capacity, and increased profitability,

The research also found that the value of product sales and the quantity produced has a positive effect on the profit realized by the manufacturing and service companies, in coordination with market and consumer demand, so there is a link between production, service and consumers,

Also exists a link between cost of production, service costs and realized profit,

This study, it has concluded that CVP analysis is a tool used to provide useful information for making important and reasonable decisions for efficient management,

In conclusion we can emphasize that the CVP analysis needs to be applied even more in all businesses, because the managerial effect will be more profitable and risk management will be greater, given that the contribution margin should always cover fixed costs. Because in the moment when fixed costs are greater than units produced and sold, then we will result in a negative result,

Each of these elements; cost, volume and profit should be taken into account in the process of making managerial decisions and planning, in both as manufacturing and service enterprises,

Manufacturing enterprises in the business environment needs to explore the market in order to produce those products that have biggest sales, and they must also report the results of the past years to CVP analysis, by making the right innovations during planning and decision making,

Service companies in the business environment need to explore the market in order to serve with the products that have the biggest sales, and they must also report the results of the past years to CVP analysis, by making the right innovations during planning and decision making,

High production and servicing capacity, as and profit growth will only if the cost-benefit analysis is applied correctly,

Manufacturing and service enterprises, in the business environment should employ well-known experts who will make the correct application of the CVP analysis,

**This research is of great importance, and all the hypotheses were verified through econometric models, serving all researchers for further or more extensive analysis.**

### Biography for authors:

- [1] Enkeleda Lulaj , punon në Universitetin “Haxhi Zeka” në Pejë ,Shteti i Kosovës . Mban mësim për lëndët e Kontabilitetit dhe Financave , gjithashtu është Anëtare e Bordit Drejtues të Universitetit.Ka dhe publikime të tjera nga lëmia e financave dhe kontabilitetit . Studion për Doktoraturë në Maqedoni /Tetovë!
- [2] Prof.Dr.Etem Iseni ,punon në Universitetin e Tetovës ,Shteti i Maqedonisë . Mban mësim për lëndët e Kontabilitetit dhe Financave ,Ka dhe publikime të tjera nga lëmia e financave dhe kontabilitetit .
- [3] This section in the bibliography will be written in Albanian:

### Bibliography :

- [1] Abdel-Kader, M., R. Luther. Management accounting practices in the British industry”, -B: British Food Journal, Vol 108, No 5, 2006,
- [2] Atkinson K, Matsamura Y, 2012. Management Accounting. 6rd edn. NY: Springer Publication.
- [3] Barry, C.B., J.I. Velez-Arocho and P. R. Welch, “A Bayesian Approach to CVP Analysis under Parameter Uncertainty.” Quarterly Review of Economics and Business 24(2), 71-90, (1984).
- [4] Blocher J, Edward Ch, Kung H, Lin W, 2004. “Cost Management: A Strategic Emphasis. 2rd edn. NY: Mc-Grow Hill.
- [5] Briciu Sorin , Management assisted by cost calculation, Publisher: Risoprint, Cluj Napoca, 2003
- [6] Budugan Dorina, Georgescu Iuliana, Berheci Ioan, BeĀianu Leontina, Management Accounting, Publisher: CECCAR, Bucharest 2007,
- [7] Chen S, Dodd J, 1997. Economic Value Added: An Empirical Examination of a new Corporate Performance Measure. Journal of Managerial Issues
- [8] Cost management ,accounting & control ,Hansen ,Moven ,Guan.
- [9] Cost-Volume-Profit Analysis: Incorporating the Cost of Capital. Journal of Managerial Issues.
- [10] Epuran Mihail, Băbăiță Valeria, Grosu Corina, Accounting and Management Control, Publisher Economică, Bucharest, 1999
- [11] González, L. 2001. Multiproduct CVP analysis based on contribution rules, International Journal of Production Economics
- [12] Horngren Charles T, Datar Srikant M, Foster George, Cost accounting a managerial approach, Publish Arc, 2006 .
- [13] Horngren, C.T.; Datar, S.M., & Foster, G. 2003. Cost Accounting: A Managerial Emphasis, 11th Edition. Person Education, New Jersey.
- [14] Mankiw G, 2008. Principle of Microeconomics. International Journal of Engineering Science and Technology.
- [15] Questionnaire realized in manufacturing and service companies
- [16] Schneider A , 1994. How to Include Earnings-based Bonuses in Cost-Volume-Profit Analysis. Journal of Managerial Issues.
- [17] Stewart G, 1991. The Quest for Value: A Guide for Senior Managers. NY: Harper Business Publication.
- [18] Shrieves R, Wachowicz J, 2001. Future Cash Flow, EVA and NPV: A Reconciliation of Variations of Discounted Cash Flow Valuation. Engineering Economist
- [19] Williams, J. 1922. Technique for The Chief Executive, Bulletin of The Taylor Society VII



## **Factors of Financial Behavior and Relationship Among Them - Relationship of Personality, Attitude Towards Risk, Demographic Factors and Psychological Biases as Factors of Financial Behavior**

**MSc.Blerina Dervishaj**

University of Vlora "Ismail Qemali

Department of Finance

### **Abstract**

Literature acknowledges through different theoretical and empirical findings that investor personality traits, risk attitudes, psychological biases, and socio-demographic factors affect investor financial decisions. Being aware of personality traits can enable a person to overcome emotional and psychological tendencies in dealing with different financial choices. Risk is a factor that forms the financial decisions of individual investors, as it involves decisions about an uncertain future. Researchers have studied many socio-demographic features to help explain the differences in investor behavior. In order to understand and explain individual decision making and investment behavior, it is necessary not to study behavioral factors as unconnected, but to also explore their relationships with each other. The paper aims to present the correlation between personality traits, socio-demographic factors, psychological biases and perception of financial risk on investment decisions as important factors of financial behavior.

**Keywords:** personality trait, risk attitude, psychological bias, socio-demographic factor, relation

### **Introduction**

Literature recognizes through theoretical and empirical findings that investor personality traits, risk attitude, psychological biases, and socio-demographic factors affect investor financial decisions (Durand, Newby and Sanghani 2006, Murgea 2010, Thomas and Rajendran 2012, Venter, Michayluk and Davey 2007). In order to understand and explain individual decision making and investment behavior, it is not only necessary to study behavioral factors which impact it, but to also explore their relations to each-other. Knowing personality traits which they possess and attitude to risk they hold, helps investors manage better their irrationality when faced with their own psychological biases. The subject of the study is the theoretical presentation of the link between personality traits, socio-demographic factors, psychological biases and perception of financial risk on investment decisions as factors of financial behavior. The tendency to "fall prey" to psychological behavioral biases, the willingness to carry risk, investor personality traits, and preference for investing time horizon, play an important role in developing investment strategies. Based on these features, investment experts who are financial specialists, provide consulence on portfolio creation and assets' allocation (McGuckian, 2013). The paper is organized as follows: at first we present the Big Five Personality Model, where we learn about different types of personality. Then we show the relationship between Personality types and Psychological biases, based on other researchers' empirical evidence, whereas the other section discusses about the relationship between Personality Types and Risk Tolerance. The last two sections discuss respectively about the Socio-Demographic Factors - Psychological Biases correlation and Socio-Demographic Factors and Risk Tolerance correlation, according to Financial Behavior point of view.

### **The 5-Factor Model of Personality**

An important factor in financial decision-making is the entirety of personality traits that characterize the investor. Personality is the entirety of innate and acquired traits that distinguish individuals from each other. All the features such as emotions, abilities, motives, physical-psychomotor and cognitive features, values, beliefs, attitudes and opinions shape the personality (Kleinman, 2014). Personality helps to identify who a person is and what motivates him (Dollinger and Orf 1991, Soane and Chmiel 2005). Being aware of personality traits enables a person to overcome emotions and psychological bias when dealing with different financial choices. Self-aware can also help an individual to use information in a more effective way to improve decision-making. Profiling investors based on personality traits helps them reduce their sensitivity to behavioral

bias through programs adapted to investors (Pompian and Longo, 2004). For each personality type, investors will be able to recognize their respective psychological biases which play crucial role in financial decision-making (Bashir et al., 2013).

Recognizing investor's personality can also help financial advisors to create better portfolios (Pan and Statman, 2012). If you can identify what kind of basic investor you are and then diagnose your specific unreasonable behaviors, you will be in a better position to overcome these behaviors and closer to your financial goals (Pompian, 2012). Studies have highlighted links between psychological biases and personality traits.

The disposition effect (long-time holding of 'losing assets' and selling them in advance) and the availability bias (relying on the information that first comes to your mind as a solution for something), depend on personality traits. Overconfidence and overreaction to unexpected events are linked to personality traits (Durand, Newby, Tant, and Treepongkaruna, 2013). The individuals' personality can be assessed using different models such as: Personality Model Proposed by Rotter (1966); The BB & K model, proposed by Bailard et al. (1986), Myers-Briggs Type Index by Myers and McCaulley (1985), The Big Five Personality Features by Costa and McCrae (1992) etc. Studies in this field show that personality can be divided into five main features (Peterson, 2012).

The Five-factor Model of Personality Features ("Big Five") is the dominant personality search paradigm (McCrae 2009) thus becoming one of the most common and most effective models in trait studies (McCrae 2009). Its adaptability in all cultures was tested by McCrae and Costa Jr (1997). Using the five-factor model of personality traits as well as other personality-determining gauges, personality traits are linked to a wide range of decisions and investment outcomes (Durand, Newby and Sanghani, 2008). Five Big Factors have been defined: *openness to experience*, *conscientiousness*, *extraversion*, *agreeableness*, and *neuroticism* (Borghans et al., 2008). The model reflects the individual interaction of the investor with the world according to his personality traits during his coping with psychological behavioral bias.

#### *Openness to new experiences*

This kind of individuals fit easily and tend to have new ideas and unique values. They tend to accept new social, political and ethnic beliefs; prefer simplicity to uncertainty, (Sadi et al., 2011), they are curious and original; they tend to understand things quickly, have a vivid imagination and interesting ideas (Pan and Statman, 2013).

#### 2. *Responsibility and conscientiousness*

The main features of this type of personality are self-discipline, competence, order and task fulfillment. Conscious people are responsible, trustworthy, stable, and organized (Sadi et al., 2011), and tend to follow a set schedule, are always prepared and pay attention to details (Pan and Statman, 2013). Investors of this type of personality tend to believe that their investments are better than those of other investors (Jamshidinavid et al., 2012).

#### *Extroversion*

This type of individual is easily influenced by external elements and has low self-control, characterized by low will, negligence, flexibility, sensitivity, good humor, being sociable and lack of principles (Sadi et al., 2011); they like to go out, are enthusiastic and chatty.

#### *Agreeableness*

Individuals of this kind of personality tend to respect others and be honest in their relationships. Their main features include modesty, being direct and loyal. They tend to be very flexible towards others' desires (Sadi et al., 2011). They make people feel good, understand their feelings and spend their time on others, tend to be generous and grateful (Pan and Statman, 2013).

#### *Neuroticism*

The main features of the investor with this kind of personality include impulsiveness, depression, anxiety and anger. These individuals are unstable and tend to be worried and irritated for anything very easily (Pan and Statman, 2013). Investors with this personality type, tend to be nervous, concerned, and emotionally unstable, (Jamshidinavid et al., 2012).

### **1.2 The Connection between Personality Traits and Psychological Bias according to the Financial Behavioral Point of View**

In different studies there is a strong link between personality and psychological bias in financial decision-making (Lin, HW, 2011); Kowert Hermann, 2013).

*Neuroticism* - Neurotic people are more likely to exhibit herding biases than people who have other personality traits (Bashir et al., 2013). According to Lin (2011), neuroticism has an important positive link with the herding and disposition bias, implying that investors with this trait would prefer to win by selling stock in advance because they worry about the investment loss caused by the further fall of stock price. They also act on other investors' recommendations due to lack of confidence. Neurotic individuals have a tendency to avoid short-term investments (Mayfield et al., 2008). Low neuroticism avoids anxiety towards negative outcome decisions (Nicholson et al., 2005).

*Extraversion* - The link between overconfidence and extraversion is obviously positive (Bashir et al., 2013). Extraverted investors tend to risk and continue to hold "losing" shares hoping that their price will rise again, (Jamshidinavid et al., 2012). In the study of the connection between the Big Five Model personality traits and overconfidence, extraversion is linked positively to overconfidence, but not necessarily to accuracy (Schaefer et al., 2004). There is a positive correlation between extraversion and retrospective tendency (Sadi et al. (2011). Investors with this type of personality generally tend to follow colleagues' recommendations that may result in herding trend (Jamscwn et al., 2012).

*Agreeableness* - Investors with this trait have a positive relationship with overconfidence (Zaidi and Tauni, 2012) and herding bias in stock market (Jamshidinavid et al., 2012). Self-attribution tendency is higher in individuals with high level of agreeableness.

*Conscientiousness* - Investors with this personality trait have a positive relation with overconfidence (Bashir et al., 2013) and with disposition bias implying that this kind of investors sell the 'winners' in advance. Individuals with high level of conscientiousness exhibit self-attribution bias and the tendency of regret aversion.

*Openness to Experience* - The trait of openness to experience has a significant positive link with overconfidence and herding bias (Lin, 2011). This kind of investors tend to buy and sell shares very often due to their high level self-confidence (Jamshidinavid et al., 2012). There is a positive correlation between openness to experience and retrospective bias as well as an opposite link with availability bias (Sadi et al., 2011). Openness to experience is closely related to accuracy (Schaefer et al., 2004), which implies that this type of personality gains knowledge from different fields.

### **1.3 The Link between Personality Traits and Risk Tolerance According to the Financial Behavioral Point of View**

There is a strong relation between personality traits and risk tolerance (Kowert dhe Hermann, 2013). Ali and Waheed (2013) have studied the impact of personality traits, psychological behavioral bias and cultural factors of the attitude of the individual investor on risk tolerance.

Personality impact in risk behavior can be understood more clearly by the differences between different individuals (Soane and Chmiel, 2005). Risk Tolerance is positively linked to Extraversion and Openness to Experience and negatively related to Neuroticism, Agreeableness and Conscientiousness (Nicholson, Soane, Fenton-O'Creedy and Willman, 2005). Pan and Statman (2013) surveyed about 2,500 investors to study the relation between personality traits, psychological behavioral bias and risk tolerance. The study found that high risk tolerance is connected to high levels of extraversion. The same authors have found high risk tolerance also is connected to high level of openness to experience (Nicholson et al., 2005), (Kowert and Hermann, 1997). c

Grinblatt and Keloharju (2009) find a positive relationship between trade activity and searching of emotions. Emotional search is likely to be associated with extraversion due to their need for emotions and the openness to experience due to active research of individuals open to experience. Horvath and Zuckerman (1993), suggest that emotional seekers value risk as smaller and experience less anxiety in risky activities. In different experiments, emotional seekers risk in tasks where they have to decide among alternatives with varying degrees of probability and expected return (Wong and Carducci 1991).

There are contradictory findings on the relation of *openness to experience* with the investment time horizon. Thus, individuals with this personality trait tend to engage in long-term investments (Mayfield et al., 2008), but according to Akhtar and Batool (2012) these investors tend to make short-term investments. Lakshmi et al. (2013) claim that psychological behavior bias such as: herding, overconfidence, risk aversion, and representativeness alter between investors who make short-term and long-term investments.

### **2.1 The link between Socio-Demographic Factors and Psychological Biases according to the Financial Behavioral Point of View**

Literature on gender differences in investor behavior highlights differences on how men and women invest, where women are more conservative in their investment decisions than men. A rational investor should invest and trade stocks when the

profits expectations seems to surpass costs expectations. Male investors with higher self-confidence have higher profit expectations than those actually are, making them invest more even in those cases where realistic profit expectations are negative. Models of overconfidence predict that men are more self-confident than women, so they will trade more and perform worse than them, causing their profits to decrease more than those of women. Barber and Odean (2001) study the overconfidence bias to explain this phenomenon. Based on their study, high confidence makes investors trade more in the stock market. This study claims that based on gender we can measure high self-esteem and impact on the high number of trades. Overconfidence in men when evaluating securities may result in the choice of more risky strategies or investments. Also, these differences are more visible among married and unmarried men. This shows that marriage is important in concluding because when men are in a relationship, they tend to make less hasty decisions influenced by the presence of the female partner. Age also influences the level of self-esteem (Brad M. Barber and Terrance Odean (2001). Gender affects the psychological bias of herding and overconfidence.

Women report a harsher reaction to negative outcomes, leading to a greater risk aversion than men (Croson and Gneezy, 2009) note that. On the contrary, men are more likely to feel anger, while women are afraid, reducing thus the chances of women accepting a risky situation.

In a survey of 300 Scandinavian financial market specialists as well as 213 students, there was a huge impact on the anchoring bias over student expectations in stock returns compared to the tendency displayed by specialists, which means that age and experience affect this psychological bias (Kautia, Alho, Puttonen, 2008). Herding bias, risk taking, and overconfidence diminish when investors are more experienced (Brozynski, Menkhoff and Schmidt, 2004). Thus experience improves quality of decisions by "protecting" decision makers from biases vulnerability.

## **2.2 The Link between Socio-Demographic Factors and Risk Tolerance according to the Financial Behavioral Point of View**

Literature contains many findings on the impacts on financial decision-making as a result of the connection between risk tolerance and a number of socio-demographic factors. Researchers have studied many socio-demographic characteristics such as race, gender, marital status, age, education, financial knowledge level and wealth to help explaining the differences in the investor's behavior. Roszkowski (2001) and Grable (2008) discuss verified findings on socio-demographic factors included in the literature on risk tolerance. Women are less risk tolerant than men, parenting seems to reduce the risk acceptance scale, older people show a lower risk-taking tendency (Wang, Kruger & Wilke, 2009). Based on a 1997 study, Grable and Lytton (1999) consider whether demographic factors are good predictors of financial risk tolerance. Based on the study's responses, after separating the participants as over and below the average risk takers, they notice that the highest risk tolerance is related to the increase of the education level, personal knowledge, income and professional status. Gender, age, and marital status explain less variation. Grable and Lytton emphasize the role of financial education in determining risk taking, where financially educated participants are more likely to undertake risk and also highlight some other important factors contributing to risk preference, such as age and wealth.

*Gender* - The level of women's risk tolerance drives them to choose less risky portfolios (Croson and Gneezy, 2009). Women are more conservative in investment than men and a larger number of women invest in a minimal-risk portfolio (Hinz, McCarthy and Turner (1997). Women are more risk averse than men when making financial decisions (Weber et al., 2002). Barber and Odean (2001) present behavior analysis and gender differences using a large base of individual investors data and find out that men take greater risks, trade more and have lower returns compared to women. Except of Barber and Odean, other studies of financial decision-making reveal the gender differences (Stinerock, Stern and Solomon 1991, Powell and Ansic 1997, Dwyer, Gilkeson, and 2002).

*Marriage and Parenthood* - Single men are much more likely to trade a higher volume of shares compared to single and married women (Sunden and Surette, 1998). Marriage motivates male investors to be more conservative in their financial decisions and their risk tolerance (Sunden and Surette, 1998). Women tend to invest in less risky assets than single men or married couples and reduce their risky assets as the number of children born increases (Jianakoplos and Bernasek, 1998).

*Race* - Literature focusing on racial differences in investment preferences is limited. Hurst, Luoh and Stafford (1998) study asset ownership and attitudes toward risk of the investor according to race and emphasize some significant differences between Afro-Americans and White individuals. The authors show that Afro-Americans have 19.3 percent less chances to own shares, taking into consideration variables like: marriage, family size, income, age, sex, and education. Hurst's analysis and other researchers support the argument that Afro-Americans tend to undertake less financial risk. White investors have a higher risk preference than African-American and Hispanic investors. In general, white men invest in the bottom edge of

the risk spectrum, white women and African-American men occupy the average, and African-American women invest in the conservative edge.

*Income* - Some researches study the impact of incomes on investor behavior. For example, Agnew (2006) finds that higher incomes lead to less psychological behavioral bias. Incomes can explain gender differences in investment allocations, where higher-income investors are more likely to take risks (Hinz et al., 1997). According to life-cycle theory, investors should also make decisions based on the expected income return. This theory suggests that the working years, income and wealth play an important role in determining investment risk. Jagannathan and Kocherlakota (1996) suggest that while the number of remaining years of work decreases, the expected value of future incomes also decreases and rational investors would lower their investment risk.

*Age* - Older people tend to take less financial risks than young people (Jianakoplos & Bernasek, 2006).

*Financial Knowledge Level* - An important social factor is the level of financial knowledge (Antonides, De Groot, & Van Raij, 2008). The level of financial knowledge may refer to specific knowledge and skills, perceived knowledge, financial behavior, financial experience, financial incomes and financial education. The data shows a correlation between the highest levels of financial knowledge and education in general and the highest preference for financial risk. Individuals with high levels of financial skills, will not necessarily use these skills in decision-making processes. As a result, those who present bad financial behavior or display optimal financial welfare are not necessarily financially uneducated. Also, all people who are not financially qualified, do not necessarily have poor financial income because they may have access to someone else's human capital or they just may be lucky. People with poor knowledge of financial products are more likely to buy financial products that don't match their financial needs and budgets. Choosing complex and inconvenient mortgage loans by uninformed customers probably contributed to the 2008-2009 financial crisis. Duke and Kumar (2011) found a link between poor financial skills and increasing home capital borrowing before the financial crisis. The mortgage crisis may be a result of consumer's financial ignorance.

*Financial knowledge level, gender and marriage* - On average, women have lower levels of financial knowledge than men (Fonseca et al., 2010; van Rooij et al., 2011). Women who have never been married are more well-informed than men. Women who have had a long-term relationship have lower levels of financial knowledge than men who have been in a long-term relationship. Apparently, when men and women marry, wife often hands over the financial decision-making to their husband in order to share more efficiently household activities. This incentive to shift decision-making responsibility within a couple can explain lower levels of financial knowledge among women (Hsu, 2011). Widows increase their financial knowledge in order to make effective decisions by themselves.

*Financial knowledge level and age* - Adults lose the ability to process new information and make complex accurate decisions in elderly age because financial decisions require information processing skills. Agarwal, Driscoll, Gabaix and Laibson (2009) investigated whether the quality of financial decision-making decreases when people get older. They found a U-shaped reverse relationship between age and quality of decision within some financial fields. In a survey of over 60 respondents, a clear negative linear relationship was found between financial knowledge and age (Finke, Howe and Huston, 2011). The authors also found that confidence in financial decision-making skills does not decrease when getting older, leading to an increased inequality between real and perceived financial skills that implies considerable vulnerability to old-age financial mistakes.

## Summary and conclusions

Among the socio-demographic factors influencing investment decision-making addressed in the literature, we mention: age, gender, marital status, level of financial knowledge, income, experience etc. It is also due to the above factors that different individuals or even the same individual at different stages of his/her life can make different financial choices. These factors are correlated with the investor's risk attitude, as well as with psychological biases. For example, women are less tolerant than men, which is reflected in decisions they take. A very important behavioral factor, which has gained focus, especially after last financial crisis is level of financial knowledge. People with less knowledge are prone to choose investing in improper financial products, to diversify less, to have more debts and to consult with friend and family about financial issues, but not with expertise consultants. As such, they are more vulnerable to psychological biases.

The type of personality, on the other hand, affects individual decision-making and is correlated with various psychological biases. Depending on the personality features one has, individual investor can face and tolerate different levels of risk when taking decisions in uncertain conditions. Thus, from the empirical findings of different scholars, individuals with personality

trait “openness to new experiences” exhibit the tendency of “overconfidence” and “retrospective”, they are negatively related to “availability” and show higher risk tolerance.

## References

- [1] Alan S.Wong and Bernardo J. Carducci (1991) “Sensation seeking and financial risk taking in everyday money matters”.*Journal of Business and Psychology*, Volume12, No. 3, 1998. Available at: <file:///C:/Users/Administrator/Downloads/20110208155852470.pdf>
- [2] Antonides, De Groot, & Van Raaij(2008). “The role of mental budgeting in healthy financial behavior: A survey among self-employed entrepreneurs”. *APSTRACT* Vol. 10. Number 2-3. 2016. pages 15-26. Available at: [http://ageconsearch.umn.edu/record/250215/files/Apstract\\_2016\\_vol10\\_2-3\\_02.pdf](http://ageconsearch.umn.edu/record/250215/files/Apstract_2016_vol10_2-3_02.pdf)
- [3] Brad M. Barber and Terrance Odean (2001) “Boys will be boys: Gender, Overconfidence and Common Stock Investment”. *QUARTERLY JOURNAL OF ECONOMICS*, 2001. Available at: <http://faculty.haas.berkeley.edu/odean/papers%20current%20versions/boyswillbeboys.pdf>
- [4] Brozynski, Menkhoff and Schmidt (2004) “The Impact of Experience on Risk Taking, Overconfidence, and Herding of Fund Managers: Complementary Survey Evidence”. University of Hannover Discussion Paper No. 292 January 2004. Available at: <https://pdfs.semanticscholar.org/46be/0890a8cbdeb4428e7c4fed0519cec5ffa3a2.pdf>
- [5] Carrie H. Pan and Meir Statman(2012) “Questionnaires of Risk Tolerance, Regret, Overconfidence, and Other Investor Propensities”. *Journal of Investment Consulting*, Vol. 13, No. 1, 54-63, 2012. Available at: <file:///C:/Users/Administrator/Downloads/QuestionnaireJIC.pdf>
- [6] Carrie H. Pan and Meir Statman (2013) “Investor Personality in Investor Questionnaires”. *The Journal of Investment Consulting*, Volume 14, 2013.
- [7] Dollinger, S. J., & Orf, L. A. (1991). “Personality and performance in personality: Conscientiousness and openness”. *Journal of Research in Personality*, 25, 276–284.
- [8] Durand, Newby and Sanghani (2008) “An intimate portrait of the individual investor”. *Journal of Behavioral Finance* Volume 9, 2008 - Issue 4. Available at: <https://www.tandfonline.com/doi/abs/10.1080/15427560802341020>
- [9] Emma Soane and Nik Chmiel (2005) “Are risk preferences consistent? The influence of decision domain and personality”.*Personality and Individual Differences*, Volume 38, Issue 8.
- [10] F. B. Zaidi and M. Z. Tauni (2012) “Influence of Investor’s Personality Traits and Demographics on Overconfidence Bias”. *Institute of Interdisciplinary Business Research* 730 OCTOBER 2012 VOL 4, No 6. Available at: <http://journal-archives24.webs.com/730-746.pdf>
- [11] Finke, Howe and Huston (2011) “Old Age and the Decline in Financial Literacy”. Forthcoming in *Management Science*, August 24, 2011. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1948627](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1948627)
- [12] Horvath P, Zuckerman M. (1993). “Sensation seeking, risk appraisal, and risky behavior. Personality and Individual Differences”. *Personality and Individual Differences*, Volume 14, Issue 1, January 1993, Pages 41-52. Available at: [http://dx.doi.org/10.1016/0191-8869\(93\)90173-Z](http://dx.doi.org/10.1016/0191-8869(93)90173-Z)
- [13] Jagannathan and Kocherlakota (1996) “Why Should Older People Invest Less in Stocks than Younger People?”*Quarterly Review*, Vol. 20, no. 3. Available at: <https://www.minneapolisfed.org/research/qr/gr2032.pdf>
- [14] John E. Grable and Michael J. Roszkowski (2007) “SELF-ASSESSMENTS OF RISK TOLERANCE BY WOMEN AND MEN”. *Psychological report*, 2007, 100,795-802. Available at: <file:///C:/Users/Administrator/Downloads/SelfAssessmentsbyMenandWomen.pdf>
- [15] John Grable and Ruth Lytton (1999) “Financial risk tolerance revisited: the development of a risk assessment instrument”. *Financial Services Review* 8 (1999) 163–181. Available at: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.392.5392&rep=rep1&type=pdf>
- [16] Kleinman (2014) “MIND, SOCIETY, AND BEHAVIOR”. Available at: <http://www.worldbank.org/content/dam/Worldbank/Publications/WDR/WDR%202015/WDR-2015-Full-Report.pdf>
- [17] Mark Grinblatt and Matti Kelohajru (2001) “What Makes Investors Trade”. *The Journal of Finance* Vol. LVI, No. 2 April 2001. Available at: [file:///C:/Users/Administrator/Downloads/what\\_makes\\_investors\\_trade.pdf](file:///C:/Users/Administrator/Downloads/what_makes_investors_trade.pdf)
- [18] [Markku Kaustia, Eeva Alho, Vesa Puttonen \(2008\)](https://onlineibrary.wiley.com/doi/full/10.1111/j.1755-053X.2008.00018.x) “How Much Does Expertise Reduce Behavioral Biases? The Case of Anchoring Effects in Stock Return Estimates”. Available at: <https://onlineibrary.wiley.com/doi/full/10.1111/j.1755-053X.2008.00018.x>

- [19] Michael M. Pompian (2012) "Behavioral Finance and Investor Types: Managing Behavior to Make Better Decisions". Available at: <https://www.wiley.com/enca/Behavioral+Finance+and+Investor+Types%3A+Managing+Behavior+to+Make+Better+Investment+Decisions-p-9781118235607>
- [20] Michael M. Pompian and John M. Longo (2004) "A New Paradigm for Practical Application of Behavioral Finance: Creating Investment Programs Based on Personality Type and Gender to Produce Better Investment Outcomes". THE JOURNAL OF WEALTH MANAGEMEN, Fall 2014 Available at: <http://www.knightsbridgesearch.com/site/downloads/5.pdf>
- [21] Nancy A. Jianakoplos and A. Bernasek (2006) "[Financial risk taking by age and birth cohort](#)", Southern Economic Journal, 981-1001, 2006.
- [22] Nigel Nicholson, Emma Soane, Fenton-O'Creedy and Paul Willman (2005) "Personality and domain-specific risk taking". Journal of Risk Research 8 (2), 157–176 (March 2005). Available at: <file:///C:/Users/Administrator/Downloads/JRR.pdf>
- [23] Peggy A. Ertmer & Timothy J. Newby (2013) "Behaviorism, Cognitivism, Constructivism: Comparing Critical Features from an Instructional Design Perspective". Available at: [http://www.csiss.org/SPACE/workshops/2007/UCSB/docs/ertmer\\_newby1993.pdf](http://www.csiss.org/SPACE/workshops/2007/UCSB/docs/ertmer_newby1993.pdf)
- [24] Rachel Croson and Uri Gneezy (2009) "Gender Differences in Preferences". Journal of Economic Literature 2009, 47:2, 1–27. Available at: <https://rady.ucsd.edu/faculty/directory/gneezy/pub/docs/gender-differences-preference.pdf>
- [25] Robert McCrae and Paul T. Costa Jr.(2009) "The five-factor theory of personality". National Institute on Aging, 2009. Available at: [file:///C:/Users/Administrator/Downloads/FFMFFTandInterpersonalPsychology%20\(1\).pdf](file:///C:/Users/Administrator/Downloads/FFMFFTandInterpersonalPsychology%20(1).pdf)
- [26] Sumit Agarwal and Bhashkar Mazumder (2013) "Cognitive Abilities and Household Financial Decision Making". American Economic Journal: Applied Economics 2013, 5(1): 193–207. Available at: [http://www.ushakisna.com/cogability\\_proof.pdf](http://www.ushakisna.com/cogability_proof.pdf)

## **Factors Facilitating and Impeding Bereaved Parents' Decision to Consent for Minimally Invasive Tissue Sampling (MITS) - A Qualitative Study**

**Nellie Myburgh**

**Jennifer Grant**

Medical Research Council: Respiratory and Meningeal Pathogens Research Unit

**Nolizwe Madinga**

Medical Research Council: Respiratory and Meningeal Pathogens Research Unit

**Andile Sokani**

**Duduzile Ziqubu**

**Lungile Shivambo**

**Lerato Ntsie**

Medical Research Council: Respiratory and Meningeal Pathogens Research Unit

**Shabir Madhi**

Department Science and Technology/National Research Foundation: Research Chair in Vaccine Preventable Diseases;  
University of the Witwatersrand, Faculty of Health Sciences, Johannesburg, South Africa.

### **Abstract**

An exploratory study was conducted in Soweto, South Africa using qualitative and participatory methods of data collection to understand the factors that could facilitate or impede the decision by parents of deceased children to consent for Minimally Invasive Tissue Sampling (MITS). Six in-depth interviews were conducted with bereaved mothers who were approached to participate in a MITS pilot study. Three observations were also conducted during the consenting process in order to better understand the process. Findings show that there is general willingness to know the cause of death but the decision-making around consenting for MITS is a complex process and is influenced by a number of factors could facilitate or impede consent which include: bereaved parents perceptions of the consent counsellors; the timing of the approach to consent; comprehension of the MITS procedure; perceived benefits of consenting to MITS; perceptions about medical research and professionals; decision-making dynamics; and religious and cultural factors. The study has shown that when requesting consent for minimally invasive autopsy from bereaved parents who have just suffered the loss of a child, skilled consent counsellors who are capable of empathically engaging with bereaved parents and adequately describing the MITS procedure are required. Understanding of how socio-cultural context shapes decision-making around consent is vital for adapting the informed consenting process to local context and increasing the uptake of MITS. Finally, grief counselling provided to the MITS Pilot Study participants for the duration of the study and the need for the provision of ongoing grief counselling were found to be critical to overall objective of finding cause of death.

**Keywords:** Minimally invasive autopsy; MITS; consent; facilitators; barriers; acceptability; Soweto

### **Background**

While major progress has been made in reducing child mortality rates globally over the past 25 years, 69 million under-5 childhood deaths are expected to occur between 2016 and 2030, unless there is acceleration in reducing mortality rates (UNICEF, 2016). Child survival thus remains a focus of the Sustainable Development Goals (SDGs), with SDG Target 3.2 being to end preventable under-5 childhood deaths by 2030, and targeting an under-5 mortality of 25 per 1 000 live births by 2030 (UN, 2014). Uncertainty about the specific causes of under-5 childhood deaths in high mortality countries and



regions, due to a lack of reliable evidence-based cause of death data, however poses a significant obstacle to establishing prevention and treatment interventions to achieve the SDG Target 3.2. (Farag et al., 2017).

Complete diagnostic autopsies (CDAs) are recognised as the most comprehensive method for collecting evidence-based cause of death data. There are, however, multiple barriers to the widespread implementation of CDAs, especially in low- and middle-income countries where under-5 mortality rates are highest and the need for evidence-based cause of death is great. Such barriers include religious and cultural beliefs and practices, concerns related to the manipulation of the corpse and delays in funeral proceedings, financial limitations of families and health systems, and constraints related to public health infrastructure (Turner *et al.*, 2012).

The development of minimally invasive tissue sampling (MITS), offers a viable alternative to CDAs, particularly in low- and middle-income countries. MITS involves biopsy needle-based post-mortem sampling from a predefined set of organs, followed by advanced histopathology and microbiology to determine definitive cause of death (Farag et al., 2017:3). MITS may mitigate cultural and religious concerns related to the manipulation of the body after death, and its rapidity can alleviate concerns about funeral delays (Ben-Sasi et al., 2013; Maixenchs et al., 2016).

The validity of MITS compared to CAD for cause of death determination was recently demonstrated in two observational studies undertaken in Mozambique among adults and children, Castillo et al., 2016 and Bassat et al., 2017 respectively. Both studies demonstrated substantial concordance between the two autopsy approaches, with a higher concordance for infectious diseases and malignant tumours than for other diseases.

The hypothetical acceptability of MITS has also recently been assessed across diverse geographic settings, including Africa, Asia, and Great Britain (Ben-Sasi et al., 2013; Maixenchs et al., 2016; Ngwenya et al. 2017). These studies have demonstrated a high theoretical acceptability of MITS across a range of participants, including relatives of deceased adults and under-5 children, formal and informal healthcare providers, and religious and community leaders. These encouraging findings are, however, limited in that MITS was discussed with participants as a hypothetical possibility rather than a real-life option during MITS implementation (Maixenchs et al. 2016: 16).

The current study addresses this gap by examining the factors that facilitated or impeded the acceptability of MITS amongst bereaved caregivers of children during a MITS Pilot Study implemented in Soweto, South Africa. The current study further assesses the experiences of bereaved parents who consented to participate in the MITS Pilot Study.

### **Empirical and theoretical context**

The under-5 child mortality rate in South Africa decreased from 60 (per 1 000 live births) in 1990 to 41 (per 1 000 live births) in 2015. This decline was temporally associated with the provision of free public healthcare services to children under the age of five and to pregnant and breastfeeding women, with the successful implementation of the Prevention of Mother to Child HIV Transmission programme, and the introduction of pneumococcal conjugate vaccine and rotavirus vaccines since 2009 (Bamford, 2013:51).

Child mortality rates in South Africa, as in many countries, vary significantly across different sub-groups and regions, reflecting the country's social and economic inequalities. This is the case with Soweto, a township of the city of Johannesburg, the economic capital of South Africa. As of 2017, Soweto had an estimated population of about 1.516 million (PopulationOf2017.com) and is one of the most economically disadvantaged areas of the city, with high unemployment and significant health challenges. The gender ratio of Soweto is 640,588 females to 631,040 males (*ibid*). While the national under-5 mortality rate for the country was 43 per 1000 live births in 2013, it was imputed to be 53 per 1000 live births in Soweto based on a longitudinal cohort study (Unpublished data- RMPRU; Madhi et al. 2014). Although registries on cause-of-death reporting for children dying in South Africa have been implemented since 2005, these registries are based almost exclusively on clinician diagnoses as recorded on death certificates and not corroborated by post-mortem autopsies. This demonstrates a need for specific causes of child death in the South African context. In order to evaluate the feasibility of implementing MITS across Soweto, the Respiratory and Meningeal Pathogens Research Unit implemented a MITS Pilot Study from June 2015 to November 2016. The study focused on children who had died of conditions other than traumatic and surgical-related conditions during their admission at Chris Hani Baragwanath Academic Hospital (CHBAH), a large public sector secondary/tertiary level hospital which caters for the health care needs of the majority of Soweto's residents.

Prior to the commencement of the pilot study, the RMPRU estimated that the acceptability of the MITS procedure amongst bereaved caregivers would be low due to the cultural and religious beliefs and practices of Soweto residents. However,

the study demonstrated a 75% acceptability rate amongst the bereaved caregivers approached to participate. In all, 409 deceased under-5 children were included in the MITS Pilot Study (Unpublished data- RMPRU).

The current study is framed within an anthropological perspective that views individuals and groups as situated within local moral worlds and engaged in local moral processes. From this perspective, the aim of empirical research is to provide knowledge about local worlds of experience (Kleinman, 1999) and the “rumpled reality” of moral decision-making” by examining “how people actually behave in problematic situations and the reasons or justifications they give for their behaviour” (Muller, 1994: 454). In paying attention to the social and emotional aspects of lived experience in a particular local moral world, this anthropological perspective offers the tools for understanding what is at stake for bereaved caregivers when they are faced with the possibility of definitively knowing what caused the death of their child by consenting to the MITS procedure. Framing decision-making as a local moral process enables us to demonstrate how decision-making around consenting to MITS involves “contestations and compromises that actualize values both for collectives and for individuals” (Kleinman, 1999: 71).

## Methods

The study used qualitative methods of data collection in order to explore the factors that facilitated or impeded bereaved parents’ decision to participate in the MITS pilot study.

In 2016, the MITS pilot study approached 409 bereaved mothers to participate in the MITS, 307 mothers who were approached consented to MITS while 102 mothers did not consent. For the purpose of this study, six bereaved families were purposively and conveniently sampled from the MITS pilot study records, three from the list of families who had consented to participate in the MITS pilot study and three from the list of families who were approached but did not consent.

Table 1: Demographic information for the study participants

PSEUDONYM	AGE	GENDER	ETHNICITY	RELIGION	EDUCATION	EMPLOYMENT
Lerato* _did not consent to MITS	32	F	Sotho	Christian	Grade 12	Unemployed
Noma* _did not consent to MITS	24	F	Zulu	Christian	Grade 12	Employed
Mapitso* _did not consent to MITS	33	F	Tswana	Christian	Grade 12	Unemployed
Modiehe* _consented to MITS	27	F	Pedi	Christian	Grade 12	Unemployed
Fatima* _consented to MITS	26	F	Zulu	Muslim	Grade 12	Unemployed
Mmabatho* _consented to MITS	20	F	Sotho	Christian	Some high school	Unemployed

\*. Not real name - all names of respondents were changed to ensure anonymity

The interviews were conducted in the participants’ homes in the following areas within Soweto: Eldorado Park, Devland, Molapo, Diepkloof, Bramfischerville and Naledi.

The study obtained ethics approval from the University of Witwatersrand, Wits Human Research Ethics Committee (WHREC) and followed all the ethical considerations stipulated in the protocol.

Key informant interviews and observations were conducted. Informed consent was obtained before data collection was started. The interviews were conducted in *isiZulu* and *seSotho*. The interviews were audio-recorded and then transcribed and translated into English. Observations of the consenting process were undertaken on three separate occasions in order to better understand the process by accompanying the consent counsellors when they approached bereaved parents to seek consent. The observations took place at three different places: at the labour ward, at the hospital mortuary; and at the bereaved family’s home. Observation notes were compiled and the researchers further engaged in informal conversations with the consent counsellors to reflect on the points and dynamics observed. These reflections were included in the observation notes. The transcriptions and observation notes were thematically analysed for by looking at the emerging themes.

## Findings

The qualitative study aimed at finding factors that facilitated and impeded bereaved parents' decision to consent for Minimally Invasive Tissue Sampling (MITS). Findings show that there were a number of factors that influenced whether the bereaved parents consented or did not consent to MITS procedure.

### **Facilitators and barriers to consent**

The main motivator to consenting was that bereaved parents wanted to know what caused the death of their children. Almost all the bereaved mothers wanted to know the cause of death. The motivations for this included: finding answers, finding closure, and determining who or what was responsible for the death.

Shock and disbelief was commonly felt by most of the mother. Due to the sudden and unexpected way the child died, one mother explained it this way:

... it was shocking because the baby passed on while I held her and we were watching TV [...] so I needed to know what happened [...] So, I needed closure [...] because I was shocked that, like 'What happened? I want to know what happened!' (Fatima, consented to MITS)

Another said:

I wanted to know a lot of things, the thing that happened to my baby was the first time that I've seen it [...] We agreed to do it and help get the [MITS] results. (Mmabatho, consented to MITS)

In addition, bereaved mothers were specifically interested to know who to attribute blame. It could be self-blame or blame others or healthcare systems.

One of the bereaved mothers said that she wanted to find out whether she was to blame for the death of her child:

I went to the clinic at seven months, so they blamed me, saying I booked late (for antenatal care) at the clinic. So I wanted to know that, since I went to the clinic when I was seven months pregnant and the baby had a low birth weight, did that cause my baby to die [...] When you just sit alone you will always wonder about lots of things, because when I was at the clinic explaining to the nurse, others said the baby died because my CD 4 count was low. This one says this that one says that, so you end up not understanding who to listen to. (Lerato, did not consent to MITS)

One of the mothers who consented to MITS was concerned that someone else was responsible for the inexplicable death of her child implying that witchcraft was to be blamed for the death of the child. This fact demonstrates how attributions of blame may be culturally shaped:

Because on the other hand I was thinking that it was people [who were] doing [witchcraft]. I was like, obviously there is needed for someone to blame someone. You just want to shift the blame. Maybe, 'Who could it be, who has done this to the baby?' or something. So I can say that, I don't even know if culture believes in (witchcraft) but then I wanted to shift the blame to someone else because I didn't understand the way that she died. To me it was very, like, I could not accept. (Fatima, consented to MITS)

The findings revealed factors that functioned either as facilitators or as barriers to bereaved mothers' decision to consent were intertwined in complex ways in the bereaved mothers' narratives. The next factor is the consenting process itself.

### **Consenting Process**

The results from the observations reveal that factors that influenced the decision to consent to MITS could function as both facilitators and barriers, depending on the specific individual and social circumstances of bereaved parents when they were approached to consent to MITS.

#### ***Informed consenting process***

As soon as a medical practitioner has confirmed that the child has died, the consent counsellors obtain all the relevant information from the hospital ward in order to begin the process seeking consent from the bereaved parents for MITS to be conducted. This process is done with utmost urgency in order to obtain viable samples for analysis as MITS has to be completed within 24-36 hours of death. The assumption is that bereaved parents, who have just hours before suffered the death of a child, have the psychological and emotional capacity to provide informed consent to a post-mortem procedure that involves the extraction of tissue and body fluid samples from their deceased child's body in order to gain evidence-

based data on cause of death. In order to manage the ethical and practical challenges associated with obtaining consent from bereaved parents, consent counsellors (also known as grief counsellors) were appointed to undertake the informed consenting process. These were Soweto residents and experienced community-outreach pastors, who had received grief counselling training. Their role was mainly to establish contact with bereaved parents (and other family members), offer condolences and comfort, and explained the MITS procedure in detail, and addressed parents and family members' questions and concerns. They also described the goals of the study and the potential benefits for bereaved parents, the latter included: obtaining cause of death information, emotional closure, information for future pregnancies, and reducing under-5 child mortality in Soweto.

The observations revealed that consent counsellors established very good rapport with, offering comfort to, and calming bereaved parents (and other family members) as they were "preparing the ground" for consent. Once bereaved parents and family members were relatively calm, were they considered to be receptive to and capable of comprehending the information communicated about the study. Given the time constraints involved, the consenting process was undertaken with whichever legal guardian was available when the death was confirmed.

### ***The timing of the approach to consent***

Timing of approaching bereaved parents was crucial as it worked as a facilitator or a barrier to consent. For mothers who consented, timing of the approach was not problematic for her personally, but she did feel that may present an issue for other mothers in similar circumstances:

I don't know but I have noticed something when I went there, there was this mother who just lost a child then they called her like, 'Hi, you just lost a baby'...you don't want to even talk, like, so I don't know, maybe if you can call them after two days, when the whole issue of losing a baby has sank in, and when she has processed and digested it all in [...] How can she talk? Maybe if you can give them time for them to process the whole thing, maybe even a day, then you can call them... (Modiehe, consented to MITS)

One of the mothers who consented described how the rapidity of the consenting process facilitated her decision to consent, not only because the MITS timeframe was in keeping with the timing of Islamic burial proceedings, but because the research team's quick response was a welcome contrast to the hour-long delay endured when she placed an emergency call to the emergency medical services when she realised her child was very ill:

[...]For me it was very fast, *ja* (yes) the service I got was ... in a very short notice they were there so that's what made me happy that *ja* (yes) th[ese] people are here like at a very short notice, because they were called by the time we were busy signing the death certificate at Bara . They called them and told them about me and they called me and asked where I was and then they were there. They came to fetch us from the ward we were at and then [we] went .... (Fatima, consented to MITS)

On the other hand, the timing of the approach to consent was experienced as a barrier by two of the mothers who did not participate in the pilot study:

One of these mothers stated:

Oh well, at that time I wasn't in my senses because you know...so I just disagreed with everything, I didn't listen ... sometimes after the baby has died, it's not okay to go to a parent straight away. You can't keep the baby for too long and bury them next week, but maybe the following day, just call the parents to come to the hospital and discuss with them. (Noma, did not consent to MITS)

Here the mother is indicating that it is inappropriate to approach bereaved parents only hours after the death of their child because they are in an altered state of mind at that time. She then suggests that the consent counsellors should adjust the timing of their approach to accommodate both bereaved parents' emotional state and burial arrangements.

Likewise, the second of these mothers indicated that she was not receptive to the information shared with her by the consent counsellors because of when they approached her to consent:

I think the timing, the whole entire thing it's with the timing. I think if, I wasn't in that place, maybe I would have done something different, you understand [...] I just got the news now that my son... so it was just overwhelming. It was overwhelming. I'm not too sure when [...] is the right time, but it was way [too] overwhelming. At least give me some time to, just digest [to] what happened, you understand? Because it was too early for me, it was way too early for me to just entertain such things, it was way too early. (Mapitso, did not consent to MITS)

She went on to state that when she was approached for consent, she was at the mortuary struggling to get her child's body released for burial. She was thus dealing with bureaucratic and logistical obligations as well as overwhelming emotional distress:

I think if I wasn't in that place, maybe I would have done something different, you understand [...] I was there at the mortuary wanting to get my kid out of there, you understand [...] I think if it happened after I've digested that whole thing of that, 'Okay, my son is dead, now I need to do the preparations, take him to the government mortuary to my own mortuary, let me sit down and think: "Is this really happening? Is he really dead?" Then such people (can) come in, and then I was going to give them time because already I've dealt with that, you understand? So I think the timing is wrong... ja (yes), my situation was overwhelming at that moment. (Mapitso, did not consent to MITS)

### **Perceptions about the consent counsellors**

The interviews indicated that bereaved parents' perceptions about the manner in which the consent counsellors interacted with them could also influence decision-making around consent. One of the mothers who consented to MITS noted that the grief counsellors demonstrated empathy and professionalism:

Because the way you interacted with me was very... there was a sense of [empathy]. It was people who were trained and as I have indicated that it was very professional and very sensitive. (Fatima, consented to MITS)

In contrast, one of the mothers who did not consent spoke at length about the consent counsellors' failure to establish rapport, to adequately explain the study, and to persuade her of the benefits of consenting and participating in the MITS. She stated:

And then, instead of them, [...] obviously they saw me I was crying ... I was whatever, they should have... [...] if they were calm, not calm [but] sensitive, more sincere about, whatever. You know there are [many] ways to getting through to a person even if that person doesn't have a knowledge of whatever that you are telling them. [...] but then have your way of getting through to them in a sincere manner, do you understand? [...] But then for me they didn't have that, they couldn't get through to me, do you understand? [...] I think if you could just get a way of getting through to people [...] So they didn't sell, actually they didn't sell, they didn't sell. Even if you know you get a, a dramatic person but you need to get a way, you understand? [Trembling voice, sounding very emotional and almost crying]. That's what I'm trying to say, they couldn't sell their product [the study]... their so-called product... they couldn't, they couldn't! (Mapitso, did not consent to MITS)

The above quote demonstrates the mother's frustration and regret about the decision not to participate in the study.

### **MITS procedure**

#### **Comprehension of the MITS procedure**

The interviews demonstrated that accurately comprehending the minimally invasive nature of the MITS procedure significantly influenced the acceptability of MITS for bereaved parents and family members.

One mother who consented stated that the minimally invasive nature of the MITS procedure was fundamental to agreeing to consent, both for the parents and the extended family:

Then they started by explaining about how they work and that they do not cut, they only take samples and do I allow that. The father of my child was there, so ja (yes), we allowed for it to happen [consented]. So I don't think people [will refuse] if [they] are being told that they will just take samples. Because for me if what's very traumatising is to be told that they will cut open the person (full body autopsy) like seriously, that one is very traumatising and at least the sample's one (MITS) is much better [...] The thought of [full body autopsy]...you imagine a lot of things and it even creates anger, a lot of fights in the family. So it is way better to have the samples taken from the body, because [...] there is no one who will be scared to open and see (Fatima, consented to MITS)

While knowledge of the minimally invasive of the MITS procedure functioned as a facilitator for consent in the example above, not understanding the MITS procedure and the components of the study as explained by the consent counsellors was significant for the decision not to consent for two of the mothers interviewed.

One of these mothers stated that she, the child's father, and both paternal and maternal families made the decision not to consent based on their understanding that the MITS procedure was the same as a full autopsy:

Because we...I saw things differently. I thought he was going to be opened up and stuff like that, you know, and then we wouldn't be able to recognise him... I thought they were going to open him up, that made me very uncomfortable [...] Well, they (maternal family) too disagreed because they also thought the baby was going to be opened up. (Noma, did not consent to MITS)

As with the mother quoted above, full body autopsy was unacceptable because the disfigurement of their child's body would be distressing and potentially cause conflict within families. The same mother indicated that neither she nor the father of the child had understood the correct nature research team's explanation about the MITS procedure because the pilot study was introduced to them telephonically:

That's when they called and then I transferred [the call] to the father of my baby. That was when we disagreed about everything (and refused to consent) [...] because it was over the phone and you can't even speak over the phone. (Noma, did not consent to MITS)

One of the mothers who did not participate stated that she may have participated if the language used during the consenting process was simplified in order to enable parents to accurately understand the nature of the MITS procedure:

Okay, because my mind was somewhere else all that time [...] *Uhm* they were too formal. Yes you can be formal but then the IQ level of people is not the same. For you to come to me with those big words and expect me to participate [...] Hell no! Try to go to the lowest level of some of us so that we can have more understanding, but if you use those big words telling me that... Oh! These women (research team)! [...] the language, the language was way too much... On that moment it was way too much, overwhelming... *Yah*, maybe afterwards I was going to be more understanding. The language guys I think you need to go to the lowest level [...] No, these people are too formal for me! (Mapitso, did not consent to MITS)

This mother also indicated that not knowing about the MITS procedure and pilot study prior to the death of her child and the subsequent approach by the consent counsellors was also a barrier to consenting:

And again, for me, not having the knowledge of this research thing, I think that also contributed a lot, you understand. I think if I knew prior maybe during my pregnancy there's such things, I mean obviously when you are pregnant you go to that *uhm* those clinics you get informed, more information some of the things we even Google. But in this I never came across I've never heard about this, you understand. So maybe if I knew about it prior, you understand maybe it would not have been that big problem, I was going to participate. (Mapitso, did not consent to MITS)

Nonetheless, of the six mothers interviewed, four indicated that they had fully understood the nature of the MITS procedure as it was explained to them by the consent counsellors, including one of the mothers who did not consent:

I did understand but it was painful and tough so I explained to them, saying because it was my first baby, I had planned a lot for the baby. (Lerato, did not consent to MITS)

### **Perceived benefits of the MITS Pilot Study**

Perceptions about the potential benefits of the MITS Pilot Study influenced decision-making around consent. While the most significant perceived benefit was the opportunity to obtain information about cause of death, altruism influenced one mother's decision to consent:

So what made me to agree [the participant begins weeping]...she was diagnosed with neuroblastoma cancer. She was probably three years old, and when she was diagnosed she was already on stage 4. [...] So when they called me and told me that this will stop other kids from dying I agreed so that other kids can be given a chance to live since mine didn't have that chance. [...] I agreed because I wanted to prevent other kids from dying, from suffering because she suffered so much [...] So when they called me I said let me give them a chance for other kids' sake. (Modiehe, consented to MITS)

However, for another bereaved mother, the potential benefits described by the consent counsellors were not convincing and she felt that it was futile to participate because doing so would not bring her child back to life:

It was like guys, in my heart I'm saying, 'With these big words? I don't have time to listen to this whatever that you are telling me. If you can bring back my child, then fine. if you won't then...bye.' [...] I didn't have time, that's why I told them that, 'If whatever you going to do will bring my son back then you can do it. But if it won't bring my son back then why waste time?' [...] That whatever they going to do is not going to bring back my son, so why should I go through that [when] it's not going to bring my son back all because all I want is my son, you understand, for him to be alive [...] Like is that thing that you're doing going to bring my son him back? Because my concern it's him being alive. (Mapitso, did not consent to MITS)

## **Medical professionals and research**

### ***Perceptions about medical research and medical professionals***

The interviews demonstrated that perceptions of trust or mistrust about a particular medical professional or of medical research in general could influence decision-making around consent. One mother who consented was introduced to the MITS procedure and pilot study by a medical doctor that she knew and trusted. The mother explained how this facilitated her decision to consent:

Via the doctor, like I am very close with the doctor [...] I knew the doctor and I contacted him, because I wanted him to go to the mortuary. He is Muslim so he understands. So I wanted him to go to the mortuary in Lenasia where the baby was and for him to declare the death. Because they said I can come with a doctor or they would find me a doctor, but I preferred this doctor because I have known him for a long time. He is the one who told me about the study that, "At Bara there is this kind of people that do studies and because you want to know about the baby and what happened. I can organise for you. So that it can be fast." [...] So luckily the professors were there and I know the doctor there. So for me it was easier. (Fatima, consented to MITS)

On the other hand, a general mistrust of medical research may also function as a barrier to consent, especially when the research involves an unfamiliar procedure. In one case, it was the paternal grandfather of the deceased child who was mistrustful of medical research. The bereaved parents initially consented to participate but when they consulted with the paternal grandfather, he warned them about the potential dangers of doing so:

When I spoke to him (the paternal grandfather) and asked him, he said "What if they swap the baby at the hospital?" I said "No, they can't do that at the hospital. That baby who died there is ours." [...] Maybe because he didn't understand he thought they are going to take the baby somewhere and then we won't be able to bury the baby. I think he didn't understand [...] Older people do not understand. They think that the body will be taken somewhere, then the family won't be able to bury the baby. People have their own perceptions. (Lerato, did not consent to MITS)

## **Socio-cultural and religious factors**

### ***Decision-making dynamics***

The interviews demonstrated a variety of decision-making dynamics, including independent and collective decision-making, and further, that it was not the decision-making dynamic per se that acts as either a facilitator or barrier to consent.

Two of the mothers who consented stated that they had made the decision to consent independently without consulting with other family members. One mother stated that she lives on her own in Soweto while her family lives in another part of the country. She thus did not feel the need to consult with them and made the decision independently.

The other mother explained how she chose not to consult with her mother, whom she lives with:

I didn't ask anyone... I made the decision. I didn't tell her, I just told her that when I was at Bara when the child was not yet discharged, they said to me that they are waiting for the results to tell me about what is wrong with my baby. So I couldn't tell my mother by that time because I didn't know what is really wrong with my baby. That's why I decided to make a decision to do what they have to do. I told my mother after the [caregiver] interview. (Mmabatho, consented to MITS)

One of the mothers who did not consent stated that she had come to her decision independently and was not influenced by other family members:

On my side I don't need any permission from anyone, I make my own decisions. Oh! The thing is I've been making my own decisions forever, like I lost my parents at a tender age, grew up with my granny [...] So everything of mine it came very fast like okay I need to focus at an early age, take decisions at an early age. (Mapitso, consented to MITS)

As with independent decision-making, the collective decision-making dynamic can function as both facilitator and barrier to consent. One of the mothers who consented indicated that she and her husband's decision to consent were also supported by her mother and other extended family members.

I did tell my mother about the procedure and then obviously she allowed for it because she also wanted... Actually she was angry about the medication that we received at Bara that how come they gave us medication that has already expired and it was from the pharmacy [...] She was still upset but then she wanted to know what the cause is. And then there was in

her (the baby's) family, her grandad on the father's side, and we also went with the baby's aunt to Bara [...] Obviously when death occurs in the family the entire family want closure. (Fatima, consented to MITS)

While the collective decision-making dynamic facilitated consent in the above example, it functioned as a barrier in another case. The bereaved parents initially agreed to consent, with the support of the child's paternal grandmother, but when they informed the deceased child's paternal grandfather about their decision, he insisted that they withdraw consent:

My mother didn't have a problem, she didn't have any problem. [Then] we came and asked the (paternal) grandfather but he refused. He is a very religious person and he is an elderly person [and] we can't argue with him, and he even said a lot of things [...] He's too religious he doesn't believe in those things, so he was saying lot of things, then I just said, 'Okay, let me not argue with him.' (Lerato, consented to MITS)

While this young mother's desire to consent was supported by her mother, her mother resides in another area of the country, and she and her husband live in her father-in-law's house, and thus felt obliged to acquiesce to his wishes.

Similarly, for another of the mothers who did not consent, the decision not to consent was made the deceased child's paternal family, and supported by the child's maternal family:

Well, we do things according to the father's side. They were the ones that disagreed about everything. It was the dad's side [paternal family] ... Well, they (maternal family) too disagreed because they also thought the baby was going to be opened up. (Modiehe, consented to MITS)

This mother explained that the extended family had not consented because there was uncertainty about the nature of the MITS procedure. The mother claimed that she would have been able to convince both the maternal and paternal families to consent if she had understood that MITS is not the same as full body autopsy.

### **Religious and socio-cultural factors**

The interviews demonstrated that as with the other factors discussed, religious and cultural factors can function as both facilitators and barriers to consent.

The interviews demonstrated that amongst the three mothers who participated in the pilot study, religious or cultural beliefs and practices were secondary to the primary desire to find out what caused the death of their child. One of these mothers, who identified as Pedi (ethnicity), stated that cultural beliefs and practices had no influence on her decision to participate because she first and foremost a Christian:

I can't say there is no, because I am one person who does not believe in those cultural things, I'm one person with God. (Modiehe, consented to MITS)

Another of these mothers, who identified as Zulu (ethnicity) and Muslim stated that at the time she was approached to consent, her desire to know what caused the death of her child was much stronger than religious or cultural beliefs and practices related to the treatment of the body after death and burial procedures:

Yes, *uhm*...as I was saying that at that time I didn't care (about) culture or my religion, I just wanted closure. I wanted to know *eh* what happened because they explained about the samples, that they have to be shipped to somewhere and then for me I didn't care that how long it is going to take. I just wanted that at least when they get the result I will know what happened. (Fatima, consented to MITS)

Of the three mothers who did not participate, one mother noted that her father-in-law's Christian belief system was one of the factors that contributed to his unwillingness to consent to the MITS procedure.

Another mother was adamant that neither culture nor religion influenced her decision not to consent.

Okay religious, cultural, no. I think it was personal. (Mapitso, did not consent to MITS)

The above demonstrates that while Christian religious beliefs functioned as both facilitator and barrier, cultural beliefs and practices were not acknowledged as significant factors influencing the acceptability of the MITS procedure.

### Discussion

This study explored the factors that influenced bereaved parents' decision-making around consent to minimally invasive autopsy (MIA) during a pilot study undertaken in Soweto. The findings demonstrate that while the majority of bereaved



mothers wanted to know what caused the death of their child, decision-making around consent was a complex process. The desire to get information about the cause of the death of their child was strongly felt by the bereaved mothers interviewed, regardless of whether or not they consented to the MITS procedure. These findings are consistent with research on parental decision-making around full body autopsy in other countries which also found that parents' desire to know the cause of death was the overriding motivator to consenting to MITS (Meaney et al. 2014; Horey et al. 2012; Breeze et al. 2011, 2012; Rankin et al. 2002; Heazell et al. 2012; Maixenchs et al. 2016; Ngwenya et al. 2017). In this study it was also found that the desire to know the cause of death led to the mothers having a better understanding of what caused the death of their children. The mothers were seeking to have emotional closure, while at the same time beginning to resolve some of the questions as to whom or what was responsible for the death. This latter finding is of great relevance to the MITS procedure as it is common to blame witchcraft when a person, more especially a child has died as Ngwenya et al. 2017 found. The major value of MITS and complete body autopsy is to find definite cause of death and Beckwith (1989) notes that this benefit assists in alleviating families of fears and misunderstandings about cause of death. This study demonstrated that the desire to confirm suspicions about witchcraft motivated parents to obtain cause of death information. The concerns about witchcraft reflected a socio- cultural context in which these bereaved mothers lived whereby untimely death especially of that of children is usually attributed to witchcraft as the causative agent (Ngwenya et al. 2017). . For example, Horey et al. (2012) found in their study in Australia that consent was less likely to be granted if bereaved mothers believed that someone was responsible for the death. The desire to attribute blame for the death of a person is a common grief response, especially when a death is untimely or unexpected (Stroebe et al. 2014).

Like the bereaved mothers in previous studies, most of the mothers, interviewed in this study, were anxious to know whether they were in some way responsible for the death of their child, i.e. self-blame. Issues of self-blame have been studied widely and one study by Hazzard et.al. 1992 showed that there were very high levels of self-blame among bereaved parents.

The decision-making process to consent for MITS was influenced by a number of key factors that could function as both facilitators and barriers, depending on the particular personal and social circumstances of bereaved parents. Seven key factors were identified which included: the timing of the approach to consent; perceptions about the consent counsellors; comprehension of the MITS procedure; perceived benefits of consenting to MITS; perceptions about medical research; decision-making dynamics; and religious and cultural beliefs and practices. The study further demonstrated that regret was a major issue for the bereaved mothers who did not consent to the MITS procedure.

The challenges associated with obtaining informed consent for autopsy from bereaved parents shortly after the death of their child have been explored in a number of studies (Horey et al. 2012, Meaney et al. 2014, Kang et al., 2014; Heazell et al., 2012; Breeze et al. 2012). The development of minimally invasive autopsy (MIA) techniques offers the possibility of minimising some of these challenges and indeed, recent studies assessing the hypothetical acceptability of MIA have found that both the minimally invasive nature and rapidity of such techniques may increase consent rates in all geographic regions (Maixenchs et al. 2016; Ngwenya et al. 2017; Rankin et al. 2002). In this study, which focused on real-life acceptability during MITS implementation, it confirmed that the minimally invasive nature of MITS did in fact find that it actually facilitated bereaved parents' decision to consent. In this study, it was found that one such challenge was related to timing of the approach to consent. The procedure must be completed within 24 to 36 hours after death has been confirmed by a medical practitioner and bereaved parents are thus approached for consent only hours after suffering the death of their child. The study found that timing on the approach to consent to autopsy tended to be problematic for bereaved parents who were in emotional distress and could not make rational decisions relating to consenting for MITS. This is consistent with findings from other studies that demonstrate that some bereaved parents may be too emotionally overwhelmed or distressed to make informed decisions (Meaney et al., 2014; Wimmer et.al. 2017). Timing of the approach to consent acted as a barrier in this case. The inappropriateness of seeking consent for autopsy at a time when parents were still struggling to adjust to their child's death was a real barrier to consenting as it made the bereaved parents not be receptive to or fully comprehend the descriptions about the procedure. This challenge was further exacerbated when bereaved parents were simultaneously experiencing bureaucratic and logistical difficulties involved in getting their child's body released for burial from a public hospital system. Ultimately, challenges as those associated with obtaining consent for autopsy from bereaved parents remained to be negotiated as parents who had just lost children were under a 'great deal of emotional distress' (Wimmer et. al. (2017). Furthermore, other studies have suggested that the challenges of obtaining consent for autopsy from bereaved parents can be mitigated if the consenting process is skilfully navigated (Meaney et al. 2014; Horey et al. 2012, and Maixenchs et al. 2016). The observations actually demonstrated that this fact as the consent counsellors were instrumental to parents' decision to consent. The consent counsellors' ability to establish rapport and trust, offer comfort and reassurance, and adequately describe the MITS procedure and potential benefits of obtaining cause of death

information was shown to facilitate consent. The rapidity of the MITS procedure was also found to be a facilitator to consent for some mothers as it did not result in funeral delays. This fact was more favourable for those whose religious practices and rituals did not allow for delays in burying the dead such as the Islamic faith. In addition, consent counsellors' ability to show empathy was another key factor which played a role in consenting to MITS. Empathetic consenting counsellors were more likely to succeed in getting consent from the bereaved mother for MITS and vice versa. Studies have shown that empathy needs to be emphasised in during the formal training of health professionals as Lewis et al. (2017: 175-176) showed in their review that "lack of professional training among healthcare workers to consent patients presented a key barrier to post-mortem". Wimmer et al. (2017:182) also believed that the consent process should be "handled with respect". Notwithstanding, the challenges posed by the timing of the consent process could function as a barrier to consent for some bereaved parents regardless of how skilfully the consent process is navigated. The consenting counsellors need to have empathy and develop very good rapport with bereaved parents to ensure the barriers to consenting are minimised.

MITS is a medical procedure and it was found that bereaved parents struggled to understand the technical language used during the consenting process. Comprehension of the MITS procedure was found as both a facilitator and a barrier to consenting to MITS procedure. Bereaved mothers who had complete comprehension of the MITS procedure were more likely to consent to MITS as compared to mothers who did not understand the procedure clearly. Other studies have shown that lack of training of health professional can create problems especially when it comes to giving medical information to bereaved parents. Siassakos et. al. (2017:168) argues that staff should be adequately trained to exchange appropriate information and adds that giving "proper communication" is advantageous as it can "correct information". Wimmer et al. (2017:182) aptly put it thus, "parents need ... compassionate and timely information" about the procedure. Most of the parents also found that the procedure was respectful to the body as the deceased child's body. Lewis et. al. (2017) argue that "familiarity with the post-mortem procedure, reassurance that procedure would be carried out with care and dignity, and knowing that that their child's body would be respected" acted as facilitators to consenting for autopsy. In addition to having full comprehension of the MITS procedure, bereaved parents were able to appreciate the benefits of the procedure. The perceived benefits of the MITS procedure played a major role in whether a bereaved mother would consent or not. The study found that wanting to know more about the medical condition that led to the death of the child was paramount. Altruism was an added factor which made parents to consent so that other parents do not have to go through what these bereaved mothers went through. In this way, MITS was beneficial as it was meant to provide the answers. Wimmer et. al. (2017:182) also argues that "parents tend to appreciate knowing that the testing could improve science, benefit future families, and guide care for their subsequent pregnancies". On the other hand, lack of understanding of benefits of MITS led to some bereaved mothers not to consent for MITS. A sense of resignation had set in as they argued that even if they consented, the child was not coming back.

Perceptions about medical research and medical practitioners influenced participants' decision-making around the consent process. As with previous studies (Horey et al. 2012; Heazell et al. 2012), this study also found that being introduced to MITS by a trusted medical practitioner who explained the benefits of and addressed the concerns about MITS was a facilitator for consent. This indicates that involving attending physicians in the consenting process may increase the consent rate for MITS when a relationship of trust has been established between physician and parent/s prior to the death of the child. Consistent with studies that demonstrate that an environment of mistrust is a significant barrier to consent for autopsy (Horey et al. 2012); the current study established how negative perceptions about medical research can function as a barrier to consent. Further, the novelty and unfamiliarity of minimally invasive autopsy techniques may further contribute to misunderstandings and misperceptions about what such techniques involve. Bereaved mothers in our study made suggestions consistent with recommendations from other studies regarding educating communities about minimally invasive autopsy procedures in low- and middle-income countries (Maixenchs et al. 2016; Ngwenya et al. 2017). Significantly, our findings indicated that bereaved mothers felt it was appropriate to introduce the MITS procedure and its potential benefits to pregnant mothers at antenatal clinics.

Previous studies assessing the hypothetical acceptability of MITS in low and middle-income countries in Africa and Southeast Asia found that complex decision-making processes are a potential barrier to consent to autopsy given that family members other than a deceased child's parents may have decision-making power regarding consent for autopsy (Maixenchs et al., 2016; Ngwenya et al. 2017). This study demonstrated first, that some bereaved mothers had individual autonomy to make decisions while others had to depend on significant others in their family for the same; second, that either decision-making dynamic could function as both facilitator and barrier to consent, depending on the specific circumstances of bereaved mothers as well as the role of other influencing factors or persons. These social facts illustrate the importance of developing a thorough understanding of the socio-cultural dynamics within a specific region in order to assess the feasibility of MITS implementation. This is not to deny the normative influence of patriarchal family structures

on female family members' capacity to consent, but to also draw attention to the multiplicity of family structures within Soweto as well as the individual capacity to thwart such normative frameworks in certain circumstances wherever expedience is concerned. Thus, decision-making is complex and that the overriding ethical condition of international health research based on the concept of an autonomous individual whose choices are independent of social relations and local processes needs to take into consideration the economic, cultural, kinship, and friendship networks within which persons are embedded (Kleinman, 1999: 72). Religious and cultural beliefs and practices were not primary facilitators or barriers to consent for MITS. This is consistent with some previous studies (Kang et al. 2014; Maixenchs et al. 2016) and in contrast to others (Ngwenya et al. 2017). However, while religious or cultural considerations were viewed by bereaved mothers as less significant to their decision-making than the desire to know cause of death, it cannot be concluded that religious and cultural considerations have minimal influence on the real-life acceptability of MITS in Soweto. These findings do however point to how cultural and religious beliefs and practices may become secondary or submerged influences when the desire to obtain cause of death information is of primary importance.

Finally, and crucially, our findings are consistent with a number of previous studies (Meaney et al. 2014; Horey et al. 2012) that have shown that bereaved mothers who do not consent to autopsy are very likely to later regret this decision. This regret revolves around the feeling of having missed the opportunity to find out what caused the death of their child and the perceived benefits attendant to having this knowledge. The study findings demonstrate that there are psychological and emotional consequences for bereaved mothers who do not consent to autopsy. In research, the ethical obligation to do no harm to participants is paramount for both those who consented to participate and those who did not consent. This study established that in research or clinical contexts, where consent to autopsy may potentially benefit bereaved parents who have suffered the death of a child; this ethical obligation should extend to all who are approached to consent especially in terms of psycho-socio support given to bereaved parents. The findings also suggested that fulfilment of this obligation should be aided by a thorough understanding of the factors that facilitate and impede consent to autopsy. More importantly, there should be requisite training, information, and support provided to those who will take bereaved parents through the consenting process.

### Study strengths and limitations

The major strength of this study is that it reports on findings of data collected from parents who had lived the experience of losing a child. It is not hypothetical but lived.

The only limitation to this study is that only six bereaved mothers were interviewed for this study. Although the validity of the data is not affected, it would be advisable to collect data from more participants to enable data saturation to take place. Furthermore, only bereaved mothers were interviewed. In order to better understand the barriers to consent, it would be better to also include the other family members involved in the decision-making around consent so as to triangulate the data coming from the bereaved mothers.

### Conclusions

This study shows that decision-making around consent for MITS is complex and dependent on a number of factors. Given the 24 to 36 hour timeframe for conducting MITS, bereaved parents must make a decision in a time limited situation and in a state of emotional distress. It is thus important that medical professionals seeking consent for autopsy from bereaved parents who have just suffered the loss a child are aware of the various factors that could influence decision-making around consent in a particular socio-cultural context.

### Acknowledgements

The authors are grateful to the bereaved parents who allowed us to collect data for this study.

**Funding:** This study was made possible through funding from the Bill and Melinda Gates Foundation. **Grant Number:** OPP1126780

### References

- [1] Bamford L. 2013. Maternal, newborn and child health. *SAHR 2012/13*. National Department of Health, School of Health Systems and Public Health, University of Pretoria.
- [2] Banyini A. V., Rees D., and Gilbert, L. 2013. "Even if I were to consent, my family will never agree": exploring autopsy services for posthumous occupational lung disease compensation among mineworkers in South Africa. *Glob Health Action* Vol. 6: 19518. <http://dx.doi.org/10.3402/gha.v6i0.19518>

- [3] Bassat, Q. , Castillo, P., Martínez , M.J., Jordao, D., Lovane, L., Hurtado, J.C., Nhampossa, T., Ritchie, P.S., Bandeira, S., Sambo, C., Chicamba, V., Ismail, M.R., Carrilho, C., Lorenzoni, C., Fernandes, F., Cisteró, P., Mayor, A., Cossa, A., Mandomando, I., Navarro, M., Casas, I., Jvila, J., Munguambe, K., Maixenchs, M., Sanz, A., Quintó, L., Macete, E., Alonso, P., Menéndez, C., Ordi, J. 2017. Validity of a minimally invasive autopsy tool for cause of death determination in pediatric deaths in Mozambique: An observational study. *PLOS Medicine*. [O] <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002317>. Accessed on 2018-02-15.
- [4] Beckwith J.B. 1989. The value of the pediatric postmortem examination. *Pediatr Clin North Am*, Vol.1, pp: 29-36.
- [5] Ben-Sasi K., Chitty L. S., Franck L. S., Thayyil S., Judge-Kronis L., Taylor A. M. and Sebire N. J. 2013. Acceptability of a Minimally Invasive Perinatal/Paediatric Autopsy: Healthcare Professionals' Views and Implications for Practice. *Prenat Diagn*, Vol. 33(4), pp: 307-12. doi:10.1002/pd.4077.
- [6] Breeze A. C. G., Statham H., Hackett G. A., Jessop F. A., and Lees C. C. 2011. Attitudes to perinatal postmortem: parental views about research participation. *J Med Ethics* Vol. 37, pp: 364-367.
- [7] Breeze A. C. G., Statham H., Hackett G. A., Jessop F. A., and Lees C. C. 2012. Perinatal Postmortems: What Is Important to Parents and How Do They Decide? *Birth*, Vol. 39 (1), March 2012, pp: 57 – 64.
- [8] Byass P. 2016. Minimally Invasive Autopsy: A New Paradigm for Understanding Global Health? *PLOS Med*, Vol 13 (11) e1002173.
- [9] Castillo P., MartóÁñez M. J., Ussene E., Jordao D., Lovane L., Ismail M. R., et al. 2016. "Validity of a Minimally Invasive Autopsy for Cause of Death Determination in Adults in Mozambique: An Observational Study." *PLoS Med* Vol. 13 (11): e1002171.
- [10] Gordijn S.J., Erwich J.J.H.M., Khong T.Y. 2009. The perinatal autopsy: pertinent issues in multicultural Western Europe. *Eur J Obstet Gynecol Reprod Biol*. Vol. 132, pp: 3–7.
- [11] Heazell A. E. P., McLaughlin M. J., Schmidt E. B., Cox P., Flenady V., Khong T. Y., and Downee S. 2012. "A difficult conversation? The views and experiences of parents and professionals on the consent process for perinatal postmortem after stillbirth." *BJOG* 2012, Vol. 119, pp: 987–997.
- [12] Horey D., Flenady V., Conway L., McLeod E., and Khong T.Y. 2012. Decision influences and aftermath: parents, stillbirth and autopsy. *Health Expectations*, Vol. 17, pp.534–544
- [13] Kang X., Cos T., Guizani M., Cannie M. M., Segers V., and Jani J. C. 2014. Parental acceptance of minimally invasive fetal and neonatal autopsy compared with conventional autopsy. *Prenatal Diagnosis*, Vol. 34, pp: 1106–1110.
- [14] Kleinman A. 1999. Moral Experience and Ethical Reflection: Can Ethnography Reconcile Them? A Quandary for 'The New Bioethics'. *Daedalus*, Vol. 128 (4), Bioethics and Beyond (Fall, 1999), pp: 69-97.
- [15] Lewis C., Hill M., Aurthurs O.J., Hutchinson C., Chitty L.S., Sebire N.J., 2017. Factors affecting uptake of post-mortem examination in the prenatal, perinatal and paediatric setting. *An International Journal of Obstetrics and Gynaecology*. John Wiley & Sons Ltd. On behalf of Royal College of Obstetricians and Gynaecologists.
- [16] Lishimpi K., Chintu C., Lucas S., Mudenda V., Kaluwaji J., Story A., et al. 2001. Necropsies in African children: consent dilemmas for parents and guardians. *Arch Dis Child*. Vol. 84, pp:463–467.
- [17] Madhi SA., Cutland CL., Kuwanda L., Weinberg A., Hugo A., Jones., Adrian PV., van Niekerk N., Treurnicht F., Ortiz JR., Venter M., Violari A., Nuezil KM., Simoes EAF., Klugman KP., Nunes M., Matflu Team. 2014. Influenza Vaccination of Pregnant Women and Protection of Their Infants. *The New England Journal of Medicine*. 371:(10)918-931.
- [18] Maixenchs M., Anselmo R., Odhiambo F.O., Akello C., Ondire M., Zaidi S. S. H., et al. 2016. Willingness to Know the Cause of Death and Hypothetical Acceptability of the Minimally Invasive Autopsy in Five Diverse African and Asian Settings: A Mixed Methods Socio-behavioural Study. *PLoS Med* 2016, Vol. 13 (11): e1002172.
- [19] Meaney S., Gallagher S., Lutomski J. E., and O'Donoghue K. 2014. Parental decision making around perinatal autopsy: a qualitative investigation. *Health Expectations*, Vol. 18, pp.3160–3171.
- [20] Menendez C., Castillo P., Martinez M. J., Jordao D. Lovane L., Ismail M. R. et al. 2017. Validity of a minimally invasive autopsy for cause of death determination in stillborn babies and neonates in Mozambique: An observational study. *PLoS Med* Vol. 14 (6): e1002318.
- [21] Muller J. H. 1994. Anthropology, Bioethics, and Medicine: A Provocative Trilogy. *Medical Anthropology Quarterly, New Series*, Vol. 8, No. 4, Conceptual Development in Medical Anthropology: A Tribute to M. Margaret Clark, Dec., 1994, pp: 448-467.
- [22] Ngwenya N., Coplan D., Nzenze, S., Myburgh, N. & Shabir Madhi, S. 2017. Community acceptability of minimally invasive autopsy (MIA) in children under five years of age in Soweto, South Africa. *Anthropology Southern Africa*. Volume 40, - Issue 2, Pages 108-121.

- [23] Oluwasola O.A., Fawole O. I., Otegbayo A. J., Ogun G. O., Adebamowo, C. A. and Bamigboye A. E. 2009. The Autopsy: Knowledge, Attitude, and Perceptions of Doctors and Relatives of the Deceased. *Archives of Pathology & Laboratory Medicine*, Vol. 133 (1), pp. 78-82.
- [24] PopulationOf2017. Population of Soweto. 2017. [O] <http://populationof2017.com/population-of-soweto-2017.html>. Accessed on 2018/03/23
- [25] Rankin J. Wright C., Lind T. 2002. Cross sectional survey of parents' experience and views of the postmortem examination. *BMJ* Vol. 324 (6), April 2002, pp: 816-818.
- [26] Siassakos D., Jackson S., Gleeson K., Chebsey C., Ellis A., Storey C. 2017. All bereaved parents are entitled to good care after stillbirth: a mixed method multicentre study (INSIGHT). *An International Journal of Obstetrics and Gynaecology*. John Wiley & Sons Ltd. On behalf of Royal College of Obstetricians and Gynaecologists.
- [27] Strobe M., Stroebe W., van de Schoot R., Schut H., Abakoumkin G., Li J. 2014. Guilt in Bereavement: The Role Self- Blame and Regret in Coping with Loss. *PLOS ONE*. Volume 9: Issue 5. pp1-9.
- [28] Turner G., Bunthi C., Wonodi C. B., et al. 2012. The role of postmortem studies in pneumonia etiology research. *Clin Infect Dis* Vol. 54 (Suppl 2): S165-71.
- [29] Ugiagbe E. E. and Osifo O. D. 2012. Postmortem examinations on deceased neonates: a rarely utilized procedure in an African referral center. *Pediatr Dev Pathol*. Vol. 15, pp: 1-4.
- [30] UN, 2014. Sustainable development goals. Goal 3: Ensure healthy lives and promote well-being for all at all ages. New York, United States of America. [O] <http://www.un.org/sustainabledevelopment/health/page/2/>. Accessed on 2018/02/26
- [31] UNICEF. The State of the World's Children 2016: A fair chance for every child. New York, United States of America. [O] <https://www.unicef.org/sowc2016/>. Accessed on 2018/02/26
- [32] Wimmer L. I., Storey C., Silver, R. 2017. Improving post-mortem testing for perinatal death from the parents' perspective. *An International Journal of Obstetrics and Gynaecology*. John Wiley & Sons Ltd. On behalf of Royal College of Obstetricians and Gynaecologists.

## **A Case - Study in Neuromarketing: Analysis of the Influence of Music on Advertising Effectiveness Through Eye-Tracking, Facial Emotion and GSR**

**Prof. Ubaldo Cuesta**

Ph.D. Endowed Chair, Division of health Communication, Complutense University of Madrid, School of Communication

**Prof. Luz Martínez-Martínez**

PhD. Communication Department, Rey Juan Carlos University, School of Communication

**Prof. Jose Ignacio Niño**

PhD. Communication Department, Complutense University of Madrid, School of Communication

### **Abstract**

Music plays an important role in advertising. It exerts strong influence on the cognitive processes of attention and on the emotional processes of evaluation and, subsequently, in the attributes of the product. The goal of this work was to investigate these mechanisms using eye-tracking, facial expression and galvanic skin response (GSR). Nineteen university women were exposed to the same TV ad of a perfume in our Laboratory (<https://neurolabcenter.com/>). Nine of them were randomly assigned to the music version and ten to the silent version. During viewing, the visual areas of interest, the fixation time, the facial emotions and the GSR were recorded. Before and after viewing the subjects completed a questionnaire. Results: 1) The commercial with music caused a GSR level higher than without music. The GSR evaluates the degree of *arousal* (emotion)., 2) The facial expression indicated that the variable "enjoy" and "engagement" were significantly higher in the version with music. The positive valence (liking) presented higher values in the musical version, 3) However, the evaluation of the variable "attention", measured through facial expression, did not show differences between the groups. There were also no differences in the heat maps of areas of interest. 4) The attributes evaluation of the product, measured with the pre-post questionnaire, showed greater increases after exposure to the musical version, but only in specific product's attributes, such as "power" but not on other attributes, such as "status". These results are interpreted within the framework of the recent theories of advertising and music (Oakes, 2007).

### **Introduction**

The music and the sound stimulus have allowed to give emotion to the stories in the movies and on the radio, accompany us in moments and give us back sensations only when we listen to the melody again. Its evocative power based on its ability to create emotions and associations (Douglas, 1986) has been used in film for its dramatic ability and in advertising, today it is difficult to imagine a television advertising without sound. Advertisers strive to use its communicative potential with music that the audience can remember, through a catchy letter or a melody, that bring emotion to the message and identity to the brand, facilitating the creation of associations that will later make it remembered. Music provides added values (Gurrea, 1999) since it awakens or suggests feeling, it empowers them, accompanies them or brings new meanings (Martínez, 2004). Music is undoubtedly an important component in advertising communication, being in some cases the main creative component of the ad (Kellaris, Cox and Cox, 1993), which will not only serve as the basis for maintaining attention and joining scenes, but also it will influence the attributes of the brand (Hung, 2000).

Music determines in our organism direct or reflex reactions, which are transient functional reactions that characterize an emotion at the moment in which musical excitement acts, and indirect reactions, which is when the musical excitement acts on the psychic representation of musical emotions. (Arteaga, 2009). The musical excitations, like any other sensory excitement, determine a direct increase in the physiological activities of the organism and will affect the attention, engagement and memory of the brand (Vermeulen & Beukeboom, 2016). A more intense experience corresponds to a greater emotional involvement, which in turn makes future considerations more reliable in the purchasing decision (Satel & Lilienfeld, 2013). In this sense, music plays an important role in advertising since it exerts a strong influence on the

cognitive processes of attention and on the emotional processes of evaluation and, subsequently, on the attributes of the products.

In relation to the role of music in advertising, Gerald Gorn (1982) demonstrated a certain relationship between the choice of an object and the type of music associated as well as the unconscious nature of this process. The type of music to be used is important, several studies show that using a music congruent with the advertisement causes greater preference for the product and the probability of purchase (North, MacKenzie, Law & Hargreaves, 2004; Alpert, Alpert y Maltz, 2005). In relation to its effect on the perception of the brand, Anand and Sternthal (1990) analyzed attitudinal responses to an advertisement for soft drinks with music and without music proving that the use of a voice-over along with music caused greater affective and cognitive effects positive towards the brand and the repetition of the ad while the one without music was perceived as more boring and irritating. The emotional and rhythmic characteristics of the music also influences by causing different emotional states that will affect the perceived perception of the brand, for example, provoking a state of positive humor with the use of cheerful music (Mitchell, 1988; Bozman, Muelind y Pettit-O'Malley, 1994). When music is used in audiovisual advertisements, that is, when accompanying a video, it has proven to be more effective than verbal cues by a greater recall of visual imagery such as action (Stewart, 1998). In their research on the effect of music on visual memory, Gorn, Goldberg, Chattopadhyay and Litvack (1991) found that the use of music, versus the same stimulus but without music, was more effective in producing higher levels of recall.

While the voice in the ad describes the properties of the product, the music evokes an emotional response. Research shows the difficulty of delimiting the emotional and cognitive responses in advertising since cognitive messages must have a message of emotional background and, on the other hand, emotional stimulus, for example through music, can trigger involuntary cognitive processes that influence purchasing intention (Oakes, 2007; Gopinath and Nyer, 1999).

### *Neuromarketing*

Neuromarketing applies knowledge of neuroscience, scientific study of the nervous system, for a greater understanding of the unconscious processes that intervene in consumer purchasing processes. Analyzing the psycho-physiological reactions of individuals when they are exposed to marketing stimulus it is being used to study the affective and cognitive consumer's responses based on objective and scientifically measurable results. In this way it is intended to better understand the consumer and get to meet their needs more effectively. The majority of decisions are made in the intuitive or unconscious side, the emotional responses caused by the announcements are greater than those that can cause in the logical plane thanks to a higher level of engagement and excitement (Satel and Lilienfeld, 2013).

Neuromarketing registers different indicators whose analysis allows to measure criteria such as emotional engagement, retention, purchase intention, novelty, knowledge and attention. The most widespread are those non-invasive techniques related to readings of brain activity such as electroencephalogram (EGG), positron emission tomography (PET), magnetic resonance imaging (fMRI) or magnetoencephalography (MEG) that allows to register brain activity during the stimulus. These studies help to correlate emotional states, brain activity tests and behavioral studies such as preferences for stimuli (Herz and Schooler, 2002, Sowndhararajan and Kim, 2016). But in addition to these tools, neuromarketing allows the integration of other psychophysiological variables (Cuesta, Martinez-Martinez and Cuesta, 2018). The facial expression of the emotions or *Facial Expression* technique register emotional states of the individuals, by means of observable gestures like a smile or micro-muscular changes like contractions associated to certain reactions, it is an indicator of the positive or negative emotional responses of the individuals. Through the use of *eye-tracking* can be recorded automated behaviors such as pupil visual tracking and dilation of the pupil, informs about the route of the gaze, the heatmaps, areas of interest and the time of attention spent by individuals at a point providing information about the attention, interest and engagement caused. The visual selection and the route of the look are effective to measure the effectiveness of the brand, knowing where the individual looks at the stimulus gives us information on how information is ordered (Plassmann, Ramsøy & Milosavljevic, 2012). The dermoelectric response, or *Galvanic Skin Response* (GSR), records the electrodermal activity or skin conductance sensitive to increased activity or emotional arousal. The heart rate and the variability of the heart rate are related to emotional and cognitive aspects. The emotional response can be of positive or negative valence, the triangulation of the different indicators will allow us to finally evaluate the degree of emotion and whether it is positive or negative.

Therefore, neuromarketing offers scientific research techniques that can provide important information about the effects of music used in advertising on an affective and cognitive level in individuals allowing a better understanding of the audience and of the mechanisms inherent in the perception of the brand.

## Method

### 2.1. Objectives and Research Questions

The objective of this study was to investigate the effects of the use of music in advertisements on 1) the cognitive processes of attention, 2) the emotional processes of evaluation and 3) its effect on the attributes of the products using the techniques of eye tracking, facial expression and GSR. Research questions:

RQ1: How does music in advertisements affect the emotional responses of individuals?

RQ2: How does it affect cognitive responses?

RQ3: Does it affect the way the ad is viewed?

RQ4: How does it influence the perception of the brand?

### Procedures and Sample

A sample of 19 university students with an average of 25 years and an age range between 19 and 27 years were used. A factorial design of independent measures was carried out where the independent variable is music, with two levels: 1) an ad with music and 2) the same ad without music; that it would allow to analyze the effect of the use of music in advertisements on the perceptions of individuals about a product and / or brand, its attributes and valuations. The television ad for One Million perfume by Paco Rabanne (21sec.) was used, presenting it to a group of subjects with sound and to another group without sound. The subjects were randomly assigned to the experimental treatment groups.

Five dependent variables were used: (1) "product perception", (2) "brand assessment" as well as the psychophysiological variables measured during the exposure to the ad: (3) GSR, (4) eye-tracking, and (5) facial expressions.

The research was carried out in the Neuromarketing Laboratory "NeuroLabCenter" ([www.neurolabcenter.com](http://www.neurolabcenter.com)) in the School of Communication of the Complutense University of Madrid. After completing the pre-test, the participants were randomly exposed to one of the experimental treatment groups (announcement with sound vs. announcement without sound) while their psychophysiological responses (GSR, eye-tracking and Facial Expression) were collected by the different sensors. After viewing the participants completed the post-test.

### Measurement instruments

To measure the evaluations and perception's attributes of the brand, a questionnaire of 7 questions was used. The questionnaire was completed at the beginning of the session and, subsequently, after the presentation of the subjects to the experimental treatment. The questionnaire was based on an adaptation of the same used in previous research (Cuesta, Niño and Martínez-Martínez, 2018).

The psychophysiological variables: GSR, eye-tracking, pupilometry and facial recognition of emotion were measured using a Shimmer for GSR registration, a Tobii EYE Tracking, a high definition camera together with AFFECTIVA software and the iMotions software for the processing of the different indicators. The technique used has been widely described by us in previous research (Cuesta, Martínez and Cuesta, 2018).

## Analysis and results

### 3.1. Effects of music on attention and emotion

The data obtained from the galvanic skin response (GSR) showed that the announcement with music caused a greater reaction (78% of viewing time) than the ad without music (50% of viewing time). Regarding the type of reactions provoked, we found that in the ad with music they were more positive (7.5%) than in the case of the ad without music (5%), the latter also recorded some negative reactions (1.2%).

The results of the facial expression showed that the advertisement with music provoked a higher level of engagement (10%) compared to the announcement without music (7%), however, the attention values were similar in the advertisement with music (57%) and without music (56%).

The GSR showed two peaks of attention and emotion coinciding in both ads. In the first peak, the subjects concentrated their gaze on similar areas, however after that peak the attention and emotions generated decayed more pronounced in the ad without music. (Figure 1)



The same happened in the second peak of attention at the end of the announcement when the two golden perfume bottles appeared (female format and male format) and the name of the brand on a white background. Both groups set their sights on the packaging without looking at the brand, the attention and emotion were maintained for longer in the ad with music and declined to a greater extent in the ad without music. (Figure 2).

The image that provoked higher levels of attention, engagement and positive emotions in both groups was the face of man, we can observe that these levels were higher in the case of the ad with music. (Figure 3 and Figure 4)

As previously suggested, another peak attention was the final image of the ads where appeared the products and the name of the brand. This scene also generated positive reactions in both ads, although the levels were higher in the music ad.

#### *Heatmaps and areas of interest*

According to the data obtained through the Eye Tracking in relation to the points of attention of the individuals during the viewing, that allow us to distinguish the different areas where the individuals fix their gaze, we can observe that there were no significant differences in the hot zones or areas of interest between the two groups. In both conditions the character that receives the most attention is the man (Figure 5).

#### *Perception of the brand*

We did not find significant differences ( $p < 0.05$ ) neither between groups nor in the data obtained before and after the stimulus. In relation to the type of emotion that the participants associated with the brand, 95% named concepts such as success, sensuality, sexual attraction, passion, motivation and power. No differences were found between groups nor in the opinions offered before and after the stimulus.

When the participants were asked to associate certain attributes to the Paco Rabanne brand, practically all the evaluations increased in both groups showing thus main effects of the experimental factor. However, an interesting interaction effect also appeared showing that changes were greater in the announcement with music (Table 1). The Student's T test showed significant differences in the scores before and after the stimulus only in the ad group with music for the attribute "power" ( $p = .002$ ; Table 3).

After the stimulus, there was also some increase in both groups over their belief on the item "a perfume influenced the mood", but with no significant differences between groups ( $p < 0.05$ ). Regarding the image of the product, data shows an increase in all the evaluations after both stimuli (Table 2) but no significant differences were found neither of main effects nor of interaction (Table 3)

## **Conclusions and Discussion**

### *4.1. Discussion*

Music is one of the most important characteristics of advertising for the generation of persistent effects that has a potential to mobilize emotions in the viewer that accompanied the perception of messages enriching its contents. It also causes an increase in emotional activity that facilitates both the subsequent memory and the increase in attention.

However, previous research in this field has shown unclear results, which can be very complex, with different creativities, types of music, creative styles, etc. All this requires accumulating a large amount of experimental experience that allows accumulating enough data to create a comprehensive theoretical body of this complex phenomenon.

Previous investigations have proposed that music it's perceived as a peripheral type signal that it is used to provoke an emotional state (Stout and Leckenby, 1988). According to the dual process theory, that is, the theory of central and peripheral processing, it has been interpreted that music acts as a signal to generate a positive attitude towards the message and then transmit it to the brand and the product. In this way, music would have a greater effect on an audience that is not very involved (low commitment audience), (Park & Young, 1986, MacInnis & Park, 1991, Petty & Cacioppo, 1986).

However, specific effects of music that can directly produce on the brand and the product have also been proposed: through the feelings of the spectators and the provoked emotions that will be directly linked to the stimuli through associative conditioning (Clynes and Nettheim, 1982, Alpert and Alpert, 1990).

In line with previous works Zimny and Weidenfeller (1961) our research seems to confirm this last proposal. Zimny and Weidenfeller demonstrated through GSR and heart rate how music generates emotion in the subjects (psychophysiological activation) which was transferred directly to the brand and product.

In a similar sense, our research provides the physiological data that show the greatest emotional activity in certain perceptual segments generated by music. This emotion has resulted in different perceptions of the product and the brand shown in the surveys made to the subjects. Researchers are now learning that emotions guide and influence consumer behavior far more than seen in traditional, cognitive research. (Rossiter & Percy, 1991)

Consistent with the studies of Zimny and Weidenfeller, the transmission of values attributed to the brand and the product has been very consistent with the type of music used and the emotions that they mobilize in the subjects: the highly critical and markedly asymmetric music has generated an emotion of "power" or "speed" that has been transmitted as an attribute to the product. However, other values, such as status, not linked to the association generated by music, have not appeared as a gain due to music.

### Conclusions.

The study on the effects of music on advertising has been studied previously. However, in our knowledge, there are no research that use questionnaires together with neuromarketing techniques that help to understand in greater depth these effects.

In this research, the analysis of psychophysiological responses showed that the use of music in the ad has a greater effect on emotional processes such as excitement and emotion. It also caused greater enjoyment and engagement. On the other hand, the use of music did not show an effect on cognitive processes such as attention, the way of looking at the advertisement, or in the areas of interest during both stimuli. However, it did have a persuasive effect on specific attributes of the brand such as "power". These data reveal that the music in the advertisements affects the emotional processes of the consumers and also the perception of the brand without influencing the cognitive responses of the subjects, which would provide clarity on the debate between the link of emotional responses and cognitive in advertising (Oakes, 2007; Gopinath and Nyer, 1999).

On the other hand, the increase in the attribute "power" can be caused by the type of music used in the ad coherent with the type of image (black and white) with dry changes that link cuts of general and short planes.

These data provide important information about the effects of music on the perception of the brand through stimulating emotional processes studied in other research (Bozman, Muelind and Malley, 1994), as well as the importance of using music coherent with the announcement (Anand and Sternthal, 1990).

### References

- [1] Alpert, J. I., & Alpert, M. I. (1990). Music influences on mood and purchase intentions. *Psychology & Marketing*, 7, 109-133.
- [2] Alpert, M. I., Alpert, J. I., & Maltz, E. N. (2005). Purchase occasion influence on the role of music in advertising. *Journal of Business Research*, 58(3), 369-376.
- [3] Anand, P., & Sternthal, B. (1990). Ease of message processing as a moderator of repetition effects in advertising. *Journal of Marketing Research*, 345-353.
- [4] Arteaga Requena, R. A. M. I. R. O. (2009). Neuromarketing Auditivo. *Universidad Católica San Pablo*.
- [5] Bagozzi, R. P., Gopinath, M., & Nyer, P. U. (1999). The role of emotions in marketing. *Journal of the academy of marketing science*, 27(2), 184-206.
- [6] Bozman, C. S., Mueling, D., & Malley, K. L. P. O. (1994). The directional influence of music backgrounds in television advertising. *Journal of Applied Business Research*, 10(1), 14.
- [7] Clynes, M., & Nettheim, N. (1982). The living quality of music: neurobiologic basis of communicating feeling. In M. Clynes (Ed.), *Music, Mind, and Brain: The Neuropsychology of Music*. New York: Plenum Press.
- [8] Cuesta, U., Martínez-Martínez, L. & Cuesta, V. (2017). Neuromarketing olfativo: Análisis del electroencefalograma y las respuestas psicofisiológicas provocadas por diferentes olores. Ed. TECNOS. ISBN 978-84-309-7392-7
- [9] Cuesta, U., Niño J. I. & Martínez-Martínez, L. (2018). Neuromarketing: Analysis of Packaging Using Gsr, Eye-Tracking and Facial Expression. Paper presented at The European Conference on Media, Communication & Film 2018, Brighton, UK.

- [10] Douglas, T. (1986). *Guía completa de la publicidad*. Editorial Hermenn Blume Ediciones, Madrid.
- [11] Gorn, G. J. (1982). The effects of music in advertising on choice behavior: A classical conditioning approach. *The Journal of Marketing*, 94-101.
- [12] Gorn, G. J., Goldberg, M. E., Chattopadhyay, A., & Litvack, D. (1991). Music and information in commercials: their effects with an elderly sample. *Journal of Advertising Research*, 31(5), 23-32.
- [13] Gurrea, Á., & Saavedra, G. (1999). Los anuncios por dentro. Universidad del País Vasco, Servicio Editorial Euskal Herriko Unibertsitatea, Argitalpen Zerbitzua.
- [14] Herz, R. S., & Schooler, J. W. (2002). A naturalistic study of autobiographical memories evoked by olfactory and visual cues: testing the Proustian hypothesis. *American Journal of Psychology*, 115(1), 21-32.
- [15] Hung, K. (2000). Narrative music in congruent and incongruent TV advertising. *Journal of advertising*, 29(1), 25-34.
- [16] Kellaris, J. J., Cox, A. D., & Cox, D. (1993). The effect of background music on ad processing: A contingency explanation. *The Journal of Marketing*, 114-125.
- [17] MacInnis, D. J., & Park, C. W. (1991). The differential role of characteristics of music on high and low-involvement consumers' processing of ads. *Journal of Consumer Research*, 18, 161-173.
- [18] Martínez, S. (2004). Música y mujeres en la publicidad televisiva. *Comunicar*, (23).
- [19] Mitchell, A. A. (1988). Current perspectives and issues concerning the explanation of 'feeling' advertising effects. *Nonverbal communication in advertising*, 127-143.
- [20] North, A. C., Mackenzie, L. C., Law, R. M., & Hargreaves, D. J. (2004). The effects of musical and voice "fit" on responses to advertisements. *Journal of Applied Social Psychology*, 34(8), 1675-1708.
- [21] Oakes, S. (2007). Evaluating empirical research into music in advertising: A congruity perspective. *Journal of Advertising Research*, 47(1), 38-50.
- [22] Park, C. W., & Young, S. M. (1986). Consumer response to television commercials: the impact of involvement and background music on brand attitude formation. *Journal of Marketing Research*, 23, 11-35.
- [23] Petty, R. E., & Cacioppo, J. T. (1986). *Communication and Persuasion: Central and Peripheral Routes to Attitude Change*. New York: Springer.
- [24] Plassmann, H., Ramsøy, T. Z., & Milosavljevic, M. (2012). Branding the brain: A critical review and outlook. *Journal of Consumer Psychology*, 22(1), 18-36.
- [25] Rossiter, J. R., & Percy, L. (1991). Emotions and motivations in advertising. *Advances in Consumer Research*, 18, 100-111.
- [26] Sachs, M. E., Ellis, R. J., Schlaug, G., & Loui, P. (2016). Brain connectivity reflects human aesthetic responses to music. *Social cognitive and affective neuroscience*, 11(6), 884-891.
- [27] Satel, S., & Lilienfeld, S. O. (2013). *Brainwashed: The seductive appeal of mindless neuroscience*. Basic Civitas Books.
- [28] Sowndhararajan, K., & Kim, S. (2016). Influence of fragrances on human psychophysiological activity: With special reference to human electroencephalographic response. *Scientia pharmaceutica*, 84(4), 724-751.
- [29] Stewart, D. W. (1998). Effects of using a nonverbal (musical) cue on recall and playback of television advertising: Implications for advertising tracking. *Journal of Business Research*, 42(1), 39-51.
- [30] Stout, P. A., & Leckenby, J. D. (1986). Measuring emotional response to advertising. *Journal of Advertising*, 15(4), 35-41
- [31] Vermeulen, I., & Beukeboom, C. J. (2016). Effects of Music in Advertising: Three Experiments Replicating Single-Exposure Musical Conditioning of Consumer Choice (Gorn 1982) in an Individual Setting. *Journal of Advertising*, 45(1), 53-61.
- [32] Yue, N. P. (2011). An Analysis on the Effectiveness of Music in Advertising towards Consumer's Buying Behavior.
- [33] Zimny, G.H. & Weidenfeller, A.W. (1963). **Effects of Music upon GSR and Heart-Rate**. *The American Journal of Psychology*, Vol. 76, No. 2, 311-314.

**Tables**

Table 1. Group statistics attributes associated with the brand Paco Rabanne

	Type of stimulus	N	Average	Standard deviation	Error standard mean
PRETEST Association BRAND WITHMUSIC SUCCESS	MUSIC	9	6,56	3,167	1,056
	NO MUSIC	10	7,80	1,135	,359
POST- Association BRAND WITHMUSIC SUCCESS	MUSIC	9	6,67	3,082	1,027
	NO MUSIC	10	8,30	,823	,260
PRETEST Association BRAND WITHMUSIC GLAMOR	MUSIC	9	7,00	3,041	1,014
	NO MUSIC	10	8,40	,843	,267
POST-TEST Association BRAND WITHMUSIC GLAMOR	MUSIC	9	7,56	3,046	1,015
	NO MUSIC	10	8,50	1,080	,342
PRETEST Association BRAND withMUSIC ELEGANCE	MUSIC	9	7,33	3,082	1,027
	NO MUSIC	10	8,40	1,174	,371
POST-TEST Association BRAND withMUSIC ELEGANCE	MUSIC	9	8,11	1,691	,564
	NO MUSIC	10	8,60	1,075	,340
PRETEST Association BRAND withMUSIC POWER	MUSIC	9	6,44	1,810	,603
	NO MUSIC	10	7,20	2,741	,867
POST-TEST Association BRAND withMUSIC POWER	MUSIC	9	8,22	1,202	,401
	NO MUSIC	10	7,90	1,197	,379
PRETEST Association BRAND WITHMUSIC LUXURY	MUSIC	9	7,67	3,464	1,155
	NO MUSIC	10	8,00	2,357	,745
POST-TEST Association BRAND WITHMUSIC LUXURY	MUSIC	9	8,22	1,481	,494
	NO MUSIC	10	8,40	,966	,306

Table 2. Group statistics Attributes associated with the presentation of the brand

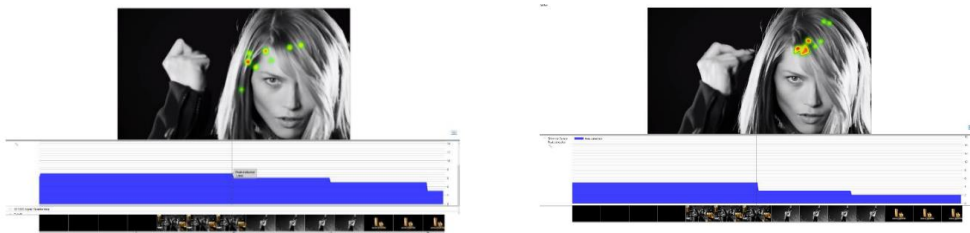
	Type of stimulus	N	Average	Standard deviation	Error standard mean
PRETEST Presentation SIMPLE	MUSIC	9	1,67	2,345	,782
	NO MUSIC	10	2,90	2,846	,900
POST-TEST Presentation SIMPLE	MUSIC	9	3,67	3,082	1,027
	NO MUSIC	10	4,80	2,300	,727
PRETEST Presentation MODERN	MUSIC	9	6,89	1,364	,455
	NO MUSIC	10	7,50	1,434	,453
POST-TEST Presentation MODERN	MUSIC	9	7,11	1,616	,539
	NO MUSIC	10	7,50	1,716	,543
PRETEST Presentación YOUNG	MUSIC	9	5,56	2,455	,818
	NO MUSIC	10	7,20	1,751	,554
POST-TEST Presentation YOUNG	MUSIC	9	7,22	1,787	,596
	NO MUSIC	10	8,30	1,829	,578
PRETEST Presentation ATTRACTIVE	MUSIC	9	7,56	1,236	,412
	NO MUSIC	10	8,80	,789	,249
POST-TEST Presentation ATTRACTIVE	MUSIC	9	8,22	1,563	,521
	NO MUSIC	10	8,90	,568	,180
PRETEST Presentation SENSUAL	MUSIC	9	7,44	3,046	1,015
	NO MUSIC	10	8,20	1,814	,573
POST-TEST Presentation SENSUAL	MUSIC	9	8,11	1,167	,389
	NO MUSIC	10	8,80	1,229	,389

Table 3. Group statistics Attributes associated with the announcement

	Type of stimulus	N	Average	Standard deviation	Error standard	mean
PRETEST Presentation SIMPLE	MUSIC	9	1,67	2,345	,782	
	NO MUSIC	10	2,90	2,846	,900	
POST-TEST Presentation SIMPLE	MUSIC	9	3,67	3,082	1,027	
	NO MUSIC	10	4,80	2,300	,727	
PRETEST Presentation MODERN	MUSIC	9	6,89	1,364	,455	
	NO MUSIC	10	7,50	1,434	,453	
POST-TEST Presentation MODERN	MUSIC	9	7,11	1,616	,539	
	NO MUSIC	10	7,50	1,716	,543	
PRETEST Presentación YOUNG	MUSIC	9	5,56	2,455	,818	
	NO MUSIC	10	7,20	1,751	,554	
POST-TEST Presentation YOUNG	MUSIC	9	7,22	1,787	,596	
	NO MUSIC	10	8,30	1,829	,578	
PRETEST Presentation ATTRACTIVE	MUSIC	9	7,56	1,236	,412	
	NO MUSIC	10	8,80	,789	,249	
POST-TEST Presentation ATTRACTIVE	MUSIC	9	8,22	1,563	,521	
	NO MUSIC	10	8,90	,568	,180	
PRETEST Presentation SENSUAL	MUSIC	9	7,44	3,046	1,015	
	NO MUSIC	10	8,20	1,814	,573	
POST-TEST Presentation SENSUAL	MUSIC	9	8,11	1,167	,389	
	NO MUSIC	10	8,80	1,229	,389	

Figures

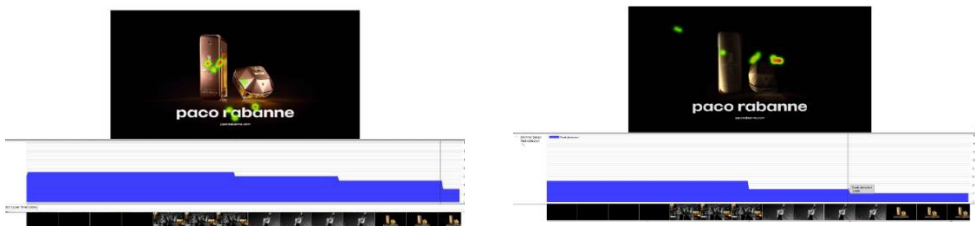
Figure 1. Comparison GSR peaks ad with music and without music



GSR peak ad with music

GSR peak ad without music

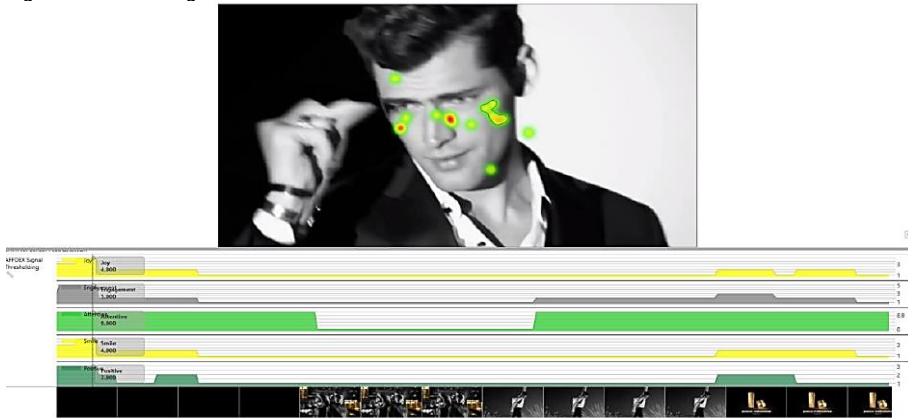
Figure2. Comparison GSR peaks announcement with music and without music



GSR peak ad with music

GSR peak ad without music

Figure 3. Facial recognition with music



Facial expressions music ad



Figure 4. Facial recognition without music

Figure 5. Comparison heatmaps ad with music and without music



Heatmap ad with sound

Heatmap ad without sound

## Influence of Foreign Direct Investment Inflows on Albanian Exports Through An Econometric Analysis

**Lorena Çakëri**

Phd candidate

Department of Finance

University "Ismail Qemali" Vlorë, Albania

### Abstract

Over the years, Albania has seen foreign direct investment as vital to the economic development of the country due to the many expected positive effects. One of the most important effects of foreign direct investment in the host country is the positive impact on the development of international trade, particularly on exports, in their quantitative and qualitative growth. This effect is in fact very important because export is one of the most important pillars of economic growth in different countries. Albanian governments have liberalized trade and investment policies over the years. This fact is reflected in the growth of foreign direct investment flows and exports over the years. The purpose of this paper is to investigate through an econometric analysis the impact of foreign direct investment on the level of export of goods and services. The data used are secondary data published by serious and specialized institutions in the collection and processing of data such as World Bank, Unctad.

**Keywords:** *foreign direct investment, international trade, exports, OLS method*

### Introduction

Over the years, foreign direct investment in Albania has been increasing. This is due to the fact that the Albanian state has always increased its efforts to attract as much foreign direct investment as possible. In recent years, Albania has been one of the main Western Balkan economies for foreign direct investment inflows. In the period 2008-2016, the average value of inflows of foreign investments was nearly \$ 1 million. In fact, foreign direct investment has played an important role in Albania's economic growth, especially over the last few years. Foreign direct investment has also helped boost Albania's international trade, as one of the key sectors where investments are focused foreign trade is trade. In Albania, after the 1990s, foreign trade has experienced significant changes. These changes have aimed at liberalizing trade. Foreign trade is vital for small countries like Albania. For this reason, Albanian governments over the years have been focusing on facilitating international trade to provide export development. In fact, export is one of the pillars of economic development for many countries. And Albania in order to build a sustainable growth pattern should increase export's contribution to economic growth. Theoretically, foreign direct investment can help escalate economic development. That is why policy-making is needed to focus on investment growth and trade liberalization.

#### 1. The link between foreign direct investment and international trade, especially with exports.

Foreign direct investment and international trade thanks to the phenomenon of globalization have become very close to each other. If, by the 1980's, international trade was the one that generated foreign direct investment, then the situation is different. Foreign direct investment has already had a significant impact on the development of international trade. The trade realized by the multinationals themselves within them has grown steadily<sup>1</sup>(Fontagne 1999). The link between foreign direct investment and international trade is complex. Both of these variables are of particular relevance to the economic development of different countries. However, broad literature presents two different causal links between variables. The first link looks at foreign direct investment and international trade as complementary to one another. While another point of view shows a substitution relationship between two variables (Simionescu 2014). There is no unified view of whether the business sees foreign direct investment and trade as two different ways to penetrate into new markets or whether one

---

<sup>1</sup> Fontagné, L. (1999),

foreign exchange entry eliminates the other. The vast majority of recent theoretical and empirical literature speaks of a complementary relationship (Martinez, Bengoa, Sánchez-Robles, 2012). Their empirical findings shows that foreign direct investment and international trade helps develop each other. What has been noted is that foreign direct investments and international trade have shown similar performance, both in their growth periods and in the case of sensitive falls, especially after the global financial crisis of 2008.

The link between foreign direct investment and international trade as a substitute between them is in fact earlier. First that theoretically formulated this link between these two variables was Mundell .Al justified this substitution relationship between them influencing trading costs(Mundell 1957).

Even the indicators of this international production already realized through foreign direct investment have recognized growth over the years

Table 1. Indicators of foreign direct investment and international production ,

Item	Value at current prices (Billions of dollars)				
	1990	2005–2007 (pre-crisis average)	2014	2015	2016
FDI inflows	205	1 426	1 324	1 774	1 746
FDI outflows	244	1 459	1 253	1 594	1 452
FDI inward stock	2 197	14 496	25 108	25 191	26 728
FDI outward stock	2 254	15 184	24 686	24 925	26 160
Income on inward FDI <sup>a</sup>	82	1 025	1 632	1 480	1 511
Rate of return on inward FDI <sup>b</sup>	4.4	7.3	6.9	6.2	6.0
Income on outward FDI <sup>a</sup>	128	1 101	1 533	1 382	1 376
Rate of return on outward FDI <sup>b</sup>	5.9	7.5	6.4	5.7	5.5
Cross-border M&As	98	729	428	735	869
Sales of foreign affiliates	5 097	19 973	33 476	36 069 <sup>c</sup>	37 570 <sup>c</sup>
Value added (product) of foreign affiliates	1 073	4 636	7 355	8 068 <sup>c</sup>	8 355 <sup>c</sup>
Total assets of foreign affiliates	4 595	41 140	104 931	108 621 <sup>c</sup>	112 833 <sup>c</sup>
Exports of foreign affiliates	1 444	4 976	7 854 <sup>d</sup>	6 974 <sup>d</sup>	6 812 <sup>d</sup>

Source :Unctad, World investment report 2017.

Foreign direct investment has many positive effects on the economies of the host countries. One of the effects sought by the governments of these countries is the positive impact on the growth of exports. Exports are very important for countries' economic growth. Exports have the ability to influence economic growth as exports are one of the components of aggregate demand. Their growth would bring aggregate demand growth, thus driving in economic growth (Awokuse 2003;Ucan, Akyildiz, and Maimaitimansuer 2016). Numerous studies support the idea that foreign direct investments help increase exports and thus, by stimulating exports to the host country, they play a decisive role in the economic growth of these countries. Foreign direct investment has the ability to increase exports to the host country, even more than domestic capital(Prasanna 2010)

Foreign direct investment affects the exporting capacity of the host countries in two ways. Firstly, the host country experiences an increase in exports as multinational companies themselves are integrated in the global trade networks and especially in the case of vertical fdi , they export most of the produced product. But also foreign direct investment has the ability to influence decisions to export of domestic firms, thus increasing their exports. Foreign investors can increase the exporting capacity of the host country as they affect the improvement of export products of domestic companies. (Bajgar and Javorcik 2017).

## 2. Importance of international trade in Albanian economy

In Albania, after the 1990s, foreign trade has experienced significant changes. These changes have aimed at liberalizing trade. Foreign trade is vital for small countries like Albania. For this reason, Albanian governments have been focusing on international trade facilitation over the years. International trade has an important role in the economic growth of different countries. Over the last few years, exports have increased their contribution to the creation of gross domestic product.



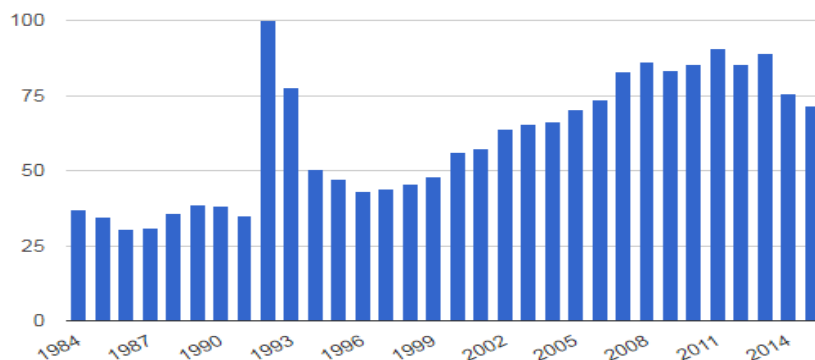
Table 1. Data on Albanian economy <sup>1</sup>

	2012	2013	2014	2015	2016	2017
Economic Growth (GDP, annual change in%)	1.4	1	1.8	2.8	3.4	3.8
Composition						
Consumption	0.1	1.4	2.5	-1	0.9	1.1
Investment	-2.8	-0.6	-1.2	2.9	2.8	2.5
Exports Net	4.7	-1.6	-2.1	0.8	-0.5	-0.1
Exports	-0.4	-7.2	0.9	-0.1	1.6	3.2
Exports (% of GDP)	15.4	17.6	9	8.3	7	6.9

Source: INSTAT, Bank of Albania, World Bank.

For Albania, the importance of trade openness has become vital since the beginning of the journey towards a free market economy. Since 1990, foreign trade has been liberalized. This liberalization process required the regulatory framework to comply with European Union standards. Albania has always been striving to achieve this goal. In June 2017, the new Customs Code improved, in line with the requirements of the European Union. This is an important step in improving the business climate, reflecting on reaching the 65th place in the report of doing business 2018. Years ago Albania was ranked as far as 20 countries. Albania generally has no prohibitive procedures for exports and imports, except in the case of special goods such as military products, radioactive materials, etc.<sup>2</sup>

Chart 1. The performance of the trade opening indicator for Albania



Source :[https://www.theglobaleconomy.com/Albania/trade\\_openness/](https://www.theglobaleconomy.com/Albania/trade_openness/)

Albania ranks 96th in its world-wide level of openness for 2015, according to estimates made by the world bank. Macedonia ranks many times better in 32nd place, Montenegro in 47th place.

For the easing of international trade, Albania has signed many signed trade agreements. These agreements aim at increasing the trade volume of products and services and increasing investment<sup>3</sup>

#### Central European Free Trade Agreement (CEFTA)

This is a multilateral agreement between Albania, Macedonia, Montenegro, Kosovo, Moldova, Croatia, Serbia and Bosnia and Herzegovina. AC entered into force on 19 December 2006.

<sup>1</sup><http://pubdocs.worldbank.org/en/521981474898709744/SEE-RER-Report-Fall-2016.pdf>

<sup>2</sup> [aida.gov.al/faqe/marveshjet-tregtare](http://aida.gov.al/faqe/marveshjet-tregtare)

<sup>3</sup> [aida.gov.al/faqe/marveshjet-tregtare](http://aida.gov.al/faqe/marveshjet-tregtare)

### Agreement with the European Free Trade Association (EFTA)

This agreement signed in the year aims at creating a free zone between Albania and the member states of EFTA, Iceland, Switzerland, Norway and Liechtenstein.

### Free Trade Agreement with Turkey

This agreement entered into force in 2008. This agreement affects the growth of the industrial sector in Albania as it does not apply the tariff for industrial products exported to Turkey from Albania.

### GSP programs

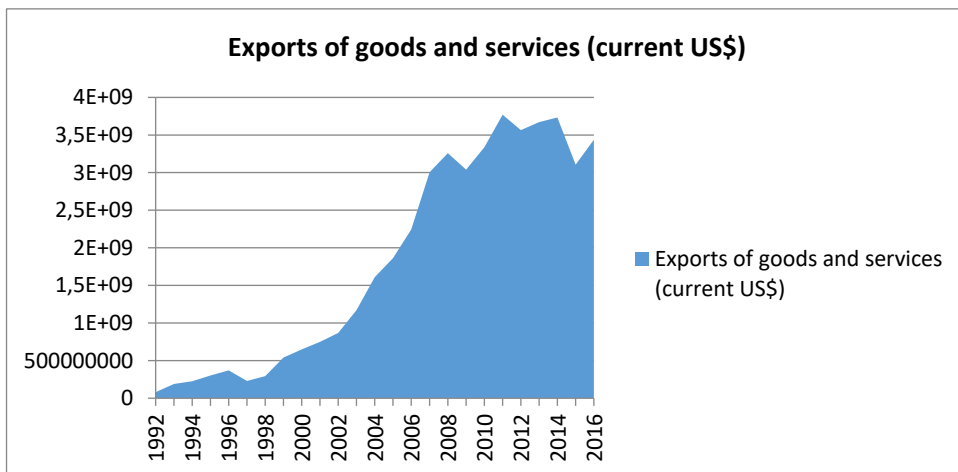
This program has a potent impact on the development of export-oriented products, as it does not apply tax incentives for a number of Albanian exported products to the United States.

## 3. Export performance

Importance of exports to the economic development of different countries is in fact indisputable. Exports help boost growth, boost employment, develop the competitive advantages of different countries. Also exports themselves make it possible to develop the structure of the economy by developing sectors that require skilled jobs and capital. The development of investments and exports is now indispensable for Albania. The current development model is mainly based on consumption, and this model exhibited its weaknesses during the financial crisis. In this way, exports also help reduce production costs through their positive impact on the flow of new and innovative technologies that are now indispensable for firms to become part of a global trading network, making products more qualitative <sup>1</sup>

If we look at the export performance over the years, what we notice is that exports in total value have been growing. This fact is very important as it implies that Albania has taken a road to long-term and sustainable development. This overall positive performance is a consequence of all policies undertaken to improve and facilitate trade.

Graph.2 Exports of goods and services (current US\$)



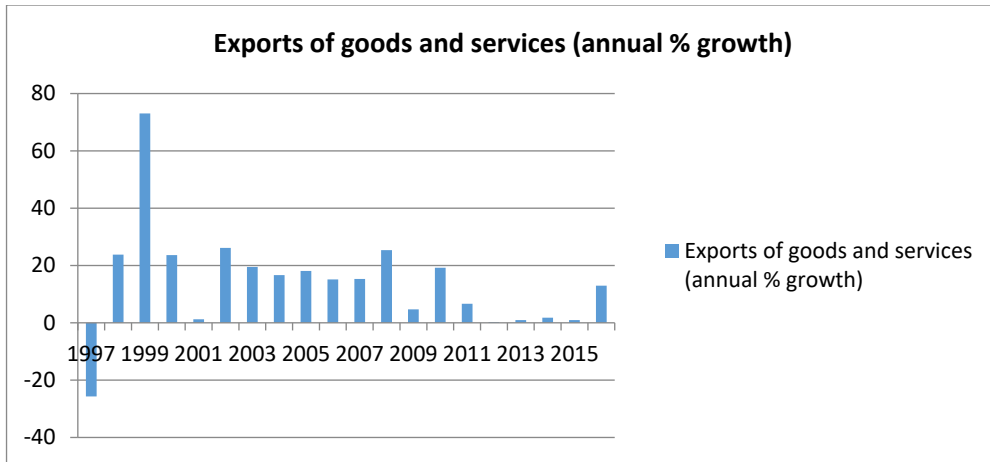
Source: World Bank <https://data.worldbank.org/indicator/NE.EXP.GNFS.CD?locations=AL>

Another important indicator of export performance is the rate of change over the years. This indicator is in fact of particular importance as it enables us to understand how the competitiveness of Albanian exports has changed over the years. In fact, up until 2001 this indicator has shown great variability, as a consequence of the turbulent political situation which has experienced Albania and the western Balkan region over these years. Between 2001 and 2008, changes in the rate of growth of the exports have been narrower. Exports in 2010 to 2015 have shown a performance of their often negative

<sup>1</sup> <http://www.doktoratura.unitir.edu.al/wp-content/uploads/2015/10/Doktoratura-Holta-Kora-Fakulteti-Ekonomise-Departamenti-i-Ekonomiksit.pdf>

growth. This fact is also dedicated to the financial crisis of the European Union countries, which are also the main trading partners for Albania. Exports in 2017 increased by 13.7% compared to 2016, mainly due to increased export services. Also, exports increased. . Compared to January-April 2017, exports increased by 16.8% in 2018. The main items were "Construction Materials and Metals", "Textiles and Shoes", "Minerals, Fuels, Electricity"<sup>1</sup>

Graph 3. Exports of goods and services (annual % growth)



Source: World Bank <https://data.worldbank.org/indicator/NE.EXP.GNFS.KD.ZG?locations=AL>

#### 4. Methodology

The data used in this paper are secondary data. These data have been published by serious institutions in the processing and publication of this type of data. The econometric models used in this paper aims to investigate whether the inflows of foreign direct investment inflows in Albania affect the level of exports.

The hypothesis tested in this paper is as follows:

##### H1: Foreign direct investment and exports are positively correlated

The relation between the export and the inflows of foreign direct investments is presented in a functional form as follows:

$$EXP = f(FDI)$$

EXP – Export of goods and services

FDI - inward flow of foreign direct Investment

The valuation technique used to measure the impact of foreign direct investment on the level of exports is the least-least-squares (OLS). The regression equation to be applied to the OLS technician is as follows:

$$EXP = a + b_1 FDI + e_i$$

Where :

EXP – Export of goods and services (in Current US\$)

a - Constant

B1 - Regression parameters

FDI –Foreign direct investment inward flow (Milions of dollars)

<sup>1</sup> <http://www.instat.gov.al/media/4040/tregtia-e-jashtme-prill-2018.pdf>

e- is the random error term

**Table 2: Data on inflows of foreign direct investments and exports in the period 1992-2016.**

Years	FDI inward stock,(Millions of dollars)	FDI inflows(Millions of dollars)	Exports of goods and services (current US\$)
1992	20	20.0	81519209.68
1993	88	68.0	189399541.5
1994	141	53.0	225407481
1995	211	70.1	302465325.4
1996	301.1	90.1	371128296.1
1997	348.7	47.5	229987998.6
1998	393.7	45.0	293568702
1999	434.9	41.2	540103549.6
2000	246.8	144.3	648940336.6
2001	327	206.4	748461645.6
2002	360.2	133.1	869225487.8
2003	482.9	177.1	1169843190
2004	836.6	345.7	1608022160
2005	1020.4	264.3	1862113161
2006	1392	324.4	2242225040
2007	2693.3	658.5	3005295932
2008	2868.5	974.3	3259292016
2009	3257.8	995.9	3040048180
2010	3254.9	1 050.7	3337098456
2011	4399.1	876.3	3769483126
2012	4303.3	855.4	3565036059
2013	3930.7	1 265.5	3671617045
2014	4295.4	1 110.0	3732081775
2015	4336.5	945.3	3104918356
2016	4985.2	1 099.9	3437166961

Source:Unctad , <http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx>

World Bank. <https://data.worldbank.org/indicator/NE.EXP.GNFS.CD?locations=AL>

## Results and discussion

The outcomes of the model which presents the impact of foreign direct investment inflows on the level of exports are presented below.

Source	SS	df	MS	Number of obs = 25		
Model	44681211.3	1	44681211.3	F( 1, 23) =	258.61	
Residual	3973812.48	23	172774.456	Prob > F	= 0.0000	
				R-squared	= 0.9183	
				Adj R-squared	= 0.9148	
Total	48655023.7	24	2027292.66	Root MSE	= 415.66	

EXP	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
FDI	3.076374	.1913007	16.08	0.000	2.680639	3.47211
_cons	352.4851	123.0855	2.86	0.009	97.86339	607.1068

The model itself is reliable because  $\text{Prob} > F = 0.0000$  is less than 0.05. We see that  $\text{Adj R-squared} = 0.9148$ . This indicates that 91.48% of the Export variation is explained by Fdi. And FDI is an important factor because  $P > |t| = 0.000$ , it is therefore less than the level of importance 0.05. According to the econometric analysis in Albania, FDIs positively affects the export level.

## 5. Conclusions:

Foreign direct investments are important for host countries as they help the economic development of host countries. One of the most positive effects of direct investment especially for small countries such as Albania is the positive impact on international trade and especially on the growth in exports of goods and services. Numerous studies support the idea that foreign direct investments help increase exports and thus, by stimulating exports to the host country, they play a decisive role in the economic growth of these countries.

Albania has paid attention to the liberalization of trade and investment policies. This liberal attitude is reflected in the growth of inflows of foreign direct investment and export levels. After analyzing the data collected from the publications of the World Bank and Unctad Bank, the empirical assessment of the paper shows that the inflows of foreign direct investment have a positive impact on the level of goods and services in Albania. In conclusion of this analysis we can conclude that the Albanian state should pay attention to improving the investment climate in the country in order to benefit from the positive effects of foreign investors in Albania.

## References

- [1] aida.gov.al/faqe/marveshjet-tregtare
- [2] Awokuse, T. O. (2003) 'Is the Export-Led Growth Hypothesis valid for Canada?' *The Canadian Journal of Economics*, 36(1) pp.126-136 Available online at , <https://faculty.smu.edu/millimet/classes/eco6375/papers/awokuse%202003.pdf>
- [3] Bajgar M. Javorcik B, 2017 Climbing the Rungs of the Quality Ladder: FDI and Domestic Exporters in Romania" July 26, 2017, Available online at <http://users.ox.ac.uk/~econ0247/Romania.pdf>
- [4] Fontagné, L. (1999), "Foreign Direct Investment and International Trade: Complements or Substitutes?", *OECD Science, Technology and Industry Working Papers*, 1999/03, OECD Publishing, Paris Available online at <https://www.oecd-ilibrary.org/docserver/788565713012.pdf?expires=1530288516&id=id&accname=guest&checksum=0C12C6304145116F7A7D1504AE3C1A07>
- [5] <http://pubdocs.worldbank.org/en/521981474898709744/SEE-RER-Report-Fall-2016.pdf>
- [6] <http://www.instat.gov.al/media/4040/tregtia-e-jashtme-prill-2018.pdf>
- [7] <http://www.worldbank.org/en/country/albania/overview#1>
- [8] Kora Holta 2016, "Liberalizimi tregtar, impakti në rritjen ekonomike. Rasti i Shqipërisë." Available online at <http://www.doktoratura.unitir.edu.al/wp-content/uploads/2015/10/Doktoratura-Holta-Kora-Fakulteti-Ekonomise-Departamenti-i-Ekonomiksit.pdf>
- [9] Luzo D.Llukani M.2016"Foreign direct investments in Albania.Which are the priority sectors for FDIs promotion?" *International Journal of Economics, Commerce and Management*, Vol. IV, Issue 2, February 2016, ISSN 2348 0386. Available online at <http://ijeem.co.uk/wp-content/uploads/2016/02/4236.pdf>
- [10] Mundell, Robert, "International Trade and Factor Mobility," *American Economic Review*, volume 47, June 1957, pp. 321-335., Available online at <https://www.jstor.org/stable/1811242>
- [11] Prasanna N. ,2010. Impact of Foreign Direct Investment on Export Performance in India, *J Soc Sci*, 24(1): 65-71 (2010) Available online at <http://krepublishers.com/02-Journals/JSS/JSS-24-0-000-10-Web/JSS-24-1-000-10-Abst-PDF/JSS-24-1-65-10-632-Prasanna-N/JSS-24-1-65-10-632-Prasanna-N-Tt.pdf>
- [12] Rădulescu M., Șerbănescu L., 2012,"The Impact of FDIs on Exports, and Export Competitiveness in Central and Eastern European Countries" *Journal of Knowledge Management, Economics and Information Technology*, Vol.2, No.1, pp. 132-168. Available online at [http://www.scientificpapers.org/wp-content/files/1244\\_Radulescu\\_Serbanescu\\_Impact\\_of\\_FDI\\_on\\_exports\\_in\\_CEE\\_countries.pdf](http://www.scientificpapers.org/wp-content/files/1244_Radulescu_Serbanescu_Impact_of_FDI_on_exports_in_CEE_countries.pdf)
- [13] Simionescu M. 2014". The Relationship between Trade and Foreign Direct Investment in G7 Countries a Panel Data Approach" *Journal of Economics and Development Studies* June 2014, Vol. 2, No. 2, pp. 447-454 ISSN: 2334-2382 (Print), 2334-2390 available online at [http://jedsnet.com/journals/jeds/Vol\\_2\\_No\\_2\\_June\\_2014/25.pdf](http://jedsnet.com/journals/jeds/Vol_2_No_2_June_2014/25.pdf)
- [14] Transition report 2017-2018 Sustaining Growth. Albania European Bank for reconstruction and development . Available online at <https://www.ebrd.com/.../pdf-transition-report-201718-albania.pdf>

- [15] Ucan, Okyay & Akyildiz, Abdulmenaf & , Maimaitiaili , Maimaitimansuer(2016)" The Relationship Between Export And Economic Growth In Turkey". *European Scientific Journal. Special. 61-70*. Available online at [https://www.researchgate.net/publication/314235136\\_The\\_Relationship\\_Between\\_Export\\_And\\_Economic\\_Growth\\_In\\_Turkey](https://www.researchgate.net/publication/314235136_The_Relationship_Between_Export_And_Economic_Growth_In_Turkey)
- [16] Unctad 2017, World Investment report. Investment and the digital economy. Available online at [unctad.org/en/PublicationsLibrary/wir2017\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2017_en.pdf)
- [17] V. Martínez, M. Bengoa and B. Sánchez-Robles, "Foreign Direct Investment and Trade: Complements or Substitutes? Empirical Evidence for the European Union," *Technology and Investment, Vol. 3 No. 2, 2012, pp. 105-112. doi: 10.4236/ti.2012.32013*. Available online at <https://www.scirp.org/journal/PaperInformation.aspx?PaperID=19393>
- [18] Zhang, Kevin Honglin, 2006b. "The Role of FDI in China's Export Performance." China as the World Factory. Kevin Honglin Zhang, eds. *New York: Routledge*. Available online at <https://www.taylorfrancis.com/books/e/9781135992903>

## The Economics of Waste Recycling in Iraq: Wasted Resources and Lost Opportunities

Assistant Prof. Jassim Mohammed Musheb

College of Political Science / University of Baghdad

### Abstract

The issue of remediation and recycling wastes in contemporary civilization is of a paramount importance economically, this is because the human leaves behind him a huge amount of waste in various types through his consumption and his daily life practices and these wastes are handled incorrectly around the world. This has led to the destruction of many components of the environment as well as the tremendous waste of available resources in the recycling and re-processing operations of different types of wastes, such as reuse it as raw materials again or reuse it in production of electric power through flammable types. In Iraq, especially after 2003, this problem takes serious trends, with increasing human consumption and with great economic openness, which led to a complex problem through pollution of the environment, waste of resources and lack of vision and mechanisms to deal with the huge quantities of waste and inability of the private sector to contribute in solving this problem as it fits with the size of the daily flow of inhabitants of large and small cities, as well as inhabitants of the suburbs and countryside. As this requires a clear path to activate the business sector related to recycling in an integrated way with other economic sectors, and this is can be done through backward and forward connections by creating an economic sector with the participation of governmental and private efforts that rise to the scale of the problem and find the correct way to the proper solution to this economic path in a way that provides opportunities and invests resources and limit their waste.

**Keywords:** *Waste, Waste recycling, Wasted resources, Lost opportunities*

### Introduction

Waste is one of the things that raise human fears since the beginning of the history, where the human was always thinking about the proper way to get rid of his waste, especially, when it began to accumulate in his living area, for that he started thinking about innovative and appropriate mechanisms to solve this dilemma that has threatened his existence on this planet. Thus, he began throwing his waste away from the areas of his residence, but for many reasons he was not skilled in getting rid of his waste, especially, after the industrial revolution due to increasing rates of waste production associated with the economic growth and the changing of human life into more complex forms.

Therefore, many contributions have emerged, including the recycling of waste and the hypotheses of the recycling economy, which aims to eliminate the risk of pollution through the recycling of waste and work to preserve the forces of nature from the constant loss as these forces is one of the rulers of the ability of people to continue to live on the planet.

The problem of waste in Iraq has grown in a way that is related to the patterns of economic, social and political development, taking into consideration the jump in this phenomenon after 2003.

***Importance of the study:*** *It is an attempt to show the dangerous of the growing waste in the Iraqi economy, which is indicates a serious environmental disaster.*

***Objective of the study:*** *The study aims to explain the behavior of the phenomenon of waste production and its growth rates, as well as clarifying the economic feasibility of waste recycling processes and proposing mechanisms to deal with this dangerous phenomenon.*

***Hypothesis of the study:*** *There is a possibility and economic feasibility of waste recycling processes according to the profit standard and through the indirect benefit within the framework of sustainable development in the Iraqi economy.*

***Study Approach:*** *The study was based on the inductive method through starting from the explanation of the part to the whole and through the use of comparative historical, statistical and analytical methods to reach the desired results.*

***Methodology :*** *The study organized in three sections , an introduction, a conclusion and a list of sources. The first section dealt with the nature and history of the problem of waste in Iraq and explain the historical background of this problem from the historical references, The aim of this section is to show the historical development of the phenomenon of waste production in Iraq according to historical sequence So that the reader can take an idea of it as a basis for understanding the problem phenomenon . The second section dealt with the sizes and types of waste in Iraq after 2003 it aims explain the sizes and types of waste produced by the Iraqi civil communities using the digital tables for this purpose and to analyze these figures, the most important sources of the second section and its information are government statistics . The third section dealt with the economic feasibility of waste recycling in Iraq ,The third part aims to demonstrate the economic feasibility of the waste recycling sector in Iraq and the possibilities of profitability by analyzing this possibility and trying to prove that, the most important sources of the third part is the factual information from the field of application of small projects that are currently working in Iraq in waste recycling operations as well as lessons from successful international experiences in this sector.*

### **Section One :** the nature and history of the problem of waste in Iraq

The problem of waste in Iraq consists mainly of basic components, which are the waste of urban and peri-urban populations as well as the remnants of factories and farms. This problem has been greatly exacerbated during the last decades of the last century and the beginning of this century and it's become a serious problem threatening the environment in Iraq<sup>1</sup>.

In Iraq, this phenomenon is linked to the complexity of life and civil development, the expansion of human settlements and a steady increase in population growth rates in general, the population growth rate in Iraq from 1958 to 2009 was relatively high (the growth rate in this period ranged from 3.4% to 3%)(<sup>2</sup>).

In depth, if we want to trace the history of this phenomenon, we must return to the beginning of the Ottoman rule of Iraq (the middle of the sixteenth century) specifically in 1534, as major cities began to form according to the measurements of that time, and the Ottoman states of Iraq were formed from three states: Baghdad, Mosul and Basra, and each state is a city with a high population concentration at that time, and we can say, that these cities were the oldest generation of waste in Iraq in the modern era, through what these three cities generated from the waste of the daily lives of the population, and the evidence is that the Ottoman administration has established municipal service units to collect and remove these wastes from these cities and move them out, and special landfills were allocated to those waste. Taking into consideration that the wastes in that period were not highly diversified nor large quantities, as it consisted of leftovers and some other wastes that are characterized as a natural sources and is not manufactured and don't causes any environmental pollution.

Municipal units involved in the collect and carry garbage and clean alleyways and streets were composed of laborers using primitive means consisting form Horse-drawn carts, as available at that time, and this activity was a part of the duties of the municipal council in the Ottoman era.(<sup>3</sup>) In general, if we look at the issue from the point of view of the population, we will find that the population of Iraq from the sixteenth century to the last quarter of the nineteenth century did not exceed one million and two hundred and fifty thousand, and they are distributed according to the patterns of residence, for example, nomadic tribes constituted 35% of the population, 41% of the population were rural tribes and 24% of the population were urban dwellers. (<sup>4</sup>)According to this population concentration, we can see that the urban population in that period did not represent a large proportion of the total population in Iraq, noting that the lifestyle and consumption pattern at that time is characterized as non-generation of waste and does not constitute a cause of pollution or source of raw materials. In addition, waste recycling techniques were not known at that time.

---

<sup>1</sup> for more details( Ahmed, Sayed Ashour, Environmental pollution in the Arab world and the reality of treatment, . International Printing Company, Cairo, First Edition, 2006/ Municipalities and Public Works / Directorate of Public Municipalities / Environment Department, Annual Environment and Pollution Report ,2009)

<sup>2</sup> National Population Policy Committee, Analysis of the Demographic Situation in Iraq 2012, Baghdad, June 2012, p. 41

<sup>3</sup> Abdul Azim Abbas Nassar, The Municipalities of Iraq in the Ottoman Period, Al-Haydari Library, Unknown Place of Printing, 2005, First Edition, pp. 148-150

<sup>4</sup> Mohammed siman ,population of Iraq demographic study, Bulletin of the Oxford University Institution of Statistics,Vol.20,NO.4,1958



We move sequentially to the period followed the Ottoman rule of Iraq, the period of British occupation of Iraq after 1918, where the circumstances changed radically after this year, especially, after the entry of British troops into Iraqi cities including the three largest cities (Baghdad, Mosul and Basra). By the end of the second decade of the twentieth century, the patterns of life in Iraq had changed radically with its openness on Western culture in general and English in particular, specifically after the submission of Iraq under British mandate. In this period, the consumer pattern moved to a wider commodity lists and Iraqis looked to new types of goods and headed towards purchasing and consumption its, this has greatly increased the quantities of waste in Iraqi cities, taking into account that the proportion of the population began growing, and the proportion of urban residents increased compared with the other patterns of life in the countryside and the nomads, where the proportion of urban population exceeds 25% of the total population of Iraq and this continued until the beginning of the fifties of the last century.<sup>(1)</sup>

Hence, this population growth in Iraq led to produce the waste in huge quantities and the government departments began over five decades to deal with it unevenly, depending on the outputs of the general situation economically and politically but the process was not within the recycling strategies, but it was a part of collecting and loading the waste and then landfill it in customized areas, and various means have been used in terms of their efficiency. Those processes included collecting and loading the waste and then landfill it under many layers of soil to ensure that they do not pollute the environment as planned, but the reality of the case included several cases of massive violations of the waste landfill rules and regulations, especially with the increasing quantity of waste associated with population growth in major cities such as Baghdad. It went on like this for a long time without mentioning a real problem, but at first sight, by observing the data of Table No.(1), which shows the general population growth in Iraq after the seventies of the last century and with the increasing rates of oil wealth and nationalization of oil by the Iraqi government at that time and the high rates of consumer spending, we can clearly see the seriousness of the waste problem.

**Table (1)**

**The population of Iraq from 1918 to 2017 per ten years (million people)\***

YEAR	Population
1917	2.421
1927	2.953
1937	3.845
1947	4.816
1957	6.398
1967	8.487
1977	12
1987	18
1997	22
2007	31.22
2017	37.2

**Source: National Population Policy Committee, Iraq Demographic Analysis 2012, Baghdad, June 2012, pp. 22-25.**

**Data.worldbank.org.population.iraq.19may2018**

We can follow the data in Table (2), which shows the percentages of urban residents by governorates after the seventies of the last century, which confirms what we have talked about earlier that the problem of waste began seriously in this time period due to high levels of income and increased the tendency of consumption significantly and this has been one of the main causes of high quantities of waste in the cities and urban gatherings. These rates declined after 1991 after the Iraqi economy was subjected to the economic sanctions after the Second Gulf War, and continued to decline until the US occupation of Iraq in 2003. After the change of the Iraqi political system, the level of per capita income increased significantly, which led to an increase in consumption and consequently the waste problem has grown. Here, this phenomenon has taken a new direction that we will address it in the second part of this study, which illustrates the picture of this phenomenon in its current form, on which our economic calculations will be based on the economics of waste recycling, which is the main subject of this study.

<sup>1</sup>Hanna Batato, Iraq and the Revolutionary Movements, Beirut 1976, p.

\* Until 1947, the population data were mere estimates. In 1947, the Iraqi state conducted the first reliable census by using foreign and Iraqi experts on this matter

**Table (2)**

**Percentage of urban population by governorates for the period from 1970 to 2009 (%)**

Governorate	Percentage of urban population (%)
Baghdad	60
Babylon	50
Qadisiyah	75
Nineveh	75
Anbar	50
Diyala	50
Dhi Qar	68
Basra	80
Maysan	75
Muthanna	40
Karbala	70
Najaf	75
Salahaddin	45
Kirkuk	80
Wasit	70
Erbil	70
Dohuk	70
Sulaymaniyah	70

Source: National Population Policy Committee, Iraq Demographic Analysis 2012, Baghdad, June 2012, p. 91.

**Section Tow : sizes and types of waste in Iraq after 2003**

In this phase of the phenomenon we will deal with the sizes and types of waste resulting from the economic behavior of the Iraqi society after 2003 in terms of types and sizes of consumption and the components of the commodity list which became a part of the normal daily pattern of the Iraqi consumer after 2003 and the subsequent years of the American occupation of Iraq and the beginning of the political and governmental formation of the country and not only the wide economic openness, but also the anarchism at the global economic level. As noted in Table No.(1), the population of Iraq after 1997 witnessed a significant increase, the population of Iraq at that time reached 22 million, according to official estimates, and in 2003, Iraq's population was 27 million, according to the same estimates. Here we can note that the population of Iraq has doubled more than a dozen times during the twentieth century and the first decade of the twenty-first century.(<sup>1</sup>)

First, we must list the main types of waste that generated by the civil activities in Iraq, which are not very different from the relevant international classifications. We will list these items in table No.(4) according to the types and sources generated in the current situation in order to observe this diversity. The vast amounts can be seen with 37 million people living mainly in cities and other gatherings. The real size of the problem can be realized by observing the quantity of waste removed by the municipal units from each governorate in Iraq. As shown in table No.(4) of the waste volumes for each governorate by its categories, we note the huge amounts of waste. There are more than 14 million tons per year of waste in Iraq, with a daily rate of 93308 tons, removed from all governorates of Iraq and a high concentration of Baghdad governorate with its municipality (the center of the capital and its outskirts). The Municipality of Baghdad registers (4118259) tons per year and the outskirts of Baghdad governorate (321237) tons annually with a daily rate of (11282) tons in the center and (880) tons in the outskirts of Baghdad governorate. These rates are similar to the quantities of waste in many cities in the world, and may exceed it, so give us the actual path of this phenomenon in order to discuss the economic feasibility of recycling activities for possible waste according to these calculations, which will be address in the next part of this study.

<sup>1</sup> National Population Policy Committee, Analysis of the Demographic Situation in Iraq 2012, Baghdad, June 2012, p. 24

**Table (3)**

**Wastes in Iraq according to the types and sources that generate them**

Type	Source	Waste components
House waste	buildings and other types of housing	Food, cardboard, plastics, textiles, leather, garden waste, wood, glass, metals, ash, special waste, electronic devices, batteries, oils, tires, hazardous waste.
Industrial	Light, heavy, manufacturing, industrial sites, chemical plants, power plants	Destruction waste, Food stuffs, Packaging, Household waste products, Non-standard products, Construction waste
Commercial	Stores, hotels, restaurants, markets, office buildings	Paper, Cardboard, Plastic, Wood, Food residues, Glass, Metals
Institutional	Schools, prisons, governmental centers	Such as commercial type
Hospitals	Health care centers, hospitals, medical clinics, maternity centers	Non-hazardous waste consisting of paper and food
Rubble of the buildings	New construction sites, road repair, restoration sites, destruction of buildings	Wood, Metals, Concrete
Waste of municipal services	Street cleaning, parks, beaches, recreational areas, water treatment sites	Street cleaning, garden waste, general waste from parks and recreational areas
Agricultural waste	Orchards, farms, dairy plants, waste of animal slaughter	Musty food and agricultural waste

Source: Lqaa Karim Khudair, Analytical Study of the Municipal Services Sector and its Impact on the Environmental Aspects in Iraq's Governorates for the Year 2015, Al-Ustad Magazine, Issue of the Fifth Scientific Conference of 2017, Baghdad, 2017, p. 321.

Table No.(4)

Quantity of waste removed according to the Governorate for 2015\*

Governorate	Number of Municipal Units	Ordinary Waste (Ton / Year)	Rubble (destruction and construction waste) tons / year	Scrap (ton / year)	Quantity of removed waste (ton / year)**	Quantity of removed waste (ton / day)
Mosul	--	--				
Kirkuk	9	369343	7482	328	377155	1033
Diyala	22	322550	26243	5511	354306	970
Anbar	--	--				
Baghdad Municipality	14	3495860	538890	38507	4118259	11282
The outskirts of Baghdad	16	306016	15001	255	321237	880
Babylon	16	259186	73182	14928	347298	951
Karbala	7	344560	214255	4818	563633	1544
Wasit	17	395796	61320	6898	364015	997
Salahaddin	12	243126	22520	3832	269480	738
Najaf	9	615353	285101	1642	902098	2471
Qadisiyah	15	299300	134247	18797	452345	1239
Muthanna	11	163739	184982	255	348977	956
Dhi Qar	20	555639	60663	10694	626997	1717
Maysan	15	507167	126742	11643	645284	1767
Basra	15	1198696	433547	15403	1647647	4514
Kurdistan Region	198	8976262	2228909	133517	11338698	31065
Dohuk						
Al-Sulaimaniya	39	620427	2336	4599	627362	1718

Erbil	70	949657	84534	53509	1087700	2980
Total	62	1085072	202246	8395	1295714	2549
Iraq's total	171	2655156	289080	66503	3010739	8248

\*Except Mosul and Anbar governorates due to their special circumstances.

\*\* Means regular waste such as (Waste and scrap and construction debris).

Source: Department of Environmental Statistics, Iraq Environmental Statistics, 2015 Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, October 2015.

Can be perspective from the data contained in the tables (3-4) type of materials contained in waste produced by cities and gatherings in Iraq by reviewing the contents of tables (5-6) below. Where we can see the basic components and the rates of change in two decades extend to periods before 2003 and after 2003 till 2017, we note that the waste consists of (food, cardboard, glass, plastic, food wrappers, metal, textiles of all kinds, diapers, garden waste, wood, rubber, leather and other items). Therefore, we can see clearly the great development in the volume of waste as mentioned earlier in this study. For example, the rate of growth in aluminum cans was 300% which higher than the base year in 1988 and the other types also had growth rates higher than 400% as shown in below tables (5-6). We note also, that other types were not available in 1988 within the generated waste from the consumption processes in the cities and other civil urban gatherings which are smaller in terms of urbanization and population such as villages and suburbs.

**Table (5)**

**Main components of waste in Iraqi cities and its weight proportions**

No.	Components	Range (weight ratio)	Percentage change from 1988 to 2017	General Average %
1	Food waste	20 – 80	400	68.17
2	Paper and cardboard	3.3 - 10	303	9.6
3	glass	1.8- 8.2	455	2.61
4	Plastic and nylon	2.0- 7.6	380	5.29
5	Aluminum cans	1.4- 4.2	300	2.27
6	Food wrappers	1.0- 3.8	271	1.65
7	Metals	0.5 -2.1	420	0.88
8	Textiles of all kinds	2.8- 12	428	2.01
9	Diapers	0- 17	400	3.47
10	Residues of gardens	0- 4.8	200	1.13
11	Wood	1.1- 2.8	254	0.85
12	Rubber	0.7- 2.5	357	1.0
13	Leather materials	0.8-3.4	425	0.48
14	Other things (not mentioned above)	0- 3.3	200	0.59

Source: Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, Department of Environment Statistics, Iraq Environmental Statistics for 2016, October 2016.

**Table (6)**

**The changed of the composition of solid waste between 1988 and 2017 in Iraqi cities**

No.	Components	1988 (%)	2017 (%)
1	Food waste	81.0	68.17
2	Paper and cardboard	5.0	9.6
3	glass	1.0	2.3
4	Plastic and nylon	3.0	5.29
5	Food wrappers	not available	1.42
6	Aluminum cans	not available	1.4
7	Metals	5.2	0.98
8	Textiles of all kinds	1.4	5.09

9	Diapers	not available	1.9
10	Residues of gardens	2.4	0.93
11	Wood	0.4	0.85
12	Rubber	not available	1.0
13	Leather materials	0.2	0.48
14	Other things	0.4	0.59

Source: Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, Department of Environment Statistics, Iraq Environmental Statistics for 2016, October 2016.

### **Section three : The economic feasibility of waste recycling in Iraq**

The concept of economic feasibility has many frameworks, the most important of them is the direct profit with digital accounts of the funds that can be earned when conducting any profitable economic activity. Other trends of feasibility relate to standards that going to other paths, the most important of them is the sustainable development of natural resources and preserving the natural resources of the environment from destruction.

The study will address the economic standard, which is to achieve profits for investors and businessmen in the field of recycling assumed in Iraq and the study showed without doubt the existence of the main supplier of this type of works, which is the huge quantities of waste that can be recycled in order to make the Iraqi economy among the economies that depend on the recycling of waste according to successful international models such as recycling model in Amsterdam<sup>(1)</sup>, Others in Europe and other global regions.

First, we will address the direct economic feasibility of waste recycling processes, which can be practically done by the Iraqi economy for most of the waste in Iraqi cities and turn it into products that can be used as raw materials or intermediate inputs in profitable economic activities. As we have seen from the data in Table (4) that Iraq produces (14349414) tons of waste of various kinds, and the waste that can be recycled represents more than (25%) of this amount, while the rest can be landfill and the other half can be used as profitable uses. The estimated cost of collecting all kinds of waste in Iraq per ton is about 80 US dollars. With the estimated cost of sorting and recycling for most types of waste such as aluminum and other light metals, the cost per ton can range from 300 to 500 US dollars, taking into consideration, the laborers costs and the equipment used<sup>2</sup>. These figures can be compared to those of developed countries in the field of waste recycling such as Sweden, Germany, China, the United States and the Netherlands<sup>(3)</sup>. From this point of view, and the basis of the economic analysis of the economic feasibility of the possibility of establishing a profit sector for the waste recycling in Iraq, we see that it is a profitable sector, which can be accommodate more than 60 thousand of technical and non-technical workers according to the estimates of the Iraqi Ministry of Planning for available labor, which can take its course to such a sector<sup>(4)</sup>, and according to the quantities of waste generated annually in Iraq and the density of labors required in the production patterns in the sectors of waste recycling in the activities of final sorting and recycling. This is a matter of direct feasibility, which can be measured in terms of financial measures.

The other type of profit is the indirect profit or so-called social profit, which can be measured by several criteria, most important of them the conservation of natural resources and use them more than once in economic processes<sup>(5)</sup>. If we apply this feasibility criterion to the Iraqi case, we should know the source of the waste as a commodity and import source, because most of the goods that produce the total waste in Iraq are originally imported and its import costs are covered by

<sup>1</sup> The city of Amsterdam and its municipality launched a project with a high level of success, which its economy be based on the waste recycling, and this meaning (not throw anything), but the recycling of everything from waste even the remaining ash from the burning of waste which is retained from the process of producing electricity or any other burning processes, where ash contains quantities of minerals that can be used. From this example, we can conceive the model of economy based on waste recycling of the city of Amsterdam which is still growing to confront activities that do not correspond to this idea, where these activities are called linear economy, which does not depend on the system of waste recycling.

<sup>2</sup> These costs were derived from interviews with owners of small and individual waste recycling projects in Iraq, and these costs could change to better figures and more economically feasible when these projects in this field shift to large scale projects.

<sup>3</sup> Eurostat (2005). Waste Generated and Treated in Europe. Data 1995-2003, European Commission -Eurostat, Luxembourg. 131 p.

<sup>4</sup>For more information Ministry of Planning, Central Bureau of Statistics, Statistical Series 2016, population statistics and labor forces

<sup>5</sup>For more information on the indirect economic profitability of recycling processes see: Salah Mahdi Abbas, Analysis of the Problem of Waste Transport in Baghdad Using Linear Programming, Unpublished Master Thesis, Faculty of Management and Economics, Baghdad University

The contribution of thermal waste treatment to climate change mitigation, air quality and resource management]. For:

Interessengemeinschaft der Betreiber Thermischer Abfallbehandlungsanlagen in Deutschland (ITAD). Öko-Institut, Darmstadt 2002 [In German].

the oil export revenues. Therefore, the orderly waste recycling will reduce the financial encumbrance on the Iraqi economy, as well as reduce the impact of pollution, especially when throwing non-biodegradable wastes such as plastic and other waste<sup>(1)</sup>, as these wastes are not biodegradable for very long periods of time. Therefore, waste recycling processes will save the Iraqi environment from the potential hazardous pollution of contaminated waste types and preserve the Iraqi natural resources (water and soil) from destruction. Therefore, the development of the waste recycling sector achieves economic and social profits, especially, if the facilities were provided for businessmen to invest in this field, as discussed earlier in this study. Also, should be noted that it is not possible to neglect the effect of cleaning the environment of waste on public health, because this will affect the level of productivity and labor activity that can be built in the future and building a successful developmental track with significant impact on the country within sustainable development framework, as well as, the backward and forward linkages of the recycling sector with other economic sectors as raw material supplier as well as the recycling sector inputs from other sectors in the context of productive reliability in the case of flourishing processes of the recycling sector, then it is a compensatory feasibility and the feasibility of sustainable development.

## **Conclusion**

Finally, concluding phrases must be placed within the framework of the conclusion and proposals related to the subject of the study.

### The study concluded the following:

The problem of increasing waste production and non-recycling it, is a dangerous problem due to the high rates of population growth and the increased consumption processes which generating waste in huge quantities and this is a major cause of environmental pollution.

There is no clear system for handling and recycling large amounts of waste, but the efforts are limited in collecting waste and landfill it.

The Iraqi consumer is not concerned with the processes of waste recycling because of the absence of an integrated system that gives the consumer a key role in the processes of waste recycling, so the consumer acts very random in dealing with the waste generated by the activities of his daily life and this complicates the problem more.

The unscientific dealings with waste and the use of means belong to the past centuries, lead to the waste of raw materials contained in the wastes, which can be used through recycling it for many times, and the second direction of waste is the pollution of the forces of nature through the processes of landfill the waste underground and this generate gas emissions, as well as, waste dumped in rivers. As well as, the financial waste of oil sales, which offset by more imports of consumer goods and raw materials that can be offset by waste recycling processes.

The missed opportunities from the Iraqi economy because of non-recycling of waste in a scientific and systematic form, is represented by the inability to compensate the lost initial resources in the waste and the loss of the labor opportunities and the intertwining of economic sectors and the loss of sustainable development opportunities by making the economy circular not linear in use the resources of all kinds.

### The study recommends:

The government should provide a strategic legislative framework with a clear vision to start waste recycling operations immediately as a national goal. This framework includes legislation that encourages and motivates the national and foreign business sector to invest in this sector and the national government's permanent announcement on the profit of this sector, as well as, providing tax and financial facilities for this sector if it grows in the right direction.

Utilizing the experiences of developed countries in the field of waste recycling such as Sweden, Germany, Holland and China and attracting businessmen from these countries to invest in Iraq.

Providing governmental funding to support this sector and provide all the necessary supplies to maintain its sustainability because of its great importance of the preservation of the environment.

---

<sup>1</sup> There are a total of 73 landfill sites designed and approved by environmental protection departments and 163 sites not designed and approved by environmental protection departments

Establishing of a national institute specialized in the management of researches, studies and consulting in the field of innovation in waste recycling processes and sustainable development and the provision of databases on the growth of waste problem and its danger to public life, both healthily and economically.

Adopting a national public opinion campaign to demonstrate the extent and seriousness of the continuation of the absence of an integrated sector for the recycling according to scientific visions and try to make the citizens and institutions an active part in the system of waste recycling.

### **References**

- [1] 9. The Republic of Iraq, Ministry of Planning, Central Bureau of Statistics, Department of Environment Statistics, Iraq Environmental Statistics, 2016, October 2016.
- [2] Abdel-Azim Abbas Nassar, The Municipalities of Iraq in the Ottoman Period, Al-Haydari Library, Unknown Place of Printing, 2005, First Edition.
- [3] Ahmed, Sayed Ashour, Environmental pollution in the Arab world and the reality of treatment ,international printing company ,first edition ,2006
- [4] Data .world bank .org .population .iraq .19 may .2018
- [5] Eurostat (2005). Waste Generated and Treated in Europe. Data 1995-2003, European Commission -Eurostat, Luxemburg.
- [6] Hanna Batato, Iraq and the Revolutionary Movements, Beirut.
- [7] Lqaa Karim Khudair, Analytical Study of the Municipal Services Sector and its Impact on the Environmental Aspects in the Governorates of Iraq for the Year 2015, Journal of the Professor, Issue of the Fifth Scientific Conference of 2017, Baghdad, 2017.
- [8] Ministry of Planning, Central Bureau of Statistics, Statistical Group 2016, population statistics and labor forces.
- [9] Mohammed slman ,population of Iraq demographic study, Bulletin of the Oxford University Institution of Statistics,Vol.20,NO.4,1958 .
- [10] Municipalities and Public Works / Directorate of Public Municipalities / Environment Department, Annual Environment and Pollution Report,2009.
- [11] National Committee for Population Policy, Analysis of the demographic situation in Iraq 2012, Baghdad, June 2012, p. 41.
- [12] Salah Mahdi Abbas, Analysis of the problem of waste transportation in Baghdad using linear programming, unpublished master thesis, Faculty of Management and Economics University of Baghdad.
- [13] The contribution of thermal waste treatment to climate change mitigation, air quality and resource management ForInteressengemeinschaft der Betreiber Thermischer Abfallbehandlungsanlagen in Deutschland (ITAD). Öko-Institut, Darmstadt 2002.

## Protests in Europe in Times of Crisis. the Case of Greece, Ireland and Portugal

Célia Taborda Silva

Universidade Lusófona do Porto

### Abstract

The year 2008 was marked by a financial crisis that started in the United States but quickly spread to the rest of the world. Subprime-related, this crisis was linked to property speculation, leveraged by the banking sector. This crisis quickly spread to Europe due to exposure of European economies to international markets. To avoid economic collapse the States decided to intervene in the banking sector, nationalizing some banks and injecting capital in others. Some European countries not to enter bankruptcy had to ask for external financial support between 2010-11, was the case of Greece, Ireland and Portugal. The aid granted by the *Troika* (European Union, European Central Bank, International Monetary Fund) to European countries referenced advocated a drastic austerity plan. Faced with such a scenario of crisis, austerity, unemployment and precariousness, Europeans came to the streets to demonstrate their discontent with the crisis but also with politicians and policies implemented to solve the economic problems. Throughout Europe there were large protests, especially in the countries that received international aid. From a *corpus* taken from newspapers and from a theoretical framework of social movements we intend to verify if there was a direct relationship between crisis and contestation in the three countries that had external aid and if this crisis returned the centrality to materials on European social movements.

**Keywords:** crisis, protests, Europe

### 1. Introduction

The year 2008 was marked by a global economic and financial crisis. The crisis originated in the subprime mortgage market of the United States of America (USA), although it quickly spread to the rest of the world. Initially, those in Europe thought that the collapse of the “real estate bubble”, which led to widespread bankruptcy and the terminal decline of investment firms, was confined to the USA, but the truth was soon revealed. Indeed, the exposure of European economies to the international markets globalised the crisis (Mason, 2016), revealing that the European real estate and financial sectors were also on the verge of ruin. Virtually all of Europe was affected by the crisis, although some countries showed greater capacity to manage it than others. Certain countries, in order to avoid bankruptcy, had to request external financial support, namely Greece, Ireland and Portugal.

In general, European citizens blamed deregulated capitalism and the neoliberal policies pursued by certain governments worldwide for the dire economic situation they found themselves in. The crisis of 2008 highlighted the vulnerability of capitalism in the globalised world, as well as the inability of statesmen to adequately tackle the problem. The financial crisis brought austerity, unemployment and precariousness to Europeans, which provoked a great deal of popular discontent, as demonstrated by the wave of protests that erupted across Europe between 2011 and 2013, especially in those countries that had received international aid.

Collective action has been a constant phenomenon throughout the history of Europe, although it has taken different forms (Tilly, 1986, 2004). However, the 2008 financial crisis and the subsequent austerity programme unleashed a new wave of protests encompassing the characteristics of both the “old” and the “new” social movements (Silva, 2012), which brought material issues back to the forefront. Since the goals of the nineteenth-century workers’ movement have been met, other goals have been identified, goals that are more related to social and cultural issues than to materialistic issues, while the social actors have been more pluralistic and less class-based than those involved in the early labour movement. The events that transpired in the countries investigated in the present study revealed the coexistence of material goals with other social and cultural goals, which were coupled with the use of new technologies. Structurally, a return to economic issues on the basis of social mobilisations can be observed, albeit with a more ethical and less classist character. The protests were not solely aimed at the acquisition of rights, as was the case for the workers’ movement, but rather against the subjugation of



rights and human dignity to economic interests. Edward Thompson (1979) suggested that the basis of the eighteenth-century subsistence riots was the rupture of what he called the “moral economy”. It was not simply the breaking of the rules of market functioning that caused people to riot, but also the breaking of moral values (Thompson, 1979). Here, as with the 2008 financial crisis, it was the failure of the “moral” management of politicians and their defence of the interests of large financial groups ahead of the rights of individuals that upset people, causing them to feel that their honour has been tainted.

Thus, the present study aims to verify whether there was a direct relationship between the 2008 crisis and the unrest seen in the three countries that received external financial aid, as well as whether the crisis returned centrality to the material problems associated with European public protest, particularly because, in temporal terms, modern society is seemingly far removed from the typical conflict affecting industrial and post-industrial societies (Habermas, 1984; Touraine, 1983) due to the development of an information society and networked communication (Castells, 1999). Hence, this study examines a corpus sourced from European newspapers and analyses the various theories of social movements.

## **2. The protests in the countries that received international aid:**

### **2.1. Greece**

The economic crisis began in Greece in late 2009/early 2010, when rating agencies (Moody's, Fitch and Standard & Poor's) were alerted to the problematic growth of the country's public deficit. Greece's level of indebtedness had grown over the previous decade, driven by increased public spending, civil servants' salaries, pension spending and tax evasion. Its deficit was already more than 3% prior to the crisis of 2008 (Grigoriadis, 2013); after that, the deficit increased considerably and fostered distrust in the markets in relation to public debt. This increased interest rates, thereby rendering the repayment of loans more onerous. The level of indebtedness was such that there was real fear Greece would fail to service its external debt. The Greek situation threatened to contaminate the entire eurozone. In order to minimise this threat, the Greek government adopted certain containment measures intended to control public spending and increase revenue. However, as the deficit did not decrease, the executive had to resort to requesting foreign aid in April 2010.

Greece joined the European Economic Community (EEC) in 1981, at a time when the country was experiencing a period of economic growth after having freed itself from a military dictatorship. In 2001, Greece was accepted into the eurozone and, hence, it was considered safe for investments, which led to a growth in the GDP (gross domestic product), but also in national expenditure. After 2008, the financial situation became uncontrollable. External financial aid was provided by the European troika (International Monetary Fund [IMF], European Central Bank [ECB] and European Commission [EC]), but it was not without stipulations. Greece was required to adopt austerity measures. To comply with the rescue agreement, the Greek government announced a series of “draconian” measures, including tax increases, wage and pension reductions, privatisations, etc., the social impact of which was such that it brought the Greeks out onto the streets and squares of major cities to demonstrate and protest against austerity (Grigoriadis, 2013).

From 2010 to 2012, there was constant social upheaval, since the first rescue package proved insufficient and rendered a new rescue packet necessary, which was accompanied by more restrictions. The crisis was becoming uncontrollable and the protests in Syntagma Square and other squares across the country seemed permanent, with spontaneous movements of citizens who gathered in defence of democracy, as their ancestors had once met in the *agora* to exercise democracy, organising mass demonstrations. Between 2010 and 2013, these organised movements, which were led by the trade unions, resulted in nine general strikes that practically brought the industry, commerce, public administration and transport sectors to a stop, thereby aggravating the already weak Greek economy (Lima & Artiles, 2014).

Demonstrations took place in the largest squares and streets of Athens, as well as in major cities across Greece. Syntagma Square was the scene of the largest demonstrations, many of which ended in violence. Demonstrators, especially young men, threw rocks and bombs at the authorities, smashed windows and set fire to rubbish bins and buildings. In an attempt to contain the situation, the police retaliated with tear gas and arrested some demonstrators (Jornal Sol, 06/15/2011). In 2012, the dispute increased due to Greece's need for a second bailout, as well as the fact that the parliament had to approve more austerity measures in order to receive it. The protests became even more violent, with clashes between protesters and police resulting in fires in several buildings in central Athens and some arrests (El País, 12/02/2012). In April 2012, the suicide of a retired pharmacist, 77, who killed himself in the middle of Syntagma Square, and who had left behind a handwritten letter expressing his desperation due to austerity measures, further escalated the protests (El Mundo, 04/04/2012).

Although the youths stood out due to their rebelliousness and irreverence, there were people of all ages involved in the protests, including unemployed adults who could not afford to support their families, pensioners whose pensions had been considerably reduced and youngsters who either had no job or else lived precariously.

In addition to the obvious economic problems, Greek citizens were disgusted by the lack of adequate response from their political institutions. Relatedly, Estanque (2014) considers the inefficacy of public policies to be the fundamental cause of the conflict seen in recent years.

## 2.2. Ireland

In November 2010, it was Ireland's turn to call for international financial aid, although the economic development seen in the country during the last few decades meant that this situation was not predictable. However, the reasons that led Ireland into crisis were not the same as those observed in Greece. It was not structural reasons, but rather over-exposure to the real estate market and the US banking system, which brought the Irish economy to its knees.

Since the 1990s, a number of government economic development programmes had been implemented in Ireland. The industrial, commercial, fiscal and educational sectors were all restructured and increased. The result was that the country, which in 1973 had entered the EEC as one of the poorest in the group, was described as the "Celtic Tiger" during the 1990s. This level of apparent financial growth was achieved thanks to the dynamics and development of Ireland's economy, which grew by an average of 7% per year (Lane, 2011), leading to an analogy being drawn with the Asian Tigers, that is, the "emerging economies" of Hong Kong, Singapore, Taiwan and South Korea. Shifting from a protectionist policy to a more liberal one in terms of taxation and bureaucracy attracted significant foreign investment, with Ireland being considered a real "paradise" for investors. The creation of the single European market further intensified the country's links with the outside world.

This climate of prosperity in Ireland led to growth in investment in real estate. The population also increased, while interest rates decreased, which were further factors that stimulated the demand for real estate. Construction companies proliferated and the economy ended up leveraged in this sector, rendering the country's finances vulnerable. The increasing demand for houses substantially increased prices, although as banks kept interest rates attractive, the real estate business continued to grow. Yet, from 2005 onwards, demand fell sharply. Economic weaknesses began to emerge when, in 2008, the international financial crisis was triggered by the subprime mortgage crisis in the USA. As the Irish economy's exposure to the international markets was significant, a reflection of what happened in America was soon seen in Ireland, which led to economic chaos (Lane, 2011).

The uncontrolled loans offered in previous years created a "real estate bubble" and the real estate and financial sectors were left on the brink of ruin. The situation worsened following the collapse of Lehman Brothers, which the Irish banking sector was heavily exposed to. The crisis settled. The Irish GDP fell by 7% in 2009 and it did not change in 2010. The deficit soared to 32% (Lane, 2011). The Irish government stepped in to save the banks from collapse, while at the same time it had to bail out the unemployed, thereby leaving the public accounts totally unbalanced. The solution (as of the end of 2010) was to seek help from the ECB and the IMF, as well as to implement a drastic austerity plan.

The Irish financial crisis resulted from a combination of unfavourable internal and external environments. The collapse of the construction and real estate sectors, which resulted from weak financial regulation, added to the global economic crisis and the commercial slowdown. From an economic crisis, the situation in Ireland quickly became a social crisis and, as in Greece, protestors soon took to the streets, albeit in a less aggressive way when compared to those in Greece or even Portugal.

Kieran Allen, national secretary of the SWP (Socialist Work Party), explained that the relative passivity of the Irish was due to the significant growth seen during the 1990s, when the title "Celtic Tiger" produced a "pro-capitalist culture", since many workers saw their quality of life increase with little need for collective struggle (Esquerda.net, 12/18/2011). In addition, tripartite agreements (certain trade unions, employers' associations and the government) aligned the policy of the Irish trade union movement with the needs of national capitalism, thereby neutralising some of the key organisational support for workers (Esquerda.net, 18/12/2011).

Nonetheless, there were demonstrations from the end of 2010 onwards, with the intensity of the protests increasing in 2011. Institutional citizens' movements, such as the Enough Campaign, which incorporated political organisations, parliamentarians, trade unions, social movements and independents, were formed. Further, more spontaneous movements also developed, such as Occupy Dame Street (which occupied the square in front of the Central Bank in Dublin) or the

movement of university students who occupied the streets of Dublin, singing songs like “No if, no buts, IMF cuts” in protest of budget cuts in the field of education and the exponential increase seen in tuition fees.

Here, too, there was a combination of organised movements and other partisans engaged in marches against austerity, including the emergence of groups such as the Alliance Against Austerity, which aimed to promote marches and demonstrations such as the one organised in front of the parliament building on December 6, 2011 (Esquerda.net, 18/12/2011).

In Ireland, as in other European countries, the aim of the protestors was to enforce their democratic rights and demand an end to austerity. Portugal likewise participated in the protest movement.

### 2.3. Portugal

Portugal resisted the global financial crisis for a few months more than the countries previously mentioned, but on April 6, 2011, it also had to resort to foreign financial aid in order to solve the financial crisis into which it had plunged. The government, then headed by José Sócrates, tried to institute various Stability and Growth Plans (PECCSs), including cuts in public investment, privatisations and wage deflation, intended to contain the crisis (Costa & Caldas, 2013), albeit without success. The Portuguese inability to pay its public debt and lower the public deficit, as well as the need to obtain funds to inject into technically bankrupt public enterprises, left the prime minister with no alternative but to sign a memorandum of understanding with the troika. The measures agreed between the troika (IMF, ECB and EC) and the Portuguese government provided for extreme austerity, which prompted Portuguese citizens to protest on the streets.

In the elections of June 5, 2011, José Sócrates was defeated and gave way to Pedro Passos Coelho, leader of the Social Democratic Party, although the impossibility of ruling as a parliamentary minority led to a governance agreement with the Popular Party, led by Paulo Portas. Following the already agreed upon external intervention, the government of Pedro Passos Coelho decided to adopt new measures to meet the deficit target in 2011.

On June 30, 2011, the prime minister, breaking his electoral pledge not to raise taxes, announced in parliament an extraordinary tax on income, which was equivalent to 50% of the Christmas subsidy. In the following months, the price of public transport as well as VAT on gas and electricity also increased. A further announcement was made concerning a cut in the holiday and Christmas subsidies given to civil servants and pensioners, with a rate of more than 1000 euros, throughout the duration of the troika programme.

Then, on November 20, 2011, the Portuguese parliament approved a 25% increase in the release rates on interest, dividends and capital gains on individual income tax and collective income tax. In 2012, the entry into force of the new budget imposed a number of new measures. Health expenses were deductible by the individual income tax, but only at a rate of 10%. Housing expenses were also deductible, but to only 15% of their value rather than 30%. The government further restructured and “rationalised” the lists of goods and services subject to VAT, and it allocated an intermediate rate of 13% to those sectors that Pedro Passos Coelho classified as “crucial” for domestic production, not including the catering sector. It also increased the price of electricity, the tax on vehicles (ISV), and the municipal tax on real estate as well as on cigarettes. On February 1, 2012, public transport prices rose again.

Finance Minister Vítor Gaspar announced on April 30, 2012, that the government had foreseen that holiday and Christmas subsidies, which had been suspended, would begin to be awarded again by 2015, at a rate of 25% per year. In July of that year, the Portuguese Constitutional Court declared the suspension of vacation and Christmas subsidies to be unconstitutional due to violating the principle of equality, although the judgment would only have effect from 2013 (Público, economia -7-09-2012). As a result of this judgement, the prime minister announced an increase in the contribution of all workers to the social security programme.

Such measures led to Portugal being the scene of conflict, which it had not been for a many years. Demonstrations in public spaces actually began before prior to foreign intervention with the “Scratch Generation” movement, which was already motivated by employment and social justice issues (Estaque et al., 2013). On October 15, 2011, many Portuguese took to the streets in about nine cities and shouted: “Out, out of here, hunger, misery and the IMF.” On October 15, the Portuguese joined the Global Day of Action, an international demonstration in favour of global change. This protest took place in 82 countries, with the largest demonstrations in Europe being seen in Spain, Italy and Portugal. This movement was not as spontaneous and non-partisan as the “Scratch Generation” movement, since it was convened by 41 collectives, many of them linked to the radical left, and although the organisation claimed that about 100,000 participants were involved, this was far from the numbers involved in the previous movement.

Among the various protests, some were organised by the trade unions. On November 24, 2011, there was a general strike in Portugal, with the demonstration being organised by the General Confederation of Portuguese Workers (in portuguese CGTP) and General Union of Workers (UGT) for reasons related to the austerity measures foreseen in the October 2011 State Budget. The budget included wage cuts and the elimination of the increase in working hours. This organised protest involved the participation of spontaneous movements such as Precarious as well as students (Soeiro, 2014, p. 69), which reveals the coexistence of “old” and “new” forms of action.

In 2012, the cycle of protests began again, incorporating new modalities in the repertoire of action (Tarow, 1995), including the use of new technologies to mobilise the action. On May 12, 2012, the so-called “Global Spring” movement was organised by the “Indignados” movement, which mobilised citizens in more than 250 cities around the world to protest against austerity measures and demand real democracy, social justice, the redistribution of wealth and public ethics (Jornal Sol). Despite the union organisation, attendance at the demonstration in the capital did not exceed 1000 people. Most participants were young people, holding signs protesting against their precariousness state of living and critical of the government of Passos Coelho (Esquerda.net)

The most significant anti-austerity demonstration in Portugal took place on September 15, 2012, named “to hell with Troika! we want our lives”. On that day, thousands of people gathered in the most emblematic squares of every Portuguese city (Babo & Silva, 2016). It is estimated that about one million Portuguese took to the streets. In Lisbon alone, the protestors were said to number approximately 500,000 people (Babo & Silva, 2015, p.358). It was hence the biggest protest seen in the country after the revolution of April 25, 1974. The protestors were taking action against the austerity measures imposed by the troika, which were considered to be overly harsh, and which were driving both Portuguese citizens and the country as a whole towards poverty and degradation. According to the demonstrators, “whoever resigns to govern under the troika memorandum delivers the fundamental instruments for the management of the country in the hands of speculators and technocrats, applying an economic model that is based on the law of the jungle, the strongest, despising our interests as a society, our living conditions, our dignity” (queselixeatroikablogspot.pt).

In this movement, values such as dignity and democracy were emphasised, an approach that was repeated during the following mobilisations. It was a movement that was not exhausted through a single collective action, but which rather followed the whole repertoire of a social movement: campaign, action and demonstrations of Wunc (worthiness, unity, numbers and commitment) (Tilly, 2004). This showed the application of the modular character (Tarow, 1998) used in other movements and contexts in the Portuguese case, albeit without losing its national singularity (Babo & Silva, 2016, p. 188).

On October 13, 2012, the “To hell with Troika” movement organised new protests and cultural demonstrations, which mobilised many artists in various Portuguese cities, and joined the Global Noise protest against austerity measures. The organisers emphasised how people overcame fear on September 15 and called for participation “in all forms of resistance and pressure that will take shape in the next 15 days until we overturn this budget, this policy and this government” (queselixeatroikablogspot.pt).

On November 14, 2012, the CGTP organised a general strike aimed at safeguarding the interests of both the workers and the people, and 15 days later the European Trade Union Confederation marked a day of action for the same date, involving 40 union organisations. Their motto was “for employment and solidarity in Europe, not austerity.” The CGTP general strike had greater visibility, since other unions and social movements that did not support the CGTP initiative joined the European Union action (Dias & Fernandes, 2016, p. 47). In this way, the CGTP joined the UGT as well as movements such as the Inflexible Slums, the Intermittents of the Show, the Students for the Strike, the Platform October 15, the Citizens for Dignity and the Movement March 12 (Soeiro, 2014, p. 71). The protests ended in violent clashes between police and protesters outside the parliament building.

### 3. Discussion

In Greece, Ireland and Portugal, that is, the three European countries that received external financial aid, the level of dispute was intense between 2011 and 2013. Ortiz et al. (2013) showed that there was an increase in worldwide protests during this critical period of crisis. They examined 843 protests worldwide, in a total of 84 countries and covering 91.9% of the population, and concluded that the vast majority of protests occurred in countries with a higher level of development, most notably in Europe (Ortiz et al., 2013). Most of the protests (n=488) were anti-austerity and in favour of economic justice.

In the countries analysed in the present study, the direct cause of many protests was the economic crisis and the austerity measures adopted by governments in an attempt to solve it, measures that suppressed certain rights won over time by the actions of various social movements. However, a structural analysis showed that the dissatisfaction was much more deeply

rooted and related to the political-economic model of contemporary European society. The protests certainly emerged in part due to the crisis, but they were also the result of the responses offered the political systems to the crisis (Della Porta, 2012). In the investigated countries, as well as in others, posters appealing for real democracy were erected by demonstrators, thereby demonstrating that representative democracy was privileging the elites, that is, 1% of the population rather than 99%. Hence, those who were overburdened by the austerity measures, those who were unemployed, the poor, or those who could not find a first job took the streets to shout “we are 99%”. They were the 99% who were dissatisfied with the responses of both institutions and public policies to economic problems, as well as those who were dissatisfied with the current democratic model.

As Slavoj Žižek (2013) noted, “what unites these protests is the fact that none of them can be reduced to a single issue, because they all deal with a specific combination of (at least) two issues: an economic one, of greater or lesser another political-ideological” (p.1).

#### 4. Final Reflection

The response to the 2008 economic and financial crisis associated with new communication technologies contributed to the spatio-temporal dissemination of collective action in Europe between 2011 and 2012.

In the analysed demonstrations seen in Greece, Ireland and Portugal, there was a direct relationship between the economic and financial problems experienced in those countries and the intensity of austerity, as well as the wave of protest that swept through their territorial spaces, bringing thousands of people to the streets and squares of their cities. It also emerged that economic problems once again formed the basis of citizens' concerns, since they again took centre stage in the dispute, albeit with characteristics distinct from those that existed during the early labour movement. The actual worsening of living conditions, which manifested in wage reductions, the deregulation of labour relations and cuts in social benefits, brought groups to the streets that could be mobilised by institutional organisations (unions, parties, etc.), as well as those who were mobilised spontaneously through social networks: the young, the precarious, the unemployed.

Many of those who protested were people with a high level of education, corresponding to a middle class who wanted to enjoy the economic benefits equivalent to their level of training, although that desire was limited in terms of their rights and expectations; hence, the deep sense of frustration and injustice following the redefinition of status introduced by austerity (Estanque, 2014, p. 54).

Economic problems were the immediate cause of the investigated collective action, although disenchantment and dissatisfaction with political systems and representative democracy were the remote causes, as demonstrated by the protesters demanding real democracy, which requires not only good governance and representation, but also direct participation and a society in which the principles of freedom and equality are not confined to laws and institutions, but are effective values in daily life (Ranciere, 2006).

In the case of Greece, Ireland and Portugal, these countries were certainly part of the identified European and global protest tendency that replaced the material issues at the centre of the protests. The same innovative repertoire of actions was used, in which the collective actions programmed and conducted by specific actors coexisted with new forms of social action, often without leaders, without organisation and without physical space, and wherein social networks were used as a form of mobilisation.

The collective action was not restricted to the national scale or to specific organisations or groups, but instead became global through the sharing of difficulties and the search for common values, thereby inspiring later protests.

#### References

- [1] Babo, I., Silva, C.T. (2015). Public Sphere and Collective Action. the Portuguese Movement of the “15th September”. *Mediterranean Journal of Social Sciences*. Vol.6, nº 6., S5, 425-435.
- [2] Babo, I., Silva, C.T. (2016). Redes sociais e mobilizações públicas. O movimento de 15 de Setembro. *Atas Congresso Internacional Ibero americano em investigação qualitativa*. Vol. 3, 182-192.
- [3] Caldas, J. C. (2015). Desvalorização do trabalho: do Memorando à prática. *Cadernos do Observatório*, 6. Observatório sobre Crises e Alternativas, Lisboa: Centro de Estudos Sociais.
- [4] Castells, M. (1999). *A Era da Informação: Economia, Sociedade e Cultura – A Sociedade em Rede*. São Paulo: Paz e Terra.
- [5] Della Porta, Donatella (2012), “Cercando la política: protesta e democrazia”. *La Rivista Il Mulino*, 2, 314-320.

- [6] Dias, H., Fernandes, L. (2016). A greve geral de novembro de 2012 e os protestos anti-austeridade – análise a partir do caso português. *International Journal on Working Conditions*, nº.11, June, 37-54.
- [7] Estanque, E. (2014). Rebeliões de classe média? Precariedade e movimentos sociais em Portugal e no Brasil (2011 -2013). *Revista Crítica de Ciências Sociais*, 103, 53-80.
- [8] Estanque, E. Costa, H.A., Soeiro, J. (2013). The new global cycle of protest and the portuguese case. *Journal of Social Science Education*. Vol.12, nº1, 31-40.
- [9] Grigoriadis, I.N. (2013). A Grécia e a Crise do Euro:da beira do colapso à inevitável reforma. *Cadernos Adenauer*, XIV, nº1,73-80.
- [10] Habermas, J. (1984). *Mudança estrutural da esfera pública*. Rio de Janeiro: Tempo Brasileiro.
- [11] Lane, P. R. (2011). *The Irish Crisis –IIIS Discussion Paper*. Dublin: Trinity Collge Dublin and CEPR.
- [12] Lima, M.L.C e Artiles, A.M. (2014). Descontentamentos na Europa em tempos de austeridade: da ação coletiva à participação individual no protesto social. *Revista Crítica de Ciências Sociais*, 103, 137-172.
- [13] Mason, P. (2016). *Pós-Capitalismo*. Lisboa: Objectiva.
- [14] Ortiz, I; Burke, S.; Berrada, M.; Cortés, H. (2013). *World Protests 2006-2013*. New York: Friedrich Ebert Foundation.
- [15] Rancière, J. (2006). *Hatred of Democracy*. London: Verso.
- [16] Roque, L.(2013). *Como ocorreu a crise financeira Americana*. Mises Brasil.
- [17] Silva, C.T. (2012). Dos “antigos” aos “novos” movimentos sociais. In *Atas do Congresso Crises e Reconfigurações. Sessão temática: Globalização, política e cidadania*. Porto, 19 a 22 junho (pp. 1-10).
- [18] Soeiro, J. (2014). Da Geração à Rasca ao Que se Lixe a Troika. Portugal no novo ciclo internacional de protesto. *Sociologia, Revista da Faculdade de Letras da Universidade do Porto*, Vol. XXVIII, 55 – 79.
- [19] Tarow, S. (1995). Cycles of Collective Action: Between Moments of Madness and the Repertoire of ontention”, in Mark Traugott (Ed.), *Repertoires and Cycles of Collective Action*. Durham: Duke University Press, 89-116.
- [20] Tarrow,S.(1998). *Power in Movement: Social Movements and Contentious Politics*. Cambridge: Cambridge University Press.
- [21] Thompson, E. P. (1979). La Economía «Moral» de la multitud en la Inglaterra del siglo XVIII. In *Tradición, Revuelta y Consciencia de Clase*. Barcelona: Crítica.
- [22] Tilly, C. (2004). *Social movements – 1768-2004*. London: Paradigm Publishers.
- [23] Tilly, C. (1986). *La France conteste de 1600 á nos jours*. Paris:Fayard.
- [24] Touraine, A. (1983). *Le retour de l' acteur*. Paris: Fayard.
- [25] Zizek, Slavoj (2013), *Problemas no Paraíso*, Disponível em:blogdaboitempo.com.br.

## Newspapers

- [1] Público, 15 de setembro de 2008, consultado a 29 de agosto de 2017
- [2] <http://www.esquerda.net/en/node/21133>
- [3] <http://www.esquerda.net/dossier/nas-ruas-contr-austeridade>
- [4] <http://www.esquerda.net/artigo/clone-milhares-nos-protestos-do-15-de-outubro-em-portugal>
- [5] <http://www.esquerda.net/artigo/primavera-global-marchou-em-lisboa/23121>
- [6] <http://www.elmundo.es/economia.html>
- [7] J.N (13 de outubro de 2012)
- [8] <http://www.jn.pt/local/noticias/porto/porto/interior/tachos-e-panels-contr-a-troika-no-porto-2826963.html>
- [9] El País (12/02/2012), consultado em 24/08/1017
- [10] <https://www.publico.pt/2008/09/15/economia/noticia/lehman-brothers-um-dos-maiores-bancos-dos-eua-declara-falencia-1342751>
- [11] [https://economia.elpais.com/economia/2012/02/12/actualidad/1329075765\\_255269.html](https://economia.elpais.com/economia/2012/02/12/actualidad/1329075765_255269.html)
- [12] Esquerda.net (18/12/2011), consultado em 23/8/2017
- [13] El Mundo (4/04/2012), consultado em 24/08/2017

---

## Role of Communication and Technology in Crisis Management

**Dr. Guembour Abderraouf**

Departement of management sciences, University of Mila, Algeria.

**Dr. Raki Nadira**

Departement of management sciences, University of Mila, Algeria.

### Abstract

This study aims to indicate the role of the communication process and new technologies in the crisis management, by showing deferent concepts related to the crisis management, its phases, how can we manage crisis using communication, and how can we use technology to manage crisis. The main idea of this study is that stakeholders (internal or external) are very important to overcome on a crisis, and every organization must identify the full range of its stakeholders, so it can receive their help when it is necessary.

**Keywords:** Communication, technology, crisis management.

### Introduction

In recent years, there has been a growing number of crisis faced by organizations, and there has been a significant change in the perception of challenges in the field of crisis management, because of that organizations have made a lot of researches to find effective methods to manage these crises, in order to reduce losses, and between these methods we find communication, and thanks to the technological evolution, managing crises becomes realistic.

#### I- Definition of the word crisis:

The word crisis refers to a situation or a case faced by the decision maker in one of the administrative entities (country, enterprise, project family...), where events comes successively, and where the reasons are intertwined with the results, and because of that, the decision maker will lose control of this situation, and with its future trends (Idriss Lekrini, 2014, P10).

#### II- Definition of crisis management:

The crisis management is to overcome on a crisis using scientific and administrative tools to avoid its negative aspects, and take benefits from its positive aspects (learning from it) (Mohssine Ahmed Elkhadiri, 2003, P 34).

Also it could be defined as a set of activities (financials & operational), that allows the maximization of a value of an enterprise, by reducing costs associated to the volatility of its cash flows (George Dionne, 2013, P 8).

#### III- Phases of crisis management:

The crisis occurs in three phases; first, there is the crisis preparation (pre-crisis) which means the appearance of a few or many signs, before the occurrence of a crisis, a sensibility of the prevention is a systematic vigilance of the early warning signals, must also be developed by organizations, Professional abilities (stress management, preparation for the media communications, and organizational (flexibility, communication's fluidity, a quick mobilization of resources, response capacity), could be improved and tested, this first phase could be resumed to two crisis management mechanisms anticipating and sensing.

The second phase is the crisis recovery, where the organization follows one of the most important aspects of the crisis management: "the damage containment", to avoid the crisis affection of other organizations sectors.

Finally, an organization that lives a crisis, must learn lessons and admit its weaknesses, this phase is very hard, because organizations are attempted to hide their faults than learning of it, this phase is the learning process (Marine-Christine Therrien, 2012, P 2-3).

#### **IV- Communication for crisis management:**

The organization should not wait for a crisis to happen before deciding on how best to communicate during one. Much of the overall crisis communications strategy can be discussed and agreed well ahead of any event. This will give the organization time to develop and test the necessary relationships, plans, protocols and templates well before a crisis hits.

The pre-crisis phase has a strong emphasis on preparation. This should include horizon scanning to anticipate any potential events, which may have a significant negative impact on the organization.

During the crisis, communications can be broken down into three distinct phases: short, medium and long term. As crises differ in duration, these phases are not associated with timeframes but are aligned with how the crisis itself has progressed. These phases are broadly defined as:

- **Short time:** or 'pre-consequence', where the opportunity still exists to influence how the crisis unfolds and shape reactions to it.

- **Medium term:** or 'consequence response', where communications are centred around explaining events and how the organization plans to recover from them.

- **Long term:** or 'post response', focusses on rebuilding (and potentially improving) the organization's reputation.

The phases of communicating in a crisis (including pre-crisis) and how the organization will approach each part, should be included in the organization's crisis communications plan. When a crisis hits, pre-planning means that the organization have already had the opportunity to think through and potentially exercise what the organization might do in the situation, rather than simply reacting to events ( Tony Pearce, 2013, P5).

#### **IV-1- Stakeholders identification:**

A stakeholder is defined as any group or public affected by the organization's operation (Christine M. Bailey and al 2005, P393 ).

Identifying the full range of the stakeholders of an organization, and their information needs, is a critical in the first step in preparing for any crisis event.

the stakeholders will have both broad and specific information needs and failure to meet these will result in a wide range of negative consequences, that will remain well after the crisis has been resolved.

Stakeholders can be divided into two groups – those external to the organization and those internal to it. During a crisis, concentrating on one group at the expense of the other will inevitably have a negative impact. Both internal and external stakeholders should be considered although not necessarily given equal emphasis.

#### **IV-1-1- External stakeholders:**

An organization's reputation and revenue streams are largely dependent on its external stakeholders. Mapping out the stakeholders prior to a crisis event will enable the organization to ensure that this time-consuming process does not have to be repeated from scratch at the start of every crisis, but rather can be revisited to ensure that the list remains current and any additional stakeholders specific to the crisis are identified.

#### **IV-1-2- Internal stakeholders:**

During a crisis, the organization will face pressure from external sources to re-establish pre-crisis service levels as soon as possible. The organization internal stakeholders are vital to ensuring that any crisis is successfully navigated and that the organization's response is conducted in a timely and effective manner.

Maintaining two-way communications internally is critical to successfully navigating a crisis. It will also ensure that the message is consistent across all parts of the organization. If internal stakeholders are not kept informed, a range of negative consequences may occur that will prolong the crisis.



Whilst the organization may have a social media policy in place, the ease of access to the internet through smart phones or computers means staff will probably access social media during a crisis, regardless of official advice.

Ensuring the staff have up-to-date and accurate information, will help ensure that incorrect and damaging information does not make its way into the public domain ( Tony Pearce, 2013, P9 ).

#### **IV-2- Choosing the right communication channel:**

A communication channel is the method by which a message is delivered. There has been a rapid rise in the number of channels available to organizations to use to communicate with their stakeholders, thanks to advancements in technology.

When choosing a channel, you should ask:

- **Who is your target audience?** Use the channel most appropriate for your audience. For example, if you are attempting to communicate with people in remote communities, radio may be more appropriate.

- **How quickly does the message need to be distributed?** If it needs to be sent immediately, radio is a better medium than a daily newspaper.

- **What resources do you have available?** Some channels, such as social media need an organization to monitor and interact rather than acting as a 'fire and forget' resource. Do your staff have the time to perform this function in a crisis?

- **How detailed is the message you are trying to convey?** Different media have different length restrictions. For example, it may be better to use a text message to direct people to your website where you can publish more detailed information.

- **Are you looking to inform or actually engage your audience?** Television may be great for getting your message to people, but social media will allow you to get rapid feedback.

The organisation will probably use a mix of communication channels rather than any one individual medium during a crisis. This will allow the organization to communicate effectively with a range of its affected stakeholders ( Tony Pearce, 2013, P 13).

#### **IV-3- Structuring the message:**

During a crisis, every detail of every message is scrutinised and acted upon. For this reason, the structure, language and content of each of your messages needs to be carefully considered.

Long-winded and rambling communications can lead to confusion, ineffective actions and may prolong the crisis. Well-crafted communications can help resolve the crisis more quickly and may enhance your reputation ( Tony Pearce, 2013, P 17 ).

#### **IV-4- Collecting, analyzing, and responding to feedback:**

The organisation should gather feedback during and after a crisis to ensuring that it is responding in an appropriate and positive way.

This information is also useful for a post-crisis review. It is important to capture the lessons identified during the crisis so that they can be incorporated into the organization's planning for any future event.

During an ongoing crisis, analysing feedback can allow the organization to actively manage and respond to any misinformation that may circulate. Fast and decisive 'myth-busting' can be crucial for correcting false information that stakeholders may be acting upon. It will also help counter any associated reputational damage. Feedback will in addition identify if there are information gaps that are being filled

by external speculation, which it can fill with accurate information.

Not all feedback is useful however. Skill is needed to identify quality feedback and use it to enhance the organization's current and future response. Likewise not all feedback should be equally weighted. For example, people with recognised technical expertise may carry more authority than a casual observer ( Tony Pearce, 2013, P 20 ).

#### **V- Technological aspect of crisis management:**

In modern societies, technology plays an important role and thereby creates new technological challenges. Due to the proliferation of technology the availability of communication-channels is highly dependent on electricity (Medienwirt Christian Neuhaus, 2010, P 2).

Nowadays, crisis management is not able to operate efficiently without the support of the state of the art ICT. In order to find an optimal operation model in crisis management it becomes more frequent to take the advantage of various technological innovations (e.g. trusted computing and agent-based infrastructure) or organizational solutions (e.g. cloud computing). In this section, an outline of new technological opportunities for improving crisis management is provided (Jan Zych and al, 2012, P 106).

### **V-1- Mobile technologies:**

Currently, mobile technology is advancing rapidly, both in terms of mobile phone popularity and capabilities. Modern mobile devices (palmtops, mobile phones, etc.) are capable of performing tasks that used to be reserved for personal computers. With regard to capabilities, there is a marked trend to integrate hitherto separate devices into a single solution. Modern mobile devices are often equipped with auto-focus a digital camera with several Mega pixels, Full HD video recording possibility (such resolution was barely achievable for dedicated digital cameras just a couple of years ago); moreover, these devices have several GBs of internal storage (with possibility to further increase using flash memory). Combined with broadband (e.g. based on HSDPA or WiFi b/g/n) data transmission and access to modern services (e.g.: online maps (even with traffic information and predictions), weather forecast or social media) mobile phones are considered to be a great tool in crisis management, used not only for communication between responders, but also for dissemination of information among the public in general (Jan Zych and al, 2012, P 106)..

### **V-2- Social Media:**

Social media is set of technologies that allow people to exchange multimedia information. Despite the fact that the information in social media comes from sources that are not verified, social media allow people to exchange information ideas, opinions and experience. Therefore, social media has become very popular and this trend is growing.

The example of the 2010 flooding in Central Europe emphasizes the importance of using social media during crises situations. Citizens of the Bydgoszcz city in Poland were using a forum to inform each other about the water level; this source of information was much more effective than official communiques in traditional media. Nevertheless, with the growing popularity of social media, this information could be disseminated even faster -using applications like Facebook, Twitter, Web log and others. Comparing social media to internet forums, one may notice that the former one allows to exchange information almost in real time e.g. through smartphones. The cost in terms of development and maintenance of infrastructure as well as disseminating the information to many recipients is negligible, since social media does not require any additional costs apart from the Internet connection bills (Jan Zych and al, 2012, P 107)..

### **V-3- Cloud Computing:**

Another new opportunity for crisis management is the use of dedicated services in modern business models – cloud computing. The main idea behind cloud computing is to provide services from remote centres using the Internet as a communication channel. In other words, cloud computing provides applications that run on the Internet. Cloud computer services are divided into four models:

– IaaS – Infrastructure as a Service. This model provides all the equipment needed by an organization to support operations, it includes hardware, servers, storage and network components. In this model, the cloud provider is responsible for maintaining the equipment.

– PaaS – Platform as a Service. In this model, cloud providers deliver a computing platform including an operating system, a programming language execution environment, database and web server. With PaaS applications developers can design, run and debug their software solutions on a cloud platform, and do not have to worry about buying and maintaining the hardware and software layers.

– SaaS – Software as a Service. It comprises software applications that are installed on the cloud and that can be accessed by cloud users. Since the software applications are located on central hosts, the cloud users can access them through a browser. In SaaS, users do not have to maintain the data and infrastructure on which the application is running e.g. games, google docs, e-mail, etc.

– BPaaS – Business Process as a Service. This model includes any business processes delivered as a service over the Internet (for example, payroll, printing, e-commerce) and accessible by multiple web-enabled interfaces and devices such as PC, tablets and smartphones.

Cloud computing could contribute to crisis management by facilitating information sharing among first responders at different management levels (central, regional and local) and making the emergency notification more accessible to the public. Additionally, cloud computing reduces costs when it comes to data storage and recovery after a disaster. Companies that own the infrastructure locally could be severely affected by a disaster as their server may be permanently destroyed and backup may be lost. In the case of a disaster affecting a cloud computing data centre, user data will not be lost since suppliers of cloud infrastructure replicate user data and cloud servers across multiple data centres.

Furthermore, the data stored on the cloud is highly secured by cloud providers. In the data centres, the integrity of the information is protected with power generators, monitoring systems and 24/7 security personnel as well as technical specialists.

There is a wide range of possible cloud computing applications in crisis management. It not only improves the current services (in terms of e.g. costs, scalability confidentiality, availability, security, redundancy and performance), but also provides new opportunities (Jan Zych and al, 2012, P 107-108).

#### **Conclusion:**

In this study we've shown how the communication process could be used to manage a crisis in the right and effective way, also the new technologies and their role in the crisis management, by shortening reactions times, and improving consistency of message, and providing relevant and redundant information for stakeholders and by providing back-channels between organizations and its different stakeholder. Instead of standardizing communication.

#### **References:**

- [1] Christine M. Bailey, Keri K. Stephens, Patty Callish Malone, Communicating with stakeholders during a crisis Journal of Business Communication, Volume 42, Number 4, October 2005.
- [2] Georges Dionne, Crisis management: history, definition and critics, CIRRELT, Canada, 2013.
- [3] Idriss Lekrini, Role of information and communication in the management of international crisis, Journal of Strategic Visions, Vol 5, UAE, february 2014.
- [4] Jan Zych, Witold Holubowicz, Wojciech Wojciechowicz, Information and communication and technology in crisis management, Journal of technical sciences, No 15 (1), Olsztyn-Poland 2012.
- [5] Marine-Christine Therrien, crisis management, public administration encyclopedic dictionary, library and archives Canada, 2012.
- [6] Medienwirt Christian Neuhaus, Integrated Crisis Communication as new approach in Crisis Management, 7th International ISCRAM Conference "Integrated Crisis Communication – Presentation ICA Conference" – Seattle-USA, May 2010.
- [7] Mohssine Ahmed Elkhadiri, Crisis management Arabic nil group, Cairo-Egypt, 2003.
- [8] Toney Pearce, Communicating in a crisis a practical guide for critical infrastructure operators, Finsbury Green, Virginia-USA, 2013.

## **Perception of Limitations by Individuals Threatened with Social Exclusion upon Entering Employment: Report on a Study of Individuals with Chronic Mental Illnesses**

**Małgorzata Dobrowolska**

Silesian University of Technology

**Mariola Paruzel-Czachura**

University of Silesia

**Marta Stasiła-Sieradzka**

University of Silesia

**Michał Naczyński**

University of Silesia

### **Abstract**

The paper presents the results of qualitative research involving a group of 30 disabled persons, suffering from chronic mental conditions, and in most cases staying at residential care homes. The authors conducted targeted free interviews with an interview outline, i.e. a list of the required information. The research was conducted among occupationally active but unemployed individuals, i.e. ones who declared the willingness to work. The sample for the study was selected using purposive sampling: all the subjects were using the services of an employment counsellor at the time. The aim of the free interviews was to identify the barriers making it difficult for disabled persons to find employment. The research questions for the subjects were the following:

1. How important is it for you to enter employment?
2. What knowledge of your own occupational skills do you have?
3. What knowledge do you have about the possibilities of finding employment for someone with your qualifications?
4. What barriers do you see that make employment difficult and result from your own limitations?
5. What barriers do you see that make employment difficult and result from the specificity of the labour market?
6. What hindering barriers do you see that result from provisions of the law?

The idea behind all the research questions that were asked was to attempt to answer the question concerning the importance of entering employment for the study subjects. It turned out that entering employment was a priority for most of the respondents.

**Keywords:** disabled persons, individuals with chronic mental illnesses, barriers, entering employment

### **Introduction. The labour market today**

Problems with the activation of disabled persons are inextricably linked with changes in the labour market. One could give numerous examples of the changes at this point, involving both the nature of work itself and the market structure, including for instance the transnationalisation of labour markets, meaning that today's careers tend to be planned and pursued in a cross-border, international and intercultural context (Bańka, 2003), as well as the development of non-traditional forms of employment. The aim of this rapid development of flexible employment, as an organisational solution, is to reduce labour costs, and it entails a radical change of the HR policy. The mass-scale introduction of alternative forms of employment has led to the subordination of the way in which employees function to a different discipline, as well as to different requirements

and regularities than the ones described in the existing literature in the field of psychology and sociology of labour, concerning regularly employed workers. These descriptions, based on analyses of workers employed on a traditional basis, i.e. with what is referred to as a "full-time" or "permanent" job", cease to be of use under the new conditions.

Disability is a social problem. The reasons for low occupational activity among disabled persons are complex. The most difficult target group, in the authors' opinion, consists of individuals with chronic mental illnesses who, due to the nature of the condition itself (relapse/remission), are burdened by the limitation of episodic presence on the market during the "recovery" phase, and of the inability to perform work-related duties in the "recurrence" phase. An additional problem which is not analysed in this paper is related to the aversion and stereotypes among co-workers.

### **Selected psychosocial limitations of disability vs. occupational activation and threats of marginalisation**

The following barriers to the activation of disabled persons are emphasised most often in the context of changes in the labour market, as perceived by the disabled themselves:

- failure to accept one's limitation,
- perception of the limited possibilities of choosing one's occupation freely,
- low occupational and spatial mobility,
- difficulties with regard to interpersonal relations,
- low level of motivation to undertake occupational activity,
- low resourcefulness and being convinced about one's helplessness,
- low personal flexibility.

Disabled persons are one of the groups threatened with social marginalisation.<sup>1</sup> This is the case even though social campaigns and occupational activation projects intended for the disabled and for employers have recently been appearing.

It is no consolation that in the past, the problem of marginalisation affected, and continues to affect all kinds of societies, or that it is an endemic phenomenon, characterising virtually every social order.<sup>2</sup> Even though the phenomenon of marginalisation (including marginalisation among disabled persons) has been broadly discussed and studied both by historians and by sociologists, it continues to exist as a social problem.<sup>3</sup> This is because, as sociologists point out, social marginality is in a way embedded in the logic of how social systems function. Thus, social marginality is not a new phenomenon and has existed in every society in history.

According to the concept of "social exclusion", the individuals who are most vulnerable to marginalisation processes are those who lack appropriate defence against the mechanisms triggering such processes, due to certain deficits they have (whether cultural, income-related, or qualification-related). In other words, the individuals and groups doing worst in contemporary societies are those who find it most difficult to defend themselves against exclusion.<sup>4</sup> Disabled persons constitute such a group.

What should be emphasised in the case of disabled persons is the fact that the barriers causing marginalisation and at the same time making it impossible to exercise the status-related entitlements may lead to the acceptance of their marginalised status on their part, i.e. to self-marginalisation. Disabled persons who succumb to self-marginalisation become passive and deprived of motivation to change their situation. Acceptance of one's marginalised status entails social isolation. This attitude on the part of the disabled individual is already in itself a barrier to full participation in social life.<sup>5</sup> The mechanism of self-marginalisation can be considered in light of numerous concepts in social sciences. A. Ostrowska and J. Sikorska refer to the theory of social stigmatisation, among other things. This makes it possible to consider the self-marginalisation

<sup>1</sup> A. Ostrowska, J. Sikorska, Sytuacja niepełnosprawnych w Polsce. W błędnym kole marginalizacji?, [in:] *Marginalność i procesy marginalizacji*, ed. K.W. Frieske, Instytut Polityki Społecznej UW, Warszawa 1999, p. 83.

<sup>2</sup> K.W. Frieske, *Ofiary sukcesu. Zjawiska marginalizacji w Polsce*, Instytut Socjologii UW, Warszawa 1997, p.7.

<sup>3</sup> The following, among others, study the problem of marginalisation: University of Warsaw: Institute of Sociology (K.W. Frieske, P. Poławski), University of Warsaw: Institute of Social Prevention and Resocialisation (J. Kwaśniewski), University of Silesia: Institute of Sociology, Polish Academy of Sciences: Institute of Philosophy and Sociology.

<sup>4</sup> *Ibid.*, p. 28

<sup>5</sup> A. Ostrowska, J. Sikorska, *Syndrom niepełnosprawności w Polsce. Bariery integracji*, Wydawnictwo IFIS PAN, Warszawa 1996, p. 167.

mechanism as an effect of a label applied to the individual. In conformity with that label, the disabled person is expected to behave in a specific manner, determined by the social image. This social image identifies the disabled person with traits such as weakness, withdrawal and dependence on others. Social control institutions exist in order to make sure that disabled persons' conduct conforms to the stereotype. As a consequence of the labelling process, the expected behaviours are accepted by the disabled persons, who create their social identity on that basis. Apart from imposing a certain role, the effect of the process is a certain social perception of the disabled that conforms to the stereotype.<sup>1</sup>

It needs to be pointed out that there is a large dissonance between the negative stereotype of a disabled person that continues to function in the public awareness and the image created by mass media and social campaigns. This dissonance concerns the declared equality of rights, the life chances of disabled persons versus the numerous difficulties that exist in practice, or actually manifestations of discrimination against disabled persons. Some individuals may attribute themselves learnt helplessness and perceive it as a result of their own powerlessness, or of the operation of external factors, i.e. objective difficulties, such as inadequately functioning regulations of the labour law, or lack of accessibility for the disabled in buildings and streets.

The phenomenon of self-marginalisation results most often from the process of accumulation of various kinds of barriers which prevent disabled persons from full social participation. The most important aspect for the researchers is to identify the various kinds of barriers constituting factors that make it difficult for disabled persons to exercise their status-related entitlements to a full extent. It needs to be pointed out that studies of barriers are present in the research practice of psychology and sociology, and the aim of this paper is to extend knowledge about them, from the disabled persons' point of view. The authors realise that this is merely a small contribution to the identification of the barriers disabled persons encounter. It has to be pointed out, however, that the dynamically changing social reality, and the consequent changes in the labour market (both favourable and unfavourable ones) actively influence the emergence of new barriers and strengthening of old ones, or vice versa contribute to the elimination of some that existed earlier.

#### **4. Analysis of barriers – presentation of selected research findings**

Targeted free interviews with an interview outline, i.e. a list of the required information, were conducted in a group of 30 disabled persons, suffering from chronic mental conditions, and in most cases staying at residential care homes. The selection of that particular research method was dictated by the specific nature of the problem. The interview addressed personal matters, and it would have been impossible to obtain such information using methods with a higher degree of standardisation, in the authors' opinion. In a free interview targeted with regard to its specificity, the research questions tend to be open-ended ones, and not all questions need to be resolved. The interviewer is therefore to a large extent free to formulate the questions at their own discretion, as well as to adapt the contents and the language to the respondents' traits and capacities<sup>2</sup> (consequently, this interview type was considered to meet in the best way the goal which the authors had set themselves).

The research was conducted among occupationally active but unemployed individuals, i.e. ones who declared the willingness to work. The sample for the study was selected using purposive sampling: all the subjects were using the services of an employment counsellor at the time. The group included individuals of working age: nineteen women and eleven men. The study subjects were a group living in the Silesian Province in Poland, with moderate and severe disabilities, including: 2 subjects with motor disabilities, 3 subjects with mental disabilities, 2 subjects with intellectual disabilities, and 23 subjects with sight disabilities. The majority of study subjects had completed upper secondary education (n=13) and higher education (n=6), and some had completed only elementary education (n=3).

The aim of the free interviews was to identify the barriers making it difficult for disabled persons to find employment. The research questions for the subjects were the following:

1. How important is it for you to enter employment?
2. What knowledge of your own occupational skills do you have?
3. What knowledge do you have about the possibilities of finding employment for someone with your qualifications?

---

<sup>1</sup> Ibid., p. 171

<sup>2</sup> I. Przybyłowska, Wywiad swobodny ze standaryzowaną listą poszukiwanych informacji i możliwości jego zastosowania w badaniach socjologicznych, "Przegląd Socjologiczny" vol. XXX, p. 65.

4. What barriers do you see that make employment difficult and result from your own limitations?
5. What barriers do you see that make employment difficult and result from the specific nature of the labour market?
6. What hindering barriers do you see that result from provisions of the law?

The idea behind all the research questions that were asked was to attempt to answer the question concerning the importance of entering employment for the study subjects. It turned out that entering employment was a priority for most of the respondents. Three main attitudes towards work were distinguished among the answers:

#### 1. *Work as a source of income.*

The study subjects pointed to the basic function of work, namely earning money. It should be pointed out, however, that they connected it with other aspects of employment, for instance: work as a self-esteem enhancer and as a confidence-boosting factor.

*"I can't imagine going on without working... At work, one simply feels differently, more appreciated, without being at anyone's mercy..."*

*"I have a family, and to support them, I need to earn money somehow, especially now they've taken my disability pension away; my wife is also disabled, we have a child, and you have to cope in some way."*

#### 2. *Work as a place for interpersonal contacts*

The study subjects emphasised most often the aspect of work related to interpersonal contacts. Those were mostly people who did not have too much knowledge about their skills, about the potential job they could specifically do, or even about their potential scope of duties. What motivated them to make attempts to enter employment was the willingness to be with others, to go outside, to fill their time.

*"I want to work with people, find employment, to break away from home, so as not to sit there all the time... to finally do something, to meet new people. The financial aspect doesn't interest me, because I don't even know how much money I can earn if I'm getting my pension at the same time."*

*"I want to go to work, to be with people, I don't want to stay home. I don't have any friends from school, there's only my sister. I watch TV all day long, I go for a walk sometimes. I would like to get to know some new people, so that they like me."*

#### 3. *Work as a self-esteem booster*

Most of the study subjects emphasised precisely that aspect of work, related to self-affirmation and boosting one's self-esteem. They emphasise the satisfaction with well-performed duties, resulting from the good rating given to their work by their supervisors, and from their co-workers' acceptance.

*"I like working with people, I had my own association apart from my job. I miss that contact with others, but I also have the feeling of not being good for anything. You know, when I used to work, I had the feeling of doing it well, of helping others, of showing my skills. Now I'm the one who needs help – that's what I miss the most."*

#### *Barriers to entering employment*

The study subjects consciously declared only one barrier, the one resulting from their disability. However, after analysing the collected material, one may distinguish as many as six categories of barriers that make it difficult for the study subjects to find employment, and often also constitute factors hampering their activity. Although all the study subjects declared their willingness to enter employment, many of them did not make attempts to look for a job, and if they did, the attempts were sporadic.

#### 1. *Disability-related barriers*

When naming these barriers, the disabled subjects pointed to limitations resulting from the specific nature of their disabilities. For example, they pointed to problems related to commuting on their own.

*"If someone helped me, I'd get there, but I'd need a guide or a co-worker who would accompany me."*

The study subjects also pointed to health limitations which narrowed down their employment potential to a significant extent.

*"I worked as a maintenance person for eight years. It was a good job and the boss appreciated me, but then my health issues started. I can't make any permanent declarations or plan anything right now, or do hard physical work, and it's impossible for me to resume that job."*

Some study subjects were concealing their disability, thinking that they would be discriminated against on the labour market as a result of it.

*"I've always had two versions of my CV on my computer. I most often used to send the one that didn't mention my disability, because I know that it would instantly ruin my opportunities."*

## 2. Barriers related to labour market specificity

Certain sub-groups can be distinguished among the barriers resulting from the specificity of the labour market. The first one involves the disabled subjects' unfamiliarity with the labour market. The study subjects mostly pointed out that they were largely unfamiliar with the labour market. This was related to the fact that few of them had been actively seeking employment.

*"I don't know the companies around here too much. This job should be something appropriate for disabled people, something to do with the office, with the computer, only I'd need someone to help me with the computer."*

On the other hand, those who were moving actively in the labour market emphasised two things: the small number of jobs actually adapted to the capacities of disabled persons, often located far from their place of residence, and the lack of adaptation of the working hours and conditions to the provisions of the law and to the capacities of disabled persons.

*"I don't know the companies around here too much. This job should be something appropriate for disabled people, something to do with the office, with the computer, only I'd need someone to help me with the computer."*

## 3. Barriers resulting from the lack of knowledge about one's own skills, capacities and qualifications.

The study subjects were incapable of defining their skills and of describing their qualifications clearly, especially in the case of those who had not gone beyond secondary education, who had not worked in the past or worked for a short time, or worked a long time ago at a disabled workers' co-operative. Often, those subjects were also unable to determine the kind of activities they could perform at work, or the specific job they wanted to do. Barriers related to lack of knowledge about one's own potential have serious implications: since I don't know what I can do, I don't know which direction I would like to develop in, I don't know what positions to apply for, so consequently my activity as far as seeking employment is concerned is negligible or non-existent.

*"I don't know what I could do, definitely something to do with computers, maybe copying some documents or something. Definitely something connected with people."*

*"Well, what I can do is what I used to do in my previous job as a maintenance person. Cleaning the machines, changing the oil, and that seems to be about it."*

*"I finished school as a cook, but I can't cook. I can wash pans, sweep floors, do the cleaning..."*

*"What kind of job am I looking for? Any job that's for me, whatever is available. However, I can't tell you precisely what job, I'm just looking around."*

## 4. Barriers related to low self-esteem, lack of faith in one's own capacities

A group of people was distinguished among the study subjects for whom low self-esteem and lack of faith in their own capacities constituted a clear barrier. The group included individuals who had completed only elementary education, as well as people with higher education. What they shared was the lack of faith in their own strengths, the fear of failure, excessive self-criticism, and failures that discouraged them from further activity.

*"I went to work for one day as a kitchen help, to try my hand at a normal job. They didn't want me, however, because I was too slow. Now, my dad has been driving me around various places, but they don't want me anywhere. It's because I'm so slow, I'm ashamed of that time, and I haven't told anyone about it."*

*"I've been visiting various schools, meeting with the headmasters and headmistresses, but to no avail. It seems to me that they don't like me, that I'm unable to make a good impression during these meetings. I'm starting to lose hope that I'll manage to get my dream job with children."*



### 5. Barriers resulting from the lack of family support

Another group of barriers includes ones that result from the lack of support for disabled persons on the part of their families. The pension rights that are often granted constitute a source of income for the other family members, so the latter discourage the disabled person from seeking employment, because they are afraid of losing the regular income from the pension. Sometimes the family members also discourage the individual from activity out of "concern" for them, to protect them against working for little money and losing their pension.

*"My parents tell me not to look for a job, because I'll lose my disability pension. It would be better if I got married."*

*"My mum sought to have them grant me a severe disability certificate and a pension. Now, she judges any attempts of seeking work on my part unfavourably. She says that the best thing I could do is work illegally."*

### 6. Barriers related to legislative provisions.

Most of the study subjects complained about the "absurd" regulations governing the granting of pension and the possibilities of earning specific amounts. The study subjects emphasise that work under a contract is often unprofitable in their case, because as a result they will exceed the amount they are allowed to earn, and they will be deprived of the pension. Such regulations encourage some disabled persons to work in the informal sector, without a contract.

*"I spend nearly three hundred zlotys a month on my medications, and if I go to work, it may turn out I'll earn more than my pension, but so what if they deprive me of the latter and it turns out that I have three or four hundred more working full-time."*

*"Many companies agree with the workers, put an appropriate amount in the contract so as to prevent them from losing their pension, and give the rest to them unofficially. However, this is always less than what one would make as an 'able-bodied' person."*

## Conclusion

To recapitulate, the barriers identified on the basis of the targeted free interviews can be divided into two fundamental groups: the study subjects' internal barriers and barriers of external nature.

It is worth pointing out that the study subjects who were supported by their families in their efforts to enter employment perceived fewer barriers, were more optimistic, and often better-educated. This means that a friendly social environment, including in particular the closest one, namely the family, is a factor that contributes to the surmounting of barriers. Internal barriers were identified more often among subjects with elementary and vocational secondary education: barriers resulting from the lack of knowledge about one's own skills, capacities and qualifications, which is reflected in the low cultural capital of the study subjects. All the subjects emphasised most strongly and were capable of identifying on their own a single barrier, namely the one resulting from their disability. That barrier, combined with other internal ones, was often the main determinant of status for the study subjects, it attributed a role to them, and at the same time stigmatised them and made them differ from the rest of the population of able-bodied people. In this sense, the assumed role of a disabled person conformed to the stereotype of someone who is relatively passive and not very flexible, who believes that the sole fact of being disabled places them outside the margin of society, and who at the same time accepts this status quo. It seems therefore that the barriers referred to as internal ones here, which are rooted most strongly in the study subjects, constitute factors that contribute to their self-marginalisation. Helping disabled persons to overcome such barriers should therefore be strongly stressed in the work of employment counsellors, personal trainers and psychologists in the process of occupational activation.

## References

- [1] Adamiec, M. (2004), Od osobowości do plastyczności: inne spojrzenie na kompetencje ludzkie, materiały niepublikowane [unpublished materials] Katedry Psychologii Pracy i Organizacji Uniwersytetu Śląskiego
- [2] Bańka, A. (2003), Rola poradnictwa zawodowego w integracji osób niepełnosprawnych z rynkiem pracy [in:], Poradnictwo zawodowe dla osób niepełnosprawnych – materiały pokonferencyjne [post-conference papers]
- [3] Beskid, L. (1999), Analiza skali, dynamiki i społecznego rozkładu procesów pauperyzacji i marginalizacji. Instytut Pracy i Spaw Socjalnych, Warszawa.
- [4] Derczyński, W. (2000), Postawy wobec osób niepełnosprawnych, (digital compilation: <http://www.cbos.pl/SPSIKOM.PL>),
- [5] Frieske, K. W., (1997), Ofiary sukcesu. Zjawiska marginalizacji w Polsce, Instytut Socjologii UW: Warszawa,

- [6] GUS, (2008): Aktywność ekonomiczna ludności Polski III kwartał 2007, Departament Pracy i Warunków Życia, Warszawa, <http://www.stat.gov.pl>,
- [7] Kossecka J. (2003), Społeczeństwo wobec osób niepełnosprawnych – postawy i ich determinanty, "Annales Academiae Paedagogicae Cracoviensis" Studia Psychologica,
- [8] Kowalak T. (1998), Marginalność i marginalizacja społeczna, Warszawa,
- [9] Kryńska, E. (2001), Dylematy polskiego rynku pracy, Instytut Pracy i Spraw Socjalnych, Warszawa
- [10] Larkowa H. (1970), Postawy otoczenia wobec inwalidów, Warszawa: PZWL
- [11] Larkowa H. (1985), Postawy otoczenia wobec osób niepełnosprawnych [in:] A. Hulek (ed.), Stosunek społeczeństwa do ludzi niepełnosprawnych, Częstochowa: Wydawnictwo WSP
- [12] Minczakiewicz E. (1996), Postawy nauczycieli i uczniów szkół powszechnych wobec dzieci niepełnosprawnych umysłowo, [in:] W. Dykcik (ed.), Społeczeństwo wobec autonomii osób niepełnosprawnych, Poznań: Eruditus
- [13] Ostrowska A. , Sikorska, J. (1996) Syndrom niepełnosprawności w Polsce. Bariery integracji, Wydawnictwo IFiS PAN, Warszawa,
- [14] Ostrowska A., Sikorska J.,(1999) Sytuacja niepełnosprawnych w Polsce. W błędnym kole marginalizacji?, [in:] Marginalność i procesy marginalizacji, ed. K.W. Frieske, Instytut Polityki Społecznej UW, Warszawa,
- [15] Poczłowski, A. (1994), Nietypowe formy zatrudnienia w rozwiązywaniu problemów bezrobocia, Gospodarka Narodowa, n. 9, p. 18–22
- [16] Poznaniak W.(1993) Teorie uczenia się społecznego jako model normalnego i zaburzonego funkcjonowania jednostki oraz grupy, [in:] H. Sęk (ed.) Społeczna psychologia kliniczna. PWN, Warszawa,
- [17] Przybyłowska I., Wywiad swobodny ze standaryzowaną listą poszukiwanych informacji i możliwości jego zastosowania w badaniach socjologicznych, "Przegląd Socjologiczny" vol. XXX,

## Concerning the Apparition of a Mobile Phone in a 17<sup>th</sup> Century Painting and Its Issuefication

Siavash Bakhtiar

University of Nottingham

### Abstract

Through focusing on a specific case study of a viewer going to a museum and seeing for a short moment a mobile phone in a 17<sup>th</sup> century painting, this article aims to address the concerns of some modern thinkers who are extremely worried about the proliferation of information and communication technologies (ICTs) and their substitution of more traditional domestic artefacts. In response to the need to address the causes and consequence of this latent technophobia in critical theory, thinkers like Bruno Latour are looking for theoretical allies to build up a more accurate “Thing Theory.” This article argues that Latourian approaches, by offering sociologists and philosophers an enriched conceptual toolbox, open up more space in theory for non-human entities and recognise their affordance in the composition of what is usually called society.

**Keywords:** Thing Theory – quasi objects – material culture – Bruno Latour – object-centred theory – participatory objects – politics of artefacts – second empiricism



A close up of Pieter de Hooch's painting “Man Handing a Letter to a Woman in the Entrance Hall of a House” (1670).

### Introduction

About a year ago, while I was listening to one of my favourite French radio broadcast before dashing off to teach my Tuesday morning seminars, I heard a very curious story.<sup>1</sup> The broadcaster told that during a recent visit to the Rijksmuseum in Amsterdam, while looking at one of the painting of Pieter de Hooch, a painter of the Dutch Golden Age, he saw next to a young *bourgeoise* sitting on a chair a man holding a mobile phone!

Of course, after a close inspection of the plate next to the painting, he quickly realised that what he took for a mobile phone was *actually* a letter that the young man was reading or about to give to the lady. But my curiosity was even more piqued

---

<sup>1</sup> The broadcast, called “La vie numérique,” was presented by Xavier de La Porte on France Culture for the first time on May 16<sup>th</sup> 2017. Here is the link to that specific radio programme: <https://www.franceculture.fr/emissions/la-vie-numerique/pourquoi-cet-homme-tient-un-telephone-dans-sa-main>

when the presenter recognised that his first impression was one of terror, asking himself if he was alienated to the point of seeing phones, computers and screens everywhere – even on a canvas painted more than three hundred and fifty years ago. Especially as he later realised that the CEO of Apple, Tim Cook, was victim to the same optical illusion.<sup>1</sup> It got even more interesting when the broadcaster highlighted that this optical illusion was not entirely his fault since, as far as he could recall, he had seen many paintings from the 17<sup>th</sup>, 18<sup>th</sup> and even 19<sup>th</sup> centuries representing figures reading a letter with a similar posture. Consequently, his hypothesis – his “aesthetic revelation,” as he calls it – was that in those paintings, the persons who are reading letters do not have the same postures as those reading books. The broadcaster went on saying that this is mainly due to a certain immediacy, urgency of the short format of the letter, which demands a certain dramatization that says something about this gesture of reading a letter that resembles our relation to the phone nowadays. He concluded his deductive analysis by highlighting that the recurrence of this pattern – of a character reading or handing a letter to someone else – through the history of European painting could be explained by the importance of letters in the process of alphabetisation and gaining knowledge, a situation comparable to the daily situation that most of people live with their (smart-) phone.

The argument was clear and convincing, and this anecdote would pass unnoticed, if it did not contain so many elements that demanded to be explored more explicitly; if this optical illusion of seeing a *mobile phone* instead of a *letter* was not in a nutshell, in the eyes of many intellectuals, another glaring example of the domestication of individual and collective consciousnesses by an “information society” (Webster, 2006: 9). Like the presenter, I believe that this sort of illusion is not as horrific as it looks. If one moves from the traditional binary paradigm, which divides everything in absolute material entities and ideals, towards a perspective that gives more credit to the context and relations, this sort of scenario would not appear so terrifying.

The broadcaster was right when he asserted that if the viewer, instead of focusing on a specific object (the letter/the phone), would pay more attention to the body posture of the *messenger*, the situation would be quickly dedramatised. She or he would realise that it is not the letter/phone *per se* that is misleading, but its position in the hand, and by extension of the whole body. A young man standing in a living room, reading or looking at a message, before handing it to a lady sitting on a chair. How many times has one seen this sort of scenery, not only in painting, but in one’s everyday life? Even the tension in the gaze, the angle of the elbow, the inflexion of the head, and the relaxed position of the legs match what one can see every day at home, at a bus stop or in a pub. It can be seen as a daily scene that has survived through the centuries. However, is this aesthetic explanation sufficient to soothe the worries and concerns of all the modern viewers who might experience a similar illusion? Allow me to doubt it, because the *letter* and the *mobile phone* are “participatory objects” that in particular situations might perform or be invested with a moral or political agency (Marres, Lezaun, 2011).

Therefore, I would like to offer in this article some arguments to highlight the potential of these particular objects to invoke concerns, by considering them as “quasi-objects,” to use Bruno Latour and Michel Serres’s terminology (1995). In a first instance, I will explain why the proliferation and replacement of some traditional artefacts by modern technological devices is so problematic for thinkers of the humanist tradition. In the second section, following the example Latour and Serres, I will argue that the classic instrumentalist assumptions that some modern philosophers have about objects are too limited and consequently need to be upgraded with new conceptual tools to provide a more convincing thing theory. Finally, I will propose briefly two theoretical paths to explore the de Hooch case in order to understand how objects, such as the mobile phone, can be invested with moral and political issues, and think them beyond the limited Heideggerian philosophy of technology and things in terms of “scripted object,” “augmented objects” or “issued objects” (Marres, 2014).

### Matters of Concern

Peter Sloterdijk, in his essay *Règles pour le parc humain* (Regeln für den Menschenpark),<sup>2</sup> argues that “the era of national and bourgeois humanism has come to an end because the art of writing letters, which inspires the love towards a nation of friends (...), is not enough anymore to establish the tele-communicative relationship between the members of a modern mass society” (2000: 13). In other words, the progressive emergence and proliferation of mass media have relegated the literary and epistolary forms to a category of “*sui generis* subculture” (ibid). Therefore, this replacement of the letter by

<sup>1</sup> As a point of interest, it is said that shortly after his visit at the Rijksmuseum, during a chat at the Start-up Fest event in Amsterdam, on 24 May 2016, Cook said that “[he] always thought [he] knew when the iPhone was invented, but now [he is] not so sure anymore” (in Kharpal, 2016).

<sup>2</sup> As far as I know, there is not any English version of this essay; therefore all the translations in the text are mine.

information and communication technology (ICT) has caused inevitably a crisis of the Enlightenment project, which has been irremediably put in doubt in the dark years just after the WWII.

According to Sloterdijk, classic humanism since Plato is essentially based on finding ways of getting mankind out of the state of nature through the mediation of literary canons that would help to “domesticate” (*apprivoiser*) and eventually drag mankind out of barbarism that comes, since the Roman Empire until today, in “the form of an immediate imperial and war brutality or in that of a daily bestialisation through the inhibiting mass media” (2000: 16). This gets to the heart of the worries illustrated by the de Hooch case. It is the same terror that the broadcaster first experienced when he saw a phone on the painting. His first reaction as an intellectual was that of suddenly worry of being someone who has been “infected by the bestialisation” of mass culture, to use Sloterdijk’s terminology, to the point of being unable to recognise, when he sees it, what is supposed to be the basis of his *humanitas*, of his humanistic education thought during all those years at the *école républicaine*: the *letter*. Eventually the terror would pass when he realised it was an illusion, but the question of the media remains: whether the new technology, the phone, can be trusted as a valid variant of the domestication work done by books and letters until now?

Of course, one can adopt an empiricist attitude and see this worry as going over the top. One can even show a mocking rictus at what looks more like the philosophising hysteria typical of some ivory tower thinker who is afraid whenever she or he gets out of books and experiences what is really going on in the *real* world. For the empiricists, it is about *facts*; and here the fact is that if you look a second time closely to the painting, you can see that it is actually a letter and not a mobile phone. As already mentioned, the visual illusion is clearly due to a repetition of a scene seen so many times in your daily life that your brain makes a direct correlation between the scenery, the body posture and the mobile phone. However, this is not enough.

As Bruno Latour states, many critical theorists, after a too quick reading of Baudrillard or Heidegger, have become suspicious of everything, to the point of sharing some similarities with conspirationists, “in the structure of the explanation, in the first movement of disbelief and, then, in the wheeling of causal explanation coming out of the deep dark below” (2004: 229). It is difficult to deny that notions like “alienation,” “reification” or “commodity fetishes” are having difficulty explaining the new forces and modes of interactions that the proliferation of ICTs have imposed in how we define the *social* nowadays.<sup>1</sup> But the classic empirical explanation does not work with them, and comparing them to conspirationists – or worse those believers that those same Enlightened thinkers have criticised for so long for worshiping idols and gods – who are naive victims of their own imagination would be humiliating and counterproductive (Latour, 2002b: 27; 2004: 239). What Latour says about critical theorists and humanist philosophers is quite simple: despite their loftiness, they are not different from most people, they are realists and even sometimes positivists for the all the objects they cherish, but act as merciless “antifetishist[s] for everything [they] don’t believe in” (2004: 241). Under these circumstances, a letter becomes a trustworthy object – of devotion sometimes, but a mobile phone, even more in the form of an apparition in an old painting, is seen as a threatening omen.

Therefore, the aim here is not to blame modern thinkers and their concerns, quite the contrary. As Isabelle Stengers argues, it is important to take their worries seriously, because rethinking about objects inevitably implies to redefine what has been for such a long time considered by them as the organising centre of everything: the human subject (2010: 4). The aim here is to not criticise them too harshly because they might even become “allies” to think with, if they are ready to stop jabbering about the dangers of technologies for education, arts and philosophy and listen to what Stengers, after Whitehead, calls “Oliver Cromwell’s cry which echoes down the ages: ‘My brethren, by the bowels of Christ I beseech you, bethink you that you may be mistaken.’ (...) [C]reating the space in which the voice of those who are silent becomes present” 2011: 368).

Latour echoes this idea by suggesting the critically minded to consider updating his or her “critical arsenal” in order to “retest the linkages between the new threats he or she has to face and the equipment and training he or she should have in order to meet them—and, if necessary, to revise from scratch the whole paraphernalia. (...) [T]here is no greater intellectual crime than to address with the equipment of an older period the challenges of the present one” (2004: 231). These are very harsh words. I would not go as far as to demand a full inventory of the conceptual toolbox of (post-) modern theory, but I am not going to argue with Latour’s diagnosis. He is right in denouncing the responsibility of some modernist critical theorists in

<sup>1</sup> It is important to notice that for Bruno Latour the words “society” and “social can be attributed to any type of collectives and not only human ones. In the debate between Gabriel Tarde and Emile Durkheim, he stands for the former, by saying that conceiving society as an already existing notion or cause, instead of a consequence to come has been very harmful for critical theory and social sciences in general (see Latour, 2002a: 120; Latour, 2004: 230).

the latent technophobia that exists among intellectuals. What kinds of theory would always favour, among all the critical tools available in its conceptual toolbox, “a hammer ready to expose, to denounce, to debunk, to show up, to disappoint, to disenchant, to dispel one’s illusions, to let the air out?” (Latour, 2002b: 20). When surrounded by so many artefacts and technological devices, the modern thinkers have tried to get away from them when they should have got closer to them.<sup>1</sup> Nonetheless, in spite of his sometime mocking tone, Latour decides to dedicate most his work to address what he calls their *matters of concern* and demands an even more radical criticism than the mere explanation given by traditional empiricism, because the *matter of facts* “are not all that is given in experience. Matters of fact are only very partial and, I would argue, very polemical, very political renderings of matters of concern and only a subset of what could also be called states of affairs” (Latour, 2004: 232).

### Thinking about/with things

It is well known to philosophers that this concern about *matter* goes back to Plato. However, in modern times, it is certainly Heidegger who was so concerned by technologies to the point of dedicating a large part of his writing to them. His method is to go back to the epistemological source of the word “thing” in order to highlight its political potential: “the Old German words *thing* and *dinc* become the names for an affair or matter of pertinence. They denote anything that in any way bears upon men, concerns them, and that accordingly is a matter for discourse. The Romans called a matter for discourse *res*. The Greek *eiro* (*rhetos*, *rhetra*, *rhema*) means to speak about something, to deliberate on it. *Res publica* means, not the state, but that which, known to everyone, concerns everybody and is therefore deliberated in public” (2001: 172, emphasis in the original). But his investigation is imbedded in his philosophy of the Being; and eventually it gives him ground for making an unquestionable distinction between essential entities for human existence called *things*, “ready-to-hand” (*zuhanden*) for any purpose, and the industrially made *objects*, which are the fruits of techno-science that causes him so much concern. He states that: “[e]verywhere we remain unfree and chained to technology, whether we passionately affirm it or deny it. But we are delivered obey it in the worst possible way when we regard it as something neutral; for this conception of it, to which today we particularly like to do homage, makes us utterly blind to the essence of technology” (1977: 4). Accordingly, from a Heideggerian perspective, a *letter* would be a thing – at the service of poets or philosophers – and the *mobile phone* would be an evil techno-scientific device that hides some obscure purpose. This perspective, one has to admit, does not give any ontological dignity to any of these artefacts – certainly not for the second at least.

Now, the reader is entitled to protest at this stage and say “so far so good, you made a good critique of Heidegger, it is a trend these days...but what is the mobile phone if not an object or a thing then...especially if it is not even real, but just a virtual presence, a visual illusion that appeared to the presenter during his visit to the Rijksmuseum?” To this question, I would reply that this is exactly the issue with critical theory today: its lack of imagination when it comes to think about something else than humans and human societies. As Latour says, talking about himself and his colleagues when they try to think about technology, “[they] always appear to *weaken* them, not *strengthen* their claim to reality” (2004: 237, emphasis in the original). Therefore, it might be better to stop thinking about them, about their essence, their “thingness” as Heidegger would say, and rather *think with* them or rather about *the relation we have with them, and vice versa*. In this new conception of things, artefacts and ICTs are not divided anymore between the Heideggerian categories of objects and things, but are gathered and relocated as hybrid, uncertain and changing “quasi-objects” (Latour, 1993: 55; 1997: 100; 2004: 236). This term, borrowed from Michel Serres,<sup>2</sup> is a good start to moving away from any binary paradigm or ontological distinction and start thinking about a “thing theory” (Brown 2001).

I consider Serres’ conceptual contribution as giving continuity to the Deleuzian proposition that “[p]hilosophy in itself is always as matter of inventing concepts” (1995: 136). The creation of new concepts, such as “quasi objects,” challenges the anthropocentric statement “man is the measure of all things.” It displaces the tradition definition of what it means to be human towards a conception that “designates the human as a passion, as capable of becoming ‘affected by all things’ in a

---

<sup>1</sup> In various occasions, Latour acknowledges his admiration for Whitehead’s intellectual audacity: “[o]f all the modern philosophers who tried to overcome matters of fact, Whitehead is the only one who, instead of taking the path of critique and directing his attention away from facts to what makes them possible as Kant did; or adding something to their bare bones as Husserl did; or avoiding the fate of their domination, their *Gestell*, as much as possible as Heidegger did; tried to get closer to them or, more exactly, to see through them the reality that requested a new respectful realist attitude” (Latour, 2004: 244, emphasis in original).

<sup>2</sup> In a conversation with Bruno Latour, Michel Serres defines his concept as follows: “a quasi object, which traces or makes visible the relations that constitute the group through which it passes, like the token in a children’s game. A quasi object that nonetheless remains a useful technical object, even a high-tech one, directed toward the physical world. It often happens that the most sophisticated tools play their main role socially but without losing their objective purpose” (Serres, Latour, 161). See also Serres, 1982: 55.

mode that is not that of contingent interaction, but of the creation of meaning" (Stengers, 2000: 166). In creating and using new concepts such as "quasi object," thinkers like Serres and Latour do not want to suppress the traditional concepts of object and subject: there is no doubt that a rock and a human are different entities. They rather seek to demonstrate how limited and ossified the traditional concepts are when they are applied the complexity of contemporary state of affairs. Consequently, this need of new concepts makes the creation of concepts a vital activity for a philosophy that "in itself calls for a future form, it calls forth a new earth and a people that do not yet exist" (Deleuze, Guattari, 1994: 108). They produce and put at practice a very rich conceptual toolbox that does not try to give a definition of things and beings, as modern philosophers like Heidegger strived to do, because this would fix them in a definitive state of affairs. What Latour means by a renewal of the "critical arsenal" is aiming rather at a Deleuzian intellectual adventure that attempts to "share what the concept 'does,' as something that exists, to those who create it. It is a proposition that says that the concept makes the philosopher while the philosopher creates concepts, ceaselessly rearranging and changing them" (Stengers, 2006: 156).<sup>1</sup> This means that they have to put the concept at risk, apply it, which implies that their approach cannot be compared to the philosophical tradition based on immutable transcendent idealist categories, neither can it be assimilated to the primary empiricism of the positivists. It is not a "return," but a call for a "second empiricism [that] doesn't look at all like the first: its science, its politics, its esthetics, its morality are all different from the past. It is still real and objective, but it is livelier, more talkative, active, pluralistic, and more mediated than the other" (Latour, 2005b: 115).

This second empiricism – full of useful and pragmatic concepts – should be seen as a relief to the terrified minds of some philosophers and critics when they are confronted to strange experiences such as the de Hooch case. Mainly because this second empiricism is not obsessed about their mind – and its possible alienation by some strange fetishes or techno-scientific objects – but rather moves the tension from entities to relations: "[I]t is not the question 'Does the intelligible come from the sensible?' but quite different question, *Relations are external to their terms.* (...) This exteriority of relations is not a principle, it is a vital protest against principles" (Deleuze, Parnet 2007: 55, emphasis in original). Among those principles that are put in doubt, one can certainly find the reductionism that limits objects to their utilitarian design and the technophobia that see them always as a threat. In other words, part of the problem for most traditional philosophies of technologies and objects, is that *they think about them from above or from below*, limiting or exaggerating their agency, when actually they should in most – if not all – occasions *think with them* and give voice to those non-human masses, as they so often do for the human masses: "[o]ne of the tasks of sociology is to do for the masses of nonhumans that make up our modern societies what it did so well for the masses of ordinary and despised humans that make up our society (1988: 310).

### **Beyond the category of domestic tool**

In the previous section, I have tried to explain why the apparition of a mobile phone in a 17<sup>th</sup> century painting in the Rijksmuseum is so worrying for humanist philosophers. I have highlighted that this unexpected presence is a matter of concern because it challenges "an instrumentalist explanation of the role of things in politics, which would straightforwardly define domestic technologies as neutral tools for problem solving" (Marres, 2010: 179). It is disruptive of the traditional (Heideggerian) binary system that conceives a hammer is a good thing, because its purpose is clear: it holds and serves perfectly in the mastering hand of its owner to hammer nails in different surfaces. From the same perspective, a mobile phone is not good domestic tool: it is an obscure object which purposes are not clear; it listens, it speaks and it memorises. Worst of all, it is not restricted anymore to the safe private space of the home, but moves around everywhere and can even appear in very old paintings in public museums!

Contra this dualistic perspective, there have been in recent decades, an emergence of several post-instrumentalist currents in theory that have done an important effort to draw attention to the affordance of objects to not only mediate but also interact and change, for good or ill, the political relations that constitute what is usually called the social or society. Thanks to the emergences of these new things theories, Latour can finally say contra Heidegger's instrumental reductionism: "things have become Things again" (2004: 236).

The reintegration of material things both in the discussions about a reconsideration of the classic political concepts and practices is what is usually termed as the "return to the empirical" or the "material turn" for academic sociology (Adkins, Lury 2009; Marres, Lezaun 2011). Bruno Latour in his early collaboration with other thinkers of Actor-Network Theory (ANT) opened up an important step towards a constructivist re-conception of the relation between humans and non-humans through what they call "material semiotics" (Law, 2009: 142). The works of Madeleine Akrich offer a set of very useful

<sup>1</sup> There is not any English version of this essay yet; therefore all the translations in the text are mine.

concepts to understand and explain the articulation of human and non-human “agents” entangled with of networks and assemblages that constitute societies.

Applied to the de Hooch’s painting case, the mobile phone could be seen as a “scripted object” (Akrich 1992), which would inscribe a series of actions upon the person that interacts with it – in this case, the viewer. In this “scenario,” the human subject and the objects – the letter and the mobile phone – are at a *symmetrical level of action*, where one acts upon the other and make it/him/her do something, consequently creation a moral or political situation. This theory has the advantage of getting away from classic Kiatian and Heideggerian dualisms that restrict any political intention to human subjects, and establishes between the different actants of a particular situation an “ontological symmetry” (Latour 1993). Although very convincing, I argue that this approach is too limited to explain the de Hooch case. This does not mean that it is invalid, but I claim that an inscription theory is a too simplistic approach for a wider exploration of the political and moral agency of more complex technological devices. As Noortje Marres argues, in an inscription approach, the “inscribed object” is latently political because at both ends of the process, there are human agents that program the object (the designer) and examine its effect (the sociologist) (Marres 2014: 263).

Drawing on the works of pragmatist philosopher John Dewey and on latter works of Latour,<sup>1</sup> Marres tries to find an alternative to think non-human entities beyond their inscription into the everyday. She argues that a Deweyian approach helps to explore the potential of more complex and broader “heterogeneous assemblages” to compose what social theorists call society or the *public* that goes beyond causal forces.<sup>2</sup> Applied to the de Hooch case, this statement displaces the matter of (political) concern from the human subjects (the painter/the viewer) as an organizing centre towards a more constitutive situation “in which things that are designed to function as means of human action produce unanticipated effects” (Marres, 2010: 194). I would say that Dewey’s concepts enrich the toolbox used by later Latourian sociologists, like Noortje Marres, who envision technologies more as heterogeneous networks or assemblage. Consequently, “matters of public concern in Latour’s account are no pure entities that would fit one rather than another concept of the common good, but rather present messy bundles of things and questions” (Marres, 2010: 189).

Indeed, in this situation, the agency of the (virtual) mobile phone is not limited to the pre-inscription of a designer, but acts as an “augmented object” that is “called ‘political’ insofar as it comes to resonate with issues” (Marres, 2014: 263). Here the object is explicitly political because it comes equipped with a series of equipments – screen, keyboard, microphone, camera... – that explicitly interact with the environment, which means that their political potential “does not seem to derive exclusively, or even principally, from their ability to act on subjects. Their normativity is more open-ended than that: it hinges on the capacity of the object, not to project a definite role onto human actors, but to become ‘charged’ with issues” (ibid: 264). This approach goes even further than an inscription theory in its critique of the determinism of an instrumentalist conception of objects, and the question becomes what the artefact *is capable of*, which brings us back to Latour and Deleuze call for a second empiricism. Accordingly, the apparition of a mobile phone in an old painting is a matter of concern because of the specific potential of the object that appears. If it was an apple or a jug replacing the letter, the worries of the viewer would have been of a different nature, and he would have been certainly more amused than terrified. Nevertheless, it is a mobile phone: an object that contains lines of forces can be described as what Deleuze defines sometimes as *dispositif* others as *assemblage* (Deleuze, 2007: 339; Deleuze, Parnet, 2007: 69-70).

These two approaches do not give direct answers to the concerns of the viewer who sees a mobile phone in 17th century painting. They do not say “yes, you should be terrified” or “don’t worry, it is just an illusion,” but rather offer the advantage of resisting those preconceived certitudes of what Serres calls “the detective logic of judgmental philosophies” (Serres, Latour, 1995: 133). Those approaches allow thinkers to say “I don’t know. You should be concerned but certainly not terrified.” They offer nonetheless the possibility of getting closer to the objects without feeling the need to say any certitude

---

<sup>1</sup> Those are generally his post 2000 works where Latour started a closer collaboration with philosophers like Isabelle Stengers. He does a sort of parallel between the need of realism the European thinkers need when they talk and writes about politics that they should learn from some of their American colleagues: “[t]hose American philosophers call their tradition pragmatism, meaning by this word not the cheap realism often associated with being “pragmatic” by the costly realism requested by making politics torn toward pragmata – the Greek name for Things. Now that’s realism!” (2005a: 28).

<sup>2</sup> In his seminal work *The Public and its Problem*, Dewey writes: “[t]here is no mystery about the fact of association, of an interconnected action which affects the activity of singular elements. There is no sense in asking how individuals come to be associated. They exist and operate in association. If there is any mystery about matter, it is the mystery that the universe is the king of universe it is. Such a mystery could not be explained without going outside the universe” (23).



about their essence or nature, and initiate the passage from *terror* to *concern* and sometimes *care* about “for the nonhuman masses that beg us for understanding” (Latour, 2008: 153).

## Conclusion

More can be said, but I need to keep this paper short. I just wanted here to indicate a direction, or at least join my voice to what Stengers and Latour named a call for a more empirical attitude in critical theory towards things. Whether modern thinkers are right to be concerned about the proliferation and (omni-) presence of ICTs in domestic and public spaces must remain an open question here. To leave this question open means that there are endless ways to address it depending on the special affordance of each actant – human or non-human – in constituting that situation. To leave this matter open to concerns means also to get closer to the objects, giving them voice rather than taking the path of the traditional instrumentalism of “modern humanists [that] are reductionist because they seek to attribute action to a small number of powers, leaving the rest of the world with nothing but simple mute forces” (Latour, 1993: 138). To leave this question open demands a redefinition of the classic concept of *politics* because “[it] is no longer limited to humans and incorporates the many issues to which they are attached” (Latour, 2005a: 31), and because as Stengers reminds us with a beautiful Leibnizian maxim: “Not everything is political, but politics is everywhere” (2011: 359). Even in the brief apparition of a mobile phone in a 17th century painting.

## Bibliography

- [1] Adkins, L., Lury, C. (2009). Introduction. What is the Empirical?. In *European Journal of Social Theory*, 12(1), 5-20
- [2] Akrich, M. (1992). The de-scription of technical objects. In *Shaping Technology/Building Society: Studies in Sociotechnical Change*. W. Bijker and J. Law (eds.), Cambridge: MIT Press, 205–224
- [3] Brown, B. (2001). Thing Theory. In *Critical Inquiry*, 28 (1), 1-22
- [4] Deleuze, G. (1995). *Negociations, 1972-1990*. M. Joughin (transl.). New York: Columbia University Press.
- [5] Deleuze, G. (2007). What is a *Dispositif*?. In *Two Regimes of Madness: Texts and Interviews 1975-1995*. A. Hodges and M. Taormina (transl.). New York: Semiotext(e), 339-348
- [6] Deleuze, G., Guattari, F. (1994) *What is philosophy?*. G. Burchell and H. Tomlinson (transl.). London: Verso
- [7] Deleuze, G., Parnet, C. (2007). *Dialogues II*. H. Tomlinson and B. Habberjam (transl.). New York: Columbia University Press
- [8] Dewey, J. (1991). *The Public and its Problems*. Athens: Swallow Press
- [9] Heidegger, M. (1977). The Question Concerning Technology. In *The Question Concerning Technology, and other Essays*. W. Lovitt (transl.), New York: Harper & Row, 1977. 3-35
- [10] Heidegger, M. (2001). The Thing. In *Poetry, Language, Thought*. A. Hofstadter (transl.). New York: Perennial, 163-180
- [11] Kharpal, A. (2016, March 25). *Apple CEO saw an iPhone in a nearly 350-year-old painting*. Retrieved from: <https://www.cnbc.com/2016/05/25/apple-ceo-tim-cook-saw-an-iphone-in-a-near-350-year-old-painting.html>
- [12] Latour, B. (1988) Mixing Humans with Non-Humans: Sociology of a Door-Closer application. In *Social Problems (Special Issue on Sociology of Science)*, Vol. 35, 298-310
- [13] Latour, B. (1993). *We Have Never Been Modern*. C. Porter (transl.), Cambridge, Mass.: Harvard University Press
- [14] Latour, B. (1997). Crise des valeurs? Non, crise des faits. In *Actes du colloque Ethique et Environnement*, La Documentation Française, 95-104
- [15] Latour, B. (2002a). Gabriel Tarde and the End of the Social. In *The Social in Question. New Bearings in History and the Social Sciences*. P. Joyce (ed.). London: Routledge, London, 117-132
- [16] Latour, B. (2002b). What is Iconoclasm? or Is there a world beyond the image wars ?. In *Iconoclasm, Beyond the Image-Wars in Science, Religion and Art*. B. Latour and P. Weibel (eds.). Cambridge, Mass.: MIT Press, 15-38
- [17] Latour, B. (2004). Why Has Critique Run out of Steam? From Matters of Fact to Matter of Concern. In *Critical Inquiry*, 30, 2004. 225-248
- [18] Latour, B. (2005a). From Realpolitik to Dingpolitik or How to Make Things Public. In *Making Things Public: Atmospheres of Democracy*. Bruno Latour and Peter Weibel (eds.). Cambridge, Mass.; London: MIT Press, 4-31

- [19] Latour, B. (2008) *Where are the Missing Masses, Sociology of a Few Mundane Artefacts Application*. In *Technology and Society: Building our Sociotechnical Future*. D. G. Johnson and J. M. Wetmore (eds.), Cambridge, Mass.; London: The MIT Press, 151-180
- [20] Latour, B. (2005b) *Reassembling the Social: an Introduction to Actor-Network-Theory*. Oxford: Oxford University Press
- [21] Law, J. (2009) Actor Network Theory and Material Semiotics. In *The New Blackwell Companion to Social Theory*. B. S. Turner (ed.). Chichester: Wiley-Blackwell, 141-158
- [22] Marres, N. (2010). Front-staging Nonhumans: Publicity as a Constraint on the Political Activities of Things. In *Political Matter: Technoscience, Democracy, and Public Life*. B. Braun and S. J. Whatmore (eds.), Minneapolis: University of Minnesota Press, 177-209
- [23] Marres, N. (2014) The Environmental Teapot and Other Loaded Household Objects: Reconnecting the Politics of Technology, Issues and Things. In *Objects and Materials: A Routledge Companion*. P. Harvey, E. Conlin Casella, G. Evans, H. Knox, C. McLean, E. B. Silva, N. Thoburn and K. Woodward (eds.), London and New York: Routledge, 260-271
- [24] Marres, N., Lezaun, J. (2011). Materials and Devices of the Public: an Introduction. In *Economy and Society*, 40:4, 2011. 489-509
- [25] Serres, M. (1992). *The Parasite*. L. R. Schehr (transl.). Baltimore, MD: Johns Hopkins University Press
- [26] Serres, M., Latour, B. (1995). *Conversations on Science, Culture, and Time*. R. Lapidus (trans.), Michigan: The University of Michigan
- [27] Sloterdijk, P. (2000). *Règles pour le parc humain : Une lettre en réponse à la Lettre sur l'humanisme de Heidegger*. O. Mannoni (transl.), Paris : Mille et Une Nuits
- [28] Stengers, I. (2000). *The Invention of Modern Science*. D. W. Smith (transl.). Minneapolis/London: University of Minnesota
- [29] Stengers, I. (2006). *La Vierge et le neutrino. Les scientifiques dans la tourmente*. Paris: Les Empêcheurs de penser en rond
- [30] Stengers, I. (2010). "Including Nonhumans in Political Theory: Opening Pandora's Box" In *Political Matter: Technoscience, Democracy, and Public Life*. B. Braun and S. J. Whatmore (eds.), Minneapolis: University of Minnesota Press, 3-32

## Pursuing the Issues with Students' Understanding of Decimals

**Masitah Shahrill**

Sultan Hassanah Bolkiah Institute of Education,  
Universiti Brunei Darussalam, Brunei Darussalam

**Maureen Siew Fang Chong**

Brunei Darussalam Teacher Academy, Ministry of Education

### Abstract

Decimal notation plays an important role in our everyday use. However, previous studies have indicated that some students had difficulties in interpreting and operating decimals. The objective of this study is to pursue the changes of students' achievements in a strategically designed decimal comparison test within a period of one year. Data from an earlier funded study were extracted and analysed. The first analysis examines the 2258 students, ranging from Year 6 to Year 10, who did two decimal tests in a year, and traces the students' movements between readily identified decimal codes from their first test to their second test (referred to as Transitions). In the second analysis, 122 students were identified to have had almost no errors in their first test but made more errors in the second test. This particular transition is referred to as regressing. A further analysis of responses on the decimal test indicated some regression students were consistent in using various incomplete algorithms to correctly choose many decimal comparisons. However, when the algorithm that was used fail to give a definite answer, they resorted to guessing at random or revert to a latent misconception.

**Keywords:** decimals, comparison test, longitudinal study, persistence, regression

### Introduction

It is known that some students will have difficulty in dealing with decimals (Shahrill, 2005, 2011, 2013; Sarwadi & Shahrill, 2014; Finti et al., 2016). Decimal notation plays an important role in our everyday use. We see decimal numbers on price tags of foods and clothes in shops and everyday activities involving measurements and calculations (Chong et al., 2018). Evidences from mathematics education studies across the world have shown the difficulties experienced by children and adults in decimals (Brown, 1981; Sackur-Grisvard & Leonard, 1985; Resnick et al., 1989, Thipkong & Davis, 1991; Graeber & Campbell, 1993; Moloney & Stacey, 1996; Steinle & Stacey, 2002; Sarwadi & Shahrill, 2014; Durkin & Rittle-Johnson, 2015, Griffin, 2016; Jong et al., 2017).

The source of the data reported in this paper came from a project that started in 1995 in a study funded by the Australian Research Council (the ARC Study). The Decimal Comparison Test (DCT) was distributed to 12 volunteer schools in six geographical areas of Melbourne, Victoria. About 7000 tests were collected between 1998 and 1999 and more than 3000 of these tests were not entered into the database hence have not been reported on. One school continued to administer the tests to their students beyond the testing periods of the ARC Study (towards the end of 1999). Members of the ARC Study marked and allocated a decimal misconception code to each of the collected tests. Publications from the ARC Study (Stacey & Steinle, 1998; Stacey et al., 2001; Steinle & Stacey, 1998a, 1998b, 2003b; Steinle, 2004) regarded the DCT as a useful comparison task mainly because it diagnosed students' misconceptions on decimals. Students' responses to the test created a pattern that revealed the various ways of how they think about decimals. Since the DCT is diagnostic, the total score on the test is a meaningless quantity. The DCT is used to classify students' thinking about decimal notation and the test takes less than 10 minutes to complete. Its usefulness was that it was simple to be administered to large groups of students as proven by the thousands of tests collected from 1995 to 1999 within the ARC Study.

The descriptions of the four behaviours, known as the coarse codes (A-Apparent Experts, L-Longer is Larger Behaviour, S-Shorter is Larger Behaviour and U-Unclassified) and the associated ways of thinking (the fine codes) are given in

Appendix 1. The fine codes were intended to represent the ways of thinking associated with the four behaviours (A, L, S and U). The descriptions of the four behaviours are from Steinle and Stacey (1998a), and the explanations for the fine codes were taken from Steinle and Stacey (2003a, p. 641).

## Results

The results and the analysis of the longitudinal study aimed at tracking the changes of students' achievements in the DCT within a period of one year. Data was obtained from the class list in the ARC Study from 1998 and 1999. In this study, when a student completed his/her first test, it will be referred to as Test 1 (i.e. data from 1998 Semester 1 and 1999 Semester 1), and the second test will be called as Test 2 (i.e. data from 1998 Semester 2 and 1999 Semester 2).

### *Transitions between codes*

The first analysis examines the 2258 students who did two tests in a year and traces the students' movements between codes from their Test 1 to Test 2 (referred to as Transitions). This is done using both the coarse codes and the fine codes. Table 1 illustrates the percentage distribution of transitions from one coarse code (in Test 1) to another (in Test 2). The last row provides the summative information. The overall rate of students moving to A is 75%. From Table 1, about a quarter of the L students, almost a third of the S students and almost half of the U students tested as A in their second test. The shaded cells in this table show the extent to which students (i.e. 93% stayed as A, about half of the L and S students and about a third of the U students) persist in their original behaviour, in other words, they did not transition. There was not much movement between L to S and S to L, indicating it was less likely that students swap between these codes. Those who stayed as A from Test 1 to Test 2 recorded the largest entry within a cell (93%), and those who persist in their original behaviour (L, S and U) from Test 1 recorded the largest entries within a column.

Table 1. Distribution (%) of Test 2 given coarse code of Test 1

Coarse code on Test 1	Coarse code on Test 2			
	A	L	S	U
A (n=1531)	93	1	2	4
L (n=215)	23	47	10	20
S (n=215)	32	8	45	15
U (n=297)	49	8	11	32
Total (n=2258)	75	7	8	10

The results of the transition matrix using coarse code from Table 1 above was further analysed using fine codes. Table 2 provides the percentage distribution of transitions from one fine code (in Test 1) to another (in Test 2). This was done to reveal students' progress towards a specific way of decimal thinking within the A, L, S and U behaviours. As per Steinle (2004), the darker shaded cells indicate retesting in the same fine code, while the lighter shaded cells indicate movement within the same coarse code. The largest entry within a cell was 91% (1257 out of 1379 students) indicating those who stayed as A1 on second test. From Table 1, even though 93% of A retested as A in their second test, in the fine code transition matrix (see the first three cells of the 'A1 on Test 1' row percentages in Table 2) revealed there were students who have not achieved the 'expert' status in the second test yet. These are the students who are either A2 or A3 in Test 2. Most of the A2 students either persist in A2 or moved to A1 whereas there were more A3 students retested as A1 (38%) compared with U1 (23%) in Test 2. The first row percentages in Table 2 indicate 9% out of the 1379 students (i.e. 122 students) who started as A1 in Test 1 and regressed to non-A1 in Test 2. These regression students will be analysed further in the next section.

Table 2. Distribution (%) of Test 2 given fine code of Test 1

Fine code on Test 1	Fine code on Test 2										
	A1	A2	A3	L1	L2	L4	S1	S3	S5	U1	U2
A1 (n=1379)	91	3	2	0	0	0	0	0	0	2	1
A2 (n=78)	42	33	4	0	3	0	3	5	1	5	4
A3 (n=74)	38	12	10	3	3	0	1	5	1	23	4

L1 (n=136)	10	2	2	38	11	7	3	4	4	18	0
L2 (n=48)	40	4	2	4	21	2	2	2	2	21	0
L4 (n=31)	19	7	0	16	16	3	7	0	7	26	0
S1 (n=63)	29	11	8	6	3	3	11	6	6	14	2
S3 (n=109)	15	3	4	5	3	0	8	42	9	12	0
S5 (n=43)	28	5	5	0	0	2	16	9	14	21	0
U1 (n=270)	38	4	7	3	4	2	3	6	3	29	2
U2 (n=27)	33	4	7	0	0	0	0	11	0	11	33
Total (n=2258)	67	5	3	4	2	1	2	4	2	9	1

There were more L1 students becoming L2 in their second test (11%) than L2 students becoming L1 in Test 2 (4%). From Table 2, 40% of L2 students moved to A1 compared to 10% of L1 students. Furthermore, L1 students persist more than L2 students (38% of L1 compared with 21% of L2). I had stated earlier that almost a third of S students became A in Test 2; it was the S1 students that showed the most movement towards A1, A2 and A3, hence moving out more from the three fine S codes. Students who exhibited A3, L4, S5 and U1 in Test 1 tend to move most to either A1 or U1 in Test 2.

#### *The issue of regression*

The analysis in this section investigates the issues relating to regression. From the analysis of the fine code transition matrix (Table 2), there were 1379 students who tested as A1 in their first test, 1257 students (91%) remained as A1 but 9% did not. These are the 122 students who regressed from being Task experts (A1) to non-Task experts (non-A1). Although more than half of the 122 students stayed within the Apparent-expert (A) behaviours i.e. A2 (37 students) and A3 (26 students), the others had spread out into the L1, L2, S1, S3, S5, U1 and U2 codes (refer to Table 3). More than a quarter of the students regressed to U1. There were no tests allocated the code L4. The last row in Table 3 shows that the 122 regression students were most likely to regress to codes A2 (30%), U1 (26%) and A3 (21%). The percentage of students regressing to codes L1, L2, S1, S3, S5 and U2 were low. Steinkle (2004) also found A2, A3 and U1 to be the most common code involved in regression.

Table 3. Distribution of regression codes for the 122 regression students

	A2	A3	L1	L2	L4	S1	S3	S5	U1	U2
Overall (n=122)	37	26	2	5	0	5	3	3	32	9
Percentage	30%	21%	2%	4%	0%	4%	3%	3%	26%	7%

#### *Investigating the items*

The 122 students were identified and their test papers from the second test were collected for further analysis. Their responses to the 30 items were recorded. Table 4 contains the results of all the 30 items. The rows in the table represent the items, arranged according to Item Types and the columns represent the results of each regression code and (in the last column) the overall result of the regression codes. There are only a few L1 and L2 regression students, therefore both fine codes were grouped under the coarse code L. Similarly, there are few S1, S3 and S5 regression students, which were grouped under the coarse code S. The A2 regression code column in Table 4 reveals that instead of the predicted 0% for every Type 4 item, the four results range from 3% to 19%. A discussion about this matter will be in the next section.

Table 4. Item results for 122 regression students by regression codes

Item details (larger first)			Regression codes						Overall (n=122)	
			A2 (n=37)	A3 (n=26)	L (n=7)	S (n=11)	U1 (n=32)	U2 (n=9)		
Type 1	Q6	4.8	4.63	100	100	0	91	72	0	79
	Q7	0.5	0.36	100	96	0	100	47	0	72
	Q8	0.8	0.75	97	100	0	100	59	0	75

	Q9	0.37	0.216	97	92	0	100	47	11	71
	Q10	3.92	3.4813	100	100	0	100	53	22	76
Type 2	Q16	5.736	5.62	92	96	100	9	69	0	73
	Q17	0.75	0.5	95	92	100	0	72	0	73
	Q18	0.426	0.3	100	100	100	0	53	0	71
	Q19	2.8325	2.516	100	100	100	0	47	0	70
	Q20	7.942	7.63	100	100	100	0	53	0	71
Type 3	Q12	4.7	4.08	97	85	86	91	78	11	82
	Q13	3.72	3.073	100	81	71	91	78	0	80
	Q14	2.621	2.0687986	100	85	71	91	84	0	83
	Q15	8.514	8.052573	97	92	71	82	94	11	86
Type 4	Q21	4.4502	4.45	3	54	100	0	38	11	29
	Q22	17.353	17.35	3	85	86	18	50	0	39
	Q23	8.24563	8.245	19	62	86	27	47	11	39
	Q24	3.2618	3.26	3	62	100	36	47	22	37
Type 5	Q3	0.4	0.3	95	73	100	73	66	0	74
	Q4	1.85	1.84	100	69	100	73	72	0	76
	Q5	3.76	3.71	97	73	100	73	66	0	75
Type 6	Q26	0.42	0.35	100	100	100	46	66	0	79
	Q27	2.954	2.186	100	96	100	55	69	0	80
	Q28	0.872	0.813	97	96	100	73	81	0	84
Supplementary	Q1	0.457	0.4	43	46	100	27	59	22	48
	Q2	1.3	0.86	92	100	100	100	94	67	93
	Q11	1.06	1.053	100	96	43	91	69	0	80
	Q25	3.746	3.741	97	88	100	64	59	0	75
	Q29	0.04	0.038	86	85	43	100	75	11	76
	Q30	0.53	0.006	92	96	100	82	91	22	87

Regression code A2

A test is allocated the code A2 if the test had 3 to 4 incorrect answers in Type 4 items and 0 to 1 incorrect answer in the remaining Types. In addition, A2 students might think like *money thinkers* where they treat the first two decimals like the (whole) number of cents. In this section, the analysis of all the 37 students who regressed to A2 in their second test will be carried out (note that these 37 students were A1 in their first test, which indicated they had 3 to 4 correct answers in Type 4 items). If a student consistently chooses the longer decimal on all Type 4 items (hence choosing correctly) he/she will be coded as A1. Otherwise, if the student chooses the shorter decimal on all Type 4 items (hence choosing incorrectly) he/she will be coded as A2.

In order to probe A2 students' thinking (in terms of which incomplete algorithm they may use), their responses on the test were examined. For most of these 37 students, their algorithm did fail and the *repair* they applied on all Type 4 items was choosing the shorter decimals (hence choosing incorrectly and denoted by a cross 'x'). However, there were 10 students who didn't get all Type 4 items wrong (i.e. a correct answer for one of the Type 4 item). There are several suggestions as to why some students chose correctly on Q23 but not for the other items (i.e. Q21, Q22 and Q24) in Type 4. One of the suggestions is the way items of Type 4 were presented in the test paper. These students chose all the four items on the right-hand column. They started circling the right-hand column of Q21 and Q22, and when it came to Q23 they circled 8.24563. However, this suggestion does not support a student's response (either correct or incorrect) to Q1. The following strategies are now proposed to explain the two patterns stated above (with regards to choosing correctly or incorrectly on Q1 (Supplementary) and all the Type 4 items). Table 5 contains the proposed responses to these five items (with regards to the strategies below).

Table 5. Proposed responses for strategies to five items on DCT

Item (larger first)	Type	Strategies		
		ST1	ST2	
Q1	0.457 0.4	Supplementary	✓	×
Q21	4.4502 4.45	Type 4	×	×

Q22	17.353	17.35	Type 4	×	×
Q23	8.24563	8.245	Type 4	✓	✓
Q24	3.2618	3.26	Type 4	×	×

### Strategy 1 (ST1)

Specifically for the 5 items in Table 5, there might be some students who compared the size of the digits of the longer decimal. In the case of Q21, the third decimal digit '0' in 4.4502 is smaller than the previous decimal digit i.e. '5'. Hence a student may decide the '0' will make the longer decimal number (4.4502) smaller and resulted in choosing the shorter decimal number (4.45) as the larger of the pair. Similarly for Q22 (the digit '3' in 17.353 is smaller than the previous digit i.e. '5', hence a student may decide 17.353 smaller than 17.35) and Q24 (the digit '1' in 3.2618 is smaller than '6', hence a student may decide 3.2618 smaller than 3.26). However, for Q23, the digit '6' in 8.24563 is larger than the previous digit i.e. '5' and a student may decide the '6' will make 8.24563 as the larger decimal number than 8.245. Similarly for Q1, the digit '5' in 0.457 is larger than the previous digit i.e. '4'. Hence a student may choose  $0.457 > 0.4$ . A student using this first strategy would get Q1 and Q23 correct.

The suggestion stated in ST1 above is almost like the incomplete algorithm partial left-to-right digit comparison (PLR). According to Steinle (2004, p. 168), the partial left-to-right digit comparison algorithm (PLR) involves Step 1: Moving from left to right; digits in corresponding columns are compared, until a difference is found, and Step 2: The decimal with the larger digit is the larger decimal, otherwise undecided. For example, the comparison of 17.353 with 17.35, a student may compare from left to right digit; 3 with 3, then 5 with 5 but then the suggestion given next is different to Steinle's suggestion i.e. comparing the third decimal digit '3' with a space (also known as *the invisible zero*). It was stated earlier that third decimal digit '3' was smaller than the previous digit i.e. '5', hence 17.353 smaller than 17.35. The general idea of this strategy is that if a student encounter decimal comparisons such as items in Table 5, he/she may compare the digits from left to right, however they may not know what to do with the extra digit(s), for example '57' in 0.457 on Q1. Therefore, he/she may try a different strategy (i.e. using ST1), where only the longer decimal will be taken into account. Then, the extra digit or the first digit of the extra digits will be compared to the digit before the extra digit(s). This strategy will only work (in the DCT) for items such as Type 4.

### Strategy 2 (ST2)

The second strategy was taken (with permission) from an interview conducted to an adult regarding his strategy to answer the 5 items in Table 5. When these 5 items were presented to him, he immediately said "any decimal number with a lot of digits is small". He then proposed to discuss it in terms of money and said  $\$0.457 < \$0.40$ ,  $\$4.4502 < \$4.45$ ,  $\$17.353 < \$17.35$ . However, he stopped on Q23 because he suggested Q23 to be different (i.e. a decimal comparison between 5 decimal places and 3 decimal places). He further proposed that his 'money concept' would not work for this item, which resulted in him altering his 'money concept' strategy. His next step was to ignore the last decimal digit i.e. '3' in 8.24563 because he proposed it to be 'meaningless' (hence 8.2456), then adding the last two digits i.e.  $5 + 6 = 11$  (refer to his procedure in Figure 1 below). Finally, deciding  $8.251 > 8.245$ .

$$\begin{array}{r}
 8.245 \\
 + \quad 6 \\
 \hline
 8.251
 \end{array}$$

Figure 1. Addition of digits on Q23

He then proceeded to Q24 (using the earlier 'money concept' strategy) and concluded  $\$3.2618 < \$3.26$ . When asked who taught him this method, he replied, "my high school teacher told me to do this when encountered with decimal questions". Furthermore, he had been using this method for the past 10 years. This person's 'money concept' strategy is different to the money thinking suggested by Steinle and Stacey (2003a). Instead of treating the first 2 decimals like the (whole) number of cents for example in 4.4502, he treated it as being smaller than 4.45 because of the extra digits (02) at the end. However, he did treat the decimal numbers with only 2 decimal places e.g. 4.45 like money (\$4.45). His use of the term 'money' led me to believe that there is confusion in his conceptual understanding of decimals in relation to money. This person could

probably be a reciprocal thinker where reciprocal thinking would imply for example,  $0.457 < 0.4$  as  $\frac{1}{457} < \frac{1}{4}$ , hence

his incorrect responses to 3 of the 4 items in Type 4. His proposed strategy on Q23 was very bizarre, as this method was not expected and does not confirm the money thinking suggested by Steinle and Stacey (2003a).

### *Regression code A3*

By definition, students coded as A3 (the Unclassified A) have high scores in Types 1 and 2, and a combination of different scoring (either Low, Medium or High scores) in the remaining Types. From Table 5.4, there were 26 students who regressed to A3. Investigating the A3 regression code column (see Table 4), low results was noted for Types 4 and 5. The lowest result (46%) was for Q1 (Supplementary). Almost all of these A3 regression students were able to answer items within Types 3 and 6 correctly.

The following analysis summarises the possibilities on what the A3 students may do with regards to their incorrect responses to Type 3 and Type 5 only. It is suggested that students who gave incorrect responses to Type 3 questions may have ignored the zero after the decimal point and only compared the digits after the zero. For example, 4.08 would become 4.8 and concluded  $4.08 > 4.7$ . This incorrect generalisation continued with the other items in Type 3. However, for Type 5 questions students with incorrect responses were making judgements on decimals of equal length. These students were probably like reciprocal or negative thinkers i.e. S3. Steinle (2004) reported that reciprocal thinking and negative thinking were unable to be distinguished on DCT; hence both were allocated the code S3. Note that students who are S3 would get items in Type 5 incorrect. For example, if a student were a reciprocal thinker, he/she would consider  $0.4 < 0.3$  as  $\frac{1}{4} < \frac{1}{3}$

(thinking that the larger the denominator, the smaller the fraction). On the other hand, if a student were a negative thinker, he/she would choose  $0.4 < 0.3$  as  $-4 < -3$  (the farther the negative number from zero, the smaller the number). Unlike A2, where the repair can be predicted, it was difficult to suggest specifically what these A3 regression students did in their test. However, there may be a possibility that (within A3) the existence of students thinking like S3 (for items in Type 5 i.e. the equal length decimals). Furthermore, an A3 regression student might have guessed at random for two of the four items correctly chosen in Type 4.

### **Conclusions**

The analyses using the longitudinal approach have revealed valuable insights about the changes of students' achievements in the test within a period of one year. The first analysis investigated the students' movements between codes from their first to the second test. Investigations of the results for the 2258 students by coarse code and fine code transition matrices were carried out. There were similar results in both the coarse and fine code transition matrices; high percentage of students was observed for movements to A (or A1) in Test 2 and, those who were in the same code for both tests. Also included in the first analysis was the issue of persistence. These were the students who retested in the same code in both Test 1 and Test 2. When the results of the coarse code transition matrix were compared to Steinle (2004), similar results were obtained. It was only using the refined codes that differences were observed; particularly, in the persistence in A2 and S3. The code A2 recorded the highest positive difference (14%) in persistence.

The second analysis investigated the issue of regression. There were 122 students who started as experts in their first test but became non-experts in their second test. Original test papers of these students were obtained in order to record each of their responses to the 30 items in the test. Many of the students regressed to A2 (30%) and A3 (21%) in the second test. There were A2 regression students who fit the prediction of Steinle's (2004) incomplete algorithm of PLR (i.e. 7 students). However, there were also students who almost fit the prediction of Steinle's incomplete algorithms (if their careless choices on some items were ignored). The repair these students made when the algorithm failed was choosing the shorter decimal as the larger (evident from their incorrect responses on Type 4 items). Furthermore, it was predicted that the A2 regression students would have low results for every Type 4 item, however one question stood out (i.e. Q23) where seven students answered this question correctly. There were two patterns observed with regards to a correct response to Q23 (and incorrect responses to Q21, Q22 and Q24), i.e. correct response to Q1 (4 students) and incorrect response to Q1 (3 students). Several suggestions were given as to which strategies were most likely be used by these seven students. The strategies (specifically for Q1 and all Type 4 items) were; comparing the size of the digits of the longer decimal (ST1) and, the 'money concept (or may be reciprocal thinking) and adding of digits' strategy (ST2). The latter strategy (i.e. ST2) is very complicated because the strategy (as proposed by the interviewed person) incorporates two different procedures (i.e. sometimes thinking that more digits are smaller, while other times add digits together). Several possibilities were also



presented in relation to what the A3 regression students would possibly do in their test. The possibilities were; ignoring the zero after the decimal point (corresponds to the incorrect responses for Type 3 items) and thinking like reciprocal or negative thinkers (corresponds to the incorrect responses for Type 5 items). If an A3 student was using one of the five incomplete algorithms, and the algorithm failed then the student would possibly guess at random on Type 4 items.

## References

- [1] Brown, M. (1981). Place value and decimals. In K. Hart (Ed.), *Children's understanding of mathematics*, 11-16. (pp. 48-65). London: John Murray.
- [2] Chong, M. S. F., Shahrill, M., Putri, R. I. I., & Zulkardi (2018). Teaching problem solving using non-routine tasks. *AIP Conference Proceedings*. (Vol. 1952, No. 1, p. 020020). AIP Publishing.
- [3] Durkin, K., & Rittle-Johnson, B. (2015). Diagnosing misconceptions: Revealing changing decimal fraction knowledge. *Learning and Instruction*, 37, 21-29.
- [4] Finti, H. N. F. M. M., Shahrill, M., & Saleh, S. M. (2016). Integrating virtual manipulative with the use of iPad in the teaching and learning of fractions. *Knowledge Management & E-Learning*, 8(4), 581-601.
- [5] Graeber, A., & Campbell, P. (1993). Misconceptions about multiplication and division. *Arithmetic Teacher*, 40(7), 408-411.
- [6] Griffin, L. B. (2016). Tracking decimal misconceptions: Strategic instructional choices. *Teaching Children Mathematics*, 22(8), 488-494.
- [7] Jong, C., Thomas, J. N., Fisher, M. H., Schack, E. O., Davis, M. A., & Bickett, M. E. (2017). Decimal Dilemmas: Interpreting and Addressing Misconceptions. *Ohio Journal of School Mathematics*, 75(1), 13-21.
- [8] Moloney, K., & Stacey, K. (1996). Understanding decimals. *The Australian Mathematics Teacher*, 52(1), 4-8.
- [9] Resnick, L. B., Nesher, P., Leonard, F., Magone, M., Omanson, S., & Peled, I. (1989). Conceptual bases of arithmetic errors: The case of decimal fractions. *Journal for Research in Mathematics Education*, 20(1), 8-27.
- [10] Sackur-Grisvard, C., & Leonard, F. (1985). Intermediate cognitive organizations in the process of learning a mathematical concept: The order of positive decimal numbers. *Cognition and Instruction*, 2(2), 157-174.
- [11] Sarwadi, H. R. H., & Shahrill, M. (2014). Understanding students' mathematical errors and misconceptions: The case of year 11 repeating students. *Mathematics Education Trends and Research*, [Online] 1-10.
- [12] Shahrill, M. (2005). A further investigation of decimal misconceptions held by primary and secondary students. Unpublished Master Thesis, University of Melbourne, Melbourne, Australia.
- [13] Shahrill, M. (2011). Investigating decimals misconceptions: Cross-sectional and longitudinal approaches. Saarbrücken, Germany: VDM Publishing.
- [14] Shahrill, M. (2013). Clustering of decimal misconceptions in primary and secondary classes. *International Journal of Humanities and Social Science*, 3(11), 58-65.
- [15] Stacey, K., & Steinle, V. (1998). Refining the classification of students' interpretations of decimal notation. *Hiroshima Journal of Mathematics Education*, 6, 49-70.
- [16] Stacey, K., Helme, S., Steinle, V., Baturo, A., Irwin, K., & Bana, J. (2001). Preservice teachers' knowledge of difficulties in decimal numeration. *Journal of Mathematics Teacher Education*, 4(3), 205-225.
- [17] Steinle, V. (2004). Changes with age in students' misconceptions of decimal numbers. Unpublished PhD thesis, University of Melbourne.
- [18] Steinle, V., & Stacey, K. (1998a). The incidence of misconceptions of decimal notation amongst students in Grades 5 to 10. In C. Kanes, M. Goos, & E. Warren (Eds.), *Teaching mathematics in new times. Proceedings of the 21st Annual Conference of the Mathematics Education Research Group of Australasia*, (Vol. 2, pp. 548-555). Brisbane: MERGA.
- [19] Steinle, V., & Stacey, K. (1998b). Students and decimal notation: Do they see what we see? In J. Gough & J. Mousley (Eds.), *Exploring all angles. Proceedings of the Thirty-fifth Annual Conference of the Mathematical Association of Victoria*. (pp. 415-422). Melbourne: Mathematical Association of Victoria.
- [20] Steinle, V., & Stacey, K. (2002). Further evidence of conceptual difficulties with decimal notation. In B. Barton, K. C. Irwin, M. Pfannkuch, & M. Thomas (Eds.), *Mathematics Education in the South Pacific. Proceedings of the 25th Annual Conference of the Mathematics Education Research Group of Australasia*, Auckland (Vol. 2, pp. 633-640). Sydney: MERGA.
- [21] Steinle, V., & Stacey, K. (2003a). Exploring the right, probing questions to uncover decimal misconceptions. In L. Bragg, C. Campbell, G. Herbert, & J. Mousley (Eds.), *Mathematics Education Research: Innovation, Networking, Opportunity. Proceedings of the 26th Annual Conference of the Mathematics Education Research Group of Australasia*, (Vol. 2, pp. 634-641). Geelong: MERGA.

- [22] Steinle, V., & Stacey, K. (2003b). Grade-related trends in the prevalence and persistence of decimal misconceptions. In N. Pateman, B. Dougherty & J. Zilliox (Eds.), *Proceedings of the 27th Conference of the International Group for the Psychology of Mathematics Education* (Vol. 4, pp. 259-266). Hawaii: PME.
- [23] Thipkong, S., & Davis, E. (1991). Preservice elementary teachers' misconceptions in interpreting and applying decimals. *School Science and Mathematics*, 91(3), 93-99.

Appendix 1. Descriptions of the coarse and fine codes (taken from Steinle & Stacey, 1998a; 2003a)

<i>Apparent-experts (A)</i> : May possess excellent understanding or may apply correct rules not understood or may have one identified incorrect pattern of thinking.
<i>Task expert (A1)</i> : Correctly completes the task of comparing decimals. Various correct and incomplete strategies might be used singly or in combination throughout the test. Students may "fully understand" or rely on rote rules.
<i>Money thinking (any A)</i> : Treats first 2 decimal places like the (whole) number of cents (or cm) so unsure when these are equal. Sees decimals as discrete. Difficulties with Type 4 (e.g. 4.45/4.4502) as both numbers are like \$4.45, and then may truncate or round or guess. (Will be coded as A2 if consistently chooses incorrectly on these items, else A1 or A3).
<i>First digits only thinking and Failed left to right thinking (any A)</i> : <i>First digits only</i> makes comparison with the first digits (one or two places) after the decimal point but strategy fails when these are equal. <i>Failed left to right thinking</i> refers to an incomplete version of a correct procedure. When comparing 3.26 with 3.2618 digits from left to right, the "1" needs to be compared with the "invisible zeros" at the end of the 3.26 to successfully complete the algorithm. Like money thinking, these students are generally correct but need to guess when their procedures fail.
<i>Longer-is-larger behaviour (L)</i> : Choosing the decimal with the <i>most</i> digits after the decimal point as the largest.
<i>Whole number thinking (L1)</i> : Treats decimal portion as another whole number, so $4.8 < 4.75$ as $8 < 75$ . Two variations: <i>Numerator focused thinking</i> chooses $0.53 > 0.006$ as $53 > 6$ , while <i>string length thinking</i> chooses $0.53 < 0.006$ as 006 has 3 digits & 53 has two.
<i>Column overflow thinking (L2)</i> : Correctly chooses $4.03 < 4.2$ as 3 hundredths < 2 tenths, but incorrectly chooses $4.8 < 4.75$ as 8 tenths < 75 tenths. The presence of a zero indicates the need to use new "name". Generally correct on equal length decimals.
<i>Zero-makes-small thinking (L2)</i> : Uses <i>whole number thinking</i> (L1) with an additional (isolated) fact that a zero after the decimal point 'makes the number smaller'. Correctly chooses $4.03 < 4.2$ as the zero in 4.03 makes it small, but incorrectly chooses $4.8 < 4.75$ .
<i>Reverse thinking (L3)</i> : Believes right-most columns have largest place value, so compares from the right-most column first, either due to <i>mishearing</i> column names (hundredths as hundreds etc.) OR an overgeneralisation of symmetry (larger value columns on outside). So, $4.8 < 4.75$ as 5 hundred 7 tens > 8 tens, and $0.42 < 0.35$ as $2 < 5$ .
<i>Shorter-is-larger behaviour (S)</i> : Choosing the decimal with the <i>fewest</i> digits after the decimal point as the largest.
<i>Denominator focused thinking (S1)</i> : Reads a one digit decimal as a number of tenths, a two digit decimal as a number of hundredths etc. and then incorrectly generalises the fact that 1 tenth is greater than 1 hundredth to 'any number in the tenths is greater than any number in the hundredths'.
<i>Place value number line thinking (S1)</i> : Works from false analogy between place value columns and number lines. Moving from far left to far right, numbers are indicated in this sequence, numbers in the hundreds (3 digits) then tens (2 digits) then single digit numbers (including 0 which is a 'whole number') then single digit decimals (tenths), two digit decimals (hundredths), three digit decimals (thousandths) etc. Thinks 0.6 less than zero, because zero is in the ones column and 0.6 is in the tenths.
<i>Reciprocal thinking or Negative thinking (S3)</i> : Treats decimal portion as another whole number but then as something analogous to the denominator of a fraction (reciprocal) OR as a number 'on the other side of zero' or less than zero (not necessarily negative!). So, $4.82 < 4.3$ as $1/82 < 1/3$ or as $-82 < -3$ . 'The larger it looks the smaller it is'. Generally makes incorrect judgements on equal length decimals.
<i>Unclassified (U)</i> : Since the criteria for classification are quite stringent, this large group includes students thinking about decimals in unknown ways and others who are inconsistent.
<i>Misread/misrule (U2)</i> : Students who get nearly all questions wrong. Either a <i>task expert (A1)</i> who misreads the instructions, circling the <i>smaller</i> number throughout the test, OR a student following a correct comparison rule (like A1) but then believing that there is a reversal in size (by loose analogy with fractions and negative number). Support for <i>misrule</i> being widespread is that two thirds of these students select $1.3 > 0.86$ , whilst being incorrect on almost every item with the same integer part.

## Innovative Development of Education Strategy in Russian Federation: Experience of "Future Skills" School Graduates Formation by City Organizations' Network Interaction

**Sorokina Anastasiya Lvovna**

Moscow Pedagogical State University

Institute of social-humanitarian knowledge

Department of educational systems management

### Abstract

The article is devoted to the strategy of innovative Moscow education development and the priority directions of the state education policy. According to modern research, a universal map of key drivers and Megatrends of education development in Russia and the whole world has been compiled. The generalized map of «future skills» with the author's interpretation is given. Implementing the elements of educational strategy into personal practice author introduces in detail the system of career guidance in secondary school, which contains such elements as: the matrix of a graduate school competencies, network partnership, open urban educational space. The author also describes his own experience of the network partnership system organization at building individual development trajectories for students of 14-17 to form the skills of the future and ensure comprehensive development. The practical recommendations and analysis of emerging issues are given. The author raises issues on the content of modern education, pre-profile and profile training and students' readiness for self-realization and life in the society of the modern metropolis.

**Keywords:** strategy of education development, "future skills", key competences, network interaction, global trends, career guidance, professional tests, management of educational systems.

### Introduction

«The future is uncertain and alternative in principle»

Modern researchers, experts and managers in the system of educational relations have no doubt that the education system must change. It's due to ongoing global changes, increasing the gap between the learning outcomes of modern graduates and the requirements for the sets of competencies of present and future employees. Such problems remain important: a high degree of schoolchildren' anxiety accompanying the choice of "professional life path", one profession "for the whole life" under the pressure of conservative teachers and parents (who grew up in an outdated paradigm); graduates' dissatisfaction of their profession choice, neurotic conditions, negative emotions associated with the opportunity to make a wrong choice.

The existing forms of career guidance, designed to help students with professional self-determination, create a certain paradox: higher awareness - the higher the anxiety in the rapidly growing world. Thereupon, the main achievement of the secondary school, according to the author, is the willingness and desire to get the lifelong learning with the cognitive interest as a sustainable need to develop and expand your knowledge.

Based on the many years' researchers, European scientists describe the future world with the abbreviation VUCA, which means: Volatility, Uncertainty, Complexity, Ambiguity (Bennett, Lemoine, 2014). According to The WorldSkills Russia and Global Educational Futures development groups, who are engaged in forecasting the future professions image and selection of appropriate competencies, changes in educational systems will occur under the influence of global trends.

1. Technological trends:

digitalization (Internet of things, Big data, artificial intelligence);

automation and robotization (cyber-physical systems, automation of cognitive and physical labor);

## 2. Social trends:

demographic changes (increase in life expectancy and the age of the active working population, reduction young people amount in working age; change the women role and the model of childhood);

network community formation (networking, meaningful consumption, gamification);

## 3. Techno-social trends:

globalization (economy, knowledge, technology);

ecologization (education for sustainable development (Ursul, A., Ursul, T., 2013).

All positions are influenced by a single megatrend - exponential acceleration of the changes' rate.

In this context, groups of critically needed for future success skills are emerging. Partnership for the 21st century skills, Center for Curriculum Redesign, SKOLKOVO scientists and others tried to determine a list of basic 21st century skills: concentration and attention management; emotional intelligence; digital literacy; creativity; ecological thinking; cross-culture; self-education (Davies, Fidler, Gorbis, 2011).

According to these researchers, there is an objective need to find a new approach to building a model of skills. Instead of hard skills and soft skills are proposed to consider the contextual (specialized), cross contextual and existential skills. Contextual skills are required to perform work functions in specific professional areas and exist with these functions and operations. With the change of technology, or in the case of replacing human labor on the labor of the machine, highly specialized skills gradually disappear. Cross-context skills have a longer life cycle and can be used in various fields. It is the basis of effective human activity. As existential skills are used by a person throughout life in various contexts, improved and transformed. For example, willpower, goal-setting, reflection. Their relevance increases with age.

It is obvious that a fundamentally new result cannot be obtained on the basis of the traditional approach (Fadle, Bialik, Trilling, 2016). So, there is a problem of approaches, forms and methods of teaching and the educational process organization revision. Today, however, there is a predominance of the last century values in educational systems: one education for life, long staying as a one organization' employee, unification, the monotony operations, linearity in education and work. The challenges of the 21st century require a fundamental change in the educational paradigm towards the development of creativity, planning activities, implement multidirectional projects, manage human, information and material resources. The skills' obsolescence is faster than an education receiving. The educational paradigm should turn to the student' personality even more than it has been postulated since the beginning of the era of humanism development to reveal the unique potential of everyone. This is hampered by the implementation of standard tasks, the prohibition or limiting initiatives, a strong separation of various educational institutions, which does not contribute to understanding the education as a single ecosystem. But there is a certain progress in this direction. Educational organizations are gradually becoming a place open to different age groups and people with special needs, comfortable for family stay. There is a tendency to transfer schools and universities to the status of basic platform or «attachment points», serving as the starting point of an individualized educational route. Part of the educational content is placed on the e-learning platforms, freeing up time for the practice. The most important change is teachers' role change and understanding the plurality of knowledge sources, awareness of the need for continuous education.

Let us turn to the data of the non-profit independent group of researchers Institute for the Future for the University of Phoenix Research Institute and Apollo Research Institute in California. The developers identify 6 key «drivers of change» that will determine the future education system development:

1. Extreme longevity. The number of the working-age population over 60 is increasing. Career and educational track approaches should also change.
2. Rise of smart machines and systems. What can be done by people only? Where is man's place in the world of machines?
3. Computing world: big data and its processing methods create the basis for the formation of special thinking – thinking based on data analysis in decision-making (data-based decisions); the use of big data for scientific development forecasting (design outcomes).

4. New media ecology: text-based media are being transformed under the increasing influence of infographics and other visual communication media.

5. Super-structured organizations: organizations are restructured according to the laws of game design, neuroscience and happiness psychology, forming new management model.

6. Globally connected world: open space sets a new ethics of interaction.

It can be noted that the key drivers of development set as an objective imperative the lifelong learning principle. In accordance with the above directions, the researchers derive 10 key competencies that ensure the success of human self-realization in various fields:

1. Sense making. There will be a demand for innovative, creative thinking, unique ideas, «new meanings».

2. Computational thinking will be needed for big data interpreting and creating abstract models in the imagination.

3. Social intelligence, as the ability to effectively interact and build communication with other people based on developed emotional intelligence.

4. Novel and adaptive thinking, as the ability to find creative solutions to non-standard tasks and respond to permanent situational changes. In Russian Federation a separate direction in the higher education system is developing. It's called the theory and practice of innovation management, pedagogical innovation.

5. New media literacy. When the information becomes too much, there is a need for critical thinking, analysis skills and creating new content with visual dominant.

6. Cross-cultural competency, as the ability not only to interact with representatives of other cultures, but also to understand the characteristics of different cultures and to cultivate a tolerant attitude to them. It is important to understand that cross-cultural literacy is required not only for travel or work abroad, but also will be necessary for almost everyone who will be part of the large planetary super-structural organizations.

7. Transdisciplinarity. Solving modern practical problems requires competence in various subject areas

8. Design mindset or creative thinking, the ability to transform reality in accordance with the desired result.

9. Virtual collaboration. Working in super-structural organizations will allow companies to combine employees located in different countries and continents to solve similar problems.

10. Cognitive load management as the ability to cope with the flow of information, differentiate tasks, plan activities and reduce cognitive load through specially designed techniques (Luksha, Ninenko, Loshkareva, Smagin, Sudakov, 2017).

Systematizing the different researches' results, the author attempted to classify the key trends and future skills, and a number of other factors that affect the modern education system.

The education system in Russia is developing under the influence of the requirements of the Federal state educational standard (FSSES), social demand from parents (legal representatives) and students themselves, who have expectations different from the characteristic expectations of previous generations. Large companies also have the requirements for the competence of graduates

Scheme 1 shows three groups of key trends or « drivers of change» among the factors influencing the modern education system:

1. Social trends. The age and sex composition of the working-age population is changing. The proportion of workers aged 65 and above is increasing. The data are mixed among young people. Some of them tend to start building their careers earlier, take an active part in government projects, develop as volunteers, looking for business connections. Others, in a situation of variability and instability, do not seek to start working.

Media ecology as a special science studies special types of communication (not only the subjects' interaction, but also the communication component of objects and environments).

2. Technological trends. There is a process of wide automation and robotization, which raises issues about the man' place in the world of machines and the «new» interaction ethics with the systems of «artificial intelligence».

3. Geopolitical trends reflect the current desire to create open systems and raise the range of problems associated with cross-culture, mobility, world corporations' work.

All these processes are influenced by the General mega-trend - acceleration. In an attempt to answer the question of what skills will help to become successful, the researchers offer a set of key competencies that, in their opinion, will solve the problems of mobility, flexibility and adaptability, which can also be summarized and lead to a single scheme (Scheme 2).

The need to ensure the country competitiveness on the international scene poses an obvious problem of the human capital formation, which has all the above characteristics and such competencies that would allow it to adapt to new requirements in the future.

The content of the report made at the 37th session of The United Nations General Conference of Sustainable Development «Medium-term strategy: 2014-2021» emphasizes the need for cooperation and achieving synergies in the joint scientists' research and overcome isolation and programs' fragmentation ("Medium-term strategy: 2014-2021", 2014). An interesting position is the priority of staff rotation, specialists' decentralization and focus on the regions' needs. In Russia mechanisms of personnel rotation and updating of teams, creation of network communities are being implemented. The motivation for constant improvement and creativity makes the «effective employment contract», which establishes incentives and criteria for the quality of work.

A major step towards international cooperation in improving the education systems and shaping the image of the future was the research by international company the Boston Consulting Group (BCG), which also includes Russian analysts. The company conducted large-scale interviews with representatives of top management of the world's largest companies, as well as Russian employers. One of the research directions was to identify employers' expectations regarding future employees and their requirements in the context of priority areas of the companies' development. The starting point is a gradual orientation to the «knowledge economy», where people with high cognitive abilities, developed abstract and design thinking, the ability to act in conditions of constant change both working independently and in working groups can successfully act. At the same time, Russia has a low share of employment in high-tech industries, which is due to the total lag the education system from the real practical problems (Pellegrino, Hilton, 2012).

Realizing the importance of high educational results for the prosperity of the country, Russia starts to discuss new long-term strategy of education development, determining the mission, key priorities and directions. For the first time, the development of the Strategy was entrusted not only to experts of the Russian Academy of Sciences, but also to "practitioners", those people who daily solve the urgent problems of training and education – teachers and principals, as well as parties directly interested in the level of training of future specialists - potential employers, large companies, businessmen.

Planning Russia's socio-economic development strategy in 2024-2035, the Higher School of Economics - National Research University and the center for strategic research presented a report on 12 solutions for new education, understanding that the education sector will become the backbone of the future technological market ("12 solutions for new education", 2018).

«According to the Global Human Capital report – 2017 (Stefanova Ratcheva, Riordan, Takahashi, Thompson, Toscani, Vijay, ... 2017), Russia has a very high 4th place in the world in terms of human capital (measured mainly through the coverage rates for different levels of formal education), but only 42-e a place in the parameters of the real use of skills and involvement in lifelong learning. At the same time, Russia occupies 89th place in the world in such important indicator for economic growth as «availability of qualified specialists». The real impact of formally high education level on economic growth and its sustainability is very small. The reason is seen in the permanent lack of funding, so the system can exist, but not develop.

In a Message on March 1, 2018, the President of Russian Federation announced the need to increase funding for the education system. «All the proposed scenarios of financing the education system development suggest the digital transformation of education and the widespread use of public-private partnership (hereinafter – PPP). There is practically no alternative to these tools: the results similar to digital education can be obtained on a traditional basis only by doubling the education budget to 7% of GDP. In turn, the PPP will allow to "move" part of the budget expenditures for the period 2024-2030 and to get the modern infrastructure of schools in 2020-2022.

In Russia, there is also a problem as the lack of a system for identifying and supporting talents in the field of high technology, design and sciences from non-school program. Less than 40% of high school graduates, 20% of college graduates and 50% of University graduates had experience of project activities and social practice».

Researchers offer 12 projects, which will help to solve these problems.

**1. Support for early development by patronage care for 0-3 children (persons with disabilities up to 6 years).** The work of specialists, based on early detection and correction of development risks, will reduce the percentage of children with a low degree of readiness to study at school.

**2. «School of the digital age»** includes new digital educational development and methodical complexes, which provide individualization, objectification of the achievements assessment and reducing non-pedagogical load; educational games and simulators' implementation.

**3. The modern material education infrastructure** is the implementation of the environmental approach in education. The school becomes an educational, cultural and sports center for children and adults.

**4. Equal educational opportunities and success of everyone:** preparation for school programs for preschool age children; targeted assistance to low-income families; reduction of inequality of educational opportunities

**5. New technological education in school and secondary vocational education:** the educational programs content modernization; creation of workshops, network forms of education, the creation of youth innovative and technical creativity centers and their integration, new forms of assessment.

**6. Development and support talents:** specialized high-tech camps and schools; grant and scholarship support.

**7. The lifelong learning system launch.**

**8. Universities as centers of innovation in regions:** specialists decentralization, regions financing, support of innovative development.

**9. Fundamental research in higher education, global universities, the Russian Academy of Sciences:** the universities conclusion to the international arena and the international projects implementation, support graduate students.

**10. Increasing global competitiveness through the export of professional education:** the development of international exchange programs for undergraduates and graduate students; open educational platforms creation; modern educational environment formation.

**11. Modern content of school education:** updating the content of educational programs and methods.

**12. Personnel for the development of education:** updating the principles of human resources development.

These projects are certainly within the competence of the Russian Federation Government. However, it is possible to set the task of finding practical mechanisms and conditions for projects implementation to the teachers.

At the moment, a wide public discussion on the strategy of Moscow education development for the period up to 2025, which was called «Strategy 2025», has been initiated in Moscow. As a result of a number of strategic sessions in Moscow schools, four main development directions were formulated and proposed to the General public, which can become the basis of the strategy of education development in Russia:

1. System of personalized educational trajectories in open groups. It is an opportunity to make flexible curricula based on the needs and interests of each student, as well as to give the opportunity to engage in subject training at various sites of the city (schools, resource centers, universities, colleges, youth creativity centers, etc.).

2. Distributed assessment in the system of talents – assessment of students' achievements in various fields with subsequent offset as an incentive to continuous multi-faceted development. It can be subject and metasubject Olympiads and competitions, achievements in the field of sports, culture and art. All so-called «digital footprints» will be the components of a single open portfolio. Such system removes the school's monopoly on the graduate evaluation.

3. City as school. Moscow is a space of unlimited opportunities for the development of talents, and the teacher - navigator in it. It is important to note that the programs proposed by the city, which are implemented in organizations of different

levels and directions, can and should be integrated into the class-oriented system. The school becomes a basic organization for attaching students on a territorial basis and storing their personal documents.

4. «Urban school» - the principle of a single map of micro-district resources existence, which allows you to get quality education in all directions without need for long daily trips.

These central ideas are supplemented, transformed and developed by pedagogical collectives. Here are the main proposals made during the discussions, and recorded in the articles and reporting documents.

The future of education is seen in the large-scale cooperation of various organizations to create an open educational environment, to expand students' ideas about different professional environments, life and work in modern society. Network partnership, as a form of such interaction of organizations, creates conditions for joint activities, joint project management, development of human, innovative, technical, material potential.

Together with industrial organizations, business structures, educational institutions, it is possible to build a system of advanced offers based on the target model of future competencies, to include employers in the system of early professional training. An interesting practice is the conclusion of deferred employment contracts with a delayed start date. Employers offer students to solve cases. Technology parks and universities provide technical support to implement project solutions. The best intellectual solutions are rewarded, and children who have shown special talent are invited to the enterprise. Under the terms of this agreement, the child undertakes to enter the University in the chosen specialty, and the company guarantees him practices' organization and subsequent employment, but with a number of conditions for the quality of knowledge and competencies.

For the system's work, the following aspects need to be introduced: single open score-rating system for educational and non-educational results evaluation; offsetting results from different organizations. All data should be entered in the student's virtual record book, open to employers and universities.

On the basis of Moscow state school № 1028 level system of the Federal standard requirements implementation through a three-stage system of networking is tested.

The interests and opinions of all stakeholders are constantly monitored. These parties are the pedagogical community, parents, students, employers (figure 3).

At the same time, educational activities are being carried out, which include a specially organized lecture for the parent community not only with comprehensive information about the changes that are taking place in the region in the context of education and subsequent employment, but also answers to all questions. For students organized meetings with representatives of various professions (project «100 questions to a professional»), universities make interactive role playing games and quests about professions. The pedagogical community also needs constant updating of its knowledge. Maximum clarity and openness is also achieved through information support, which is provided by timely notification of upcoming events, sending lecture materials, «feedback» publication after the events. The described mechanisms can be represented in figure 3.

The result of the regular work is the competence maps and maps of partners' resource capabilities, which allow to choose the conditions for any competencies development. Let us consider the "classical" profiles' example: physical and mathematical, chemical and biological profiles.

By analyzing the programs of primary vocational education and the first stage of higher professional education, as well as based on the Federal standard requirements, you can make a detailed list of competencies that are formed in colleges and universities during the first year. The second source of material for competence maps is the interview partners about 'portrait of the University entrant', as well as companies-employers about changes and new activities.

The second aspect of the analysis and the second component of competence maps is the type of educational event, within which one or another competence can be formed to a greater or lesser extent. By comparing the capabilities of partners, as well as significant competencies for each profile, you can build a trajectory of participation in educational events for them. Thus, digital competence, team time-management and communication competence are most effectively formed in the process of «hackathons» and «designathons». The deepening of subject skills and knowledge implementing with participation in the work in the university fabrication factory. If we talk about the chemical and biological profile, the students who choose this profile in order to prepare for admission to the medical University, can get the required skills and initial professional knowledge in the process of volunteering within the all-Russian movement «Volunteers-physicians», working



in the city clinics. The map of partners' resource opportunities allows making the detailed list of ways of receiving new knowledge, abilities and skills and also formation of competences in specific types of activity.

The level system of work organization and creation the environmental conditions for obtaining practical experience in the primary classes contribute to implementation of the Federal standards requirements (figure 4). The processes in urban resource centers are adapted for similar events, actions, projects at school. One of these areas of work is the school volunteer center, which contains the same areas of work that are available to urban volunteers who have personal volunteer books and take part in urban projects. Work in the school volunteer center is available to students from 4<sup>th</sup> grade (9-11 years old). Upon reaching the age of 14, students receive city personal volunteer books.

As part of the volunteer center, students get acquainted with the world of professions. Starting from the 8<sup>th</sup> grade (in some projects – from the 7<sup>th</sup> grade) students are involved in such new formats of interaction as hackathon, designathon, work in fabrication laboratory, etc. At the same time, potential employers offer real production tasks, watching the progress of the solution searching. The most successful can be invited by these companies for internships and other events, as well as receive directions to the target admission to the profile University. In addition, participants gain new knowledge, practical experience, as well as understanding of the specifics of activities in a particular professional area.

It is assumed that by the end of the 9<sup>th</sup> grade graduates will form an idea of the possible trajectories of building future educational and professional activities, one of the options of which is to study in specialized classes. Scheme 5 shows the system of interaction at the indicated levels. To satisfy the demands in career guidance, volunteer activities, primary professionalization, a system of relationships is organized through the special projects and programs implementation.

An example of three-way interaction is the interaction of Moscow state school № 1028, National University of Science and Technology «MISIS» and Aviation complex named after S.V. Ilyushin (provides career guidance for students to carry out targeted recruitment in the universities in the appropriate direction). NUST MISIS provides ample opportunities to deepen their knowledge in the laboratories of Fab lab, educates teachers who teach specialized disciplines and elective courses to ensure training of applicants that meets the requirements of the employer.

The diagram 6 shows another example of the development trajectory organization for students of information-technology profile. The first «profile» event is participation in the stages of the all-Russian and Moscow schoolchildren Olympiad and mentors assignment to prepare for Junior Skills Russia and World Skills Championships. The students are then distributed to the partner universities. Short courses are specially organized by the partners for training. The head teacher selects the events corresponding to the profile. By the end of the year, a team of students with the highest motivation is formed, which continues its development in project activities (Maker Fire Moscow, Designathon). At the end of the year there is a summing up of the work and the formation of the plan-program for the next academic year.

As a result, the following requirements of the standard are implemented:

1. Creation of special conditions. Network partners under the agreement on scientific and methodological cooperation offer to use their resource capabilities, both in terms of equipment and in terms of laboratory and other specialized facilities, which can significantly expand the subject and metasubject skills, as well as to form an idea of the working and scientific activities.
2. Self-organization and planning. The implementation of own projects, actions and programs, including voluntary ones, contributes to the development self-organization skills, effective time management and planning of its activities and the project team activities.
3. Problem solving and goal setting in group and individual work and skills of applying the knowledge in practice.
4. Orientation in the scientific and professional world. Staying in specialized laboratories, resource centers and production allows you to get acquainted with the real problems that are solved by professionals in various fields.
5. The primary professionalization. Existing state projects allow students to obtain primary professional knowledge and skills.
6. Scientific creativity. A large number of scientific research and projects competitions for students allow making a contribution to their personal portfolio, to receive a grant, to attract the attention of a potential employer and to build a unique trajectory of professional development.
7. Social portrait of a graduate and a citizen.

These skills groups formation with network interaction is a managed process. We can identified the following aspects:

1. Determination the map of resource opportunities that are formed on the basis of the school resource capabilities, opportunities and proposed programs from partner organizations, content infrastructure of the district, urban educational projects and programs and their classification by areas (high technology, medicine and health, biology and chemistry, psychology and pedagogy, patriotic education, etc.).
2. Definition of target groups: students with special needs (gifted and persons with disabilities), students from specialized and pre-profile classes; students with high abilities and interest in certain types of educational activities.
3. Establish a process for working with each target group.
4. Collection of statistical data on the results of the work and the formation of interrelated databases.

Let us dwell on the key stages of work with target groups of students.

1. Professional testing and analysis of personal characteristics with the involvement of school psychological service and partner organizations.
2. Formation the individualized cloud of professions.
3. Discussion of an individual request and search for optimal solutions that satisfy the development in the chosen direction.
4. Resources selection on the basis of existing maps of resource opportunities.
5. Building a trajectory for a certain period in accordance with the task.
6. Tutor support and navigation in the urban environment.
7. Joint analysis of results and trajectory correction.

Content aspect of work with some categories of students:

«profiled tests»;

help in choice of field of study in 8th and 9th grades and help in changing the profile in 10-11th grades;

selection of additional education resources (including outside school);

profile events selection;

mentoring, scientific guidance;

preparation and participation for educational events;

psychological support.

It is also important to work with 7-11th grades and parents to get acquainted with the following areas:

excursion work - Universities, Colleges, employers, trades and etc;

educational forum;

city event navigation;

projects of Moscow state school № 1028 - «Parents' club», «100 questions to the professional», «Day of profile school»

professional volunteering («Volunteers-physicians», etc.)

Tables of key events in the areas help to visually trace what events have a decisive influence on the various skills formation. You can create individual trajectories for groups or individual students using the tables (table 1).

The tables allow to structure the «annual event plan» of various partner organizations, as well as city structures and to rank these events depending on the impact on the formation of individual competencies (table 1, the color of the cell reflects this characteristic). The tables are used in the preparation of the annual plan of activities, planning work with specialized classes, can be used by administrative staff, subject teachers, class teachers.

Within the framework of the development of network partnership, another project is being implemented at the School - «Day of profile school». «Day of profile school» opens the entrance to all interested residents of the district - students and their parents. Approximate age of participants: school students aged 13-18 (7-11<sup>th</sup> grades).

The purpose of this event is to promote the students' career guidance and formation the ideas about different professions, forecasts about the future professions. All School's partners are invited to the «Day of profile school».

There are three possible events directions or the «Day of profile school»:

1. Information and consultation platforms: each educational institution has the right to bring visual aids to present its educational programs and training areas, subject Olympiads and etc.
2. Practical master classes related to different professions.
3. Educational lectures for parents, especially about the modern education system.

The difference of this event is the system of motivation for students developed in School. Each participant receives a «labor book» with the event's program. If the student has successfully passed the master class, he gets a special sticker, called «quality mark». Getting 5 marks gives the opportunity to get the assessment «excellent» to any subject on the student's choice, so it is important students learn something new for themselves attending master-classes, lectures or trainings.

As a rule, the declared master-classes are repeated during the day with a certain time interval. In order to avoid time mismatch, usually the duration for all master classes is 30 minutes, and they are held in parallel.

Other projects implemented within the School are also aimed to the future skills formation. Thus, at present, a project of intercultural interaction is being implemented and designed to solve some problems of learning a foreign language in a secondary school, as well as to form students' motivation to study it. This project involves the creation of conditions for intercultural communication with a native speaker through the organization of a teleconference. School foreign partners, high level students could be a «native speaker». The second subject of communication is 10-11<sup>th</sup> grades student, 8-9<sup>th</sup> grades motivated children, capable and willing to practice communication skills, as well as 4-7<sup>th</sup> grades, showing high ability to master a foreign language and participating the project as listeners or subjects of communication in order to support and develop interest in the subject as a whole.

The meta-substantive results of the project include: working with large amounts of information skills, digital literacy development and the ability to work in an information environment, planning activities and organization of educational cooperation, results presentation. As for personal results, we can note the improvement of the following skills: self-development, formation of educational motivation and cognitive interest, the ability to work in a team, effective time management, setting goals and achieving them, as well as tolerance towards representatives of their own and foreign cultures.

To implement the Distributed assessment in the system of talents strategy Moscow state school № 1028 introduced a system of student's record-books and score-rating system of achievements accounting and evaluation. The system doesn't involve the transition to the rating plan in assessing the academic results and doesn't replacing the traditional 5-point assessment system. Student's record book - a document reflecting his academic performance, educational achievements, participation in social, sports, cultural, creative, volunteer and other activities in the form of rating. Record book allows you to increase motivation for the regular work, stimulates cognitive activity, makes an element of competition, allows you to make decisions on various encouragement forms.

The structure of the record book: the title page; subject results; additional education; research and project work; performances and competitive work; cultural and creative activities; volunteering and social practice; minor Academy of Sciences; excursion and educational activities; the final evaluation of the activities.

The projects «School Cup» and «Class Cup» are tested as the system of motivation and encouragement for high achievements element. The school Cup in the team competition is awarded to the class that scored the highest rating score on the sum of the rating points of all students in the class. The school Cup in the individual competition is awarded to the student who scored the highest personal rating score in the school. Class Cup is awarded to the student who scored the highest personal rating score in the class. The appendix to the Cup is a certificate indicating the final score. Penalty points are awarded to students for violations of the Charter of the school: disciplinary violations, appearance that does not comply with the Charter.

The modern education system has many difficulties. This is due to the requirements of the participants of educational relations, the increasing requirements of reality, includes robotics, automation, the disappearance of old professions and the emergence of new professions and entire groups of specialties. There are issues not only of interpersonal interaction, but also of interaction with «smart machines and systems». Experiencing the influence of global trends, the education system should make timely changes that would provide both a level of fundamental training and other tumors that give graduates the opportunity to find their place in the «new complex world». The space of a modern metropolis contains unlimited resources that can be used in the educational process under the guidance of a competent tutor.

Realizing the importance of human capital for the competitiveness of the country, Russian Federation has initiated the wide discussion process of the innovative development educational strategy, where the main role plays the opinion of the «practitioners» - teachers, principals, employers, business structures. Based on international studies it becomes possible to form maps of future skills, change the content in educational programs and curricula, use new formats of education. The emphasis is on the network interaction with partners, joint creation of programs. Education is becoming open and accessible.

Moscow state school № 1028 practical experience in the formation of graduates' future skills shows a positive presented projects result. There is a high interest of students to new activities, the development of modern technologies, high adaptation to new forms of work. There is an active inclusion of students in the process of drawing up flexible individual training plans, management decisions, school self-government. The experience gained during the implementation of projects can be supplemented with new ideas and adjusted depending on the conditions of the educational organization and further development needs.

## References

- [1] «Medium-term strategy: 2014-2021». Doc. 37 C/4. UNESCO, 2014 Retrieved from <https://www.iaea.org/about/overview/medium-term-strategy>
- [2] Autor, D. (2010). *The Polarization of Job Opportunities in the U.S. Labor Market: Implications for Employment and Earnings*. Washington, DC: Center for American Progress and The Hamilton Project.
- [3] Bennett, N., & Lemoine, G. J. (2014). What a difference a word makes: Understanding threats to performance in a VUCA world. *Business Horizons*, 57(3), 311-317. Netherlands: Elsevier.
- [4] Davies, A., Fidler, D., Gorbis, M. (2011). *Future work skills 2020*. Retrieved from [http://www.iff.org/uploads/media/SR-1382A\\_UPRI\\_future\\_work\\_skills\\_sm.pdf](http://www.iff.org/uploads/media/SR-1382A_UPRI_future_work_skills_sm.pdf)
- [5] Dorozhkin, E., Davydova, N. (2013). Development of educational institutions in the course of networking // *Higher Education in Russia*. No. 11. P. 11-16. Moscow: Typography Science.
- [6] Expert report «12 solutions for new education». (2018) Retrieved from [https://www.hse.ru/data/2018/04/04/1164616802/Доклад\\_образование.pdf](https://www.hse.ru/data/2018/04/04/1164616802/Доклад_образование.pdf)
- [7] Fadle, Ch., & Bialik, M., & Trilling, B. (2016). 212. *Four-dimensional education*. Moscow: SKOLKOVO.
- [8] Kurbanov, A. (2013). *Social partnership - the factor of competitive specialist training / Professional education in the context of regional development*. Under the editorship of Shabalina, J. Moscow: Education 3000.
- [9] Luksha, P., & Ninenko, I., & Loshkareva, E., & Smagin, I., & Sudakov, D. (2017). *Future skills*. Retrieved from [http://www.iff.org/uploads/media/SR-1382A\\_UPRI\\_future\\_work\\_skills\\_sm.pdf](http://www.iff.org/uploads/media/SR-1382A_UPRI_future_work_skills_sm.pdf)
- [10] Matveeva, L. (2008). Analysis of the concept of "social intelligence" // *Bulletin of the South Ural state University. Ser.: Psychology*. 2008. No. 33. P. 51-55. Chelyabinsk: Publishing center of South Ural state University.
- [11] OECD (2016), *OECD Science, Technology and Innovation Outlook 2016*. OECD Publishing, Paris. Retrieved from [https://doi.org/10.1787/sti\\_in\\_outlook-2016-en](https://doi.org/10.1787/sti_in_outlook-2016-en)
- [12] Pellegrino, J., Hilton M. (2012). *Education for life and work: Developing transferable knowledge and skills in the 21st century*. Washington, DC: National Academies Press, 242 p.
- [13] Stefanova Ratcheva, V., Riordan, J., Takahashi, M., Thompson, Y., Toscani, J., Vijay, Y., ... (2017). *World Economic Forum // The Global Risks Report 2017. 13<sup>rd</sup> ed*. Retrieved from <http://www.mmc.com/content/dam/mmc-web/Global-Risk-Center/Files/the-global-risks-report-2018.pdf>
- [14] Ursul, A., & Ursul, T. (2013). *Megatrends of the third Millennium education evolution // The Image of the future man: Whom and how to educate in the younger generations: collective monograph of Bazaluk, O. - T. 3, 39-95*. Kyiv: International society of philosophy and cosmology.
- [15] Zagvyazinsky, V. (2014). *Will there a Renaissance be? Strategy of innovative development of Russian education: monograph*. Moscow: Logos.

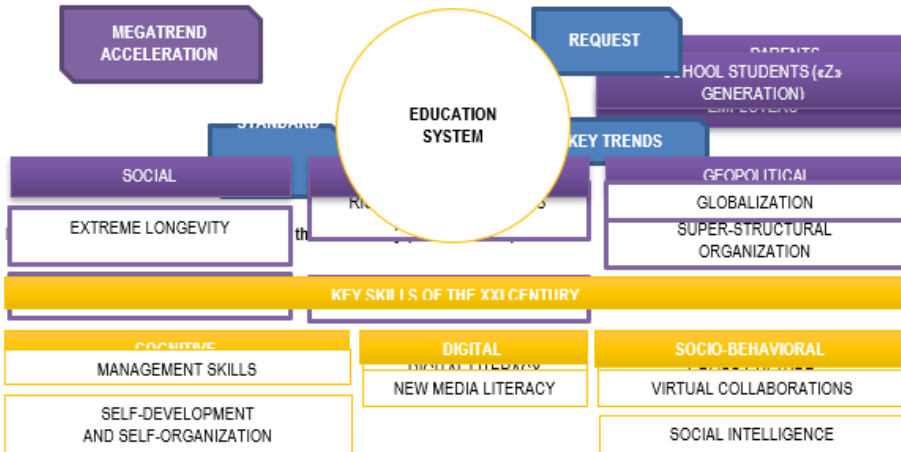


Figure 3: Main directions of work in the organization of network interaction system in the school complex

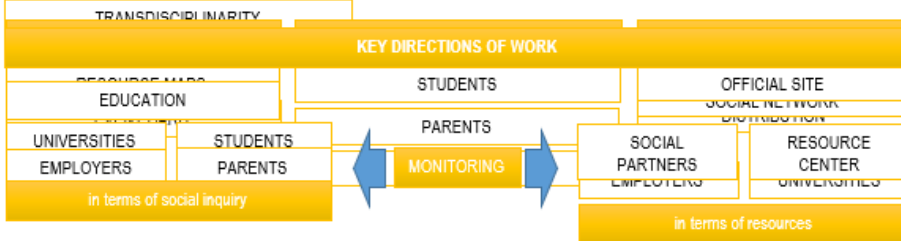


Figure 4: Level system for creating conditions for implementation of GEF requirements

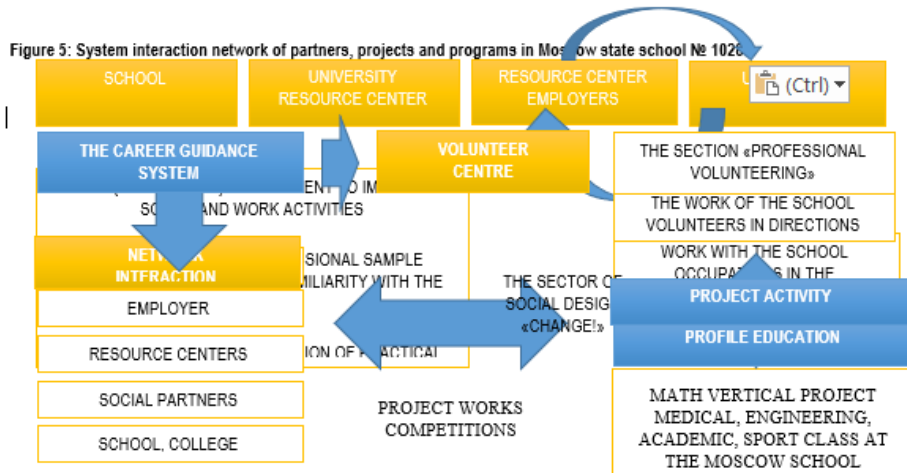


Table 1: Urban educational opportunities in the formation of the «future skills»

PROFILE	FUTURE SKILLS	«THE PROFILE RESOURCE»
Socio		Project of intercultural communication with foreign partners

economic profile								«School of human rights defenders» project
								Thematic competitions in the universities
Chemical and biological profile								Volunteer centre
								Training in special laboratories (engineering, medical class)
								«Learning without borders» project
Profile of information technology («mathematics-Informatics»)								International competition of children's engineering teams
								Thematic programs of pre-professional training in universities and colleges-partners (including training for Junior skills, «Ready for life, study and work» project)
								City projects («Mathematical vertical»)
								Training in special laboratories (engineering, medical class)
Universal profile								Lessons in specialized laboratories, centers of youth scientific creativity
								«Proectoriya», «Factories for children»

## Shifting Paradigm? Long-Term Value Creation as a Normative Principle in a Hostile Takeover: Evidence from the Netherlands

N.T. Pham, T.L.M Verdoes

M.L. Lycklama a Nijeholt

J. Nijland

Department of Corporate Law and department of Business Studies,  
Faculty of Law, Leiden University.

The authors thank Morshed Mannan and Thijs de Lange for valuable contributions.

### Abstract

This article provides additional insight on the effectiveness of long-term value creation as a legally enforceable norm in the corporate governance system and provides a framework to anchor long-term value creation in takeover decisions. Since the 2008 financial crisis, a growing number of voices in the business world, government and academia, have urged Western economies to move towards a long-term sustainable growth agenda. Boards have a vital part to play in the development of responsible companies. Corporate governance should encourage boards to do so. This could be viewed as a reaction to the negative effects of capital markets and the resulting short-termism. One key method to encourage sustainable value creation in companies is by incorporating long-term value creation as an open norm in corporate governance systems. In the case of a hostile takeover, the risk of short-termism is exacerbated. As a guiding principle, long-term value (LTV) creation should prevent hostile takeovers that could harm the success of the company concerned. In this research paper, we argue that the recent shift in Dutch case law and revision of the Corporate Governance Code in the Netherlands may serve as an important catalyst for 'sustainable' takeover decisions. Through ground-breaking judgments by the Dutch Supreme Court and Enterprise Court, *Cancun* and *Akzo Nobel*, LTV has acquired the status of an enforceable norm. We investigated whether this legal norm is empirically substantiated. The research results allow us to make well-grounded statements about the effectiveness of enforcing LTV in future hostile takeover situations.

**Keywords** Long-term value creation, Takeover, Corporate governance, Normative principles, Stakeholder, Shareholder, Entity concept.

### 1. Introduction

Hostile takeovers continue to be at the centre of corporate governance debates. We address the debate with a closer look at the purpose and the interest of the company and how these concepts affect Dutch corporate governance. Moreover, we argue that the concept of company interest in creating long-term value creation, as a legally enforceable norm, might be a promising perspective to overcome the shareholder/stakeholder dichotomy in corporate governance debates. Furthermore, we argue that recognising the characteristics of company interest is an important step in making progress in this discourse.

We will start this paper with reflections drawing from economic literature on capital markets and theory of the firm that have provoked the need to revive the 'company interest' in the corporate governance debate. We argue that capital markets have become increasingly short-term oriented or less patient, which could be detrimental to long-term value creation.<sup>1</sup> This problem is particularly acute in a hostile takeover situation. We have taken the Netherlands as a case study to investigate how well long-term value creation is grounded in the Dutch corporate governance system. We have conducted the case study by, first, systematically reviewing the body of case law produced by Dutch courts from 1971 to 2017. Secondly, we have conducted in-depth interviews with the most prominent decision-makers in takeover conflicts. We coded the important

<sup>1</sup> Graham et al. (2005), Barton, et al. (2016), Serafeim, et al. (2017), Barton (2017). For an opposite view, see Kaplan (2017).

and relevant recurring themes in the case law and the interviews and clustered them. In the paper, we synthesize these themes, showing a more accurate conceptualization of the company, the firm, and the positioning of takeovers in the corporate governance system. We conclude by discussing the relevance of anchoring long-term value creation in corporate governance systems.

#### Economic reflections

Corporate governance systems all share underlying ideas, ideologies and/or theories about the purpose of the company and its stakeholders and how these are related to capital markets. Governance systems can improve the functioning of the capital market, even make the functioning possible, but governance systems can also have the effect of hampering the performance of capital markets. This depends on how we conceptualize the capital markets, the company and the firm.

Capital markets, institutions and intermediaries are essential elements in our modern economic society. Ideally, a properly functioning and developed financial system can contribute to economic growth and prosperity if the flow of capital is efficiently organized and contributes to value increasing activities. There is a strong belief that capital markets contribute to the long-term value creating process of companies and societies. This belief depends heavily on an ideal type characteristic of capital markets: their efficiency. In an efficient capital market, prices fully reflect all relevant information (Fama, 1970: 383-417) and market prices are the best available estimate of the fundamental value of the relevant assets. In the Kay-Review (Kay, 2012: 71) it was recognised that the central focus of regulators has been on fighting specific abuses, reporting misleading information, fraud, conflicts of interest and foreknowledge; these could all be labelled as information asymmetries.<sup>1</sup> The efficient market hypotheses became the ideological underpinning for governance purposes to eliminate these market failures.

One related belief is that the company is considered to be an extension of its shareholders (Fox and Lorsch, 2012). Anonymous shareholders are considered to be perfect and efficient monitors of managers. If a company moves away from shareholder wealth maximization, it will be disciplined by the market, because shareholders will sell the shares of the company. This will decrease the value of the shares, which will make a company more amenable for a (hostile) takeover. The company is thus disciplined beforehand. The concept of shareholder value thus provides timely, relevant and reliable financial information to diminish information asymmetries (Kay, 2012: 71).

If the capital market is efficient 'there is nothing to worry about'. Market efficiency implies that the conflict between short and long term, and between shareholder value and stakeholder value are non-existent. An efficient capital market takes future consequences and future reactions of other stakeholders into account. There are however important developments<sup>2</sup> that undermine the central tenet of the efficient market hypotheses.<sup>3</sup> In general, capital markets have become more international, pluralistic, anonymous and diffuse. Due to an increase in specialization and number of intermediaries, the equity-investment-chain has become larger, and changed from a relation-based to a transaction-based model. Within this chain, agents are frequently monitored with the use of benchmarks. The capital markets financing function is very low; their main function seems to be offering liquidity to larger multinationals exclusively (Eumedion, 2014). There are serious doubts whether the capital market performs its basic functions as a monitor and valuator and thereby improves long-term value creation. Moreover, would an efficient capital market reflect the underlying fundamental value - the long-term value - of the company and its affiliated firm? This question cannot be easily answered. The essence of long-term value creation is that this value, in principle, is unknown (Pitelis and Teece, 2009: 5-15). Value creation and the sustainability of a firm are the outcome of an uncertain market process – it depends on numerous interacting factors. Paradoxically, if the future value created by the company and its affiliated firm can be determined beforehand, it cannot be created anymore. Everybody then would know the details of its creation, while value creation could only occur when the origin - the idea - is kept secret. Amit and Schoemaker (1993) recognize the following characteristics of valuable resources: complementary, scarcity, low tradability, inimitability, limited substitutability, appropriability, durability, and overlap with strategic industry factors. Bowman and Ambrosini (2007: 321-322) conclude that value depends on a complex pattern of interlinked, context-

<sup>1</sup> The upswing of the 'shareholder value' movement is usually assigned to Jensen and Meckling (1976), see Fox and Lorsch (2012).

<sup>2</sup> Number of listed companies has declined from 160 (2003) to 97 (2013); relative importance of foreign investors has increased from 37% (1995), 70% (2007) to 76% (2010); pension funds increasingly invest indirectly via intermediaries; this relative amount increases from 39% (2006) to 82% (2012), (Eumedion, 2014). Number of corporate takeover defenses decreased substantially (Bootsma, 2015); Average holding period of shares has decreased due to anonymous computerized trading (Haldane, 2010); Level of concentration of ownership declined from 34.6% to 24.1% during 2006-2016 (de Jong, 2017).

<sup>3</sup> See Haldane (2010) for a lot of anomalies of the EMH.



specific factors, and a single resource is unlikely to be isolatable as the sole source of firm performance: “due to the many difficulties resources will resist any attempt at precise valuation.”

Accordingly, if we are suspicious of whether the efficient market hypotheses is a suitable, sole or overarching mechanism to open up Pandora’s box of a value creating firm, we should also critically reposition takeovers as a value enhancing mechanism and reassess the underlying corporate governance system. We propose that such reassessment should focus on the company and its affiliated firm(s) as a separate entity, moving beyond the classical dichotomy of shareholder and stakeholder orientation.<sup>1</sup>

## 2. Beyond shareholder and stakeholder orientation: the company interest in hostile takeovers

The significance of legal fiction

A firm (or enterprise)<sup>2</sup> is an organized economic activity. Large firms are typically organised using companies which allow them to operate in the legal system and the economy and which structure their economic activities (Robé, 2011: 3).

A company and its affiliated firm can function in the economy as if it is a human being. Of course, it is true that companies are legal fictions. Even so, companies are significant ‘fictions’ and (the consequences of) their actions – always done or committed by natural persons – are in principle attributed to these fictions by law. Companies protect the illiquid irreversible investments in the firm, to reap the benefits or capture the value created by the firm. By creating liquid markets, individual shareholders can exit on a daily basis and the company can transcend the time horizon of individual shareholders.<sup>3</sup> Moreover, the company can transcend the time horizon of any other stakeholder making a contribution to the firm. The notion that companies are legal persons and are able to structure the economic activities of firms is of tremendous importance for the understanding of their governance.

Company purpose

The first key structuring element is that a company has a purpose. For each legal person under Dutch private law (i.e. the company), the law requires a purpose to be specified. It requires that the deed of incorporation contains the articles of association of the company and that these articles of association contain the purpose of the company.<sup>4</sup> At its core, the purpose of the company is simply to develop certain activities to achieve certain results (Assink, 2015). Many legal systems, adopt an open-ended and value-neutral approach to the purpose of the company. To put it differently, there is no company law rule which requires that the purpose of a company is to direct its activities towards shareholder value maximization for the short or long term.<sup>5</sup> Likewise, companies are under no legal obligation to advance wider, social, environmental, religious and/or public objectives. Admittedly, the company and its activities can be restricted via specific laws and regulations, for instance, securities law, tax law, labour law, environmental law, telecom law, energy law, and health care law. In those cases, the company must abide by these specific laws. However, to comply with specific laws is clearly distinct from incorporating a purpose wider than profit maximization, such as the care for the environment. In the latter situation, company law allows a company to internalize environmental care (or any other wider orientation) as part of its purpose by anchoring such purpose voluntarily in the articles of association.

Company’s interest and the interest of the firm

The second key structuring element is that a company has a distinct interest. The notion that a company is a legal person with a definable purpose is accompanied with the acknowledgment that the company could be seen as an actor with its own interest, to be distinguished from those involved in or who have a stake in the company and its activities. The view that company interest could exist, distinct from the interests of the stakeholders of the company, applies best in the situation when a company maintains a firm. In a series of judgments in the takeover context,<sup>6</sup> the Dutch Supreme Court explicitly acknowledged the distinction between the ‘company interest’ and the interests of ‘others involved in the company’. Effectively, as we will demonstrate in section 3, the Supreme Court has consistently rendered its decisions based on the directors’ obligation to act in the interest of the company and its affiliated firm (article 2:129/239(5) DCC, as codified in

<sup>1</sup> In the 1930’s Berle and Dodd were already debating about the ontological existence of the firm as a separate entity (Robé, 2011).

<sup>2</sup> In this article firms and enterprise are used interchangeably to denote the organized economic activities that may be structured by companies.

<sup>3</sup> The origin of the corporation – to stress the long term perspective – contradicts with the short term pressure of equity markets.

<sup>4</sup> Compare article 2:66/177 of the Dutch Civil Code (DCC) and section 31 of the UK Companies Act, 2006.

<sup>5</sup> For example, article 2:66(1) DCC.

<sup>6</sup> See section 4 of this paper.

2013), in conjunction with the standards of reasonableness and fairness to take due care of the interests of those involved in the company (article 2:8 DCC).

The growing body of case law in the Netherlands indicates that – although recognizing the open ended nature of the purposes companies may have – in the typical situation where a firm is connected to a company, the purpose of the company is to promote the interests of the firm.<sup>1</sup> Yet, it was not until the *Cancun* judgment in 2014, that the Dutch Supreme Court explicitly assigned legal significance to the interest of the firm by interpreting the scope of the company's interest: '*if a firm is connected to a company, the company's interest is, as a general rule, mainly determined by promoting the sustainable success of this firm*'.<sup>2</sup> When treating this ruling formalistically, one could argue that the Supreme Court has attempted to define, or even to restrict, the interests of the company (Blanco Fernández, 2012, Raaijmakers, 2014). A closer reading suggests that the Supreme Court may not have intended such a narrow view. It is more likely that the Supreme Court's decision was intended to formulate a legal norm to rebut the absolute primacy of any single constituency's interests or entitlements, including the director's invested strategy in the firm. This argument may have greater substance, considering our understanding and deployment of the corporate entity and its affiliated firm in daily business and transitional circumstances (Whincop, 2001: p. 48-49). Most companies are established for an indefinite period of time and operate in a changing environment. Not only do the external circumstances change over time forcing the company to make transitions, those involved in the company – the stakeholders – change too, sometimes within a split second.

That is not to deny that the ruling of the Supreme Court is without any effect. On the contrary. After *Cancun*, the amended Dutch Corporate Governance Code 2016 (DCGC 2016) acknowledged that the purpose of the company was '*to create long-term value*'.<sup>3</sup> It is important to note here that before the amendments to the Code, from 2003 onwards, the view of the Corporate Governance Monitoring Committee was that '*a company endeavours to create long-term shareholder value [emphasize added]*'.<sup>4</sup> Moreover, in the recent high profile takeover contest between Akzo Nobel and PPG, the Dutch Enterprise Court applied the *Cancun* formula and decided that company boards are obliged to direct their actions towards '*the long-term value creation of the company and its affiliated firm*'.<sup>5</sup>

Without negating the significance of the above-mentioned rulings and developments in the Netherlands, one could argue that in effect 'the Dutch' are now merely 'in sync' with the 'neighbouring Europeans'. Germany, Sweden, Norway, Denmark, Austria and Belgium, have long emphasised the company's sustainable value creation.<sup>6</sup> The orientation of the company towards sustainable value creation is not difficult to justify given the increased importance of the social embedment of companies, in particular those companies maintaining large firms, operating across the world. The company's license to operate might well depend on the extent to which the company and its connecting firm(s) succeed in creating value, globally and locally (de Jongh, 2011: 3). The legal translation could be argued as follows: that the company's interest to create value is regarded as a legal norm which is addressed to the company, to the constituents of the company such as the board of directors, the supervisory board and the general meeting of shareholders, and any other stakeholder involved in the company and its affiliated firm. Accordingly, acknowledging the company's interest as a legally enforceable norm is not without consequence, nor does it leave the corporate governance debate unaffected. Three major principles should be contemplated to overcome the shareholder/stakeholder dichotomy and to make progress in the corporate governance debate:

The interest of the company in the sustainable success of its affiliated firm transcends any stakeholder and shareholder interests;

Executive directors, under the supervision of supervisory directors, have an obligation towards the company to make business decisions (including strategic decisions) to further pursue the sustainable success of the interest of the company

<sup>1</sup> See section 4 of this paper.

<sup>2</sup> Dutch Supreme Court, 2014 NJ 2014/286 (Cancun), paragraph 4.2.1. We will be introducing our own translations of the Dutch court judgments.

<sup>3</sup> See the preamble of de DCGC 2016 and article 1.1.1 (strategy for long-term value creation) of the Code.

<sup>4</sup> See the preamble of the DCGC 2003, under paragraph 3.

<sup>5</sup> Dutch Enterprise Court 29 May 2017 ECLI:NL:GHAMS:2017:1965, paragraph 3.34 (Akzo/Nobel), JOR 2017/261 with annotation from C.D.J. Bulten.

<sup>6</sup> See the Corporate Governance Codes of these countries, article 4.1.1 (CGC 2017 Germany), article 3.1 (CGC 2016 Sweden), pages 32 and 48 (CGC 2014 Norway), art. 4 (Denmark 2017) preamble, article 26a (Austria 2018), preamble under paragraph 2, article 1.1 (Belgium 2009).

and its affiliated firm<sup>1</sup> and when making these business decisions have an obligation towards the company's stakeholders, including shareholders, to take due care and not cause unnecessary or disproportionate harm;<sup>2</sup>

The company's shareholders, when acting collectively in the general shareholders meeting in the pursuit of their (collective) interests, are bound via the standards of reasonableness and fairness, to not disproportionately harm the company's interest, under the penalty of deterioration of the shareholders' resolution. A situation where individual shareholders are confronted with a bid and are incentivized to put their private interests first, may legitimately face frustration of the bid by the target board.

We investigated the robustness of these principles in a hostile takeover situation. We reviewed the case law from 1971 to 2017 with the aim of testing how well rooted these principles are in the Dutch legal framework in situations where target boards resisted an uninvited proposal from a bidder to take over the target company and/or situations where target boards have withstood shareholder activism to overrule board strategies or to force the replacement of incumbent board members (section 3).<sup>3</sup> In addition, we reflected on the results of the case law analysis by conducting eight interviews with participants who hold positions which can be regarded as highly influential in shaping Dutch corporate governance (section 4).

### 3. Results of the case law analysis 1971-2017

#### Takeovers and the right of inquiry

A few preliminary remarks on the structure and legal context of the case law analysis should be made to allow better insight into the results of the research. Takeover conflicts are mainly (not exclusively) reviewed through an inquiry procedure before the Enterprise Court, by submitting a request for an investigation into the policy and affairs of the legal person (article 2:350 DCC) under the review of the Supreme Court. The legal person – the company – is thus the object of review. Unlike the civil procedure, the inquiry procedure is not aimed at settling disputes of a pecuniary nature, but foremost to re-establish healthy relations within the company. Given the particularity of the inquiry procedure, the Enterprise Court may review the actions of company boards and of the company shareholders. We investigated whether in a hostile takeover situation long-term value creation was a determining factor for the courts<sup>4</sup> to review and decide the takeover conflict. More specifically, we focused on finding the conditions and circumstances an anti-takeover defensive measure (ATD) taken by the company, by means of its target board, was allowed, or in legal terms, was justified.<sup>5</sup> If an ATD was not justified, it might be an indication that mismanagement has taken place and that there are well-founded reasons to doubt that the company's policy or state of affairs was in order. In the cases under study, the judicial review was mainly focused on assessing the obligations of the company and its board in taken the decision to implement an ATD and whether this decision was justified. At the same time, we extrapolated our analysis to assess the duties of other stakeholders, namely those of the shareholders in a takeover situation.

#### Reasonableness and fairness as the dominant standard of review of target boards' decisions – 1971

In the earliest cases, courts reviewed anti-takeover defensive measures on the basis of reasonableness and fairness, without explicit mention of sustainability or long-term value creation.<sup>6</sup> The starting point in early rulings has been that an ATD is justified if a company could '*reasonably expect a possible threat to its continuity and own identity*'.<sup>7</sup> This line of reasoning has been reaffirmed in later judgments.<sup>8</sup>

In *Immofarm*, the '*continuity of the company*' and '*the autonomous existence of the company*', '*the preservation of its own Dutch character and its staff* were reasoned as part of the duties of the executive and supervisory board towards the company. These company interests were in the realm of director duties, acknowledged as legitimate interests that could justify ATDs.<sup>9</sup> As the legitimacy of ATDs could depend on whether the continuity or identity of the company may be harmed, a target board's decision to establish an ATD under such conditions was regarded as not being contrary to what the

<sup>1</sup> Accordingly, exercising their legal task (article 2:129/239 DCC).

<sup>2</sup> Accordingly, to abide by the standards of reasonableness and fairness (art. 2:8 DCC).

<sup>3</sup> The case law analysis ended on 1 December 2017.

<sup>4</sup> Referring to the Enterprise Court and/or the Supreme Court.

<sup>5</sup> Rb. Haarlem, 12 June 1990 ECLI:NL:RBHAA:1990:AC2566 (Asko/Ahold).

<sup>6</sup> Hof Amsterdam 1 April 1971, ECLI:NL:GHAMS:1971:AB6704 (Immofarm AG/NV Handelsvereniging v/h Reiss en Co ea); Rb. Haarlem,

12 June 1990 ECLI:NL:RBHAA:1990:AC2566 (Asko/Ahold).

<sup>7</sup> Rb. Haarlem, 12 June 1990 ECLI:NL:RBHAA:1990:AC2566 (Asko/Ahold).

<sup>8</sup> 23 January 2009, JOR 2009 / 69 (Beheermaatschappij Trial).

<sup>9</sup> Hof Amsterdam (OK) 1 April 1971, ECLI:NL:GHAMS:1971:AB6704 (Immofarm AG/NV Handelsvereniging v/h Reiss en Co ea).

standards of reasonableness and fairness dictate and therefore was not unlawful.<sup>1</sup> Accordingly, the legal norm of reasonableness and fairness is first addressed to the company – without aforementioned justification, the acts of the company are contrary with ‘reasonableness and fairness’ – and second to the target board, whose obligation towards the company requires the target board to take defensive measures. Reasonableness and fairness thus delineates the leeway for target boards to take ATDs.

Company interest as a safe harbour for target boards – 1993

In the *GTI Holding* case, the GTI board issued shares to defeat a change of control. The ATD was justified, not only because the ‘*autonomous existence of the company and independence of the company*’ was under threat, but also because of concern for the ‘*wellbeing of the company*’.<sup>2</sup> The dispute involved a minority shareholder of a competing company who secretly enlarged his shareholding to 32%, after the GTI board rejected his proposal to cooperate. In the *GTI Holding* judgment, the threat to the autonomous existence and independence of the company was objectively assessed as follows:

The acquirer or bidder has given evidence of hostile intentions with regard to gaining control e.g. against the wish of the board and supervisory board of the target company;

And the actions of the hostile party are a threat to the autonomous existence of the company and the independence of the company. The mere statement that the secretive acquisition of a larger shareholding was not done with bad intentions, does not take away that the company could perceive it as a threat.<sup>3</sup>

If these conditions are not met, the use of a target board’s competence to establish an ATD are contrary to reasonableness and fairness, exposing the decision to annulment (article 2:15 DCC). In other words, a (threat to) the interest of the company serves as a safe harbour for target boards to take ATDs within the boundaries of reasonableness and fairness.<sup>4</sup> This safe harbour argument can also be inferred from the *Heineken Holding N.V.* decision,<sup>5</sup> which was rendered eight years after *GTI Holding*. Heineken explicitly defined the purpose of the company’s interest to ensure the continuity of its group in the company’s articles of association. Interestingly, the court ruled that when the main goal of a company is to ensure continuity, and this purpose is well known to the shareholders of the company, the shareholders cannot demand that the company will take extreme measures, such as the repurchase of its own shares, that would diminish its influence or even prompt its own liquidation, to increase shareholder value.<sup>6</sup>

The influence of the company’s statutory structure on the interests of the company’s stakeholders - 2003

In the landmark case *RNA*, rendered in 2003, the Supreme Court further specified conditions for protecting the company interest. The (use of an) ATD must be temporary, so long as it is not found that the company interest is disproportionately harmed. Here, proportionality is understood as not going any further than required regarding the object of protection.<sup>7</sup> Accordingly, the company’s structure may be a relevant factor in determining the legitimacy of a target board’s defensive measure, taking into account the position of (minority) shareholders.

The investment company, *RNA*, was confronted with cooperation plans from minority shareholder, *Westfield*, who exploited competing activities.<sup>8</sup> *Westfield* wished for a special shareholders’ meeting to discuss his plans, but *RNA* did not want to discuss *Westfield*’s plans and set up a ‘*Stichting Belangenbehartiging Beleggers RNA*’ (*SBBR*) as an ATD.<sup>9</sup> The Enterprise Court ruled that the fact that a minority shareholder can exercise a decisive influence due to an open statutory structure is in itself an insufficient justification for establishing an ATD and even more so when considering:

that the minority shareholder is an expert in the same sector as the legal person,

<sup>1</sup> Rb. Haarlem, 12 June 1990 ECLI:NL:RBHAA:1990:AC2566 (Asko/Ahold).

<sup>2</sup> Rb Utrecht 15 September 1993 ECLI:NL:RBUTR:1993:AC4321 (GTI Holding).

<sup>3</sup> Rb Utrecht 15 September 1993 ECLI:NL:RBUTR:1993:AC4321 (GTI Holding), see consideration 5.8.

<sup>4</sup> Rb Utrecht 15 September 1993 ECLI:NL:RBUTR:1993:AC4321 (GTI Holding), see consideration 5.9.

<sup>5</sup> Hof Amsterdam (OK), 18 October 2001, ECLI:NL:GHAMS:2001:AD4646, NJ 2001, 641 (Heineken Holding NV).

<sup>6</sup> Hof Amsterdam (OK), 18 October 2001, ECLI:NL:GHAMS:2001:AD4646, NJ 2001, 641 (Heineken Holding NV).

<sup>7</sup> Compare Hof Amsterdam (OK) 5 August 2005, JOR 2005/241 (VIBA).

<sup>8</sup> Hof Amsterdam (OK), 16 October 2001 (ECLI:NL:GHAMS:2001:AD4598), NJ 2001, 640 (Westfield Limited ACN/Rodamco North America NV).

<sup>9</sup> Hof Amsterdam (OK), 16 October 2001, ECLI:NL:GHAMS:2001:AD4598), NJ 2001, 640 (Westfield Limited ACN /Rodamco North America NV), see point 3.7.

that this shareholder has the support of another important minority shareholder,<sup>1</sup>

that the legal person in question is an investment company with variable capital with the sole purpose of investing and spreading risk, so that other interests than that of the shareholders carry less weight.

The RNA case underlines the importance of the statutory structure and purpose of the company when deciding what the legitimate interests of the company and other stakeholders are. Accordingly, the legal structure of the company may raise reasonable expectations. However, despite the open structure of a company, a target board's decision to establish an ATD could nonetheless be justified based on the norms of reasonableness and fairness.

Going from stakeholder value to long-term value creation of the company – 2007- 2017

In the *Stork* decision, in 2007, it was for the first time ruled that company boards are obliged to take into account the interests of all stakeholders.<sup>2</sup> More specifically, the Enterprise Court judged that Stork's board had legitimately taken the interests of all stakeholders into account, and not solely of shareholders, when it established the ATD.<sup>3</sup> In this particular case, the relationship between the company's board and its shareholders, Centaurus and Paulson, both hedge funds, was distorted. Since the board has a primary responsibility for determining the company's strategy and had wide support for its successful strategy from important stakeholders, the Enterprise Court deemed the board's strategy to be sound. Accordingly, Stork was not obligated or could not be forced to abandon its stand-alone strategy and opt for the plans of Centaurus, which would involve high risks for all stakeholders.<sup>4</sup>

A few months later, finally, in the *ABN AMRO* case, the Supreme Court, recognised that the company's interest and its affiliated firm's interest as being a distinct interest from those of the company's stakeholders.<sup>5</sup> But it was not until 2014, in *Cancun*, that the Supreme Court rendered its progressive decision. The Court first clarified what the company's interest may encompass if there was a firm connected to the company, which is '*to promote the sustainable success of the company*'. Second, that the company interest is a separate, distinct interest from the interest of the company's stakeholders. And third, that a company board, first and foremost owes its duty to the company to promote the interest of the company and its affiliated firm. While discharging this legal obligation, the board has to take into account the interests of the company stakeholders according to the requirements of reasonableness and fairness.

Three years later, *Cancun* was put to an ultimate test. In the *Akzo Nobel* decision, the Enterprise Court reinforced *Cancun* and gave legal effect to the revised Corporate Governance Code. The memorable ruling is as follows: '*in the face of propositions of a potential bidder, the board of the company has to focus on – in the terms of the Corporate Governance Code – the long term value creation of the company and its connecting firm and to weigh the interests of all relevant stakeholders*'.<sup>6</sup>

One could argue that the importance of the company's interest and its firm has gained importance, even legal significance; and as was shown in *Akzo Nobel*, the capability of being legally enforced. The evolution in case law in takeover conflicts shows very clearly the distinct characteristics of Dutch Corporate Governance. The prevalence of the company's interest demonstrates that it is inaccurate to continue to narrow the corporate governance debate to a shareholder/stakeholder dichotomy. Persisting in such conventional thinking is denying the fundamental revolution in company law, which to a greater or lesser extent, is already manifest worldwide (Timmerman, 2014).<sup>7</sup>

#### 4. Results of the interviews

##### In-depth interviews

This section contains the results of eight interviews. We asked participants to reflect on some major takeover conflicts, international developments in corporate governance, recent court decisions and the adoption of long-term value creation

<sup>1</sup> Hof Amsterdam (OK), 16 October 2001, ECLI:NL:GHAMS:2001:AD4598), NJ 2001, 640 (Westfield Limited ACN /Rodamco North America NV), see point 3.13.

<sup>2</sup> Hof Amsterdam (OK), 17 January 2007, ECLI:NL:GHAMS:2007:AZ6440 (Stork), 3.16-3.17.

<sup>3</sup> Hof Amsterdam (OK), 17 January 2007, ECLI:NL:GHAMS:2007:AZ6440 (Stork), 3.16-3.17.

<sup>4</sup> Hof Amsterdam (OK) 17 January 2007, ECLI:NL:GHAMS:2007:AZ6440, (Stork), see consideration 3.16-3.17 and HR 13 July 2007, ECLI:NL:HR:2007:BA7972: NJ 2007, 434 (ABN AMRO), ECLI:NL:PHR:2007:BA7972.

<sup>5</sup> HR 14 July 2007, ECLINL:HR:2007:BA7972, (ABN AMRO) 3.14.

<sup>6</sup> See also Hof Amsterdam (OK), 29 May 2017, ECLI:NL:GHAMS:2017:1965 (AkzoNobel), see consideration 3.12.

<sup>7</sup> Also in Anglo-American traditions, see Orts (2013: 109-131 and 175-222).

of the company and its connecting firm in the Dutch corporate governance system. Among the participants were some key executive and supervisory directors, judges from the Dutch Supreme Court and the Enterprise Court, an Advocate General, a member of the Corporate Governance Monitoring Committee and institutional investors. The interviews were conducted in spring 2018 and lasted about an hour to an hour and a half. The interviews were in-depth interviews to allow the participants to speak freely about a number of themes based on their roles, experiences and preferences. All interviews have been tape-recorded and transcribed. Interviewees have been promised anonymity. The next sections contain ideas and opinions of the participants clustered by different themes followed by a section in which we reflect on the main trade-offs that can be derived from these themes.

When the legal and the social discourse on corporate governance coincide

Judges are not and do not proclaim to be a policy-making body. They prefer to refrain from entering into discussions about company interest, long-term value, sustainability, stakeholder or shareholder value – issues that the legislator should resolve. In addition, judges do not take a position on the company's policy – that is the prerogative of the company director, nor are judges inclined to scrutinize business decisions. Judges are bound by marginal judicial review on the basis of open norms. Both mechanisms are in place to respect the director's discretionary decision making power. The participants from the judiciary clearly stress that 'judges mainly follow, they do not form'. This statement should be viewed critically. In section 3, we have demonstrated that it is the cornerstone in Dutch company law, that company directors discharge their obligations in the interest of the company and its connecting firm. Company interest involves an open norm. Not only does the open norm allow directors discretion, it also allows judges discretion to properly apply the norm to a specific case at hand. Participants have argued that judges have simply applied and interpreted the open norm in *Cancun* and *Akzo Nobel* as was required within the boundaries of Dutch law:

*"I think we can safely say that in the Netherlands, the stakeholder approach is prevalent. This affects the standard of company interest. There is some latitude when you explain the standard and I think that the social debate then plays a role..."*

*Of course we have room to maneuver, but it is all within the limits of the law and when there is openness, you take account of the social debate. I myself think that if a Supreme Court says that the company interest is focused on the firm's success, it is not a view of the judge himself. It is something that the judge thinks: "Well, this seems now widely supported. It is the basis of Dutch law. We can safely say: The company's sustainable success".* (participant 2).

Indeed, for a judge, the assessment of the process is part of judicial review not the assessment of the content of a business decision. Judges examine which rules have been followed, which participants are involved in the process and whose interests have been considered. The company interest is used by the courts as a key to justify the choices made in the process, as company interest is recorded in the law. Only if the board of directors exceeds the limits of company interest, the judge will retain company interest as the standard. In this case, the norm is addressed to the judge.

#### Company interest

Although it is the task of a board of directors to determine the company interest, we asked participants to reflect on factors that may be tested to determine whether the company's policy is in line with the company interest.

Several factors have been mentioned that may determine the company interest, including: the nature of the company (e.g. national security or national importance), principles laid down in the articles of association, and a clear picture of the company's stakeholders as well as their interests and the consequences of the takeover. Occurrences such as hostile takeover attempts may not cause disproportionate damage to the company interest. It could even be a safe line. Therefore, the target board must form a clear picture of what the consequences of the acquisition are for the company and its connecting firm, thereby taking into account employment opportunities, competition law, and synergies. Particularly in a calm period, each board should clearly formulate what the company interest involves, and which interests and policies are part of the company's interest, for instance the environmental and/or social policies. A clear formulation of the company interest by the board of directors could guarantee a credible story with any stakeholder of the company including shareholders in case of a hostile takeover attempt, and with the judge in case of a takeover conflict. As one of the participants puts it: *"As a business, you have to be able to anticipate in stead of thinking in terms of anti-takeover measures. We have passed that time, it is not sustainable."* (participant 5).

This statement is in line with the explanation of executive and supervisory directors. The participants indicated that during a hostile takeover, the board went through a list of conditions that had to meet the company interest. The list consisted,

among others, a fair price, the interests of the company's stakeholders, and, where applicable, the national security and whether the bidder could be considered a bona fide bidder.

Although none of the participants could deny that shareholders have a strong position in an open public limited company, the majority of the participants agreed that a considered strategy which is plausible, defensible, up-to-date, adequately communicated and made transparent – showing the trade-offs – gives CEO's leeway to determine a long-term route to create long-term value by which it can sustain the business. The best protection of a company is not determined by sophisticated anti-takeover measures, but a sound and clear business policy and strategy that creates long-term value.

### Long-term value creation

The corporate governance code was also brought to the attention to the participants. In particular, the fact that it states that the company must strive for long-term value creation, so that the interests of the company and its connecting firm are served.

A takeover can be the best option for the company and its connecting firm, especially in cases where a lot of investments for long-term stand-alone survival are needed and financing is doubtful. In taking a position in the takeover battle, the level of supposed added value is not the critical element, but how this added value is created. The central consideration is if the interests of stakeholders are not disproportionately harmed.

The general opinion was that concepts such as success of the firm, continuity of the firm and long-term value creation overlap. The meaning of long-term value was interpreted differently by the participants. Company boards tend to interpret long-term value creation as striking the right balance in the actions of the board of directors for the different stakeholders of the company.

Investors tend to view long-term value as more comprehensive than company interest. It also consists of Environmental, Social & Governance (ESG) criteria of a company and other non-financial values. One of the participants also argued that ESG should be more clearly expressed in the long-term strategy of the company.

The present attitude, perceptions and discussion about shareholder-, stakeholder and/or long-term value is a response to the fear of the short-sighted pressure of the capital markets, and in special cases e.g. the ABN-Amro traumatic battle, which tore the company into three pieces and was severely detrimental to the national interest. Due to these forces, firms cannot or can to a lesser extent, implement sound business policies. One of the participants from the judiciary described this as a "*sad state of affairs*". Judges however cannot disclose all considerations in legal decisions. The legal attitude seems to be: "*we are not going to co-operate with a hostile takeover, unless*", which is only marginally reviewed. Judges seem also fear the consequences of their verdict because it can open the door to an uncontrollable process, which can be - due to capital market dynamics - irreversible. It seems that judges are inclined to slow down the process, so that a more balanced judgment can be made concerning trade-offs. The hostile takeover process is influenced by a lot of lobbying, by lawyers, banks, activist shareholders, and the company itself, according to participant 8.

Being a member of the Monitoring Committee, participant 7 stresses the importance of long-term value creation as an enforceable norm, particularly in the face of a hostile takeover. Hostile takeovers typically involve the absence of dialogue between target and bidder and due diligence. Incumbent boards will tend to resist access to due diligence when faced with an uninvited bid. The participant therefore asks boards to critically reflect on the question whether a hostile takeover is an appropriate instrument to create value for the business at all. Without dialogue and due diligence a bidder company could be exposed to excessive risks which may not be in the long-term interest of the bidder company.

### Broad support and critical voices

The participants seem to support the importance of the adoption of long-term value creation as a norm. It is interesting to observe that investors express their broad support. As one of the participants remarks, shareholders seem to attach more value to long-term value creation than before. For instance, ESG criteria of a company are becoming more important in investment decisions of investors/shareholders. However, the participant stressed that the accountability of boards of directors and their companies on non-financial values can be further improved: "*Investors want to be better informed and convinced about the long-term strategy. Not all boards of directors are sufficiently sharp and responsive. There are few good examples such as DSM, Philips, AMSL. They are at the forefront and therefore are able to avoid threats of activism.*" (participant 6).

Yet, there are also critical voices about long-term value creation as a norm. There is a risk that such an open norm would end up to be a panacea. Participant 6 argued that in a public bid situation, the shareholder should be in the driver's seat, not the board. According to the participant, long-term value creation should not play a role in a public bid situation. The participant argued that in the event of a takeover bid, there cannot be any going concern conception of the target company. The shareholders will base their decision to sell their shares on the price that is offered in a public bid situation. Therefore, the price offered should be the guideline for a target board. *"Everything is accounted for in the price."* Moreover, the participant believed that other factors, such as ESG indicators, are also included in the price mechanism.

The above view contrasts significantly with the view of judges. The company interest may differ from the interest of the shareholders to receive the highest price possible. Under Dutch law, target boards may lawfully decide against the shareholders' interests. As one of the participants stressed, if a firm is connected to a company, that company and its board are obliged to promote the long-term value of the company and its firm. It seems indeed that, at least from a legal perspective, long-term value creation has become a legally enforceable norm in a takeover situation. *"That is what the court ruled"*. (participant 1).

### Reflection

The *communis opinio* was that open norms have been gradually introduced to the Dutch hostile takeover market. Company and firm interest, long-term value creation, lasting success, sustainability and continuity have been established and consolidated as open norms in the Netherlands. Shareholder value – a hard one-dimensional norm – has been suppressed by long-term value creation – a soft multi-dimensional norm. Some participants suggested that this is a reaction to recent hostile takeovers that had sizable negative repercussions on the Dutch economy (for instance the ABN AMRO trauma). Others also connected this movement to the purported short-term pressure of capital markets. This was the standard reasoning in the past, when the norm – shareholder value maximisation – was based on principles of corporate finance and characteristics of capital markets. Institutional investors, however, still see a more important role for the capital market, even if it is conceded that open norms are now a fact of life. They should act in the interest of their constituents; and they have something to explain when they do not go for the highest bid.

Open norms are only limitedly enforceable. Executive directors are, in large part, autonomous in choosing a strategy. So, in principle, executive directors have the benefit of the doubt. Judges only marginally review a hostile takeover. The executive director is, in principle, the best equipped person to make such a decision. However, not every strategy is plausible, sustainable or feasible in the context of long-term value creation. An up-to-date strategy containing trade-offs may protect a company against hostile takeover attempts and provide executives room for action. This protection is not unlimited, because the strategy and the reaction to the offer have to be convincing. Company interest should not be confused with strategy. But judges sometimes feel that they have to pronounce a verdict. They fear the unknown consequences of a hostile takeover; there are high risks involved when a company changes their market/product portfolio. But of course not changing means that there are no risks. This also depends on the guarantees offered by the bidding company. Even when a stand-alone choice is not always the best option, judges may fear that an early opening of the door of negotiations sets an irreversible process in motion and careful consideration of the offer is no longer possible.

### 5. Conclusion

An important conclusion is that the dominant Anglo-American agency theory is not easily applicable in Dutch corporate governance. Agency theory assumes that the interests of the agents (directors and supervisory directors) do not always run parallel to those of the principals. Agents should not be trusted because they are continually tempted to make decisions in their own interest over those of the principal. There are alternative views on how we assume people behave however, for instance as one of the participants from the judiciary concisely commented: *"I strongly believe in the mechanism of trust. I would rather be cheated now and then, instead of wanting to check everything. I also know that some people say 'trust is good, control is better'."* The differences in the concept of mankind may have major consequences for the way corporate governance is structured and rationalised. In Anglo-American traditions, the *communis opinio* is that the shareholders are the ultimate principals. This stands in stark contrast with the Dutch pluralistic view. The company is the principal, so that directors and supervisory directors must direct their actions to further the company's interests. Recognising that shareholders' interests and company interests may differ has the implication that disciplining the management by shareholders does not necessarily serve the interests of the company. This observation does not undermine or diminish the need to discipline executive and supervisory directors. It does however create more complex questions about what solutions are most appropriate. The 'Dutch' seem to no longer look at shareholder value, or the bid price in takeover situations, in isolation as it is simply a one-dimensional inaccurate measure of the value of the firm. Moreover, the belief



in the efficiency of capital markets has been kept in check. The 'Dutch' have long learned from the 'ABN AMRO traum', that the pursuit of shareholder wealth could significantly harm the company's interests and society at large.

It seems that, as a consequence of the long-term value creation norm, a new conceptualisation of the company and the affiliated firm has emerged next to the shareholder and stakeholder view, as a reaction to less patient capital markets: the company as a real entity. As a result an alternative principal-agent model arises: the principal (company) and the agent (the board of directors). Long-term value creation changes the attachment of legal scholarship and business studies, and press both disciplines to (re)examine and (re)establish the company interest in the corporate governance debate.

## Literature

- [1] Assink, B.F. (2015). Belang van de vennootschap, overname en algemeen belang. *WPNR* 31 January 2015/7048.
- [2] Barton, D. (2011). Capitalism for the long term. *Harvard Business Review*, <https://hbr.org/2011/03/capitalism-for-the-long-term>
- [3] Barton, D., Bailey, J., and Zoffer, J. (2016). Rising to the challenge of short-termism. *Focusing Capital on the Long Run (FCLT)*.
- [4] Blanco Fernández, J.M. (2018). Wat is de vennootschap en wat behoort het vennootschapsrecht te zijn. *Ondernemingsrecht* 2018/29.
- [5] Bowman, C., Ambrosini, V. (2003). What does value mean and how is it created, maintained and destroyed? Paper presented at the Academy of Management Meeting, Seattle.
- [6] Eumedion, (2014). Corporate governance forum, Position paper, The future of the public equity market from the perspective of Dutch institutional investors.
- [7] Fama, E.F. (1970). Efficient Capital Markets: A Review of Theory and Empirical Work. *The Journal of Finance*, Vol. 25, No. 2. pp. 383-417.
- [8] Fox, J., and Lorsch, J.W. (2012). What good are shareholders? *Harvard Business Review*. <https://hbr.org/2012/07/what-good-are-shareholders>
- [9] Graham, J.R., Harvey, C.R., and Rajgopal, S. (2005). The economic implications of corporate financial reporting. *Journal of Accounting and Economics*. Vol. 40. pp. 3-73.
- [10] Haldane, A. (2010). Patience and finance, Speech at the Oxford China Business Forum, Beijing, 9 September.
- [11] Jensen, C., and Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Capital Structure. *Journal of Financial Economics*, 3(4) pp. 305-360.
- [12] Jong de, A. et al. (2017). Large Shareholders in Corporate Governance. Research for the Monitoring Committee Corporate Governance on the role of large shareholders in corporate governance in the Netherlands commissioned by the Ministry of Economic Affairs. RSM, Erasmus University Rotterdam.
- [13] Jongh, de, J.M. (2011). 'Redelijkheid en billijkheid en het evenredigheidsbeginsel, in het bijzonder in de verhouding aan aandeelhouders tot het bestuur', *Ondernemingsrecht* 2011/124).
- [14] Kaplan, S.N. (2017). Are U.S. Companies too short-term oriented? Some thoughts. NBER
- [15] Kay, J. (2012). The Kay review of UK equity markets and long-term decision making.
- [16] Orts, E.W. (2013). *Business Persons, a Legal Theory of the Firm*.
- [17] Pitelis, C.N., and Teece, D.J. (2009). The (new) nature and essence of the firm, *European Management Review*, pp. 5-15.
- [18] Raaijmakers, M.J.G.C. (2014). Cancun: een joint venture klem tussen contract en instituut. *Ars Aequi*. pp. 459-465.
- [19] Reisberg, A. (May 26, 2013). Shareholder Value after the Financial Crisis: A Dawn of a New Era? *International Corporate Rescue* 143. Available at SSRN: <https://ssrn.com/abstract=2360125>
- [20] Rindova, V.P., and Fombrun, C.J., (Aug. 1999). Constructing Competitive Advantage: The Role of Firm-Constituent Interactions. *Strategic Management Journal*, Vol. 20, No. 8. pp. 691-710.
- [21] Robé, J-P. (2011). The Legal Structure of the Firm. *Accounting, Economics, and Law*, Vol. 1. pp. 1-86.
- [22] Serafeim, G. et al. (2017). Moving Beyond Quarterly Guidance: A Relic of the Past. *Focusing Capital on the long run (FCLT)*.
- [23] Whincop, M.J. (2001). *An Economic and Jurisprudential Genealogy of Corporate Law*, Dartmouth Publishing Co. Ltd.
- [24] Working Paper 23464. <http://www.nber.org/papers/w23464>



## Would Isolationist Presidents Cause War?

**Assoc. Prof. Ismail Burak Küntay**

Bahçeşehir University, Graduate School of Social Sciences, Turkey

### Abstract

In American politics, it has been seen that the presidents, who came to power from an isolationist perspective, contrary to their rhetoric, find themselves in the greatest wars in American History. In this study, it was researched whether the isolationist rhetoric of some Presidents who were sitting in the presidency during the period of the great chaos experienced in the USA and the world resulted in great wars, or whether the discourses that winning the elections to these Presidents should have an isolationist approach as a result of decomposition of the world and reflection of economic problems to their countries. The assumption of this study is that the Presidents who won the elections with their isolationist rhetoric were later faced with major wars during their presidency as a result of the processes that had laid their foundations before they were President and their infrastructure had been formed in the light of developments in the world. In this context, the internal political and international conjuncture of William McKinley, Woodrow Wilson and Franklin D. Roosevelt periods will be evaluated. Accordingly, domestic and foreign policy statements and decisions of the presidents will be analyzed. As a result of the analysis carried out in the conclusion section, there will be an inference and foresight on American internal policy and foreign policy regarding the isolationist discourse in the Donald Trump period that is on the agenda.

**Keywords:** Isolationism, Discourse, Economy, International Conjuncture, President

### Introduction

In the world order, there have always been moral leaders and states with dominant power. The executive branch of these states is as important as international conjuncture. The Presidents of the United States, who have been leading the superpower scene since the last century, sometimes led to very important international crises. Sometimes their statements would have been enough to bring another perspective to the international issues. We have witnessed many times the construction of important alliances by these Presidents, as well as the discourses of getting back to their own shell.

The question to be asked here is whether the political discourse of these presidents or the international conjuncture, whose foundations have been laid, determines important outcomes such as crises, resolutions or new alliances in the global affairs. Election campaigns run in the presidential race give tips on the policies that the possible presidents will follow. It was possible to see for some to win the elections with isolationist and some with interventionist discourses. The history mostly shown that these discourses do not literally reflect the original. Isolationism was such an important policy tool in order to focus domestic policies and public welfare. In other words, isolation is a complete retreat of a nation from the world stage.

However, this term often defines an unrelated policy: to prevent foreign alliances and conflicts and to wage war only if they are attacked. Most of US history reflects the tension between the desire to withdraw from messy external problems and the belief that America should serve as the dominant power in global affairs.

Isolationist statements are dated to colonial days in the US history. The colonies were filled by many people who fled Europe where there was religious persecution, economic deprivation and war. Their new homeland has been viewed as a better place than the old ones. The distance and difficulty on the journey from Europe highlighted the distance of the new world from the old world. Despite its alliance with France during the War of Independence, the roots of isolation were founded before independence.

Isolationists saw America's geographical separation from Europe as an ideal opportunity to cultivate the new nation in seclusion. "Our detached and distant situation invites and enables us to pursue a different course," George Washington

indicated in his 1796 farewell address. Also Thomas Jefferson warned against "entangling alliances," nevertheless he declared war when North Africa's Barbary pirates started to seizing American merchant ships.

We can consider many issues that carry the examples of crossroads of presidents' statements and their administration. Some of them are shinier in the history scene that does why this study takes particular aspects to have more trustful analyze. Hypothesis of this study is to hold a light to isolationist rhetoric's importance to win presidential race and effectiveness on the management of global crises, with comparative method. In the American system, one of the primary tasks of the President is to make a foreign policy, but it is possible to see how effective the underlying order or disorder is, rather than the rhetoric of the decision-making process. At this point, it is natural for presidents to find themselves practicing the opposite of their statements during their term of office, who have won the elections by identifying themselves with isolationist rhetoric. This study tries to interpret the transformation from this isolationist discourse to action in today's international relations by examining some of the events that appear to be milestones in American history.

The American Presidential System is basically based on the separation of powers and the check-balance system. This system prevents the legislative, executive and judicial branches consolidation in one hand and also makes them aware of their responsibilities against each other. Since United States has been founded, many examples of this system can be seen working clearly. However, the most important ones are examples of the Presidents who have revised their decisions because of this system when their opinions are different.

In this context, William McKinley, who has supported with isolationist statements during election campaigns, is the President of the United States-Spain war, which has been seen as the end of American isolation in history, is the first milestone for this study. It is inevitable that Woodrow Wilson's presidency should be taken into consideration in terms of this study, since the United States is not able to move further its integration into the league of nations even they involved the First World War with their European allies.

The Americans left the pursuit of money and entertainment in the 1920s, and the rise of militaristic dictatorships in Europe and Japan in the 1930s after the Great Depression made them more concerned about putting a plate of food on the table. Franklin D. Roosevelt was aware of the danger, but it was also very difficult to establish a decision-making mechanism with the isolationism perception that had been established at the congress. As the last turning point, the Second World War was approaching; the necessity of U.S. intervention became even more apparent.

When we come to today, we see that the parameters of the Cold War era are no longer sufficient to read world politics. The vision and mission of new world leaders in changing politics and leadership are evolving in this direction. Therefore, in the agenda of the new presidential candidates, policies that are not used to world politics have started to exist. This study will investigate whether the factor that enables Trump to win is the isolationist discourses or the groundwork of the decisions that are likely to take is preformed and pushed it to this path. In the conclusion section, this study will bring together the information that we reveal with past actions of isolationist presidents and discuss the reflections of Donald Trump's Presidency. Table 1, summarizes the presidencies' term, policy orientation, campaign slogans, and international crises they faced during their presidency. Presidents evaluated in terms of these items further analyzed in following chapters.

Presidents	William McKinley	Woodrow Wilson	Franklin Roosevelt	Donald Trump
Electoral Vote	271 v 176	277 v 254	472 v 59	304 v 227
Year	1897 - 1901	1913 - 1921	1933 - 1945	2017 -
Policies & Promises	Domestic & Isolationist	Domestic & Isolationist	Domestic & Isolationist	Domestic & Isolationist
Campaign Slogan	Patriotism, Protection, and Prosperity	He has kept us out of war	Happy Days Are Here Again	America First
International Crisis	Spanish-American War	World War I	World War II	***
Reaction	Interventionist	Interventionist	Interventionist	Has not yet to come

Source: Own Draft

### 1897 – 1901: William McKinley

Since 19th century, election slogans have become symbols in the presidential race. The role of determining the winner can be discussed, but the direction of the agenda and its impact on the weather are significant. Candidates for the presidency form their own slogans by listening to the requirements of the period and the wishes of the people. On the way to the 1896 election, one of William McKinley's campaign slogans was "Good Money Never Made Times Hard". That slogan defines McKinley's belief in the gold standard (against inflation) and his view that the gold standard is the cause of the country's economic difficulties. On the other hand "Patriotism, Protection, and Prosperity" was become the other slogan for the first term of McKinley. This meant supporting existing policies and protecting the level of welfare.

McKinley, who stated that he would focus on protectionism with the steps he took when he started at the office, approved the Dingley Tariff Act to stand in one of his big words. The tariff was introduced by Maine U.S. representative Nelson Dingley. President McKinley promised to provide additional protection. The law laid tariffs on duty-free wool and hides. In the first year of its operation, the average tariff was raised to 51% in American history. The tariff remained in force until 1909 and became the longest lasting tariff in American history.

When you look at the picture from this side you may see a decisive and quick maker presidential office. But in the reality this quickness is not based on his desire to bring protection to the country's economy. While William McKinley running his campaign for 1896 presidential elections, Northern manufacturers were active donors to his party's presidential aspirations. When McKinley summoned congress to a special session in 1897, he rewarded their donations with a new tariff act. An obvious protectionist measure resulted in good worker relations for the McKinley administration, while farmer based state representatives in the fight to block new tasks were deprived of the political platoon to prove a tough response. As a matter of fact, the act has been so protectionist in the eyes of many Republicans that they put other issues behind them in the hope of keeping the public's attention away from the tariff. On the other hand, Democrats claim to have created monopolies in high proportions. Overall, the new tariff did not affect larger products, such as steel or iron, but rather had the highest impact on the needs of life. (Dingley 2010)

McKinley was a veteran of Civil War and kept alive memories of the bloody conflict. As president, he unwillingly dragged into to the Spanish-American War in 1898. At first he underestimated the stories of Spanish atrocities against Cuban citizens. However, yellow journalism, which emerged as a result of the competition in the newspaper industry, was used to ignite people's passion with the explosion of the battleship Maine. That big sector, looking to expand its markets, attached to the inflexible forces, pushed the president toward war.

Yellow journalism was a type of competitive journalism. It has been used to emphasize sensationalism over the facts. The word meaning originates from the competition on the New York City newspaper market between major newspaper Publishers Joseph Pulitzer and William Randolph Hearst. After this expression came together, the sensational styles used by the two publishers in the snow-guided news of world events, especially in Cuba, have been reached. Cuba has long been a Spanish colony and the revolutionary movement, which had been boiling and off there for much of the 19th century, activated during the 1890s. The rise of yellow journalism helped to create a climate conducive to the outbreak of international conflict and the rise of U.S. influence overseas, but it did not lead to war on its own. In fact, the dramatic style of yellow journalism has contributed to the creation of popular support for the Spanish-American War, a war that would expand the global reach of the United States.

The reasons that led President McKinley to protectionist discourses during the candidacy race have become different as a result of events taking place in the international arena and have allowed him to move away from these discourses. The Venezuelan Boundary Dispute was building another dimension of this conversion when you look at the history. There are always been some issues that presidential office cannot ignore. Not only because of expectations of other countries, but also you need to show your power capacity to your people which means popular vote.

The hateful conflict in Cuba between 1895 and 1898 attracted the attention of the Americans because of the economic and political instability it produces in a region that is so close to the United States. In that matter we may consider Spanish-American war as and end of long term isolationism. The mind that keeping America first perspective has formed to another shape.

McKinley, who has not yet completed the first half of the second year, has found himself in the midst of an international problem that people expected him to solve. Although this responsibility was not met by the president with a willingness, it was a not an affordable risk that he would not take necessary steps to be taken. Even after the explosion of Maine, President McKinley tried to take precautions for the war and tried to convince the Spanish government to adopt a compromise policy

with Cuban rebels.

The Spanish government has been too late to prevent the popular demand of involvement in the United States. On April 11, 1898, President William McKinley asked Congress of authority to end the war between the rebels and Spanish forces in Cuba and to establish a "stable government" to "maintain order" and "ensure peace and security" on the island of Cuba and US citizens. That means leaving the international problems behind is not a policy tool anymore. (<https://www.globalresearch.ca/selling-empire-american-propaganda-and-war-in-the-philippines/5355055>)

On April 20, The US Congress adopted a joint resolution accepting Cuba's independence, demanding that the Spanish government give up on controlling the island, not foresee any intention for the United States to add Cuba, and that McKinley take military steps that he deems necessary to ensure Cuba's independence. The Spanish government refused the US demand and urgently cut diplomatic affairs with the United States. In a week Spain government announced war on the United States, and as a natural reaction the U.S. Congress voted to go to war against Spain on April 25. (<https://history.state.gov/milestones/1866-1898/spanish-american-war>)

The reasons and consequences of wars may not always be consistent. Within this context, it is necessary to use a wider range of parameters to establish a link between the results of the reasons for entering the war. The McKinley government also used the war as an excuse to ensure the independence of the state of Hawaii. Supporters of the participation said Hawaii was vital to the U.S. economy, because would serve as a strategic base in Asia that could help protect U.S. interests, and if the United States would not take steps, other nations would intend to take over the island. After these discussions, with McKinley's demand, a resolution of Congress made Hawaii a U.S. territory on August 12, 1898. As another result of this war the United States expanded its lands to the Philippines, Guam, and Puerto Rico.

The experience of the American continent on the way to becoming the United States has made it manifest in a different way. At this point the role of colonial experience is indisputable but the fact is, these staying away from big issues policies were temporary for this kind of potential. While McKinley has again stand on the themes of economic sustainability and stability on his way to his second term, that is obvious in his statements that his general attitude has changed. You can observe the change even in the public speeches. One of McKinley's statements was become "Isolation is no longer possible or desirable," which means exclusiveness is not able to build a wall alone. Expansions of trade and commerce treaties bring larger problems and pressure within. (Merry 2017)

The result is that trying to manage the future with the perception of a current period is futile effort. The most robust way of being prepared to the needs of tomorrow is keeping the values flexible for any demands.

#### **1914–1921: Woodrow Wilson**

In America, the re-escalation of isolation and the return of votes to isolationist approaches occurred as the elections were upcoming 1912. When the First World War was approaching, we could have heard the footsteps of its reasons. The News Network spreading through the development of communication technology allowed the regional crisis to become global issues. We may witness new trends such as nationalism or militarism in that period. The rise of nationalism first threatened imperialism. The spread of this understanding meant a heavy burden on the existence of the great powers of the first 20th Century. Such a variety of these kinds of threats have brought together the alliances of fear in Europe.

It was perhaps most important to ensure the continuity of democracy in these periods. In this context, it was the most profitable choice for the United States not to intervene in the tension of a continent which has no territorial connections. It is possible to observe the reflection of this on election campaigns and rhetoric. All campaign slogans in the 1912 were about economy and social rights besides of global affairs. Nevertheless, it would be insufficient to say that the only effective factor in winning the elections is the election campaign.

The shooting of Theodore Roosevelt was one of the turning points in the 1912 election, which was perhaps the first time in American history, three powerful candidates were competing. In addition, Theodore Roosevelt's founding of the Progressive Party has undoubtedly given more advantage to his opponents than himself. Republicans votes were divided between former President Theodore Roosevelt and his successor President William Howard Taft.

Wilson defeated both Taft and Roosevelt in the general election, won a large majority in the Electoral College, and won 42% of the popular vote, while his closest rival, 27%, received. Wilson was the only elected president of the Democrats between 1892 and 1932. (<https://www.britannica.com/event/United-States-presidential-election-of-1912>)

Woodrow Wilson brought new perspective to U.S. foreign policy which contains idealism and concerns for new balances

of power in Europe. From his point of view, the deterioration of peace would reveal serious flaws that would have to be corrected in the international system. In order to see the United States as a dominant voice in the international arena, perhaps the last thing the administration would want is to pick a side in the upcoming World War.

This protectionist perception was successfully carried out by Wilson and turned into a serious voting potential. In the 1916 elections, even if there was a decline in the Electoral College, it increased its popular votes by one and half times.

In 1916, another explosion of law followed. A new law prohibits child labor; another one was limiting railroad worker is on an eight-hour day. Thanks to this law and the slogan "it kept us out of war", Wilson won with a little difference re-election. But after the elections, Wilson concluded that America could not stay neutral in World War anymore. On April 2, 1917, he asked Congress to declare war on Germany.

If we talk about the background of this decision; in 1917, the restart of the submarine attacks on the passenger and merchant ships by Germany led to Wilson's core motivation to take the United States into World War I on February 26, Wilson requested Congress to authorize U.S. Naval to arms the U.S. merchant ships.

While Wilson weighed his options regarding the submarine issue, he also had to address the question of Germany's attempts to cement a secret alliance with Mexico. On January 19, 1917, British naval intelligence intercepted and decrypted a telegram sent by German Foreign Minister Arthur Zimmermann to the German Ambassador in Mexico City. The "Zimmermann Telegram" promised the Mexican Government that Germany would help Mexico recover the territory it had ceded to the United States following the Mexican-American War. In return for this assistance, Germany asked for Mexican support in the war. However, after the Germany's restart of the submarine attacks in February, the British side decided to send a help note to the United States in exchange for their participation in the war. One thing is apparent that the events which have pulled United States into World War I were not the policies of Woodrow Wilson. Eventually, The British sent the captured Telegram to President Wilson on February 24. The US press carried the story to the news on the following week. (<https://history.state.gov/milestones/1866-1898/yellow-journalism>)

The exact reasons Wilson chose the war in 1917, especially after the sinking of British cruise ship *Lusitania* and *Arabic* in 1915, continue to be the subject of discussion among historians in the light of attempts to avoid the war that killed 131 U.S. citizens. These reasons contributed to President Wilson's request for help from Congress to declare war on Germany. Also encouraged Congress at Wilson's request and declared war on Germany.

So how did the owner of "kept us out of the war" election slogan find himself in the war at his second period? The thing is, you can't really determine the discourse that will bring you a victory in a presidential race. In politics, it is clear which perceptions of the public interest are gathered and politicians are fed by those perceptions in order to get these votes. So, Woodrow Wilson was aware of the voting potential of his country because of he had kept away from the war. Instead of winning the election with such logic, it would be meaningless for coming in front of the public to announce the opposite of the policy he pursued. The principle of consolidating the votes we are accustomed to in politics made isolationist discourses more attractive at that time. In addition, while participating in the First World War, it is important to remember that the aim is not only self-defense but also to determine the limits of power.

After the war, a new world would be established and the countries would have to settle for the role given to them if they did not determine their own role. President Wilson, in his war message to Congress, announced that the U.S.'s goal was to "defend the principles of peace and justice in the life of the world."

When Woodrow Wilson presented fourteen points in Congress, and eight of them were the principles that pointed to regional problems between warring countries. Five of the remaining six points were pointing to open agreements that could provide peace and prosperity in the world. These include some points about free trade that could make the world a more open market, liberalization of the seas, and self-determination as a solution to the imperialist crisis which one of the causes of the war.

Point fourteenth points out the establishment of the League of Nations as an institution capable of guaranteeing the political independence of the small states and even the larger ones, which have increased in number by the nationalist movement.

Although the Versailles Treaty did not satisfy all the relevant parties until President Woodrow Wilson returned to the United States in July 1919, the U.S. public overwhelmingly supported the treaty's ratification, including the Charter of the League of Nations. Although the U.S. public strongly supported the establishment of the League of Nations, the only legislative branch's veto to the agreement came from the US Senate.

These developments have revealed that even the most powerful state of the world, in terms of economy and military, is able to make such a sharp turn from interventionist understanding to isolationist policies. At this point, the opinion of those who do not want U.S. to participate in the League of Nations is that this organization can force the United States to engage in high-cost activities. They say that such activities could undermine the US self-defense capability and deprive it of the virtue of protecting its own interests.

The well-established check-balance and separation of powers in the US system prevented decisions that could take a critical role in the future of the state from being made by one hand. However, we cannot say that the isolationist approach in theory has completely isolated the United States. In the 1920s, the United States played critical roles in restructuring relations in both Europe and Latin America, and of course, the biggest role in this story was belongs to commerce.

### **1933 – 1945: Franklin D. Roosevelt**

Material and moral losses after the First World War have aroused the public's desire in the United States to stay away from the problems of Europe and Asia. Without any preparation, the Atlantic and Pacific oceans offered the United States an effortless security opportunity to avoid these problems. Thus, while the social and political consequences of World War emerged in the 1930s, the United States was able to avoid the political relations of continental Europe.

Of course, as an important part of this transformation, you should not overlook the Great Depression. One of the primary causes of the Great Depression is that the actors who perform their economic roles in the World Order before the war can no longer play that role. The governments of the states that have turned into themselves and are experiencing a lack of communication have accelerated the transition to crisis. It was clear that the causes of the Great Depression were complex, and for many years had been discussed, but the impact of the collapse caused by the Great War it was obvious. The U.S., The Great States of Europe and Japan's efforts for Reconstruction and development could have been visible, but the resilience to the shocks of the restructuring markets has reduced.

We understand from here that the United States was an isolationist in foreign policy, and in economic terms it was an attitude that sought to make it feel freer.

During this period, we see that the two presidential candidates run similar election campaigns on the way to the 1932 elections. The fact that Franklin Delano Roosevelt has chosen "Happy Days Are Here Again" as his song and slogan makes it apparent to the public a desire to comfort them after an economic crisis.

The failure of Republican Former President Hoover in his economic policies has led to a large reduction of his popularity in the public. Thus, with the effects of Wall Street crash and the Great Depression, the 1932 elections resulted in the overwhelming victory of Roosevelt. Roosevelt's isolationist perspective was so effective starting from the day that he took over the office. Therefore, the good neighbor policy, which he clearly stated at the inauguration ceremony, contains the basis for economic cooperation instead of military alliances with the countries in which he is in good relationships.

As the name implies, this good neighbor policy aims to establish closer relations with Central and South America. However, it would be wrong to mention that this is an only U.S. policy. Many countries have gone to similar reconstruction after the war. We observe this clearly in the changing trade volume figures after the Great Depression.

It is interesting that the Presidents who have isolationist discourses show practically contradictory practices. Immediately after the Tsarist Russia collapsed, Wilson decided to not to recognize the Soviet Union and cut all diplomatic relations. Of course, the underlying reason for this decision was to protect the interests of the United States, as was the case with all the isolationist rhetoric. This practice, continued by his successors for 16 years, could only have been broken by one of the first acts of the Roosevelt era. The Bolshevik regime refused to accept the debts remaining from Tsarist Russia, and additionally the fact that Russia secretly made the Brest-Litovsk treaty with Germany which ended the Russian involvement in the World War I, built easier situation for Wilson's decision.

Roosevelt, as soon as he took over the office, while the conditions were forcing him to deal with domestic problems, focused on the issue of the Soviet Union. Because he believed that the recognition of the Soviet Union by the United States was of strategic importance for US interests in Asia. In either case, protecting the interests of the United States was the focus of the Presidents. It is considered to be diplomatic success in every sense to bring a government that come to the power with a revolution to the table you want in the international arena.

Roosevelt hoped that improving relations with the Soviet Union would hinder Japan's expansion in Asia. It could be also possible to prevent the communist society's enlargement in the United States which was supported by the Soviets thanks



to these developments.

In 1934, the Roosevelt administration, made two attempts to signify his desire about improves economic relations with rest of the world. The first was the creation of the Export-Import Bank. In February 1934, Roosevelt established a bank as an institution especially designed to finance U.S. trade with the newly-recognized Soviet Union. He created a second Export-Import Bank in the next month; this was intended to finance trade with Cuba. In 1935, two banks were merged and Congress passed a law giving the new United Bank more power and more capital. (<https://history.state.gov/milestones/1921-1936/export-import-bank>)

The second foreign economic policy initiative in 1934 was the Law on Reciprocal Trade Agreements Act (RTAA). In March 1934, Roosevelt declared, "a full and lasting internal recovery depends on partly on a revived and reinforced international trade", and he asked Congress to negotiate trade agreements with other countries on the basis of tariff cuts. Signed by the law On June 12, 1934, the RTAA represented a fundamental change in U.S. trade policy. (<https://history.state.gov/milestones/1921-1936/export-import-bank>)

When we get to the mid-1930s, we see that the signs of a new World War emerge in Europe and Asia. The US Congress wanted to ensure the neutrality of the country by recognizing this danger in advance. In 1935, the first act of neutrality came out of Congress to ensure the Export License of the U.S. military munitions manufacturers. In addition, in the event of a possible war by virtue of the neutrality act, the US sale of arms to any foreign state was prohibited by this act. Even if President Roosevelt did not share the same opinion with the Congress as a logic, he remained silent to the neutrality acts in the name of not taking the Congress in front of him and ignoring public opinion against him.

In general, neutrality acts represent a compromise so that the United States Government accommodated isolationist sentiments of the American people, but still retained some of its ability to interact with the world. Finally, the conditions for neutrality actions became irrelevant when the United States joined the Allies in the fight against Nazi Germany and Japan in December 1941. There is no doubt that China and Japan relations, who were strained between 1937 and 1941, also affected the U.S. attitude towards the two countries.

Roosevelt, whose first two terms were passed with popular trend such as neutrality, was preparing for the most changeful period. The conflict between China and Japan has clearly disturbed the United States. The United States, which sought to provide advantage to China against Japan, was also concerned about the spread of the rising fascism movement. The economic embargo and diplomatic sanctions against Japan, although the United States actually excluded from the war, were in theory distorting its neutrality.

However, in such a war environment, any proposal for a solution that the United States could offer would not be acceptable by Japan. The Roosevelt side seemed to have not given up on the basis of Agreement and possible solutions until the Pearl Harbor attack on December 7, 1941 pulled them directly into the war. In the following process, Germany declared war on the United States with the motivation of being with an ally of Japan, which caused Roosevelt to find himself in war in both Europe and Asia.

To sum up, when the Second World War broke out, Roosevelt had little choice. The 1939, "Neutrality Act" could have started the sale of arms from the United States relatively, but there was no country to benefit from the sale because of the credit limit it still had. Moreover, the public was vehemently opposed to the re-entry of the United States into war. Another opinion expressed concern that the ammunition could be moved to Nazi Germany if the war would have been lost, in case of arms aid to the Great Britain. Under these circumstances, Roosevelt should have made such a decision that he should not have opposition of the public and protect the interests of the United States in the western hemisphere.

On September 2, 1940, President Roosevelt signed a "Destroyer for bases" agreement. According to the Agreement, the United States gave the British more than fifty destroyers in exchange of ninety nine-year lease contracts of Newfoundland and Caribbean land which would be used as U.S. Air and naval bases. British Prime Minister Winston Churchill demanded that Roosevelt provided the destroyers as a gift, but the President knew that the American people and Congress would oppose such an agreement. (<https://history.state.gov/milestones/1937-1945>) For this reason, the United States decided that an agreement providing long-term access to British bases could be justified on the grounds that it was necessary for the security of the western hemisphere, thus eliminated the concerns of the people and the US military.

Such lend-lease agreements were so successful, that The United States and the United Kingdom were just the starters of this Agreement, till the end of the war, more than thirty countries signed for it.

It is clear from these developments that both foreign policy and domestic policy within the United States cannot be viewed

as a single product. All decisions must serve the interests of the United States and to a certain extent include legislative, executive and judicial branches' predictions.

## Discussion and Conclusion

Election campaigns are an opportunity for presidential candidates to present their arguments. In this way, they send their messages to the international arena for foreign policy while making politics for the votes of the voters to whom they share the same opinion in public. While some candidates try to create a different vision, the majority use their chances for popular discourses.

There are some issues that I would like to draw attention to when this discussion is started in the American history. First of all, there are many similarities between these Presidents. For instance, all of these leaders were sitting in the American presidential post before the great chaos eras. Including President Donald Trump. Most of them have had problems with their appointed cabinet members. For example, McKinley worked with three secretary of state during his four-year presidency. If we try to find the answers by examining the examples mentioned above, McKinley became President while United States has been in the restructuring process and establishing its own infrastructure since the 1860s, but difficulties in changing world order as every country has experienced, especially in Latin America, where economic and nationalism arguments loudly took place.

Therefore, a reflection of that day's world conjuncture is the policies that he had to apply to be elected. As a result, the start of the Spanish-American War in 1898 was an inevitable end for the United States, especially with the impact of the victimization of American citizens in Cuba. Therefore, this is not the result of a discourse; it is a situation in which the discourse triggers the process towards war.

In fact, it would be useful to give an interesting example which can be interpreted today and may be very familiar to you. William McKinley said that he had to expel the Spanish government from the region, and that it was only necessary to leave them to the power of the Americans. Day, on the contrary, believed that it was necessary to be embracing and to bring difficulties to a positive point through trade agreements. But the economic structure and political stance of the society at that time was more appropriate for President McKinley than for Secretary Day's statements and was dismissed from the task. It is possible to observe the same situation in the Trump-Tillerson process.

Woodrow Wilson's presidency is not very different. Wilson says the U.S. economy is of great importance. He mentions that the United States must be renewed in itself first. However, the economic conditions of that time and the existing conditions before Wilson's election have already laid the foundations of the World War I, and the United States found itself in the war because it couldn't be insensitive to it. In fact, it should not be forgotten that Wilson, who said that he advocated isolation, was the President of the United States, who ruled the famous Wilson Principles and the Versailles process after the end of the World War I, who stayed away from his country for the longest time in American history for six months in Paris. Perhaps it would have been possible to see that the League of Nations, which laid the foundations of today's United Nations, is still alive without the U.S. Senate's veto.

The last example is Frank D. Roosevelt. The fact that Roosevelt who said "Our priority should be to raise the American economy" found himself in the Second World War does not arise from his commitment to the economy, the United States, or to isolationist rhetoric. The main point here is that Roosevelt had already said what he had to say in order to come to power in the construction of the world towards this conclusion, and as a result, America had to take its place in the World War itself as natural.

On the way to the 2016 elections, presidential candidate Donald Trump's rhetoric was about putting America first and giving priority to its own people. So much so that "Make America Great Again", which he described as the slogan of the election, was in the mood to appeal to the Middle West. The election promises and even the post-election agenda were about economic decisions. Behind these discourses, there were the workers who wanted to protect their rights were demanding those kind of politics. Although Trump has not taken a role in politics during his career, it is necessary to discuss whether the public has benefited from the demands of a non-political candidate.

However The US presidential system is one of the most powerful systems of the president, but it is necessary to have acknowledged that it has prevented the monopoly decisions with its check-balance system. For this reason, Trump was able to achieve almost only a tenth of what he had promised. In particular, the domestic policy decisions he wanted to carry out were initially disrupted by local courts.

In the past 120 years, while the United States has witnessed the most important wars, it is interesting that the Presidents

who were in charge of the administration have the agenda that cares about domestic politics and follows the isolationist line. History shows that the economic and cultural integration created by the United States in the world order has made the difference between the old and the new world invisible. In world politics, it is possible for you to make your own plans at the same time that if the role given to you in the world order conforms to that plan. Therefore, it will be possible for you to remove the United States from its role, and not according to your own policy as a president, but according to only the needs of the International conjuncture.

The loneliness that the isolationist perspective wanted to bring was only provided in military terms in the three periods we examined. Consequently, Trump's policy will not be met in public, or in Congress, unless it serves the interests of the United States. Because even the decisions made by the isolationist Presidents at the most interventionist times only could be responded for as long as they served the interests of the United States. Donald Trump's intention to renegotiate all relations and decisions in this direction, although the international public opinion has reacted, has had an important impact on the U.S. economy.

In summary, it can be seen in mentioned examples that there are Democrats as well as Republicans, and there are many similarities between them. Actually these leaders raised the situation in the current world conjuncture in order to come to power and this path led them to be labeled as an isolationist and economic-oriented president. The crises that followed were not the personal preferences of these leaders. But the basics of the problems were laid long before they were president and left them alone with the consequences on their presidency periods.

Therefore, the events that they could encounter when they take over the office of the President candidates are the ones that have started to be formed years ago. As a result, the discourses of the presidents should be considered not as reasons or consequences of international events, but as a reaction to the potential vote of the time between the cause and the outcome.

## References

- [1] Berg, A.S., 2013. "*Wilson*". New York: Penguin Random House.
- [2] Brookhiser, R., 2008. "*George Washington on Leadership*". New York: MJF Books.
- [3] Burstein, A., & Isenberg N., 2010. "*Madison and Jefferson*". New York: Random House.
- [4] Dingley, N. 2010. "The Dingley Tariff" Montana: Kessinger.
- [5] Ferling, J., 2009. "*The Ascent of George Washington: The Hidden Political Genius of an American Icon*". New York: Bloomsbury Press.
- [6] Herman, A., 2017. "*1917: Lenin, Wilson and The Birth of The New World Disorder*". New York: Harper.
- [7] Meacham, J., 2012. "*Thomas Jefferson: The Art of Power*". New York: Random House.
- [8] Merry R.W., 2017. "*President McKinley*". New York: Simon&Schuster.
- [9] O'Toole, P., 2018. "*The Moralist: Woodrow Wilson and The World He Made*". New York: Simon&Schuster.
- [10] Other Sources
- [11] "American Isolationism in the 1930s" (<https://history.state.gov/milestones/1937-1945>)
- [12] "New Deal Trade Policy: The Export-Import Bank & the Reciprocal Trade Agreements Act, 1934" (<https://history.state.gov/milestones/1921-1936/export-import-bank>)
- [13] "U.S. Diplomacy and Yellow Journalism, 1895–1898" (<https://history.state.gov/milestones/1866-1898/yellow-journalism>)
- [14] "United States presidential election of 1912" (<https://www.britannica.com/event/United-States-presidential-election-of-1912>)
- [15] "The Spanish-American War, 1898" (<https://history.state.gov/milestones/1866-1898/spanish-american-war>)
- [16] Brewer, S. 2013. "Selling Empire: American Propaganda and War in the Philippines", *Global Research* (<https://www.globalresearch.ca/selling-empire-american-propaganda-and-war-in-the-philippines/5355055> )
- [17] "Did anyone ever serve in the American Civil War and WWI or WWII?" (<https://www.quora.com/Did-anyone-ever-serve-in-the-American-Civil-War-and-WWI-or-WWII> )

## Trade off Between Competitive Advantage and Environmental Threats: the Case of Moldova

**Tatiana PISCHINA**

PhD, Dr. Habilitat in Economics, Prof.

Fulbright Fellow of American University, USA,

Academy of Economic Studies of Moldova (ASEM )

**Romeo FORTUNA**

PhD Cand.

### Abstract

This study highlights the importance of focusing on competitive advantage and specialization to create qualitative internally-driven economic growth, particularly important for nations struggling within current socio-economic affairs. Specialization is a powerful tool for solving social, economic, and demographic problems. In order to develop socio-economic potential of the nation, it is necessary to identify and use supporting mechanisms to reorient the production structure to specialization areas and to the international markets. It is important to focus on competitive advantages and quality in economic growth, especially important for countries that fall into the so-called poverty circle. The goals and benefits of specialization are directly related to the socio-economic policies. National governments should use national competitive advantages, rather than destroy them. The danger of destroying not only national advantages but also the state as a whole can become a reality in the Republic of Moldova because of an attempt to solve the problem of "energy independence" in a way that can lead to irreversible damage to the economy and society.

**Keywords:** Competitive Advantage , Specialization, Environmental Threats, Economic Growth.

### Introduction

The future economic development of Moldova is an important issue because of the continued eastward expansion of the European Union. Moldova, like other countries of the former Soviet block, is eventually likely to want to join the EU and it is now facing the choice of economic model that would allow it to limit the pain of the transition to a market economy. The EU, in its turn, would like to secure stability and economic growth on its eastern borders. Economic growth would, amongst other benefits, reduce the gap in living standards of the countries across the EU border and as a result at the very least limit immigration and trafficking through its borders. Several factors affect future economic development priorities for Moldova:

On the one hand, the goal of EU membership is very likely to become a priority for Moldova in the not so distant future. However, currently Moldova is the poorest European state – GDP per capita at purchasing power parity is about 5.5% of the average level for the EU. Thus, this goal currently looks unrealistic and far distant. On the other hand, the countries to the East, i.e. Ukraine and Russia, are the partners with whom Moldova has historically been closely connected. The current situation is that these countries account for 52-57% of the volume of foreign trade and supply 80% of Moldova's energy resources. Thus, the immediate economic well-being of Moldova is very dependent on its relationship with these countries.

Thus, Moldova should work on integrating itself into the European economy while maintaining its current good relationship with its CIS partners. To satisfy EU entry requirements in the long-term it should sustain real growth of GDP between 6 and 10% p.a. To achieve these high level of GDP growth, Moldova can attempt to implement a growth-oriented economic development model. For example, we can suggest an adaptation of the South-Eastern Asia model, providing it is aligned with Moldova's national priorities, involves effective use of existing infrastructure left from the legacy of the Soviet Union, and includes support for existing national producers. The EU can help by limiting its protectionism to assist this process.

*1.Economic growth: Changes in GDP in Moldova are explained by the underlying level of productive potential*

In the long-run, changes in GDP are explained by the underlying level of productive potential. This is affected by changes in the capital stock, labour and improvement in technology (TFP - Total Factor Productivity), which are all intimately connected in practice. During the 27 years in Moldova the economy has undergone such massive upheaval that it is very difficult to separate out exactly which factors have been most important in reducing the growth rate.

**Labor.** A substantial number of people have migrated from Moldova. More than one million people left the country. In this case, as a rule, people do not return, and young people also leave. Unfortunately, there are no reliable figures to show the exact state of affairs or to estimate the current population of the country. Moreover, the economically active proportion of the Moldavian population has reduced from 54% in 1989 to 40,8% in 2018. There is obviously a huge negative impact of mass migration for Moldova's economy because many highly skilled workers are among the first to leave the country. For the EU in particular, however, migration also poses large problems because of the involvement of organised crime in human trafficking.

People are not motivated to work because the wages often are less than the minimal consumption budget. This is a fundamental problem and successful economic development of the country depends on the elimination of this disproportion. The country needs a clear policy to reduce migration and protect its labour resources. Current efforts by the State are clearly insufficient. However, as we have noted earlier this disproportionately low wage can be successfully exploited by the manufacturers to give them an international comparative cost advantage.

The effort to reduce migration should be simultaneously focused in two different directions: macroeconomic, which includes implementation of structural economic reforms, stimulation of entrepreneurship and other economic measures; and social, which includes specialised rehabilitation, counselling and information programmes.

**Capital.** In 1991 Moldova had 15 large high-tech enterprises. At that time the level of manufacturing volume, technology employed and skills of workforce was comparable with that of the developed countries. These enterprises produced heavy machinery, microelectronics, and special technologies for space programmes, defence and export. Just one enterprise, "Meson", had a turnover of \$550 million and exported to 30 countries. It is all now history. Badly conducted privatisation and depreciation have eliminated most of the capital stock accumulated in economy by 1991.

During the first stages of privatisation large state enterprises were split into small cooperatives to encourage the development of small businesses. However often, instead of producing goods, valuable materials (for example precious metals) and equipment were stolen and sold off abroad. Depreciation has also contributed to the elimination of capital stock. The level of investment was not sufficient even to maintain the former level of capital. This was happening, as we show later, because of limited ability and the absence of economic sense for local producers to reinvest their profits in the local economy, and in particular in long-term capital-intensive projects. The market was also too small to attract any meaningful level of foreign investments

Overall, net capital investments over the last decade were substantially negative and instead of catching up with developed nations the gap grew bigger.

**Total Factor Productivity (TFP).** Moldova used to have a highly skilled work force and world-class researchers as result of being one of the microelectronics centres of the former Soviet Union and part of its well developed defence industry. However, for the years of independence, after the disintegration industries those highly skilled and well educated individuals that would have no problems finding employment abroad were the first ones to leave the country. This has reduced TFP. Reforming the economy did not lead to prosperity of the country. Moreover, Moldova has not yet been able to restore the lost economic potential. As a result, in terms of living standards (GDP per capita), Moldova has not reached the level of 1991, Moldova has evolved from one of the richest ex soviet republics to the poorest country in Europe and like a number of other developing countries, fell into the so-called "vicious circle of poverty" with 'snowball' effect of problems, such as: Low standard of living (GDP per capita \$2,240 in 2017) , Corruption in all spheres of society.

According to the World Bank classification, Moldova is located between the first and second stages of economic development. That is, between the factors - driven , and the investments - driven stages of economic development. That is, in 1990, Moldova held a higher position. The country was in the second stage of economic development. In addition, Moldova had the status of an industrial-agrarian country. Today Moldova has a lower status of an agrarian country.

**Table 1: Moldova's Business Environment, Key Indexes, 2015 - 2017**

Key Index Rating	2015	2016	2017
Global Competitiveness Index	82	84	89
Index of Economic Freedom	111	117	110
Global Innovation Index	46	44	46
Logistics Performance Index	93	96	96
Global Enabling Trade Index	92	79	79
Doing Business	63	44	44

Source: Compiled on the basis of UNDP (2016), IMF (2016,2017), Heritage Foundation (2015, 2016,2017), WEF (2014, 2015,2018,), WIPO (2015, 2016) World Bank (2015, 2016, 2017), WB/IBRD (2014,2016),

Countries such as Moldova in the lower-middle income category have enough income to lift a part of the population above subsistence level, but only some countries have managed to do so - in many cases, inequality of wealth and income remain a significant challenge. These countries must work both on creating the conditions for growth through productivity growth in a broad-based and inclusive way.

## 2.Specialization and Competitive Advantage

Specialization policy defines the effectiveness of production allocation between industries and various branches of the economy and other financial activities, therefore, affects economic growth and optimization of development potential in context of opportunities and pressures presented posed by globalization (Pischina, 2007, p.81). Wise specialization decision should be balanced through the principles of comparative advantage, the principles which theoretically define basic dimensions and logic of specialization (Porter, 1985). As the result, specialization can contribute to the effectiveness and increases in productivity, to the optimization of balance of payments, and finally to the competitiveness of national economy. Slow pace of economic growth is often explained by insufficient participation in international trade. The theory of comparative advantage states that national consumption can be boosted not only by means of expanding or strengthening the internal factors, but also through participation in international trade and specialization within international division of labor, which expands the boundaries of national production capacities. Thus, the policy of concentration on the industries and products that form competitive advantage of a nation positively contributes to the structure of the demand, the structure of external trade and production factors of the trading partners, and finally, to the rate of economic growth.

Economic effectiveness, with which individual nations are able to produce various goods is changing overtime. Movements in allocation of resources and technologies lead to the movements in specialization, and therefore, to changes in relative effectiveness of production of individual economies. For instance, innovation in research development and production of synthetic fibre and artificial rubber radically altered the structure of production resources whereby increasing relative manufacturing effectiveness of those products and goods produced on their basis.

It is generally accepted that the more a factor is specialized (concentrated) in export production, the more it benefits from foreign trade. Conversely, the higher the share of the factor in the products competing with imports, the more it loses in trade. It is also believed that owners of neutral factors (approximately equally represented in both export and import substitution industries) generally benefit from foreign trade, as the country's aggregate gain from foreign trade is accompanied by an expansion in demand for these factors, especially if they can move between the sectors of the economy.

Modern economists largely modify the classical theory. The theory of factors forms the basis for quantitative models and schematics of comparative costs, carried out in the works of Clement and Springerborg (2001), Clement and Skocpol (1979), as well as P. Elsworth, C. Kindlebner, J. Mide, R. Harrod and others. According to their theories, international trade is based on rational mutually beneficial principles profitable for all participating actors. Perhaps true for the developed economies, the same is not necessarily applicable to their developing counterparts. Developing and developed nations are usually characterized by major differences in the living standards, as well as effectiveness in production and labour. Conditional upon those differences, the benefits of foreign trade for the developed economies increases, whilst profitability

gains on import of the developing ones are usually limited, coupled with the fact that foreign debt for those trading partners usually increases.

Thus, developing economies should be specifically careful to observe and exploit their own national specific advantages. This means that the goals and gains from specialization directly relate to the abilities and limitations defined by the national peculiarities, the level of its economic development, as well as its socio-economic policies. In addition, regional component helps to identify both strengths and weaknesses of the national economy, and to define economic branches that may have competitive advantages.

A relatively small number of market economy laws operate in specific or somewhat peculiar economic circumstances unusual for the economic behavior in which they normally apply, especially in conditions of uncertainty of individual economies in transition, showing new, previously unknown properties. Thus, the approach to growth creation and structural transformations for the developing nations must be designed carefully, and somewhat differently, in order to avoid creating economic structures harmful and often incompatible with the peculiarities of a given society and economy. Similar aspects were described in-depth in several papers by the author (Pischina, 2001).

For the developing nations, it is important to take into account the principles of an integrated, systemic approach. According to this principle, we propose to consider all processes, including specialization processes. Objectively, the economy of each country is part of a single global economy, which in its essence is a large closed planetary economy. The processes occurring in any part of this whole are interrelated, interdependent and affect each other and socio-economic interests of one another.

Economic strategy for developing countries must involve the definition of their niche in context of globalization that is based on reasonable considerations taking into account specialization and being able to exploit its advantages for obtaining certain benefits. Developing countries should learn how to effectively develop in conditions of international competitiveness, while preserving their uniqueness primarily in specialization of economic branches (Pischina, 2007).

Generalize the Competitive advantages and specialization of the Republic of Moldova in the following way:

Excellent geographic location in the middle of Europe can attract business interested in the Eastern and Western European markets;

relative safety and stability, high connectivity, high-quality education and healthcare;

great agricultural conditions: 80% of the land is humus (black soil);

exporting wine, fruit, walnuts, grapes, sunflower, meat to Eastern & Western partners;

world's biggest winery registered by Guinness World Records in 2005:(MILESTII MICI ) with 200 kilometres wine cellars;

Moldova's IT specialists are considered to be among the best in Eastern Europe ;

The products of Moldova's IT companies are highly competitive not only due to lower costs of the labour force, but also due to quality on par with global standards;

Moldova had a high level of development of lasers and laser technologies, microelectronics and semiconductors and good level of cooperation with the world centers in the USA, EU and other countries.

### **3. 'Wrong ' National Policies and Environmental Threats**

It is important to focus on competitive advantages and quality in economic growth, especially important for countries, like Moldova. that fall into the so-called poverty circle. The goals and benefits of specialization are directly related to the socio-economic policies. National governments should use national competitive advantages, rather than destroy them. The danger of destroying not only national advantages but also the state as a whole can become a reality in the Republic of Moldova, because of an attempt to solve the problem of "energy independence" in a way that can lead to irreversible damage to the economy and society. The fact is that, On January 2, 2017, the Government of the Republic of Moldova concluded a contract for the exploration, production and development of hydrocarbon resources (shale gas) in a zone covering 40 percent (!) of the territory of Moldova for a period of 50 years(!).The agreement was signed with the American offshore company Frontera Resources International.

Let us note that earlier France and Germany stopped the extraction of shale gas, as harmful to the population. . The Romanian government also refused to offer shale gas in their country.

It's obvious that Moldova's Government does not take into account potential negative consequences for both the country's ecology and public health

The danger of destroying not only national advantages but also the state as a whole can become a reality, because of an attempt to solve the problem of "energy independence" in a way that can lead to irreversible damage to the economy and society.

### **Conclusion**

Moldova for 27 years has been through a very hard time. From one of the wealthier republics of the ex soviet republics it has become the poorest state in Europe. The prolonged recession has reduced all three factors determining long-run economic growth: labour, capital and technology. The poverty of the population is currently its main problem, which also causes immigration and human trafficking into the EU.

We suggest that European economic integration gives Moldova an opportunity to develop a knowledge-based economy and a new competitive advantage, for example in low-cost high-skilled manufacturing for high-tech industries such as semiconductors or telecommunications.

Globalization limits the opportunities for qualitative economic growth for a number of developing countries, such as Republic of Moldova, that consequentially are trapped into the 'vicious circle' of poverty. Developing economies must find a way to survive, to restructure towards growth and to remain competitive.

The fourth industrial revolution opens new opportunities for small developing countries, such as Moldova. A "window of opportunities" for Moldova:

The Republic of Moldova, for example, can be a "test platform", where new innovative technologies will be developed. Therefore, Moldova could become a model of outsourcing of production of high-technologies and high-tech products and be among the countries that will implement these innovations. Why is this possible for Moldova?

Moldova's sector of information technologies is an export sector with truly high potential. IT specialists of Moldova are considered to be among the best in Eastern Europe. The products of IT companies operating in Moldova are highly competitive not only due to lower costs of the labour force, but also due to the fact that the quality of the end product is competitive with the global standards suggesting that there is a large amount of highly qualified labour force in this area.

Moldova had a high level of development of microelectronics and semiconductors. The Moldovan scientists of physics closely cooperated with the world centers in the USA, EU and other countries for the production of semiconductor materials and devices based on them. Laser technologies were successfully developed and introduced. The accumulated experience is not completely lost. And now the cooperation of Moldovan scientists with their foreign colleagues in other countries continues.

Effective policy, both internal and external, can bring positive dynamics of real economic growth.

Moldova is a European country, open, multinational and multilingual, peaceful, incorporating the best qualities from both Eastern and Western cultures.

Moldova has a chance to catch up with the 4th Industrial Revolution – *Internet of Things* as a "test platform" for new technologies - a model of outsourcing of production of high-tech products.

Government, however, has to do much more to encourage entrepreneurship, attract foreign investors and expertise, develop high-tech industries and infrastructure. In particular, improving the security of property rights has to become a priority. But the first steps in the right direction have already been made.

National governments should use national competitive advantages, rather than destroy them. The government must take into account the negative consequences for the ecology and health of the population, giving in concession to the foreign state almost half (40%) of the territory of the country.



## References

- [1] Clement M. Henry, Comparative Study of Political Systems. <http://www.la.utexas.edu/chenry/core/index.html>
- [2] Clement M., R. Springborg R., *Globalization and the Politics of Development in the Middle East*, Cambridge University Press, 2001.
- [3] Heritage Foundation. Moldova: Economic Freedom Score. 2015. Available online: <http://www.heritage.org/index/pdf/2015/countries/moldova.pdf> (Retrieved in November 2016)
- [4] Heritage Foundation. Moldova: Economic Freedom Score. 2016. Available online: <http://www.heritage.org/index/pdf/2016/countries/moldova.pdf> (Retrieved in January 2017)
- [5] Heritage Foundation. Moldova: Economic Freedom Score. 2017. Available online: <http://www.heritage.org/index/pdf/2015/countries/moldova.pdf> (Retrieved in April 2018)
- [6] <https://www.globalinnovationindex.org/userfiles/file/reportpdf/GII-2015-v5.pdf> (Retrieved in July 2017)
- [7] IMF. World Economic Outlook Database, 2016. Available online: <https://www.imf.org/en/Data> (Retrieved in May 2017)
- [8] IMF. World Economic Outlook Database, 2017. Available online: <https://www.imf.org/en/Data> (Retrieved in May 2017)
- [9] Pischina, T. (2007). Structural Economic Priorities in Time of Globalization: Methodologies, Principles, Experience (Teza de Dr. Habilitat în Economie cu titlu de manuscris C.Z.U.: 339.9(043.2)), Chisinau, 260 p.
- [10] Pischina, T. (2007a). Problems And Mechanisms For Improving The Structure Of Foreign Trade In Context Of Strengthening Global Integration Processes. *Dezvoltarea Durabilă a României și Republicii Moldova în contextul European și Mondial*: conf. șt. intern. 22-23 Sept. 2006, Chișinău, ASEM, 2007 - Vol. 1. - pp. 266-271. ISBN 978-9975-75-117-9.
- [11] Porter, Michael, E., *Competitive Advantage: Creating and sustaining superior performance*, NY: Free Press, 1985 (Republished with a new introduction, 1998)
- [12] UNDP. The Index of Human Development, 2016. Available online: <http://hdr.undp.org/en/content/human-development-index-hdi> (Retrieved in January 2017)
- [13] UNDP. The Index of Human Development, 2017. Available online: <http://hdr.undp.org/en/content/human-development-index-hdi> (Retrieved in April 2018)
- [14] WEF. The Global Competitiveness Report 2015-2016: insight report. Geneva, 2015. Available online: [http://www3.weforum.org/docs/gcr/2015-2016/Global\\_Competitiveness\\_Report\\_2015-2016.pdf](http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf) (Retrieved in May 2016)
- [15] WEF. The Global Competitiveness Report 2016-2017: insight report. Geneva, 2016. Available online: [http://www3.weforum.org/docs/GCR20162017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR20162017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf) (Retrieved in May 2017)
- [16] WEF. The Global Enabling Trade Report 2014: insight report. Geneva, 2014. Available online: [http://www3.weforum.org/docs/WEF\\_GlobalEnablingTrade\\_Report\\_2014.pdf](http://www3.weforum.org/docs/WEF_GlobalEnablingTrade_Report_2014.pdf) (Retrieved in August 2017)
- [17] WEF. The Inclusive Growth and Development Report 2017, World Economic Forum. Available online: [http://www3.weforum.org/docs/WEF\\_Forum\\_IncGrwth\\_2017.pdf](http://www3.weforum.org/docs/WEF_Forum_IncGrwth_2017.pdf) (Retrieved in February 2017)
- [18] WIPO. The Global Innovation Index 2015: Effective Innovation Policies for Development. Cornell University. Geneva, 2015. Available online:
- [19] WIPO. The Global Innovation Index 2016: Winning with Global Innovation. Cornell University. Geneva, 2016. Available online: [http://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2016.pdf](http://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2016.pdf) (Retrieved in August 2017)
- [20] World Bank, IBRD. The Logistics Performance Index. The International Bank for Reconstruction and Development, 2014. Available online: <https://lpi.worldbank.org/> (Retrieved in August 2017)
- [21] World Bank. Connecting to Compete. Trade Logistics in the Global Economy. The Logistics Performance Index and Its Indicators, 2016. Available online: [https://wb-lpi-media.s3.amazonaws.com/LPI\\_Report\\_2016.pdf](https://wb-lpi-media.s3.amazonaws.com/LPI_Report_2016.pdf) (Retrieved in August 2017)
- [22] World Bank. Doing Business 2015: Going Beyond Efficiency, 2014. Available online: <http://russian.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB15-Full-Report.pdf> (Retrieved in August 2017)
- [23] World Bank. Ease of Doing Business in Moldova. 2017. Available online: <http://www.doingbusiness.org/data/exploreeconomies/moldova> (Retrieved in September 2017)
- [24] World Bank. *The Global Economy in Transition, Global Economic Prospects, 2015*. Available online: [www.worldbank.org](http://www.worldbank.org) (Retrieved in August 2017)

- [25] World Bank. *World Development Indicators database*. Available online: <http://data.worldbank.org/products/wdi>  
(Retrieved in October 2016)
- [26] [www.gagauzia.md](http://www.gagauzia.md)

## A Review on Performance in Non-Governmental Organizations (NGOs)

Hasan Metin, PhD

### Abstract

This descriptive study provides a comprehensive literature review about performance management and measurement in non-governmental organizations within contingency approach. Effectiveness and sustainability are examined as the dimensions of the performance within the study, while their conceptualization within third sector are provided afterwards. The study emphasizes the unique character of the NGO (third) sector of relying on the volunteer effort that the conceptualization of performance for NGOs mostly differs from the profit seeking organizations. Moreover, there are resemblances in the conceptualization of performance both for profit seeking and non-profit organizations such as obtaining the previously determined objectives. Consequently, performance management in NGOs is a very complicated task and there is not one way of doing it. Scholars emphasize the non-financial ways of measuring performance for NGOs, because the financial approach of performance measurement would not give correct results due to commitment characteristic the NGO volunteers.

**Keywords:** Contingency Approach, Effectiveness, NGOs, Performance, Sustainability

### Introduction

Since there are satisfactory literature on the performance management and performance measurement of NGOs and third sector, the author does not find it necessary to make the broad explanations of these concepts. Only definitions of performance measurement and its relation with performance management will be provided, and the concept of performance measurement in NGOs will be analyzed. Conceptualization of performance management in contingency perspective will be emphasized.

The literature review on the concept of performance in the NGO literature can be summarized under four titles: Performance management, performance measurement, performance assessment and performance (only). Alexander (2000), Alexander and Weiner (1998), Campell, (2008), Campell (2010), Chenhall, Speckbacher (2003) Coşkun, (2006), Coşkun (2008), Ferreira and Otley (2009), Halland and Smith (2010), Hope (2013), McEven. Shoesmith and Allen (2010), Sales (2013) focused on performance management. Alexander, Brudney and Kaifeng (2010), Bagnoli and Megali (2009), Barros and Nunes (2007), Brown (2005), Brown (2007), Campell and Lambright (2014), Carnochan, Samples, Myers and Austin (2013), Cordery and Sinclair (2013), Dawson (2010), Greiling (2010), Hatry (1999), Helden, Johnsen and Vakkuri (2012), Herman and Renz (2008), Holland and Jackson (1998), Kaplan (2001), Kara (2009), Kirk and Nolan (2010), Lee and Nowell (2014), MacIndoe and Barman (2012), Mano (2010), Marshall and Suarez (2014), Moxham (2009), Moxham (2014), Moxham and Boaden (2007), Mouchamps (2014), Pestana Marlin, Ritchie and Geiger (2009), Poister (2003), Preston and Brown (2004), Righi and Andreoni (2014), Ritchie and Kolodinsky (2003), Sawhill and Williamson, (2003), Sjöstedt (2012), Stevens (2006), Teelken (2008), Thomson (2010), Tiyek (2013), Wadongo (2014), Yang, Brenon and Wilkonson (2014), Zimmermann, Stevens, Thames, Sieverdes and Powell, (2003) concentrated on performance measurement.

Benjamin (2010), Gallagher and Radcliffe (2002), Inglis and Cleave (2006), Hope (2013), Lee and Nowell, (2014), Lichteiner and Lutz (2012), Lindblad (2006), Mano (2010), Paton, Foot and Payne (2000), Purcell and Hawtin (2010), Zimmermann, Stevens, Thames, Sieverdes and Powell (2003) are the scholars that focused on performance assessment. Green, Madjidi, Dudley and Gehlen (2001), Hamann and Ren (2013), Heinrich (2000), Sabert and Graham (2014) analyzed performance within NGOs without making any specific emphasis on measurement, management or assessment.

### Definition of Performance Measurement and Performance Management

Performance management and performance measurement can be used interchangeably with the same meaning.

The difference between the terms performance management and performance measurement is very blurred that (Moxham, 2014) transiting from measurement to management entails action to be taken on the performance data (Radnor & Barnes, 2007).

First two definitions given below are provided from Poister (2003) and Teelken (2008):

Different kinds of performance measures are defined to track particular dimensions of performance, such as effectiveness, operating efficiency, productivity, service quality, customer satisfaction, and cost-effectiveness. Performance measurement, then, refers to the process of defining, observing, and using such measures (Poister, 2003, p.p.3-4).

Performance measurement is viewed here as a warning, diagnosis and control system, that is used to keep track of economy (looking back), efficiency (current organizational process), effectiveness (output in the short term, such as number of graduates) and efficacy (output in the long term, such as an educated or healthy population and society, also called outcome) (Teelken, 2008).

Fine and Snyder's definition focuses on what the performance measurement involves. "Performance measurement "involves the selection, definition, and application of performance indicators, which quantify the efficiency and effectiveness of service-delivery methods" (Fine & Snyder, 1999, p.24).

Lindblad (2006) states "the use of goals, measures, and data to assess services is called performance measurement He also states that "agencies measure performance in several ways: amount of inputs and outputs, degree of efficiency, and type of outcomes" (Lindblad, 1962, p.13).

Emphasis of efficiency and effectiveness is also very crucial (Rojas, 2000; Gray, Bebbington, & Collison, 2006; Unerman & O'Dwyer, 2006; O'Dwyer & Unerman, 2008; Fine & Snyder, 1999). Fine and Synder (1999) state efficiency "measures the relationship between resources and the results obtained from using them" (Fine & Synder, 1999, p. 24). Effectiveness "determines how well a service is provided or how successful a department or program is meeting previously established objectives" (Fine & Synder, 1999, p. 24).

Ammons' (1996) definition of performance involves the following measurement categories: "workload, efficiency, effectiveness, and productivity. Workload measures are considered as amount of work performed or services delivered. Efficiency gives "the relationship between work performed and the resources required" (Ammons, 1999, p. 12). Effectiveness gives the degree to which performance objectives are met. Productivity combines the dimensions of efficiency and effectiveness into a single indicator (Ammons, 1999).

Beamon and Balcik (2008) focus on frameworks for performance measurement as well as present procedural frameworks and structural frameworks.

Ferreira and Otley (2009) focus on frameworks like Beamon and Balcik and discuss Otley's (1999) performance management framework and Simon's (1995) performance management frameworks.

As it can be seen there is no consensus about how to define performance measurement and performance management.

### **Performance Management and Performance Measurement in NGOs**

NGOs have organizational structure like profit seeking organizations, they are subject to perform the fundamental managerial functions as well. Therefore, planning, organizing, leading and controlling are very significant functions for NGOs. Moreover, NGOs have strategic objectives as well (Kaplan, 2001; Coskun, 2008). The probable strategic objectives for NGOs would be increasing organizational effectiveness and efficiency, (Lindenberg, 2001; Beck, Lenngnick-Hall, & Lenngnick-Hall, 2008; Poister, 2003) productivity, (Lindenberg, 2001; Beck et al, 2008), innovation, increasing market share, ability to acquire needed sources (Ritchie & Kolodinsky, 2003).

Performance management as a concept is very crucial for survival of the NGOs. It is also important for the NGOs that they can function effectively. Because performance measurement being the main activity of the control function of management is the way to assess the overall achievement of an organization (Coskun, 2005). The reason lies behind measuring the performance is to help the decision making process (Zimmermann and Stevens, 2006), improve organizational effectiveness (Poister, 2003) and to quantify results (Hatry, 1999). Zimmerman and Stevens (2006) state evaluation and performance measurement have the same meaning in non-profit sector.

The characteristics of the NGOs and civil society as a sector such as relying on volunteer work, having multiple stakeholders, commitment to the public work, not seeking for profit characteristics make conceptualizing the organizational performance for NGOs a more complex issue compared to profit making organizations (Speckbacher, 2003; Herman & Renz, 1999; Tucker, 2015).

Even if NGOs have practical financial considerations, profit making is not their objective. (Kaplan, 2001; Coskun, 2008), therefore, their performance or general effectiveness is not likely to be measured by quantitative methods (Brown, 2000).

As mentioned above providing public service is one of the uniqueness of NGO sector that makes it different from for-profit sector. There are common aspects of performance measurement both for NGOs and for profit seeking organizations such as “making the link between mission and measures” (Kaplan, 2001; Coskun, 2008). Not profit seeking character of the NGOs results in concentrating on non-financial and indicators as well as financial indicators. The time expectations for the resolutions of the problems that NGOs deal with are of a “longer time horizon” (Tucker, 2015; Frumkin & Andre-Clarke, 2000). “This distinction based on time is important because it relates to the trade-off typically facing NFPs between short-term performance targets such as financial and operational efficiency, and long term, mission-related policy effectiveness, stewardship responsibilities and the provision of services” (Tucker, 2015, p.317). Not profit seeking does not necessarily mean there is no financial dimension in the performance measurement of the NGOs. “Operating expense ratios, productivity measures, fundraising efficiency and the ability to acquire needed resources” (Ritchie & Kolodinsky, 2003) are the indicators of the financial dimension of the performance management of the NGOs. Moreover non-financial criteria as Kaplan (2001) stated like “quality of service provision, satisfaction of members/volunteers/staff, public image and programme/ service effectiveness have been acknowledged as playing a pivotal role influencing performance” (Tucker, 2015, p.318).

Another aspect about the conceptualization of the performance of NGOs would be the fact that the service they provide is mostly intangible (Forbes, 1998) due to the varying objectives of multiple stakeholders (Speckbacher, 2003). As stated above this makes performance measurement in the third sector a very complicated task and there is no single way of conceptualizing the performance management (Sawhill & Williamson, 2001; Nobbie & Brudney, 2003; Baiser & McClusky, 2005; Hodge & Piccolo, 2005; Herman & Renz, 2008; Doherty & Hoyer, 2011). This reminds us the Contingency approach that suggests that there is no single way of achieving the effectiveness and “it all depends” (Bradshaw, 2009). Multidimensional framework is needed for conceptualizing performance in the third sector (Coskun, 2008; Rojas, 2000). Determination of organizational goals and objectives is very crucial in the context of performance management and measurement (Kelly & Alam, 2008).

Kaplan’s (2001) argument that both financial and non-financial indicators are needed to measure the performance in the third sector is not a unique statement that he has about the third sector only, but it is obvious that the statement is reigning in the third sector due to characteristics of the sector mentioned in advance. It is a traditional understanding that performance has been considered as the measurement of financial performance (Gray, Owen & Adams, 1996; O’ley, 1999; Tucker, 2015).

As stated above since determination of organizational goals and objectives is very crucial in the context of performance management and measurement in general, it is obviously very crucial in the third sector as well.

### **Contingency Approach in Performance Management**

Usage of the contingency approach in the conceptualization of the performance management and performance measurement seems promising.

The broad contention that there are no ‘universally valid rules’ of what constitutes organizational performance, and that the ‘appropriate’ conceptualization of organizational performance will be influenced by, and needs to be matched to, the context within which NFPs operate, enhances the attractiveness of contingency explanations (Tucker, 2015).

One of the main contingency variables is environment, and environmental competitiveness is a major issue discussed in the literature. Contingency approach looks for the best strategy and structure to increase the organizational effectiveness; efficiency and productivity. In the case of NGOs efficiency and productivity are important (Lindenberg, 2001; Beck et al., 2008) that they also improve their effectiveness (Rojas, 2000; Gray, Bebbington, & Collison, 2006; Unerman & O’Dwyer, 2006; O’Dwyer & Unerman, 2008). Effectiveness is the first dimension of performance in this study.

Sustainability is our second dimension under performance in this study. Literature tells us that NGOs face the same economic pressures like profit seeking organizations to survive (Clohesy, 2003; Beck et al., 2008).

### **The Concept of Organizational Effectiveness and its Definition**

As it is explained Ammons’ (1996) performance definition involves effectiveness as a measurement category. As stated before emphasis of efficiency and effectiveness in performance measurement is very crucial (Rojas, 2000; Unerman & O’Dwyer, 2006; O’Dwyer & Unerman, 2008; Fine and Snyder, 1999). Effectiveness “determines how well a service is

provided or how successful a department or program is meeting previously established objectives" (Fine & Synder, 1999, p. 24).

Above previously mentioned explanations about effectiveness are valid within the performance measurement literature, there is more about organizational effectiveness. Robbins (1983) and Miles (1980) provide a very detailed analysis of approaches related to organizational approaches. Since there are different classifications, (Miles, 1980; Robbins,1983; Rojas,2000; Herman & Renz,1998; Herman & Renz,1999; Herman & Renz,2008; Arikan,2009) and different understandings related to definition and conceptualization of organizational effectiveness, it can be considered as a jungle (Miles,1980,p.355).

The definitions differ according to school of thought the authors belong to. Explanation of the different approaches or models related to conceptualization of organizational effectiveness shall be provided below.

Main measures of organizational effectiveness are productivity, efficiency, profit, quality, growth, turnover, job satisfaction, absenteeism, and control, planning and setting goals (Campell, 1977). The list can be extended. The most significant point to be stressed in this part is that "Effectiveness is not one thing. Perhaps a better way to think of organizational effectiveness is an underlying construct that has no necessary and sufficient operational definition but that constitutes a model or theory of what organizational effectiveness is" (Campell, 1977,p.18).

It is possible to emphasize below approaches, or models (as previously stated, there is even disagreement on how to name the approaches, theories or models) of organizational effectiveness. The goal attainment model or approach (Miles 1980; Robbins,1983; Arikan,2009), the systems model or approach (Miles 1980; Robbins,1983; Arikan,2009), the strategic-constituencies model or approach (Robbins,1983; Arikan,2009), The competing values approach (Robbins,1983; Arikan,2009) and ecology model (Miles,1980), Reputational approach (Arikan, 2009), multidimensional approach (Arikan,2009).

Cameron (1986) identifies system resource, internal processes, multiple constituencies, competing values, legitimacy, fault driven, and high performing models. The list can be extended, but four models will be explained within this study:

Goal Attainment Model ( Approach)

The Systems Model (Approach)

Strategic-Constituencies Model (Approach) ( The Stakeholder Approach)

The Competing Values Model (Approach)

### **Goal attainment model (approach)**

Goal attainment model conceptualizes organizational effectiveness in terms of ends as opposed to means ( Miles, 1980,p.361;Robbins,1983,p.24) and has the assumption of every organization has manageable, consensually agreed goals that can be "correctly defined and measured" (Arikan, 2009, p.50; Robbins,1983,p.24). According to this approach, effectiveness is defined in terms of the attainment of previously attained goals. Goal attainment approach is most compatible with management by objectives philosophy (Robbins, 1983, p24). Goal attainment model is based on classical organization theory (Öğe, 2000) where mechanistic conceptualization of organizations is present (Morgan, 1986).

There are very strong critiques towards goal attainment approach. The ambiguity about identifying the goals that are accepted by all constituencies seems a challenging task for the supporters of this approach. The question of whose goals will rule remains very controversial for the goal attainment approach (Arikan, 2009; Robbins, 1983; Miles, 1980).

The goal attainment model presupposes that organizational goals are set within a hierarchy in the organization and everyone in the organization puts the maximum effort to achieve these goals. However, this is also questionable (Öğe, 2000). "In real life some of the resources and energy of organizations is preserved for the survival" (Arikan, 2009, p.51). Survival is thought to be the necessary condition for success of the organizations (Kimberly, 1979, p.438).

### **Systems model (approach)**

The system approach or model is based on the open system approach and population ecology theory (Arikan, 2009, p.51; Koçel, 2011). Open system approach conceptualizes organizations as organisms living in an open system interacting with the rest of the system with being part of it. (Koçel, 2011; Miles, 1980; Robbins 1983; Morgan, 1956) "Questions of systems effectiveness, general systems approach with its biological orientation would appear to have an evolutionary view of system

effectiveness. That living system which best adapts to its environment prospers and survives” (Mc Kelvey & Aldrich, 1983). “Most assessments of organizational effectiveness related to this model have stressed the interdependencies both between the functions of the organization and the elements in the environment” (Miles, 1980, p.367). This model takes the means instead of ends while conceptualizing the organizational effectiveness.

The first critique directed to the systems model of organizational effectiveness is the fact that “instead of specific, measurable ends system model focuses on vague, futuristic model of organizational survival” (Miles, 1980, p.371; Robbins, 1983; p.30).

The second critique is that the model focuses on the means of organizational effectiveness rather than organizational effectiveness itself (Robbins, 1983, p.30).

### **Strategic-constituencies model (approach) (Stakeholder approach)**

Strategic Constituencies model (also known as Stakeholder Approach) of organizational effectiveness is a similar one to the system model in the sense that they both emphasize interdependencies, but the strategic constituencies model does not take into account the whole organization but, only the factors that threaten organization’s survival (Pfeffer & Salancik, 1978; Robbins, 1983, p.31).

A very fundamental presupposition of this model is that, it is not the case that all the demands that come from different interest groups have the same importance. That is why the organizational effectiveness is conceptualized as organization’s ability to identify the strategic constituencies in favor of the organization (Robbins, 1983).

The probable critique to this model is the difficulty of determining the strategic constituencies in the environment in practice.

### **Competing values model (approach)**

Quinn and Rohrbaugh (1981) introduced the competing values approach. This approach presupposes “that there are competing values that create conflicting goals. There is no single goal in an organization. Additionally, “There is no consensus on the identification of the goals” (Robbins, 1983, p.34).

This model is a very complicated one. As a summary, this model conceptualizes organizational effectiveness as inherently paradoxical. “To be effective, an organization must possess attributes that are simultaneously contradictory, even mutually exclusive” (Cameron, 1986, pp.544-545)

The problem with the competing values approach is the lack of empirical support (Robbins, 1983, p.38)

### **Literature Review on Organizational Effectiveness in the NGOs**

Organizational effectiveness in the NGO literature (Campell, 2010; Covey, 1995; Gordon, Khumawala, Kraut & Neely, 2010; Gugerty, 2008; Herman & Renz, 1998; Herman and Renz, 1999, Herman and Renz, 2008; Karataş & Şaşmaz, 2013; Lecy, Schimitz & Swedlund, 2011; Mahalinga Shiva & Suar, 2011; Öge, 2000; Rojas, 2000; Smith 1999) “continues to be an elusive and contested concept” (Herman & Renz, 2008).

From the references given above there are two very significant studies about the concept of effectiveness, by Lecy, et al., (2011) and Herman and Renz (2008).

Lecy, et al., (2011) presented a structural literature review on NGO effectiveness and concluded the following:

There is broad scholarly consensus that unidimensional measures of effectiveness are not useful—even though such measures are commonly used by NGO/NPO rating agencies; (2) the scholarship on NGO/NPO effectiveness is dominated by conceptual works, while empirical studies remain rare; (3) a consensus on how to operationalize effectiveness remains elusive. These results suggest that progress in our understanding of NGO/NPO effectiveness requires enhanced efforts at crossing disciplinary divides, adding empirical analyses, and increasing attention to develop shared categories and methodologies (Lecy, et al., 2011).

Herman and Renz (2008) advance nine theses (conclusions) on effectiveness of NGOs that they believe are justified by research.

1-Nonprofit organizational effectiveness is always a matter of comparison.

2-Nonprofit organizational effectiveness is multidimensional.

3-Boards of directors make a difference in the effectiveness of NPOs, but how they do this is not clear.

4-The more effective NPOs are more likely to use correct management practices.

5-Nonprofit organizational effectiveness is a social construction.

6-It is unlikely that there are universally applicable “best practices” that can be prescribed for all NPO boards and management.

7-Responsiveness is a useful overarching criterion for resolving the challenge of differing judgments of NPO effectiveness by different stakeholder groups.

8-It is useful to differentiate among different types of nonprofit organizations in assessing the merits of different approaches to understanding nonprofit effectiveness.

9-Level of analysis makes a difference in understanding effectiveness, and it is important to differentiate effectiveness at program, organization, and network levels (Herman & Renz, 2008).

### **The Concept Sustainability and its Definition**

There are various definitions of sustainability. Researches from, environmental studies, social science and management provided the definitions for sustainability.

Elkington's Triple Bottom Line approach has an influence and conceptualization of sustainability. “Triple Bottom Line” is the most prevalent concept in the literature which considers sustainability at the intersection of economic, social, and environmental goals of a firm” (Taşçıoğlu, 2014, p.32; Wang & Lin, 2007).

Wang and Lin's ( TBL ) sustainability index system provides an individual index set not only for the three dimensions of sustainability – economic, environmental and social, but also for the intersecting areas of these three main dimensions, namely eco-environmental, eco-social, socio-environmental and eco-socio-environmental (Turan, 2010).

### **Literature Review on Sustainability in the NGOs**

Since the sustainability is evaluated under performance and effectiveness, the studies to be referred in NGOs context is limited.

Weerawardena, McDonald, and Mort (2010) emphasized the sustainability, strategy relation and stated that” building a sustainable organization has impacted on the strategy focus of the nonprofit organizations” (Weerawardena et al., 2010). Prabhakar (2014) focused on analysis of the sustainability of credit non-governmental Organizations (CNGOs). Besel, Williams and Klak (2011) presented a “theoretical framework to analyze financial sustainability by relating it with the foundations of institutional and population ecology theories. Their study “incorporates the main points of these previous studies in defining financial sustainability as the ability of nonprofits to diversify their funding base” (Besel, et al., 2011). Al-Tabbaa, Gadd and Ankrah (2013) found that quantity models are relevant in the NGO context as with respect to effectiveness, performance and strategy.

Meyer, Emerick and Momen, (2003) due to limitation of fiscal or personnel resources presents “concept of continuity planning” that they think should be applied within the nonprofit sector. “An organization's long-term financial capacity is sustainable if its rate of change is sufficient to maintain assets at their replacement cost” (Bowman, 2011). Campell (2010) presented NGO related sustainability research involving concepts “disaster, organizational ecology, and entrepreneurship research” (Campell, 2010).

### **Conclusion**

This study provides a comprehensive literature review on the performance of NGOs and concludes performance management in NGOs is a very complicated task and there is not one way of doing it. Scholars emphasize the non-financial ways of measuring performance for NGOs, because the financial approach of performance measurement would not give correct results due to commitment characteristic the NGO volunteers. There is significant amount of people that dedicate themselves to the mission and objectives of the NGOs and expect no financial return.

Effectiveness and sustainability are taken as two separate dimensions of performance in NGOs. Effectiveness is a crucial dimension in the sense that achievement of previously determined objectives is significantly important for both profit seeking



and non-profit organizations. Sustainability on the other hand is another very important concept, because survival is considered to be the most important consequence of performance when conceptualized within population ecology theory.

## References

- [1] Alexander, J. (2000). Adaptive Strategies of Nonprofit Human Service Organizations in an Era of Devolution and New Public Management. *Nonprofit Management and Leadership*, 10(3), 287-303.
- [2] Alexander, J. A., & Weiner, B. J. (1998). The Adoption of the Corporate Governance Model by Nonprofit Organizations. *Nonprofit Management and Leadership*, 8(3), 223-242.
- [3] Alexander, J., Brudney, J. L., & Kaifeng, Y. (2010). Introduction to the Symposium: Accountability and Performance Measurement: The Evolving Role of Nonprofits in the Hollow State. *Nonprofit and Voluntary Sector Quarterly*, 39(4), 565-570. doi:10.1177/0899764010369662.
- [4] Al-Tabbaa, O., Gadd, K., & Ankrah, S. (2013). Excellence models in the non-profit context: strategies for continuous improvement. *International Journal of Quality & Reliability Management*, 30(5), 590-612. doi:10.1108/02656711311315521.
- [5] Ammons, D. N. *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards*. Thousand Oaks, Calif.: Sage, 1996.
- [6] Arıkan, S. (2009). Collective efficacy and organizational effectiveness: antecedents and consequences. Unpublished doctoral dissertation. Marmara University, Istanbul, Turkey.
- [7] Bagnoli, L., & Megali, C. (2009). Measuring Performance in Social Enterprises. *Nonprofit and Voluntary Sector Quarterly*, 40(1), 149-165. doi:10.1177/0899764009351111.
- [8] Balsler, D., & McClusky, J. (2005). Managing stakeholder relationships and nonprofit organization effectiveness. *Nonprofit Management and Leadership*, 15 (3), 295-315.
- [9] Beck, T. E., Lengnick-Hall, C. A., & Lengnick-Hall, M. L. (2008). Solutions out of context. Examining the transfer of business concepts to nonprofit organizations. *Nonprofit Management and Leadership*, 19 (2), 153-171.
- [10] Benjamin, L. M. (2010). Funders as principals. *Nonprofit Management and Leadership*, 20(4), 383-403. doi:10.1002/nml.20001.
- [11] Besel, K., Williams, C. L., & Klak, J. (2011). Nonprofit sustainability during times of uncertainty. *Nonprofit Management and Leadership*, 22(1), 53-65. doi:10.1002/nml.20040.
- [12] Birinciöğlü, N., & Acuner, T. (2015). Aile İşletmeleri Kurucularının Ve Aile Değerlerinin Aile İşletmelerinin Sürdürülebilirliği Üzerindeki Etkisi: Trabzon Örneği. *Uluslararası İktisadi Ve İdari İncelemeler Dergisi*, (14).
- [13] Bowman, W. (2011). Financial capacity and sustainability of ordinary nonprofits. *Nonprofit Management and Leadership*, 22(1), 37-51. doi:10.1002/nml.20039.
- [14] Brown, W. A. (2000). Understanding organizational configurations and models of board governance in nonprofit organizations. Paper presented at the Association for Research on Nonprofit Organizations and Voluntary Action Annual Conference, New Orleans, LA, November 2004.
- [15] Brown, W. A. (2005). Exploring the Association Between Board and Organizational Performance in Nonprofit Organizations. *Nonprofit Management and Leadership*, 15(3), 317-339.
- [16] Brundtland, G. (1987). Our common future: Report of the 1987 World Commission on Environment and Development. United Nations, Oslo, 1-59.
- [17] C., Cordery, C., & Sinclair, R. (2013). Measuring performance in the third sector. *Qualitative Research in Accounting & Management*, 10(3/4), 196-212. doi:10.1108/qram-03-2013-0014.
- [18] Cameron, K. S. (1986). Effectiveness as paradox: Consensus and conflict in conceptions of organizational effectiveness. *Management science*, 32(5), 539-553.
- [19] Campbell, D. A. (2008). Getting to yes or no: Nonprofit decision making and interorganizational restructuring. *Nonprofit Management and Leadership*, 19(2), 221-241. doi:10.1002/nml.216.
- [20] Campbell, D. A. (2010). Organic and sustainable. *Nonprofit Management and Leadership*, 21(2), 139-153. doi:10.1002/nml.20017.
- [21] Campbell, D. A., & Lambright, K. T. (2014). Program Performance and Multiple Constituency Theory. *Nonprofit and Voluntary Sector Quarterly*. doi:10.1177/0899764014564578.
- [22] Campbell, J. P. (1977). On the nature of organizational effectiveness. *New perspectives on organizational effectiveness*, 13, 55.
- [23] Can, A. V., Ozturk, E. (2015). Examination of Sustainability Status of Company Profits: A Sectoral Research for BIST Companies. *Journal of Business Research Turk*, 7/1 325-339.

- [24] Carnochan, S., Samples, M., Myers, M., & Austin, M. J. (2013). Performance Measurement Challenges in Nonprofit Human Service Organizations. *Nonprofit and Voluntary Sector Quarterly*, 43(6), 1014-1032. doi:10.1177/0899764013508009.

### Online Report

Initiative, Global Reporting. "Sustainability reporting guidelines, Version 3.0." *GRI, Amsterdam* (2006).

retrieved on 06.03.2016. <https://www.globalreporting.org/resourcelibrary/G3-Guidelines-Incl-Technical-Protocol.pdf>.

## The Impact of Early European Presence in West Africa

**Pr. Dr. Malika SAHEL**

The High College for Teachers (E.N.S.B) /Algiers-Algeria

Department of English

### Abstract

Before the colonial era, African Kingdoms relied on themselves for their subsistence. They achieved food-self-sufficiency under subsistence economy, and even used to sell the surplus of food, mainly cereals to the Europeans on board the ships on the Coast to feed the slaves during their journey to the Americas. This situation was to change by the late 19<sup>th</sup> century as Africans were driven to experience a new system the Europeans imposed. Thus, they relied on imported food provided by Europeans, a fact that developed their dependence. The latter became more important and significant during the European Colonial rule in Africa until African colonies became almost entirely dependent on abroad. This dependence has remained the evil threatening African independent states' political, economic and social stability.

**Keywords :** Africa, Colonial era, European Impact, Dependence.

### Introduction

Before the establishment of European colonial rule, Africa knew food-self-sufficiency under subsistence economy. For instance, African farmers used to sell their production surplus of cereals to the Europeans who were involved in the Trans-Atlantic slave trade. The problem of food dependence was a colonial invention that has caused African sufferings since the colonial era until the present day. Therefore, dependency on abroad in terms of food has remained a recurrent issue in most, in not all, European African former colonies.

The present paper attempts to consider the impact of early European presence on African social, economic and political life. For instance, a question imposes itself: Why did the Africans fail to preserve their already achieved food-self-sufficiency despite favourable geographic and climatic conditions during the colonial era ? Our focus will be on a former British West African colony, namely the Gold Coast. The latter shares common features with most African countries and was identified as the most developed British African colony, enjoying favourable conditions for a prosperous agricultural sector. In fact, its good climatic conditions and the different reliefs and abundance of water were only to favour a remarkable development there. However, dependence on foreigners was cultivated and underdevelopment prevailed.

### I- European Presence in Africa :

The beginning of the 15<sup>th</sup> century registered an increase in the European demands for Asian goods such as silk, sugar, spices and a severe decrease of their reserves of gold as a result of a series of ruinous wars. This manifested need for gold drove the Europeans to think about Africa and where the North African merchants, who brought African commodities to Europe, came from.<sup>1</sup> Thus, the African continent wealth became targeted by European explorers.

### 1- European Impact on African Social, Economic and Political Existence :

The Portuguese were the pioneers to explore African western coasts. In 1434, they started their explorations. The purpose behind was to control trade in gold, which had hitherto been controlled by North African Muslims, through the control of trade on West African Coast. Unfortunately, the death of the Portugal Prince, Henry the Navigator, in 1460, stopped the explorations at Sierra Leone. Ten years later, a Portuguese merchant, named Fernao Gomes, resumed the explorations southward. He reached Fernando Po in 1475, leaving his men looking for gold between the Ankroba and Volta Rivers. They managed to find so much gold that they named the area Mina, which means the mine.<sup>2</sup> Later on the name of Gold

<sup>1</sup> E. W. Bovill, *The Golden Trade of the Moors*, London, Oxford University Press, 1968, p. 109.

<sup>2</sup> J. D. Fage, *A History of West Africa*, Cambridge, Cambridge University Press, 1969, ps. 51-52.

Coast was approved by the English and the Europeans who used it during the whole period of their presence there. In fact, the Portuguese achieved their goal and put an end to the North African traders' monopoly on gold. This European presence brought deep social, economic and political changes which were to have a significant impact on African societies.

#### **A- Social Impact :**

Indeed, the arrival of the Europeans to Africa had tremendously affected the African societies. Trans-Atlantic slave trade which was initiated and controlled by these Europeans had a negative impact on local communities. Many families lost members of theirs ; children were made orphans because their fathers were captured and deported to the Americas. Part of West Africa had to cope with a shortage of labour which resulted in a lack of food. Men who were the providers of food and shelter for their families were captured and taken far away to be exploited in an inhuman way. For instance, throughout the three centuries of the trans-Atlantic slave trade, it was estimated about 20 million Africans were deracinated from their homes and brought to the Americas.

On the other hand, the anti-slave movement which fought the inhuman character of such trade was to strengthen the missionaries' eagerness to Christianize Africa. Though the presence of Christian missionaries can be traced back to the sixteenth century as they accompanied traders and consuls, it was only towards the end of the eighteenth century that their work knew significant dynamism. This period coincided with religious revival in Europe which led to the necessity to spread Christianity among the 'heathen people of Africa'. The missionaries believed on the one hand that European presence in the 'Dark Continent' and the development of commerce would gradually transform African traditional societies, on the other that the spread of capitalism would facilitate the promotion of Christianity and subsequently the welfare of Africans.<sup>1</sup> As J. E. Harris put it :

*European evangelicals focused serious attention on Africa as a place for African repatriation and proselytization. This European initiative, emanating among people whose cultures historically demeaned things African, had a decisive impact not only on Africa and Africans but on black – white perceptions and... relations throughout the world.<sup>2</sup>*

The early missionary societies included the Christian Missionary Society,<sup>3</sup> the Wesleyans<sup>4</sup> and the Basel Missionary Society.<sup>5</sup> The Christian Missionary Society arrived to Sierra Leone in 1806 and to Nigeria in 1847. The Wesleyans settled in Sierra Leone in 1811, in the Gold Coast in 1835 and arrived to Nigeria in 1847. The Basel Missionary Society began its activities in the Gold Coast in 1828.<sup>6</sup> Later, these were subsequently followed by other mission societies such as the Southern Baptist Convention, the Roman Catholic Mission and the Primitive Methodist Missionary Society.<sup>7</sup>

Christian eagerness and determination to export Christianity to Africa necessitated the training of missionaries to cope with non-European values. The European governments then provided training designed to assist them in their contact with the natives of Africa and their evangelization. For instance, the British government assisted the Christian Missionary Society missionaries to fulfill four-year training at one of the two Christian Missionary Society's colleges at Islington and Reading in England. The Wesleyan Society also had as early as 1864 its own college at Richmond.<sup>8</sup>

Local Christian missionaries could provide literacy to the chiefs' sons through missionary schools with the aim of evangelizing them. The latter had to learn reading and writing to grasp the Bible. The educational course in these schools

<sup>1</sup> M. Tidy and D. Leeming, *A History of Africa*, London, Hodder and Stoughton, 1980, p. 119.

<sup>2</sup> J. E. Harris, *Africans and their History*, London, Amerindian book, 1972, ps. 222, 224.

<sup>3</sup> *Ibid*, p. 31

<sup>4</sup> *Ibid*, p. 28

<sup>5</sup> *Ibid*, p. 70

<sup>6</sup> F. Borsalii, 'British Advisory Institutions on Colonial Education 1923-52', Alger, Office des Publications Universitaires, Septembre 1986, p. 3.

<sup>7</sup> Nigeria, Education Department, Annual Report, 1933, p. 2.

<sup>8</sup> B. Salvaing, 'Missionnaires Catholiques Français et Protestants Britanniques Face à l'Afrique', *Revue Française d'Outre-mer* 1984,

Tome LXXI, N° 262-263, p. 40.

was designed to neglect African historical realities and culture. Missionaries insisted on the worthlessness of the African past to make people more receptive of everything from the west<sup>1</sup> and focused on the superiority of the European values.

African converts were subsequently used by the white missionaries to spread Christianity. The first ones were among the freed slaves of Sierra Leone whose proselyting effort was primarily in Yoruba land and the lower Niger region where they settled.<sup>2</sup> Since the missionaries could not speak vernacular, they predominantly used English first, then introduced the vernacular progressively after the study of the different languages of the ethnic groups they wished to educate.<sup>3</sup> In fact, they thought that the use of the vernacular in religious books would facilitate conversion. For instance, as the Bible was the main textbook in their schools, it was translated into the important vernaculars such as Ibo, Efik and Hausa thanks to the collaboration of Africans like Samuel Ajayi Crowther. The latter was the first African Bishop who as early as 1851 wrote a Yoruba grammar and a Yoruba/English dictionary.<sup>4</sup>

By introducing education and Christianity in Africa, Christian missionaries contributed to the social development of local People. For instance, the Basel Evangelical Missionary Society sent four missionaries to the Gold Coast in order to educate and Christianize Africans.<sup>5</sup> However, they were too harsh with African customs. Their attitude was paternalistic, deprived of any respect of the Africans and their past. One of the effects of missionary education in Africa was the creation of a middle class.<sup>6</sup> The missionaries' goal was to Christianize the local people and promote western civilization. They also targeted agriculture promotion, cash crops in particular. In fact, they could not conceive civilization without the existence of classes.<sup>7</sup> Thus, the deliberate creation of an African separate class was the best selected way to accelerate the spread of religious, economic and political ideas. This new class was expected to adopt new attitudes to become the African representatives of European civilization. The new converted African, Christian, was taught to serve Christianity and transform African society. He was taught '...the art to make Bibles or the money to buy them'.<sup>8</sup>

This missionary achievement, namely the initiation of an African western educated class, affected the traditional African Society. Their used methods to isolate the African pupils and converts from their natural environment to eradicate their past and turn them away from their traditional community meant a break inside that community and its weakening. Moreover, the missionaries' focus on the individual and his own achievement through education rather than on the group completed the isolation of the African literate from his community and made his reintegration difficult, if not impossible.

Besides, the missionary elementary, primary and secondary schools which introduced literacy, offered a sort of contempt for manual jobs. They showed that the acquisition of literacy training could be much rewarding than vocational training and agriculture. Thus, young Africans sought for clerical jobs and neglected agriculture which hitherto guaranteed their communities food-self-sufficiency. By so doing missionaries, weakened traditional values since vocational education had a very important part in native education.

## **B- Economic Impact :**

Wanting to find a direct access to African gold and a new route to reach Asia, far from the Italian brokers and Muslim middlemen, who monopolized trade between Western Europe and Asia, the early Portuguese expeditions appeared very dynamic. This commercial motivation was also to lead to other European explorations in the African Western Coasts. This, in fact, was to bring about change in the course of trade which became southwards rather than northwards. The goods the Gold Coast traders exchanged with the northern markets changed as well. For instance, slave trade overtook trade in gold. It lasted three centuries.

The Portuguese traders started to deal with the natives on board the ships, on the coastal area in 1482. They used to exchange their manufactured goods such as cloth, beads, utensils, and guns for gold, ivory, perfume, peppers and kola nuts. This situation was not satisfactory for John II, then king of Portugal, who wanted to monopolize trade in West Africa. Consequently, he decided to build a fort on the shore where Portuguese traders could keep their goods, and as a

<sup>1</sup> J. S. Coleman, *Nigeria, Background to Nationalism*, Los Angeles, University of California, 1963, p. 105.

<sup>2</sup> M. Tidy and D. Leeming, *op. cit.*

<sup>3</sup> A. B. Fafunwa, *History of Education in Nigeria*, London, Allen & Unwin, 1974, p. 89.

<sup>4</sup> J. S. Coleman, *op. cit.*, p. 102.

<sup>5</sup> A. Boahen, *Ghana : Evolution and Change in the Nineteenth and Twentieth Centuries*, London, Longman, 1975, p. 79.

<sup>6</sup> A. Adelabu, "Studies in Trends in Nigeria's Educational Development : An Essay on Sources and Resources", *African Studies Review*, Vol. 14, N° 1, 1971, p. 107

<sup>7</sup> J. F. A. Ajayi, *Christian Mission in Nigeria, 1841-1891*, London, Longmans, 1966, p. 17.

<sup>8</sup> A. Adelabu, *op. cit.*, p. 106.

headquarters to control trade along the coast. Despite the native opposition, the castle named "Elimina"<sup>1</sup> was built and trade flourished. For instance, trade in gold reached its peak in the early sixteenth century. The natives exported about one-tenth of the world's supply in gold; i.e., 680 kilograms. Besides, slaves became, for the first time, a new commodity to be exported by the Gold Coast.

Consequently, competition among European rivals broke the Portuguese monopoly over trade in West Africa. Dutch, French, Swedish, Danes and English joined on the coast.<sup>2</sup> More European trading posts were built in West Africa during the eighteenth century, a fact that affected the economic life of the local people. Indeed, this European presence in the Gold Coast created a growing demand for goods and services. It stimulated local people to cultivate and produce more crops and crafts.<sup>3</sup> For instance, the chartered company of Dutch merchants named West India Company, which employed about one thousand permanent workers, was constantly in need of food that Africans had to provide and sell.<sup>4</sup> They also provided the Europeans with small boats and containers used in transporting goods and commodities from and to the interior, and from ships to the shore. The imported goods included cloth, military supplies, alcohol, tobacco, and metal ware.<sup>5</sup> On the other hand, the exports included gold, ivory and slaves, some agricultural produce such as lime juice, dyewoods, wax, pepper, rice and gum.<sup>6</sup> Gold and slaves represented a high proportion of the exports.

However, the Industrial Revolution came to impose new choices. A regular supply of raw materials became prerequisite. The British judged more profitable to keep the Africans working on farms and in mines at home to supply agricultural and mineral products required by the metropolitan economy. Thus, anti-slavery campaigns multiplied their dynamism to obtain the Abolition Act in 1807.<sup>7</sup> In this context, Oshitel wrote: "Abolition of Slave Trade Law, 1807 was thus the outcome of the tremendous efforts of highly respectable and God-fearing individuals both in the British Parliament and Pressure Group outside Parliament...".<sup>8</sup> It is obvious that the abolition of slave trade was to affect the economy which had to fill the caused gap. The promotion of improved agriculture gradually filled the economic vacuum. Indeed, agriculture knew radical changes that led to an important increase of the products. European Entrepreneurs with the assistance of missionaries introduced new technologies into the means of production to improve agriculture. They gradually carried off with the African existing subsistence economy and involved local farmers in a cash crop one. For instance, during the second decade of the nineteenth century, the Danes attempted to establish an agricultural export enterprise to produce maize, coffee and cotton.<sup>9</sup> This new system was facilitated by the positive attitude of the local people who ignored the ultimate consequences of such a system on their food self-sufficiency. The European entrepreneurs encouraged the production of primary products needed by their markets and contributed to the establishment of a peripheral economy in the Gold Coast.

Thus, the Colonial Governments were seen concerned first and foremost to make their own territories economically self-supporting. Therefore, they stimulated the African inhabitants to grow economic crops on their own land, or alternatively encouraged European settlers or companies to establish plantations, or to develop mining industries in which Africans were employed as wage laborers. In fact, the colonial Governments provided the necessary basic structure of civil administration, law and order, and developed communications to facilitate the orientation of the African system of production in the direction of the export economy.

### C- Political Impact

The earliest British interest in West Africa was that of trading companies. The latter aimed merely at setting up a few forts as headquarters for trade without trying to control in any way the local tribes. In 1788, an attempt under British protection was led to establish a settlement largely of North American blacks in Sierra Leone. From 1821 the British Government became directly responsible for governmental relations in respect of Sierra Leone, the Gold Coast and the Gambia, where trading posts were living a difficult situation. In 1861, in order to fight the slave trade, the ruler of Lagos was influenced to

<sup>1</sup> F. W. Migeod, "A History of the Gold Coast and Ashanti", Journal of the Royal African Society, 15, No. 59, April, 1916, p. 236.

<sup>2</sup> S. Blumenthal, Bright Continent: A Shoestring Guide to Sub-Saharan Africa, New York, Anchor Books, 1974, p. 90.

<sup>3</sup> H. M. Feinberg, Africans and Europeans in West Africa, Vol. 79, Part 7, Philadelphia, The American Philosophical Society 1989, p. 65.

<sup>4</sup> [http://wikipedia.org/wiki/british\\_empire\\_economic\\_conference](http://wikipedia.org/wiki/british_empire_economic_conference).

<sup>5</sup> H. M. Feinberg, op. cit, p. 50.

<sup>6</sup> Ibid, p. 52.

<sup>7</sup> G. N. Brown, An Active History of Ghana, Vol.1, From the Earliest Times to 1844, London, Allen & Unwin, 1961, p. 72.

<sup>8</sup> G. A. Oshitel, Expansion of Christianity in West Africa, Ibadan, Bomadi, Patani, Ughelli, Warri, Oputuru Books, 2002, p. 49.

<sup>9</sup> R. A. Kea, Plantation and Labour in the South – East Gold Coast from the late eighteenth to the mid nineteenth century, From Slave

Trade to 'Legitimate' Commerce, African Studies, Cambridge, Cambridge University Press, 1995, p. 131.

surrender his territory to the British Crown. In 1862, treaties were registered with the tribes adjacent to the four chief centres of British influence. After the Berlin Conference of 1885 had clarified the legal position concerning African protectorates and spheres of influence, treaties with the other Powers<sup>1</sup> with interests in Africa resulted in the recognition of British protectorates over territories adjacent to the Gambia, the Gold Coast, Sierra Leone and Lagos, including Northern and Southern Nigeria. In 1874, the ruler of Ashanti who had manifested hostility towards the British was defeated and his territories annexed ; it was placed under the authority of the Governor of the Gold Coast.

This British contact with West Africa which ended in the colonization of some African territories, for instance, Sierra Leone (Freetown 1808, Northern Protectorate 1896), the Gold Coast (Fanti 1821, Ashanti 1874, Northern Territory 1896) and Nigeria (Lagos 1861, Oil Rivers 1881, Southern and Northern Nigeria 1900) brought a new culture.

Following the establishment of colonial rule, systems of administration were instituted in different African territories. Each colony had an executive and a legislative council,<sup>2</sup> the former consisting of officials while the latter of both a majority of officials and a minority of unofficial until 1946. Sierra Leone at first made use of a council with a dual-purpose, which it took over from the days of Company rule, but by 1863 it ended by getting separate executive and legislative councils. The Gold Coast set up a legislative council in 1850 and Lagos in 1862. Thus, each colony was allowed, as far as possible, to make its laws and manage its own administrative and financial affairs. This form of colonial institutions coexisted with African native authority instituted by F. Lugard<sup>3</sup> who introduced its first in Nigeria and was to be extended after about 1920 to West Africa.<sup>4</sup>

During the first centuries of their presence in West Africa, the British were not attracted by political dominance. Authority was in the hands of local chiefs. However, the Industrial Revolution came to dictate new attitudes as the interests changed. Indeed, the last quarter of the nineteenth century registered changes that Europeans' needs, for raw-material for their factories and new foreign markets for their manufactured goods, imposed. Thus, the acquisition of African territories was judged necessary. In this context, Batten pointed out that the "Industrial countries not only needed customers for their manufactured goods, they also needed many raw materials for their factories and also foodstuffs for their peoples".<sup>5</sup>

#### **a- The Gold Coast : A British Crown Colony 1807-1874 :**

The British power and jurisdiction steadily increased in the Gold Coast to manage the growing interests Britain had to secure in Africa. During the first two decades of the century, the British forts and settlements were supervised by a group of merchants who set up two committees. The first of these included three members in London while the second had five members in Cape Coast. Sir Charles McCarthy was designed to administer the forts and castles on the Coast. Nevertheless, the natives objected the British involvement in their affairs, especially during the service of George Maclean. The latter, in 1829, was designed President of the Council of merchants in Cape Coast.

##### **a.1- McCarthy's Administration :**

After the dissolution of the company of merchants in 1821, the British Government appointed Sir Charles McCarthy governor of Sierra Leone and the British forts in the Gold Coast, which were kept under common administration for the three following decades. At that time, the Ashanti and the Fanti states were in war on the Coast. Several reasons were behind this conflict. First, the Ashanti traders were prevented by the Fanti from having direct access to the Coast to trade with the Europeans ; second, the Fanti supported rebellions in the Ashanti land ; third, the position of El Mina, which was under Dutch control, was seen by the Fanti as a threat that should be eradicated to prevent the Ashanti merchants from their only ensured access to Europeans. This Fanti continual negative and provocative attitude towards the Ashanti drove the latter to attack the Fanti states, criticize their alliance with Britain and refuse the latter's sovereignty over her settlements.

<sup>1</sup> Of these compacts the most important was that with France in 1898 under which large concessions were made to that Power, but the Nigerian territories were definitely recognised as within the British sphere of activity. A. B. Keith, *The British Commonwealth of Nations Its Territories and Constitutions*, London, Longmans, 1940, p. 21.

<sup>2</sup> The legislative council possessed the power, with the assent of the government, and provided the Secretary of State for the colonies in London did not disapprove, to make the laws'. J. D. Fage, *op. cit.*, p. 180.

<sup>3</sup> Quoted in J. M. Carland, *The Colonial Office and Nigeria, 1898-1914*, London, Macmillan 1985, p. 66.

<sup>4</sup> J. D. Fage, *op. cit.*, p. 182.

<sup>5</sup> T. R. Batten, *Tropical Africa in World History*, Oxford, Oxford University Press, 1961, p. 83.

As a result, a series of Anglo- Ashanti conflicts started to last for about seventy years. The last of the four main wars between Britain and Ashanti states ended with the defeat of the Ashanti on April 4<sup>th</sup>, 1874.<sup>1</sup>

During his office, McCarthy had to solve two difficult issues. He had to find means to put an end to slave trade and to ensure safe trade routes for British merchants in West Africa. Both of these two missions represented an additional burden from to the British Treasury, a fact that drives McCarthy to think of new sources for new incomes locally. His intelligence drove him to seek an alliance with the Fanti and the Dutch to face the Ashanti's danger. By so doing, he reduced his administration expenses. However, the Ashantis became more determined to struggle. For instance, in 1824, they attacked the British settlements on the Coast. McCarthy was defeated and killed. This severe defeat convinced the British soldiers to withdrawal from the settlements in 1828. Their decision was harshly criticized by the British merchants who reminded the Government of its moral commitments. After negotiations, they obtained an agreement to receive a government annual subsidy of £4000 to administer only the forts of Cape Coast and Accra.

#### **a.2- Maclean's Administration :**

In 1829, like this predecessor, George Maclean inherited turbulences embodied in the Ashanti threats and slave raiders' dynamism. Lacking the needed means to solve these problems, he decided to cultivate friendship with the other Europeans powers present in the region and with the southern states of the Ashanti. His efforts to be very convincing in his negotiations brought peace and order. Consequently, British merchants could follow their business. Indeed, the obstacles were removed

Despite the limited force which restricted his prerogatives, Maclean managed to end some inhuman habits and customs like human sacrifice, slave trading and raids on traders. According to him, these practices heavily hampered the development of the Africans.<sup>2</sup>

#### **a.3- Hill's Administration :**

When the British Government decided to administer its forts and castles officially on the Coast in 1843, it designed Commander Hill as Lieutenant-governor and Maclean as Judicial Assessor. Hill succeeded to convince seven chiefs to sign a declaration in March 1844, named the Bond of 1844. It charged the African rulers to protect the rights of individuals and property. This treaty was joined by ten other chiefs who represented the southern states. These important bonds ensured peace and safe trade routes. Merchants were safe in their journeys between the coastal trading posts and the Ashanti markets. This, in fact, attracted more merchants and resulted in making the Gold Coast independent from the crown colony of Sierra Leone with its own administration on the spot.

In 1850, the Danes withdrew from the Gold Coast to leave the British provide an effective rule. Indeed, they established a legislative and an executive council. Thus, new sources of income were needed. Accordingly, the British administration bought the Danes' fort to have extra income from duties on goods passing through these forts. Besides, the British imposed a Poll Tax by an ordinance passed by a legislative assembly of chiefs in April 1852. The collection of tax was completely abandoned in 1861, mainly because of the resistance of some chiefs in some areas to collaborate with the administration. In this context, Boahen pointed out :

*Resistance to the tax which began towards the end of 1853 developed into open rebellion first in eastern districts in January 1854 where the kings and people organised protest meetings in Accra and refused to pay tax.<sup>3</sup>*

However, a series of measures like, for instance, the introduction of Lands Bills of 1894 and 1897, the re-setting up of the Supreme Court and the executive council, the activity of the National Jurisdiction Ordinance of 1883 were taken by the British to further their exploitation of African wealth and make of Africans British subjects.<sup>4</sup>

<sup>1</sup> Boahen, op. cit, ps. 31-33.

<sup>2</sup> Boahen, op. cit, ps. 38-39.

<sup>3</sup> Boahen, op. cit, p. 46.

<sup>4</sup> Boahen, op. cit, p. 61.



## Conclusion

The European presence in West Africa during the pre-colonial era had a tremendous impact on Africans' social, economic and political life. Socially, missionaries' offered education certainly allowed the Africans to be into contact with a new civilization worth of the name. However, it prevented them from a precious heritage that could remind them of their roots to allow a more significant and fruitful development. Thus, the European harshness towards the African culture brought about alienation which was only to weaken the Africans. Besides, the partition of African territories in Berlin Conference had social consequences on African societies. Many tribes and communities were split regardless their tribal, cultural, and linguistic tights. For instance, the Hausa Community was divided into French Niger and British Nigeria. The Dahomey territory was divided into 25% as French Dahomey and 75% were annexed to British Nigeria to weaken its political weight. This European partition has remained a source of conflicts between African neighbouring countries.

Economically, the trans-Atlantic slave trade which lasted three centuries, if not more, ruined the African economy that had made, hitherto, Africans self-sufficient and independent from foreigners. Furthermore, once the slave trade was ended, a partial transition from traditional economy to cash crop economy was initiated to fill the resulting economic gap and integrate the African economy in the imperial economic sphere. This, in fact, resulted in a peripheral economy dependent on the economy of the Empire. To answer the needs of the European markets, local farmers were convinced to abandon food crops for cash crops by offering them technical assistance and increased prices.

Politically, the first three centuries of European presence in West Africa did not register European political involvement. In other words, authority was in the hands of African chiefs. Nevertheless, during the last quarter of the nineteenth century, West Africa witnessed important changes that resulted from the Europeans' new attitudes towards the acquisition of African territories, dictated by the Industrial Revolution requirements of more raw-material for factories and new foreign markets for the manufactured goods. Thus, severe measures were taken to reveal colonial dominance over land and subjects that were previously protected.

## Bibliography

- [1] Adelabu A., "Studies in Trends in Nigeria's Educational Development : An Essay on Sources and Resources", *African Studies Review*, Vol. 14, N° 1, 1971.
- [2] Ajayi J. F. A., *Christian Mission in Nigeria, 1841-1891*, London, Longmans, 1966.
- [3] Batten T. R., *Tropical Africa in World History*, Oxford, Oxford University Press, 1961.
- [4] Blumenthal S., *Bright Continent : A Shoestring Guide to Sub-Saharan Africa*, New York, Anchor Books, 1974.
- [5] Boahen A., *Ghana : Evolution and Change in the Nineteenth and Twentieth Centuries*, London, Longman, 1975.
- [6] Borsali F., 'British Advisory Institutions on Colonial Education 1923-52', Alger, Office des Publications Universitaires, Septembre 1986.
- [7] Bovill E. W., *The Goden Trade of the Moors*, London, Oxford University Press, 1968.
- [8] Brown G. N., *An Active History of Ghana, Vol.1, From the Earliest Times to 1844*, London, Allen & Unwin, 1961.
- [9] Carland J. M., *The Colonial Office and Nigeria, 1898-1914*, London, Macmillan 1985.
- [10] Coleman J. S., *Nigeria, Background to Nationalism*, Los Angeles, University of California, 1963.
- [11] Fafunwa A. B., *History of Education in Nigeria*, London, Allen & Unwin, 1974.
- [12] Fage J. D., *A History of West Africa*, Cambridge, Cambridge University Press, 1969.
- [13] Feinberg H. M., *Africans and Europeans in West Africa*, Vol. 79, Part 7, Philadelphia, The American Philosophical Society 1989.
- [14] Harris J. E., *Africans and their History*, London, Amerindian book, 1972.
- [15] [http://wikipedia.org/wiki/british\\_empire\\_economic\\_conference](http://wikipedia.org/wiki/british_empire_economic_conference).
- [16] Kea R. A., *Plantation and Labour in the South – East Gold Coast from the late eighteenth to the mid nineteenth century, From Slave Trade to 'Legitimate' Commerce*, African Studies, Cambridge, Cambridge University Press, 1995.
- [17] Keith A. B., *The British Commonwealth of Nations : Its Territories and Constitutions*, London, Longmans, 1940.
- [18] Migeod F. W., "A History of the Gold Coast and Ashanti", *Journal of the Royal African Society*, 15, No. 59, April, 1916.
- [19] Nigeria, Education Department, Annual Report, 1933.

- [20] Oshiteln G. A., Expansion of Christianity in West Africa, Ibadan, Bomadi, Patani, Ughelli, Warri, Oputoru Books, 2002.
- [21] Salvaing B., 'Missionnaires Catholiques Français et Protestants Britanniques Face à l'Afrique', Revue Française d'Outre-mer 1984, Tome LXXI, N° 262-263.
- [22] Tidy M. and Leeming D., A History of Africa, London, Hodder and Stoughton, 1980.

## **Design of a Conceptual Model for Improving Company Performance Based on Lean Management Applying the Viable System Model (VSM)**

**PhD Candidate, Ing. Sergio Gallego García**

Research area of Productive Systems at UNED University, Madrid, Spain

**PhD Candidate, M.Sc. Rayco Rodríguez Reyes**

Faculty of Economics at Rey Juan Carlos University, Madrid, Spain

**Prof. Dr.-Ing. Manuel García García**

Department of Construction and Fabrication Engineering at UNED University, Madrid, Spain

### **Abstract**

Designing, changing and adapting organizations to secure viability is challenging for companies. Researchers often fail to holistically design or transform organizations. Thus, the aim of this study is to propose a holistic approach how organizations can be designed, changed or managed considering also its implications to production management following lean management principles. Hereby the Viable System Model was applied. This structure can be applied to any kind of structured organization and for its management with goals to be achieved in modern society; however focus of the research is the cluster of manufacturing and assembly companies. Goal of the developed organizational model is to be able to react to all potential company environments by taking decisions regarding organization and production management functions correctly and in the right moment based on the needed information. To ensure this, standardized communication channels were defined. In conclusion this proposed approach enables companies to have internal mechanisms to secure viability and also in production to reduce necessary stocks, lead times, manpower allocation and leads to an increase of the service level to the final customer.

**Keywords:** Cybernetics, Company performance, Lean management, Organizational Model, Production management, Viable System Model

### **1. Introduction**

Developing organizations capable to deal with the present and future competitiveness needs is a challenge (Schuh & Stich, 2013, p. 2). Achieving sustainable long-term advantages will no longer ensure the competitiveness of companies. This fact also increases the complexity of manufacturing and assembly planning and control processes. This situation results in a significant increase of information and communication flows which the company has to manage in order to secure its viability.

Moreover it can be said that information is the interconnection element in organizations. It is needed for policy definition, decision-making, management, control, coordination, etc. Problems with information flows lead to negativ impact in the organization.

Furthermore global logistics flows have increased drastically in recent years due to a globalized world economy that introduces inherent challenges for establishing international businesses (Frazelle, 2002, p. 10). In this international competition the compliance of the service level is adding more pressure on supply flexibility (Siller, 2011, p. 1). In addition demand volatility in almost every industry sector seems to be higher than it was in the past due to shortened product and technology life cycles, sales promotions, reorder quantities and unplanned disruptions (Christopher, 2005, p. 233). As a result, many producers are confronted with intransparent and volatile demand behaviors that cause large deviations in sales forecasts (Wildemann, 2008, pp. 168-169). As a consequence, failures in forecasts have grown steadily in recent years despite the use of information systems for that purpose (Christopher, 2011, p. 153).

Across all industries, companies are in an environment with increasing competitive pressure (Schuh et al., 2011, p. 843). The main factors that favor this situation are the increasing globalization and the resulting competition situation that causes an intense reduction of product life cycles as well as a growing individualization of the final products according to specific customer criteria (Abele & Reinhart, 2011, p. 1). This evolution is combined with the demands of customers who want to be served with shorter delivery times (Tu & Dean, 2011, p.1) as well as with the increasing product variants in manufacturing and assembly processes that expose planning and control logistics to new challenges (Auerbach et al., 2011, p.797).

The consequences for trade between companies after the financial and economic crisis are observable today which cause an increasing demand for flexibility and adaptability (Schuh, 2009, p.2). The reduction of international trade barriers requires intense global cooperation as well as an increase in business complexity (Schulte, 2008, p.457). In addition, due to climate change, the proliferation of natural disasters and their consequences are an additional source of uncertainty for logistics and production of some industries (Wöhrle, 2012, pp. 22-23). As a result, the sustainability and energy efficiency aspects have gained importance as a cause of the energy transition and the increase of energy prices. In this context, companies are increasingly obliged to carry out individualized and flexible logistics planning and control (Schuh & Roesgen, 2006, p.7).

The trends shown take us in their sum to an increase in the complexity of relationships and processes (Placzek, 2007, p.2). As a result many companies lose competitiveness due to a slow adaptation to their environment. Therefore the capability to deal with changing customer requirements, demand volatility and new product launches is acquiring more and more importance for winning competitive advantage (Capgemini, 2010, p. 5). This moves the prioritization of the supply chain goals to customer service, delivery performance and flexibility, instead of being based only on costs (McKinsey, 2011, p. 11). In this context, lean management defines the methods, concepts and principles how to reach these goals. While the economic effects of lean methods have been described in practice, there is still a demand for a scientific basis to explain how lean methods should act in companies (Herrmann et al., 2008, p. 1) and how these concepts should develop over time depending on external environment.

Many approaches have been considered in order to solve the problem of organizational alignment with the environment in manufacturing companies. However most of them have failed due to several reasons, such as lack of information, coordination or control that leads to take strategic decisions neither at an optimal point in time nor in an optimal way. In addition, how to deal with it is a great challenge and in a highly competitive world it is essential to adapt quickly to changes to be successful. Therefore the main research objective is to make companies more flexible, so that the company can face any kind of environment because its internal structure and communication enables a fast decision-making to align the company with market conditions. The paper will be based on the Viable System Model (VSM). By applying the Viable System Model, the organization is transformed into an autonomous system capable of adapting to constant environment changes (Beer, 1959, p. 17). For a company it is fundamental to meet customers' requirements. Although minimization of costs is always a priority, a global trend advocates following lean management principles in order to improve our customers' satisfaction and company revenues.

To analyse this challenge a conceptual model is designed for an organization following lean management principles summarized in the literature in terms of the seven "zeros". In 1983 Edwards (1983) introduced the "seven zeros" – zero defects, zero lot size, zero set-ups, zero breakdowns, zero handling, zero lead time, zero surging – as JIT goals, which pursue the goal of avoiding all forms of waste, especially inventories (Edwards, 1983). Later Hopp and Spearman described the seven zeros corresponding to the different types of waste (Hopp & Spearman, 2008). These "zeros" are unachievable in practice, but the goals inspire an environment of continual improvement (Sheikh-Sajadieh et al., 2013, p. 263):

- Zero defects
- Zero inventory
- Zero accidents
- Zero delays
- Zero breakdowns
- Zero changeovers or setup times
- Zero waste

The methodology can be applied to any kind of organization; however producing organizations are the main research focus. All these organizations have a target system defined by the following parameters: performance, delivery service and costs (Schuh & Stich, 2013, p. 22).

The initial hypothesis is that an organization built on the basis of lean management principles using the structure of the VSM will be able to react faster to environment changes and therefore its application will have a positive impact on the

achievement of short, medium and long-term goals of every producing company. The VSM approach increase the adaptability of companies to face all future potential scenarios because the company is able to take strategic decisions that will influence later the tactical and operative levels. Therefore it is capable of implementing measures to reduce the impact of environment uncertainty and also to see developments in the environment to prepare strategies and internal configurations for the future.

In the area of productive systems of the department of Construction and Fabrication Engineering at the National Distance Education University (UNED) an approach has been developed to solve the problem of organizations and production systems with the help of the Viable System Model. The aim of the research is to propose a self-regulating approach how to design organizations and production systems.

## 2. Methodological approach and literature review

In this project the objective is the development of an organizational and production management model under the principles of lean management using the Viable System Model (VSM). The method used to reach this goal was the following:

Definition of methodological approach:

Comparison of the VSM with other approaches

Application cases of VSM

Literatura review for:

Cybernetics, system theory and Viable System Model

Organizational functions

Production management tasks

Lean management principles

Conceptual model development:

Development of a target system for an organization and for a production system

Production management tasks according to planning horizon levels

Definition of recursion levels and operative units

Association of tasks to recursion levels & operative units

Identification of the needed information flows between operative units and recursion levels

After having described the methodology, a comparison of the VSM, a cybernetic model, with other approaches was done. As described in the literature the VSM is an unmatched conceptual and methodological tool for the modeling and design of organizations and its areas with the goal of being viable (Schwaninger et al., 2008, p. 16). Thus, the aim of the research is to propose a self-regulating approach how designing and transforming organizations based on lean management principles. For this reason, the Viable System Model is applied for this purpose. Applying the VSM means to implement the organizational structure of any viable or autonomous system in an organization of a producing company.

To validate the research methodology, research and practical applications using cybernetics, system theory and the VSM were searched. Many authors have used the VSM as basis to describe and develop models how to deal with complex challenges of social and industry. Some of the topics worked and that give an indication of the scientific value of the approach are:

Herold (1991) developed a concept for the organization of a company based on the principles of the VSM. In this approach, the general structure of the company is analyzed first by means of a questionnaire (Herold C., 1991, pp. 74-76).

Herrmann (2008) described lean methods in terms of attenuating and amplifying variety based on the findings of the VSM (Christoph Herrmann, C. et., 2008).

Brosze (2011) developed a reference model for the management of production systems with adaptability. As a target group, it is focused on "make-to-order" manufacturing (Brosze, 2011).

Erbsen (2012) pursued the objective of optimizing patient care in disease-oriented centers in university hospitals (Erbsen, 2012).

Kompa (2014) research was dedicated to the problem of the order booking process in situations of overload in mass production companies (Kompa, 2014).

Schürmeyer (2014) pursued the objective of developing a reference model for production program planning during launch processes (Schürmeyer, 2014).

Hering (2014) designed an inter-business design concept for a coordinated production planning in real time in the consumer goods industry (Hering, 2014).

Groten (2017) described how to design integrated distribution networks based on the Viable System Model and validated the results with a simulation model comparing the VSM approach versus classical distribution planning concepts (Groten, 2017).

### 3. Basics of the Viable System Model, organization & production management and lean management principles

#### **From cybernetics and system theory to the Viable System Model (VSM)**

Cybernetics has its origin in the 40s of the last century and is often related to the work of the mathematician Norbert Wiener who studied the regulatory mechanisms and information structures existing in living organisms in order to make them understandable and possible to use (Strina, 2005, pp. 11-13). From the point of view of historical development, cybernetics can be considered part of systems theory. However, system theory focuses on the development of systems, while cybernetics explores the control and operation of systems (Schwaninger, 2004, p.4). Cybernetics deals with all forms of behavior insofar as they are regular, determined or reproducible. As a result, it takes care about what a system does (Ashby, 1957, p.1).

An important result of Cybernetics is that all viable systems have an invariant structure. Therefore, a system will only be viable if and only if it has this structure (Malik, 2006, p.80). A viable system is also able to adapt itself to changing scenarios of its environment. To do this, the system evaluates and learns from these situations, developing its behavior while maintaining its identity (Gomez, 1978, p.21).

An organization is no longer studied as a single company, except in the context of its relationship with the environment. Due to this, the topics such as capacity for adaptation, flexibility, ability to learn, evolution, self-regulation and self-organization are of main interests. The main problem that Cybernetics has to deal with is how to deal with environment complexity. It is concluded that the means to solve this problem is the structure or organization of a viable system. For this purpose, the Viable System Model (VSM), a cybernetic management model, was developed by Stafford Beer throughout his life (Espejo & Harnden, 1989, p.57). Beer deduced the VSM by taking the central nervous system of the human being and cybernetics as basis in order to deal with complex systems (Schuh et al., 2011, p.434). The minimum requirements that a system must meet to ensure its viability are derived when analyzing the central nervous system (Beer, 1972, p.198).

The VSM is built on three main principles: viability, recursivity and autonomy. Viability is a property of every system that is able to react to internal and external perturbations in order to maintain separate existence (Schuh et al., 2011, p.434). The cybernetic model of every viable system consist always in a structure with five necessary and sufficient subsystems that are in relation in any organism or organization that is able to conserve its identity with independency of its environment (Espejo & Harnden, 1989, pp.21-22).

System 1 consist of semi-autonomous operating units that react to the development of their environment and in which each unit coordinates itself with the other operating units, with the aim of maintaining its own stability and the stability of the entire company (Beer, 1972, pp.214-217). The plan of the operating units is to execute and control their tasks autonomously within defined limits (Brecher et al., 2011, p 434).

System 2 is the coordination system that enables the units of system 1 to solve their own problems allowing decentralized decision-making and solve conflicts between those units (Espejo & Harnden, 1989, p.287). It also carries out the coordination of the operative units regulatory centres. It is an interface between Systems 1 and 3 (Beer, 1972, p.220).

System 3 is the central control system of the operating units. It performs the control of current operations (Espejo & Harnden, 1989, p.281). It also analyzes the viability of the strategic input provided by the system of 4 and converts it into tactical operations (Brecher et al., 2011, p.435).

System 3\*: performs the validation of the information that flows between system1-3 and 1-2-3 through the audit and monitoring of activities (Schwaninger, 2008, p.84). This system sends information that does not appear in the official reports, that is, informal channels (Malik, 2006, p.455).

Systems 1, 2 and 3 regulate internal stability and try to optimize performance within a given structure and criteria (Beer, 1972, p. 230). System 3 is the coordination center of all internal areas of the company condering the goals for the whole company since systems 1 and 2 can only compare deviations locally (Malik, 2006, pp.131-132).

System 4 is the strategic system that makes strategic analysis of the external environment and the internal capacity to deal with it and, based on it, takes the necessary strategic decisions (Brecher et al., 2011, p. 435). The internal stability has only sense if the external factors are considered. Reception, elaboration and transmission of information from the environment are tasks of System 4 in order to provide external stability (Malik, 2006, p.90). It is a set of activities, which feeds the highest level of decision making. It must contain a model that represents the idea of the firm in order to inform the top management about which type of firm they are running (Beer, 1972, p.233). Therefore, it considers both external and internal conditions in order to initiate changes and development. To make it possible, systems 3 and 4 maintain a continuous dialogue (Espejo & Harnden, 1989, p.281).

System 5 represents the normative level that makes the balance between current operations (System 3) against future's needs (System 4). When there is no balance, System 5 plays the role of judge (Espejo & Harnden, 1989, p.293). It defines the rules that determine how the global system behaves. It is continuously designing the future of the system through the elaboration and choice of behavioral alternatives. Here the company policy is created, through a close interaction between the management systems, 3, 4 and 5 (Malik, 2006, p.91). System 5 is the top management and it determines policies and establishes the goals to take decisions (Beer, 1972, p 253).

### Organizational functions and production management tasks

Organizational functions as described from Porter can be divided into primary and support functions, which are activities that described the value chain of an organization that are related to its competitive strength. Primary activities are directly concerned with the creation or delivery of a product or service. They can be grouped into five main areas: inbound logistics, operations, outbound logistics, marketing and sales, and service. Primary activities are linked to support activities which help to improve their effectiveness or efficiency. There are four main support activities: procurement, technology development (including R&D), human resource management, and infrastructure (IT systems for planning, finance, quality, information management etc.) (Porter, 1985).

The production system includes functions of inbound & outbound logistics as well as operations and their related support activities. Production is the foundation of human activity. Natural resources are transformed into useful products through production processes to meet the needs of society (Zelenović, 1982, p.319). The productive system is characterized by the process of transformation of materials into finished products including the related responsibilities of production planning and production control (Santamaria Peraza, 2012, p.42). The current understanding of production management varies widely from an authoritarian point of view of planning and production control to a global understanding of production management as management, design and development of the entire manufacturing company (Friedli & Schuh, 2012, p.28).

Production management contains the tasks of design, planning, monitoring and control of the productive system and business resources such as people, machines, material and information (Nyhuis, 2008, pp.249-273). The multi-dilemma of production planning originates discussions over and over again in the context of divergent objectives. This conflict of goals is shown in Figure 3 (Friedli & Schuh, 2012, p.36).

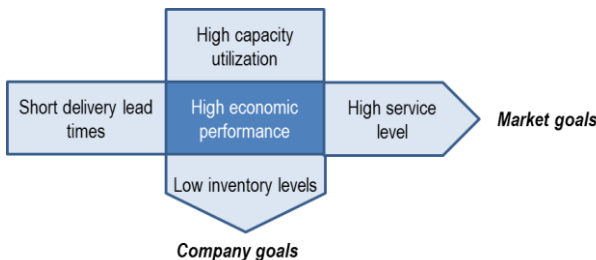


Figure 3: Multi-dilemma of production planning (Friedli & Schuh, 2012, p.36).

From customer perspective goals are short delivery times and high delivery reliability. From company point of view, the high utilization rates are indispensable due to high fixed costs. This must be achieved simultaneously with a minimum inventory to keep the working capital costs under control. Therefore, business goals are in conflict with market objectives which increase management complexity in manufacturing companies (Friedli & Schuh, 2012, pp.36-37).

The strategic perspective of production management anticipates relevant change drivers, triggers the adjustment of the organization to be adapted to the conditions of its environment in order to give a strategic direction to the company based

on the objectives, principles and standards defined at the normative level. The operational objective of production management is the supply of the products and services of a company in the quality and quantity required at a given date and at the lowest possible cost (Kämpf et al., 2007, pp.5-32). The basic tasks of the operational production management are the production program planning, the order management, the production requirements planning and the planning and control of internal production as well as external production in suppliers.

To explain the tasks of production management, the Aachener PPC (Production Planning & Control) model, which is a reference model for its analysis, evaluation and design, is used (Schuh et al., 2012, p.29).

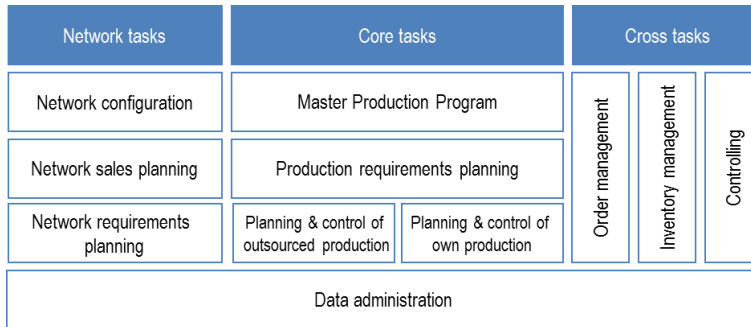


Figure 4: Production management tasks according to the Aachener PPC model (Schuh et al., 2012, p.30)

Network tasks summarize all the planning tasks that are carried out in relation to production plant network. The core tasks are all tasks related to production management and control with focus on the individual company. The transversal or cross tasks are planning and control tasks that contains elements of the production network as well as of the core tasks and therefore have a character of coordination between both. All tasks are distinguished vertically in Figure 4 according to their strategic, tactical or operational nature. For performing these tasks, equipment and personnel resources are planned with an increasing degree of detail (Schuh et al., 2012, pp.30-32).

The tasks are assigned according to their temporal relevance at different planning levels. According to the St. Gallen management model, management levels are divided into normative, strategic and operational planning levels (Bleicher, 2004, p.80). In the past, the main focus was on operational and tactical problems, however to successfully manage logistics in the future, an active strategic planning level is also required (Schuh & Stich, 2013, p.1).

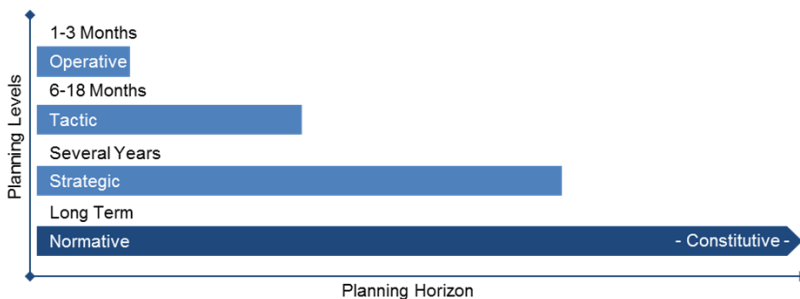


Figure 5: Planning levels and horizons in supply chain management (Bleicher, 2004, p.80).

### Lean management principles

The lean concept was developed in Japan after the Second World War when Japanese manufacturers realized that they could not afford the massive investment required to rebuild facilities. Toyota produced automobiles with less inventory, human effort, investment and defects and introduced a greater variety of products. The goal of lean management is to concentrate efforts in added value and customer demand by reducing waste. Various authors have studied the quantitative and qualitative benefits of lean implementation. Quantitative are improvement in production lead time, cycle time, set up times, inventories, defects and scrap as well as overall equipment effectiveness. Qualitative benefits include improved employee morale, motivation, better communication, team decision making, etc. The modern concept of lean management



is derived from the Toyota Production System (TPS) (Bhamu & Singh Sangwan, 2014, pp.876-877). Shah and Ward (2003) identified 22 lean implementation elements and classified these into four categories: just in time (JIT), total productive maintenance (TPM), total quality management (TQM), and human resource management (HRM) (Shah & Ward, 2013).

At the same time, lean production concepts make the boundaries between the departments disappear. The tasks are distributed between production, maintenance and other departments, which must be taken into account when organizing these fields of responsibility (VDI - Verein Deutscher Ingenieure, 2012, p.2). Therefore to reach all potentials of lean management in production systems the break-down of responsibilities and communication channels should be redefined. As basis for the conceptual model the seven zeros build the basic goals for the production system.

To illustrate the methods of lean management in a current production system, the VW group principles are shown as example. These are the principles to achieve a synchronized production oriented to added value (Bozalongo Santander, 2013, pp.50-55):

- A work organization oriented towards people
- Basics: cycle, flow, pull and perfection
- The customer cycle as a guide
- Process time reduction
- "Pull" principle
- Quality with zero failures
- Standardization
- Leveled and smoothed production
- Environment protection
- Elimination of any waste

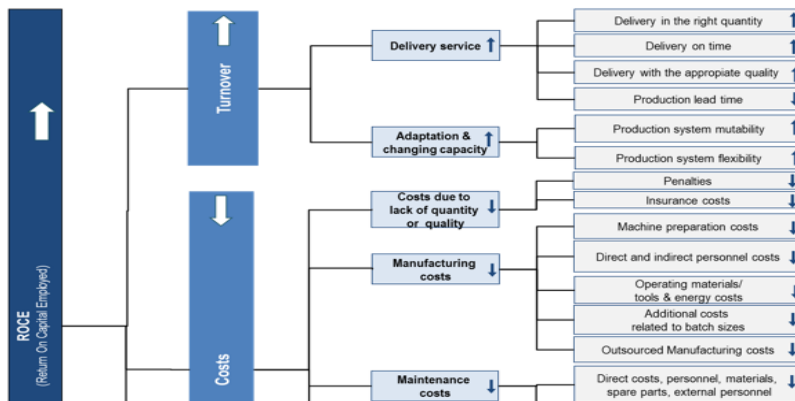
#### 4. Basics of organization & production management, lean management principles and the Viable System Model

##### Development of a target system for an organization and for a production system

The final goal of each business activity is to increase the value of the company (Biedermann, 2008, p.88). The orientation to corporate value corresponds to the management approach based on added value. This approach provides the basis for corporate orientation towards increasing corporate value. The increase in the company value will be achieved mainly by increasing the performance of the company (Alexandre et al., 2004, pp.126-127). The key indicator includes, therefore, the factors of turnover, capital employed and costs (Alexandre et al., 2004, pp.126-127), which are decisive for the success of the company. These factors are included in the Return-on-Capital-Employed (ROCE) indicator. ROCE is a common feature in business practice and describes the return on a company's capital (see formula below) (Isermann, 2008, pp.876-877):

$$ROCE = EBIT / (\text{Capital-Employed}) = (\text{Volume of business-Costs}) / (\text{Capital employed})$$

However, in order to increase the ROCE, the intermediate objectives derived from it have to be improved in a certain way. Figure 4 shows the target system designed for this study based on lean principles. To achieve the highest possible value of ROCE, turnover must be as large as possible, while costs and capital employed as small as possible.



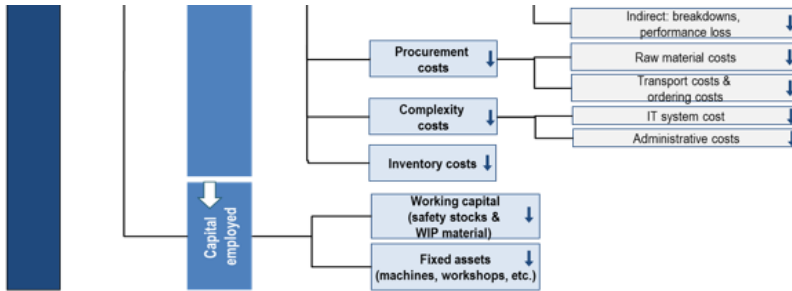


Figure 6: Corporative target system (own elaboration)

### Production management tasks according to planning horizon levels

Production systems are considered important in relation to aspects of quality, time and costs (Dombrowski & Mielke, 2011, p.1). As explained before, planning tasks can be classified into strategic, tactical and operational planning depending on the respective planning horizon. Therefore this classification was performed for the conceptual model:

Strategic management & planning tasks	
<ul style="list-style-type: none"> <li>- Principles, guidelines (1.1)</li> <li>- Definition of product program (1.2)</li> <li>- Organizational structure (1.3)</li> <li>- Creation of investment program (1.4)</li> <li>- Production strategy planning &amp; master data (1.5)</li> <li>- Continuous observation &amp; evaluation of production environment (1.6)</li> </ul>	<ul style="list-style-type: none"> <li>- Target system (quality, cost, time) (1.7)</li> <li>- Production system design, production location distribution (1.8)</li> <li>- Production master program: sales planning, requirements and resources planning (1.9)</li> <li>- "Make-or-buy" decision-making (1.10)</li> </ul>
Tactical management & planning tasks	
<ul style="list-style-type: none"> <li>- Production requirements planning:                             <ul style="list-style-type: none"> <li>o Determination of gross and net secondary production requirements (2.1)</li> <li>o Procurement program (2.2)</li> <li>o Process scheduling (2.3)</li> <li>o Calculation of capacity needs (2.4)</li> <li>o Comparison &amp; adjustment of capacities (2.5)</li> </ul> </li> <li>- Supplier selection (2.6)</li> </ul>	<ul style="list-style-type: none"> <li>- Production structure and layout planning of production locations (2.7)</li> <li>- IT systems selection (2.8)</li> <li>- Technology planning for manufacturing processes (2.9)</li> <li>- Continuous observation &amp; evaluation of internal performance (2.10)</li> <li>- Offer and order processing (2.11)</li> </ul>
Operative management & planning tasks	
<ul style="list-style-type: none"> <li>- Planning &amp; control of own production:                             <ul style="list-style-type: none"> <li>o Calculation of batch size (3.1)</li> <li>o Detail scheduling (3.2)</li> <li>o Detail planning of resources (3.3)</li> <li>o Sequencing of orders (3.4)</li> <li>o Availability check (3.5)</li> <li>o Release of production orders (3.6)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Planning &amp; control in external companies:                             <ul style="list-style-type: none"> <li>o Order calculation (3.7)</li> <li>o Offers collection and evaluation (3.8)</li> <li>o Contracting of suppliers (3.9)</li> <li>o Release of supplier orders (3.10)</li> </ul> </li> <li>- Orders coordination (3.11)</li> <li>- Measure and calculation of KPIs (3.12)</li> </ul>

Figure 7: Production management & planning tasks according to time horizons (own elaboration)

### Definition of recursion levels and operative units

A company is assumed as a viable system that is the first level of recursion in which the five systems necessary to ensure viability are found. Therefore, in the course of this research work can be differentiated four levels of recursion:

The highest level, company (n-1)

The production recursion level (n). In the same recursion level it can be found finance, human resources, IT, research and development, etc.

The recursion level of the plant or production workshop, for example production management activities in an automotive assembly shop (n + 1)

The recursion level of machine group or installation with the associated activities for the different production activities such as preparation of the machine, change of tools, operation, production control, etc. (n + 2)

The systems 1 of the recursion level n + 2 are no longer viable systems in contrast to the higher recursion levels, because they do not contain a structure like that of the VSM, since they are the elements of production execution.

Within this first level of recursion, company, the different functions of a company can be found, such as production, maintenance, commercial, finance, research and development, information systems, etc. In this research project, production tasks will be analyzed in detail, recursion level n, but also taking into account the function of system 2 at the company level, n-1, whose function is to coordinate the different functional areas of a company.

System 5 of the company (n-1) defines its legal framework, politics, corporate policy and constitution, ethos and underlying values as well as its leadership philosophy. All of this information is transferred to all functional departments inside the organization including the production system. Using these common normative values the company receives information from the environment that can be: the behavior of the competition, data from new markets, new technologies, changes in regulations, influences of globalization or changes in the company's market. Based on these inputs the company defines its strategy in system 4 of company level in continuous communication with system 3 to check if the strategy can be implemented and the internal consequences of its implementation on the stability of the company. System 2 at company level plays the role of coordinator between the functional areas of the company trying to solve conflicts between them. Moreover the systems 1 at company level are all functional areas of every company such as production.

At the recursion level of production (n) it is assumed that the different production plants or workshops will be the respective systems 1 which also contains a viable system in each of these locations. The VSM of the production system within a company is described by the tasks performed by its five necessary systems:

System 5 establishes the production objectives and communicates them to the other management systems, systems 3 and 4. System 4 observes and collects essential information from the external environment of the productive system. The environment is mainly represented by the demands of customers, but also by other factors such as information systems offered by the market for the management, planning and control of production, new manufacturing technologies and, in general, all factors affecting the production system such as market standards, delivery times, production strategies, delays, production costs in external companies for example to help in making decisions about outsourcing or to not manufacture certain parts or the assembly of certain sets, etc. With these and other informations from the external environment and information from system 5, system 4 creates a vision of what the production area has to be and which should be the measures to be followed to reach that state. This vision is validated internally with system 3 so that system 4 makes the decision and System 3 makes the changes internally.

System 3 is responsible for maintaining the internal stability of the model by optimizing the use of internal resources using the information received from system 4 about the clients as well as the information of the different divisions of system 1 obtained through system 2. It would be related to functions such as operative production management and control, information management, quality management, operative logistics planning and control, etc. Moreover system 3\* allows a quick response to possible emergencies in the manufacturing process or in the production control and monitoring by acting before information flows through system 2. It is capable to perform actions in real time if something happens outside of normal limits such as making changes in sequencing and production scheduling to avoid stopping production flow.

System 2 is represented by the functions of coordination between the different production locations in daily activities. This system receives all the information of the different production plants and acts as a filter so that only the necessary information reaches the system 3. The difference between both is in the time horizons of action. While system 2 performs functions in daily activities, the tactical system optimizes the performance of the internal system over a longer time horizon.

System 1: each plant or workshop within the production system is an operational unit that includes the management of the unit and the division that performs the operational activities. An example could be an assembly workshop that contains production planning and control departments responsible for the equipment and personnel including team leaders together with the operators that finally perform the production tasks.

Environment: represents all the external factors that influence the production system in a company. The diagram shows the environment of the entire production area as well as of each production plant or workshop.

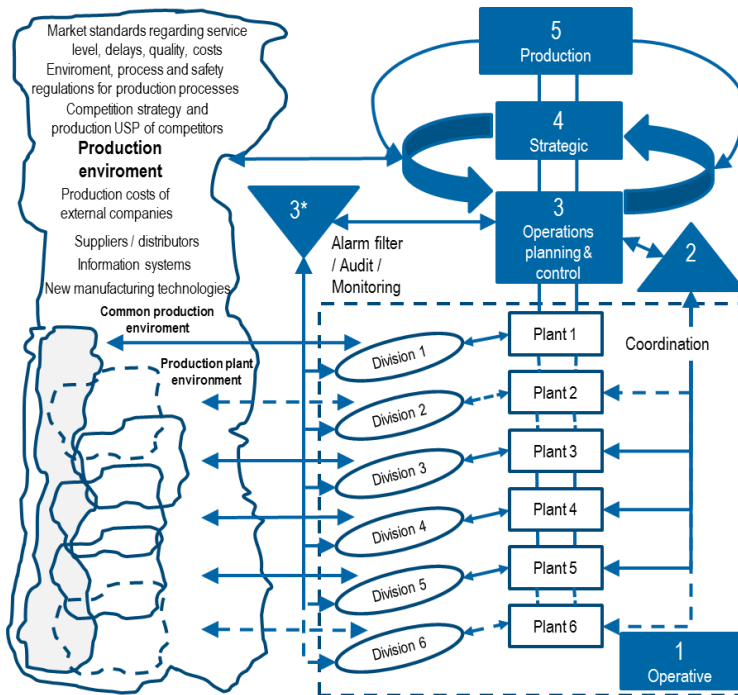


Figure 8: Analogy with the VSM: Production recursion level (own elaboration)

### Association of tasks to the recursion levels & operative units

Production management tasks were assigned to the VSM systems at recursion levels  $n$  and  $n + 1$ . As an example in **Error! Reference source not found.** are shown the strategic production management tasks and its classification. In the same way it was done for all other tasks:

Strategic planning tasks	Production recursion level			Plant recursion level		
	S 5	S 4	S 3	S 5	S 4	S 3
Principles, guidelines (1.1)	X			X		
Definition of product program (1.2)	X					
Organizational structure (1.3)		X				
Creation of investment program (1.4)		X				
Production strategy planning & master data (1.5)		X				
Continuous evaluation of production environment (1.6)		X				
Target system (quality, cost, time) (1.7)		X				
Production system design, production location distribution (1.8)		X				
Production master program: sales planning, requirements and resources planning (1.9)		X				
"Make-or-buy" decisions (1.10)		X				

Figure 9: Strategic production management tasks and its classification to VSM systems (own elaboration)

### Identification of the needed information flows between operative units and recursion levels

Current technical literature agrees that the connection interfaces between recursion levels is extremely important (Ríos, 2012, p.59). Goal is to determine basic links that can be transferred to any VSM in any company. The intensity of this connection between the levels varies according to the company (Ríos, 2012, p.59). An exchange of information within the

company and between levels of recursion is necessary to control the corporate environment, which generally has more information than can be processed in the company (Herold, 1991, p.287). Between the recursion levels it can be found the following communication flows:

- Between the company environment and the system 4 at the production recursion level
- Between systems 5 of company and production
- Between systems 4 of company and production
- Between systems 3 of company and production
- Between systems 2 of company and production
- Between the operating units, systems 1, of company and production
- Between the alarm / monitoring filter (System 3\*) of the company's recursion level and system 4 of production

The company environment can not be assigned to a specific recursion level, but is a joint element for the entire structure of the VSM. System 4 collects all the information that allows the company to recognize future developments and possibly reorient its own structures (Malik, 2006, p.456).

Between the two normative systems of company and production there is a flow of information that defines the degree of freedom of decision making in which production recursion level can act. Specifically, it means that the decisions taken by the management of the company are communicated to the management of production management defining its guidelines for autonomous decision making within the respective areas. These guidelines can be financial, on personnel, on affectation to other areas, etc. In the same way, the objective levels such as production in term, production quality and production costs and adaptation capacity are influenced by decisions from the management, defining the priorities and the limits for the coordination among production areas. An example could be: the direction of the company in its strategic plan establishes the target production volume for the following years as well as the required flexibility in percentage on the production as well as the decrease in target costs. Of course these decisions would influence the decision-making framework for the production system that should adapt their methods and tools to be able to optimize costs, times and quality based on the given flexibility.

As explained during the research work basic communication flows were defined. In total a number of 88 information connections were defined for the production recursion level specifying if the communication goes from company's recursion level to production recursion level or between systems in production recursion level. An extract is shown in

51	Performance of the IT system for production management	From System 3 to 4
52	Processing methods of production orders	From System 3 to 1/2
53	Principles, guidelines and product program	From System 5 to 4/3
54	Decrease production lead times "zero waste" "zero inventory"	From System 5 to 4/3
55	Improvement of customer service level "zero defects" "zero delays"	From System 5 to 4/3
56	Stock minimization: "zero inventory"	From System 5 to 4/3
57	Maximize the assurance of quality in production process "zero defects"	From System 5 to 4/3
58	Minimization of working accidents "zero accidents"	From System 5 to 4/3
59	Minimization of environmental impact & energy resources consumption "zero waste"	From System 5 to 4/3
60	Maximization of orders manufactured according to planning "zero delays"	From System 5 to 4/3
61	Prioritize production orders based on delays to final customer delivery date "zero delays"	From System 5 to 4/3
62	Maximization of the use of facilities and personnel "zero waste"	From System 5 to 4/3
63	Optimization of production costs "zero waste"	From System 5 to 4/3
64	Minimization of deviations between sales forecasts and production needs "zero waste"	From System 5 to 4/3
65	Optimization of production changeovers "zero unplanned changeovers"	From System 5 to 4/4
66	Minimization of production breakdowns "zero breakdowns"	From System 5 to 4/5
67	Customer satisfaction	From System 5 to 4/3
68	Information on principles, guidelines	From company to 4/5
69	Information about company policy	From company to 4/5
70	Information on basic strategies	From company to 4/5

Figure 10:

No.	Information in producción recursion level	From ...to...
28	Number of orders and quantity produced	From System 1 to 4/5
29	Number of orders that have met the required deadlines and quantity	From System 1 to 4/5
30	Average Delivery time of the products	From System 1 to 4/5
31	Number of defective Deliveries	From System 1 to 4/5
32	Number of Deliveries with claims	From System 1 to 4/5
33	Total number of changes made to production schedules	From System 1 to 4/5
34	Average deviation on the quantities produced per week and product	From System 1 to 4/5
35	Information on manufacturing costs as well as administrative costs	From System 1 to 4/5
36	Information about inventory and warehouse costs	From System 1 to 4/5
37	Information on guarantees and sanctions	From System 1 to 4/5
38	Financial situation of the production plants	From System 1 to 4/5
39	Number and size of productive plants	From System 1 to 4/5
40	Information on transport costs	From System 1 to 4/5
41	Information about order processing costs	From System 1 to 4/5
42	Information on the decisions made so far in a production plant (knowledge management)	From System 1 to 4/5
43	Methods of prioritizing production orders according to predefined rules	System 3to 1/2
44	Methods of redistribution of production employees between production plants	System 3to 1/2
45	Change the method or percentage of make-to-stock orders to make-to-order / assemble-to-order	System 3to 1/2
46	Adjust the methods of forecasting the demand according to the demand pattern	System 3to 1/2
47	Redefine the requirements calculation methods for production capacities	System 3to 1/2
48	Opening of a new production plant	System 3to 1/2
49	Supplier selection methods	System 3to 1/2
50	Production structure and layout planning methods	System 3to 1/2

51	Performance of the IT system for production management	From System 3to 4
52	Processing methods of production orders	From System 3 to 1/2
53	Principles, guidelines and product program	From System 5 to 4/3
54	Decrease production lead times "zero waste" "zero inventory"	From System 5 to 4/3
55	Improvement of customer service level "zero defects" "zero delays"	From System 5 to 4/3
56	Stock minimization: "zero inventory"	From System 5 to 4/3
57	Maximize the assurance of quality in production process "zero defects"	From System 5 to 4/3
58	Minimization of working accidents "zero accidents"	From System 5 to 4/3
59	Minimization of environmental impact & energy resources consumption "zero waste"	From System 5 to 4/3
60	Maximization of orders manufactured according to planning "zero delays"	From System 5 to 4/3
61	Prioritize production orders based on delays to final customer delivery date "zero delays"	From System 5 to 4/3
62	Maximization of the use of facilities and personnel "zero waste"	From System 5 to 4/3
63	Optimization of production costs "zero waste"	From System 5 to 4/3
64	Minimization of deviations between sales forecasts and production needs "zero waste"	From System 5 to 4/3
65	Optimization of production changeovers "zero unplanned changeovers"	From System 5 to 4/4
66	Minimization of production breakdowns "zero breakdowns"	From System 5 to 4/5
67	Customer satisfaction	From System 5 to 4/3
68	Information on principles, guidelines	From company to 4/5
69	Information about company policy	From company to 4/5
70	Information on basic strategies	From company to 4/5

Figure 10: Example of information flows in the conceptual model of company and production (own elaboration)

## 5. Conclusions

The research work helped to develop a model supporting the following main hypotheses:

Thanks to a new conceptual model for organizational management and production taking into account the added value to the end-customer within a supply chain, the viability of a company can be assured.

Lean management provides the methods and tools to be applied inside any organization to improve company target system: delivery service, costs and performance.

The Viable System Model provides the necessary structure to determine the interrelationships between areas and parameters that allow them to be optimized in a recursive way, making continuous improvement possible. It enables to create regulatory mechanisms to ensure the viability of the company in the long term.

Next step of the research will be to simulate company and production performance using the conceptual model developed and to compare it with current available structures how to deal with changing environment. Final goal is to transfer this research method to real organizations and production systems applying it in particular areas or to design organizations and production models based on it.

In conclusion this proposed approach can increase the efficiency of organizations and production systems. Also it shows how a VSM approach can be used as a methodology for organizations and production systems to be successful in any kind of environment. By using it a company can adapt itself to all future potential environment scenarios by changing its strategy and internal set-up.

## References

- [1] Abele, E., & Reinhart, G. (2011). *Zukunft der produktion* Hanser München.
- [2] Alexandre, P., Sasse, A., & Weber, K. (2004). Steigerung der kapitaleffizienz durch investitions-und working capital management. *Controlling*, 16(3), 125-132.
- [3] Ashby, W., R., (1957). *An Introduction into Cybernetics*. William Clowes and sons, London.
- [4] Auerbach, T., Bauhoff, F., Beckers, M., Behnen, D., Brecher, C., Brosze, T., ... & Esser, M. (2011). Selbstoptimierende Produktionssysteme. In *Integrative Produktionstechnik für Hochlohnländer* (pp. 747-1057). Springer, Berlin, Heidelberg.
- [5] Beer, S., (1959). *Cybernetics and Management*. Jon Wiley & Sons, University of Michigan
- [6] Beer, S., (1972). *Brain of the Firm*. Herder and Herder, Great Britain.
- [7] Bhamu, J., & Singh Sangwan, K. (2014). Lean manufacturing: literature review and research issues. *International Journal of Operations & Production Management*, 34(7), 876-940.
- [8] Biedermann, H. (2008). *Ersatzteilmanagement: Effiziente ersatzteillistik für industrieunternehmen* Springer-Verlag.
- [9] Bleicher, K. (2004). *Das konzept integriertes management: Visionen-missionen-programme*. Frankfurt/Main: Campus Verlag.
- [10] Bozalongo Santander, L. (2013). *Implantación de un plan de producción fijo para el taller de prensas de volkswagen navarra*.
- [11] Brecher, C., Kozielski, S., & Schapp, L. (2011). *Integrative produktionstechnik für hochlohnländer. Wertschöpfung Und Beschäftigung in Deutschland*, , 47-70.
- [12] Brosze, T. (2011). *Kybernetisches management wandlungsfähiger produktionssysteme* (Dissertation, RWTH Aachen).
- [13] Capgemini (2010). *Customer back on top of the supply chain agenda in 2010 from financial crisis to recovery: Does the financial crisis still dictate supply chain agendas?*
- [14] Christopher, M. (2005). *Logistics and supply chain management; logistics and supply chain management creating value-added networks*.
- [15] Christopher, M. (2011). *Logistics & supply chain management* Pearson Education, Harlow.
- [16] Dombrowski, U., & Mielke, T. (2011). *Ganzheitliche produktionssysteme: Aktueller stand und zukünftige entwicklungen* Springer-Verlag.
- [17] Edwards, J. N. (1983, November). *MRP and kanban—American style*. In *APICS 26th conference proceedings* (pp. 586-603).
- [18] Erbsen, A. (2012). *Krankheit im Zentrum: Gestaltung von krankheitsorientierten Spitalstrukturen aus kybernetisch-konstruktivistischer Sicht*. Springer-Verlag.
- [19] Espejo, R., & Harnden, R. (Eds.). (1989). *The viable system model: interpretations and applications of Stafford Beer's VSM*. Wiley.
- [20] Frazelle, E. (2002). *Supply chain strategy: The logistics of supply chain management* McGraw Hill.
- [21] Friedli, T., & Schuh, G. (2012). *Wettbewerbsfähigkeit der produktion an hochlohnstandorten* Springer-Verlag.
- [22] Gomez, P. (1978). *Die kybernetische Gestaltung des Operations Managements*. Paul Haupt.
- [23] Groten, M. (2017). *Integrierte Planung von Distributionsnetzwerken auf Basis des Viable-System-Modells*. Apprimus Verlag.

- [24] Hering, N. S. (2014). Echtzeitfähig-koordinierte produktionsplanung in supply-chains der verbrauchsgüterindustrie Apprimus-Verlag.
- [25] Herold C. (1991). Ein vorgehenskonzept zur unternehmensstrukturierung heuristische anwendung des modells lebensfähiger systeme.(Difo Druck: Bamberg).
- [26] Herrmann, C., Bergmann, L., Halubek, P., & Thiede, S. (2008). Lean production system design from the perspective of the viable system model. In *Manufacturing Systems and Technologies for the New Frontier* (pp. 309-314). Springer, London.
- [27] Hopp, W. J., & Spearman, M. L. (2008). *Factory Physics*. Vol. 2.
- [28] Isermann, H. (2008). Logistik als managementfunktion. Arnold, D./Isermann, H./Kuhn, A.FI" Empelmeier, H.(Hrsg.): *Handbuch Logistik*, Berlin Ua, S.D1-3 Bis D1-10.
- [29] Kämpf, R., Gienke, H., & Kämpf, R. (2007). Grundlagen des Produktionsmanagements. *Handbuch Produktion: Innovatives Produktionsmanagement: Organisation, Konzepte, Controlling*. Hanser, München.
- [30] Kompa, S. (2014). Auftragseinlastung in überlastsituationen in der kundenindividuellen serienfertigung Apprimus-Verlag.
- [31] Malik, F. (2006). *Strategie des Managements komplexer Systeme*, Haupt, Bern. Google Scholar.
- [32] McKinsey. (2011). McKinsey: McKinsey on supply chain: Select publications.
- [33] Nyhuis, P. (2008). *Produktionskennlinien—Grundlagen und anwendungsmöglichkeiten* Springer.
- [34] Placzek, T. S. (2007). Optimal shelf availability: Analyse und gestaltung integrativer logistikkonzepte in konsumgüter-supply chains Springer-Verlag.
- [35] Porter, M. E. (1985). *Competitive advantage: creating and sustaining superior performance*.
- [36] Ríos, J. M. P. (2012). *Design and diagnosis for sustainable organizations: The viable system method* Springer Science & Business Media.
- [37] Santamaría Peraza, R. (2012). La cadena de suministro en el perfil del ingeniero industrial: Una aproximación al estado del arte. *Ingeniería Industrial.Actualidad Y Nuevas Tendencias*, (8).
- [38] Schuh, G. (2009). Dem bullwhip in der logistik und finanzwirtschaft trotzdem. , 16. Aachener ERP-Tage. 17.06.2009, Aachen
- [39] Schuh, G., & Roesgen, R. (2006). Aufgaben. *Produktionsplanung und-steuerung* (pp. 28-80) Springer.
- [40] Schuh, G., & Stich, V. (2013). *Logistikmanagement. Handbuch Produktion und Management 6. 2., vollst. neu bearb. und erw. Imprint Springer (VDI-Buch, 6)*. Berlin, Heidelberg.
- [41] Schuh, G., Brosze, T., Brandenburg, U., Cuber, S., Schenk, M., Quick, J., . . . Hering, N. (2012). Grundlagen der produktionsplanung und-steuerung. *Produktionsplanung Und-Steuerung 1*, , 9-293.
- [42] Schuh, G., Stich, V., Brosze, T., Fuchs, S., Pulz, C., Quick, J., ... & Bauhoff, F. (2011). High resolution supply chain management: optimized processes based on self-optimizing control loops and real time data. *Production Engineering*, 5(4), 433-442.
- [43] Schulte, C. (2008). *Logistik: Wege zur optimierung der supply chain* Vahlen.
- [44] Schürmeyer, M. (2014). *Kybernetische produktionsprogrammplanung* Apprimus Verlag.
- [45] Schwaninger, M. (2004). *Systemtheorie. erweiterte fassung des beitrags 'systemtheorie' zum handwörterbuch der produktionswirtschaft* (3.th ed.) Schäffer-Poeschel.
- [46] Schwaninger, M. (2008). *Intelligent organizations: Powerful models for systemic management* Springer Science & Business Media.
- [47] Schwaninger, M., Ambroz, K., & Ríos, J. P. (2004). System dynamics and cybernetics: a necessary synergy.
- [48] Shah, R. andWard, P.T. (2003), "Lean manufacturing: context, practice bundles, and performance", *Journal of Operations Management*, Vol. 21 No. 2, pp. 129-149.
- [49] Sheikh-Sajadieh, H., Haghshenas, R., Etezazian, F., & Saberi, M. (2013). The application of 7 Zeroes in improvement of Lean and Agility manufacture. *Interdisciplinary journal of contemporary research in business*, 5(8), 263-276.
- [50] Siller, U. (2011). *Optimierung globaler distributionsnetzwerke. Grundlagen, Methodik, Praktische Anwendung*. Wiesbaden.
- [51] Strina, G. (2006). *Zur Messbarkeit nicht-quantitativer Größen im Rahmen unternehmenskybernetischer Prozesse*. Aachen, Techn. Hochsch., Habil.
- [52] Tu, Y., & Dean, P. (2011). *One-of-a-kind production* Springer Science & Business Media.
- [53] VDI - Verein Deutscher Ingenieure. (2012). *VDI 2895 organisation der instandhaltung - instandhalten als unternehmensaufgabe*. Düsseldorf,
- [54] Wildemann, H. (2008). *Entwicklungspfade der logistik. Das Beste Der Logistik*, , 161-172.
- [55] Wöhrle, T. (2012). Die krise als chance. *Logistik Heute*, 34(4), 22-23.



- [56] ZELENOVIĆ, D. M. (1982). Flexibility—a condition for effective production systems. *The International Journal of Production Research*, 20(3), 319-337.

## Subsidiarity in Environmental Issues: Nuances and Shifts

Florencio R. Riguera

The Catholic University of America, Washington, D.C.

### Abstract

Although subsidiarity is dipolar, preference has been for the “lower” pole at the early stages of its development as a principle in *Quadragesimo Anno*: the “higher” administrative unit should act only if the “lower” unit could not deal with the issue. But in a generation, *Pacem in Terris* posited a nuance that put the preference on the “higher” unit. The capabilities of “higher” units could supersede the rights of “lower” units because the “on reserve” aid from “higher” units leads to more effectivity. Then, applying integral ecology, *Laudato Si’* put the preference on the “higher” pole when issues are environmental in character. This stems from an understanding of complex and interconnected mechanisms in the interaction between populations and the environment. Because Nature has predetermined ways of acting and reacting to events like those caused by populations, Nature relays the impact of actions, such as environmental backlash, to other locations, sections, or later generations; it can also “slap back” at the local agents of events. Thus, the default option should be for the “higher” units to act when it comes to researching the complex interconnections of actions at the ecological level. But this option can lead to gaming the deliberations on public policy with questions of uncertainty or risk because valid understanding is needed to guide actions or policies. Perspectives broader than the local in terms of understanding and of values to be shared are needed.

**Keywords:** subsidiarity, ecology, interconnectedness, roles, responsibility, social organization

### Introduction

The principle of subsidiarity pertains to the organization of society: it defines the relationship between social units based on their level or scope of competence to act on a given situation. Thus, it revolves around status-roles and it is dipolar because of its higher-lower framework<sup>1</sup>. The weight of emphasis or focus can move closer to either of its poles in terms of which social unit should act on the situation at hand. Designating which social unit (pole) should act on a given situation is contingent on certain considerations. And these entail focusing on certain facets of the situation in relation to the social units or actors. It is in this context of higher-lower and the default-conditional that I explore nuances of subsidiarity and corresponding shifts in the designation of the default social unit: the higher or lower social unit. The underlying point is the criterion to use in shifting the weight or default position closer to one or the other pole. Further, the criterion is premised on the well-being of the social actors as they understand and valorize it vis-à-vis a situation requiring their action.

I trace the significant shifts in the understanding or application of the principle and construe the underlying nuances in the Catholic social teachings. The aim is to understand how subsidiarity is related to other concerns like those involving the environment and how shades of meaning or points of emphasis can lead to courses of action. As a principle of social organization, subsidiarity is not characteristically Catholic; but because of the contributions of the Catholic Church to its development, it would be helpful to be aware of the concerns that shaped the facets of emphasis and the corresponding realignments in its application.

### Major Shifts

Subsidiarity is one of the basic principles in the Catholic social teachings. Pius XI developed it in *Quadragesimo Anno* (1931). Pius XI put forth his concerns: “Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do;”

---

<sup>1</sup> For convenience, “lower” refers to the social unit that has “narrower” scope of competence or authority, such as, the local (relative to the regional or national) or the national (relative to the global).

(*Quadragesimo Anno*, #79); and “as occasion requires and necessity demands,” the State should concentrate on the higher or broader task of, among others, *directing* lower units lest its efforts get dissipated and detract from the effectiveness of its functioning (#80). The higher unit, the State, has the responsibility of *helping* individuals or lower units contribute to society but it must “never destroy and absorb” the latter (#79). Here, the State’s assistance to the lower units or individuals is “on reserve”; conditionality has been built into the principle. Reading between the lines, we can sense another set of concerns or nuances: (a) the lower social unit is competent to act on the situation, more specifically, in terms of understanding it and in conforming the action, or the solution to be crafted, to local values or ethos; (b) action by the lower unit would be more effective in dealing with the situation because of the guidance of local knowledge and values. Here, the lower social unit is the preferred pole to act on the situation – it is the “default position”.

Emphasis on the lower unit was predicated also on the inherent worth and dignity of the individual person. At the time, the encyclical opposed the socialism that was taking shape. Specifically, the point was not to allow individuals to be “sacrificed” for the sake of the collectivity. Pius XI devoted several paragraphs in *Quadragesimo Anno* arguing against the sort of collectivism that would “employ the most violent means” to bring about “fierce class struggle” and to abolish private property (#112). The value of community is paramount in Christianity, notably since the Apostolic era: the way the community of the early Christians lived gives an illustration *par excellence*. They sold their possessions – lands or houses – and the Apostles distributed the proceeds according to each one’s needs; no one was in need (*The Acts of the Apostles*, 4:32-35)<sup>1</sup>. The relation and the impact of the social whole to its constituents in one era are different than those in the other. The social contexts and the contrast between these ways of viewing society would lead one to appreciate the stance that favors the lower unit as the “default position”<sup>2</sup>.

### Competence: Toward the Higher Pole

Then the first major shift occurred in 1963. In *Pacem in Terris* John XXIII shifted the “default position” towards the *higher* social unit. Competence and effectiveness of the action to be taken were given more weight than they were given earlier when the scale of social relations was narrower. But the *global scope and scale of the situation* appear to have contributed to this shift: the encyclical recognized that there were situations or “problems [that could be] considered too difficult for the rulers of individual States to solve with any degree of success,” (*Pacem in Terris*, #140). At least, the importance of competence assumed a nuance of greater importance. The unit that could act in a global scope was more competent than individual States; the resources at its disposal would contribute to its higher competence. *Vis-a-vis* the closeness of the lower unit to the situation, the effectiveness of action was predicated also on the competence of the unit that would take action. The nuance is a matter of emphasis because understanding the problems adequately is (or, *should be*) integral to the task of designing solutions. Admittedly, it can be more challenging to tailor solutions to national or local values. Social identity can easily come to mind as a point of concern at this point. But *Pacem in Terris* made it clear that “it is no part of the duty of universal authority to limit the sphere of action of the public authority of individual States, or to arrogate any of their functions to itself,” (#141). It reiterated *Quadragesimo Anno*, but it recognized that calibrating the problem in terms of scope or scale prompted the shift of weight toward the higher social unit as the “default position”.

Within a generation, therefore, there was a reframing of the concerns or the facts of the situation. In effect, *Pacem in Terris* introduced the *situation itself*, the object of action to be taken, as a factor to consider in the task of designating the “default position”. This latter frame was *broader or deeper* because the definition of *roles* would not be limited to the relation between social units only; rather, the objective empirical situation was explicitly taken into account. Unpacking this point shows that the empirical situation is relevant to evaluating the effectiveness of the action to be taken. Further, the objective situation should matter in *identifying* the occasions wherein the State would appropriately extend help to lower units – as enunciated in *Quadragesimo Anno*. Therefore, *Pacem in Terris* revised *Quadragesimo Anno* in terms of the “default position” precisely by reframing the way status-roles should be defined between the social units. The revision derived from focusing on the outcome of action more than on who would perform action. In effect, the application of the subsidiarity principle was made contingent on the nature of the empirical situation toward which the action of social units would be directed. The competence of a social unit was relative also to the situation.

<sup>1</sup> Revised Standard Version, Catholic Edition.

<sup>2</sup> O’Brien and Shannon (1977) note that the social context was also a factor in some differences “in tone and general direction” between Leo XIII’s *Rerum Novarum* and Pius XI’s *Quadragesimo Anno*. *Renewing the Earth*, p 36.

## The Environment's Role

The next significant shift came with the employment of *integral ecology* approach in *Laudato Si'* of Francis I in 2015. Again, the shift is in terms of the point of emphasis and in the framing the action-situation relationship, rather than in terms of which pole should be the "default position". The nuance derives from an even more comprehensive perspective on the relationship between society and the environment. The basic views entail: (a) the objective empirical situation involves the workings of Nature, (b) these workings are determinate, meaning that Nature has its own way of "acting and reacting" to events or changes engendered by individuals or groups that constitute society.<sup>1</sup>

Further detailing out the way Nature works or reacts, the environment is understood and valorized in terms of (1) the resources it provides to populations or communities, (2) the way and pace in which it processes or recycles waste resulting from people's activities, the so-called "sink" function (Organisation for Economic Cooperation and Development, 2005).<sup>2</sup> The interaction between societies and the environment is mediated by the tool of technology: technology can improve or worsen people's ways of accessing and transforming resources as well as ways of processing waste. These points come from science; and theological viewpoints can build upon them – as *Laudato Si'* does. And because of what science understands at present, the conceptual impact on the principle of subsidiarity is viewed in relation to further calibrating or nuancing the role of the empirical situation in the designation of which social unit is the "default position". Simply put, the environment matters a great deal. *Laudato Si'* offers an "approach to ecology which respects our unique place as human beings in this world and our relationship to our surroundings" (#15). This means that the point of concern now is primarily how to *comport* with Nature's predetermined way of "acting and reacting" to people's activities and their outcome. Ultimately, comporting with the way the environment behaves is relevant to the well-being of peoples. This means that respecting the environment has utility to humans.

As regards the role of the environment, Paul VI wrote the first papal document that explicitly recognized *environmental pollution* as a social problem (*Octogesima Adveniens*, 1971: #21). John Paul II's *Sollicitudo Rei Socialis* (1987, #34) addressed development efforts and declared the need to respect the nature of things, to acknowledge the risk of depleting the environment's resources and to beware of health hazards ensuing from pollution. Speaking of subsidiarity in 1991, *Centesimus Annus* stressed the responsibility of the State (the higher unit) to create "favorable conditions for the full exercise of economic activity which lead to abundant opportunities for employment and sources of wealth" (#15), the "favorability of conditions" would have included the ecological dimension. It also reiterated that the higher unit must *support* the lower unit "in case of need" and "help to coordinate [the activity of the lower unit] with the activities of the rest of society" (#48). Now, *Laudato Si'* enunciates the same views. What distinguishes it is its explicitness in using environmental conditions as an integral facet of its principles of reflection and judgment – let alone the fact that the encyclical takes the human-environment relationship itself as its topic. As the scientific community and advocacy groups elaborated on the ecological perspective, Catholic social doctrine broadened and deepened its view of the environment.

## Ecological Complexity and Interconnectedness

What stand out in an ecology-guided perspective are (a) the *interconnectedness* of events, actions, or their outcome: thus, people eventually need to cope with situations that they had engendered, (b) the *complexity* of the processes or mechanisms through which Nature "slaps back" at people, perhaps, at those who caused a change in the environment. Parsing out this list should show that the environment can relay the impact of some people's actions to other people (or communities in *other locations* (e.g., it can be a vector of pollution downstream); it can transmit the impact to *later generations* (e.g., toxic substances in the air, water, or soil that can cause diseases many years later). Viewed this way, the environment acts as a *medium* in the interaction between individuals or populations. People's actions have an objective impact that may be transboundary, transgenerational, or both. *Laudato Si'* advocates for "the conviction that everything in the world is connected" (#16). In this context, it comes through even more cogently that the definition of status-roles must not disregard the role of the environment but rather, explicitly factor it in. And the facet of the situation that needs to receive attention is environmental backlash along with appropriate resource use. The threat of resource depletion is basically related to overharvesting, and that of environmental pollution is related to the overloading of Nature's capacity to process and recycle waste. Sustainability is viewed in terms both of the "resource function" and of the "sink function" of the

<sup>1</sup> Society is viewed as an organized population; status-roles pertain to social organization.

<sup>2</sup> The United Nations' list includes other functions in a finer way, but I submit that these two functions are the basic ones. This can be seen if land is considered as a resource the way air, water, and food are considered resources. The OECD refers to: United Nations (1997). Glossary of Environment Statistics, Studies in Methods, Series F, No. 67, #7.31 and #7.35.

environment. A case in point is health for people near or far, now or later: epidemiology shows the basic points of interconnectedness and complexity in the interaction between societies and the environment.

The basic notions have become clear from science. A few works depict the relationship or interaction between populations and the environment; they explain what an ecological approach looks into. *Silent Spring* (Carson, 1962), *The Closing Circle* (Commoner, 1971), and *The Butterfly Defect* (Goldin & Mariathasan, 2014) focus more on the overloading of the “sink function”. They also show the impact of technology and socio-political systems on situations in the environment. *Human Ecology* (Hawley, 1986), *Governing the Commons* (Ostrom, 1990) devote more time to the harvesting of resources. The environmental summits/conferences in Sweden (1972), Rio (1991), Johannesburg (2000), among others, employed this approach. The Montreal Protocol (1987) concentrated on phasing out the production and consumption of ozone-depleting substances that damaged the stratospheric ozone layer. The Kyoto Protocol (1997) and the Bali Protocol (2007), which is linked to the United Nations Framework Convention on Climate Change, aimed at reducing emissions on an international scale. The Paris Agreement (2015) took on the emblematic issue of climate change. The perspective is guided by an understanding of how everything in the environment is interconnected. What is important for the present purpose is to appreciate the nuance that further strengthens the preference for the higher social unit as the “default position”. Further, the facet of the situation that gives cogency and urgency is that of environmental backlash. It is also helpful to recall that social, economic, or political systems play a role in the transmission of impact to certain sectors of the globe, “our common home”, as *Laudato Si’* puts it -- even as some of the harmful outcomes disproportionately afflict some sectors of society more than others. The encyclical has special concern for the poor (#13).

### Toward an Ecology-Driven Subsidiarity

Given now our understanding of how the environment has pre-determined ways of throwing back harmful impact to human and other life groups, the task of directing that *Quadragesimo Anno* accorded to the high-unit State accordingly acquires an ecological nuance. This nuance should smoothly lead to holding the whole, that is the higher unit, namely, the social, the global, as the preferred pole when it comes to determining what actions conform to the environment. The reasons for this view are intertwined with one another. Given the complexity and interconnectedness in an ecosystem (climate change being the emblematic case), acquiring an adequate and valid understanding of the mutual or interactive impact in the human-environment relationship would require more resources and competencies than merely acquiring knowledge at the lower or local level. Because of this, relatively large-scale research activities should appropriately be undertaken by the higher units. The Intergovernmental Panel on Climate Change (IPCC) under the auspices of the United Nations is an illustrative case, even as private or non-international groups can also conduct studies of the same scope and scale. The idea is not new at all: global-scale studies simply augment in substance and scale the Environmental Impact Assessment (EIA) which came into use decades ago for purposes of policy-making or project planning. The way the “whole” or the “common” is defined would invite policy-making participants to identify who would be benefited/harmed by the common good/harm. Being able to identify who can enjoy public goods, like the climate, and who can be hurt by “public harms” (like climate, as well!) can facilitate the development of solidarity with “others with a face” today – or perhaps foster Golden-Rule sentiments toward others, including those yet to be born! *Laudato Si’* (#196) urges solidarity with others, especially with the less fortunate, in “our common home”.

In addition, “[s]ociety as a whole, and the state in particular, are obliged to defend and promote the common good.” (#157). And subsidiarity grants freedom to develop the capabilities present at every level of society. It also demands “a greater sense of responsibility for the common good from those who wield greater power,” (*Laudato Si’*, #196; *emphasis added*). Considering the complex interconnectedness that makes the environment act as a vector of the impact of actions or events, designating which social unit is preferred to take action on demands that the lower units take into consideration the well-being of the whole. Action understood narrowly can harm the whole. This is because of the pre-determined way Nature “acts and reacts”: it transmits harmful effects of actions to others (Carson, 1962; Commoner, 1971; Goldin & Mariathasan, 2014). It follows that it is the lower social units (or individuals) who must align with common-good values. More explicitly, the frame of analysis in policy deliberation, adoption, and implementation should include as a criterion the well-being of populations in other locations and, again, of future generations. The point here is that people might not be readily aware of the impact of their actions; nevertheless, the environment does transmit the impact to other people. And in this context, J. S. Mill’s idea would apply: “as soon as a person’s conduct affects prejudicially the interests of others, society has jurisdiction

<sup>1</sup> The negative formulation of the Rule from Confucius (孔子) might be easier to grasp because of the need to give due attention that the harm of environmental pollution: “己所不欲，勿施於人”，論語 (The Analects), 15:24 (“Do not do to others what you do not want to be done to you.”).

over it".<sup>1</sup>: As regards differing stances which may be associated with differences in culture, religion, level and type of education, Confucius offers a helpful idea: in terms of nature, peoples are very much alike; in terms of habits [culture], they are very different (*The Analects*, 17:2).<sup>2</sup> Health is a condition that is better viewed and understood as something of nature rather than one of habit, which may be culture-bound. Health would be valued similarly across cultures on the *same planet*.

Things environmental are clearly in the "nature" category. And because of the practically autonomous way Nature bounces back -- or relays -- the impact of actions to people, the "victims" do not have any choice: they just absorb the impact. For example, people downstream simply "accept" what has been dumped upstream; communities in deforested areas simply live with the risk of mudslides. By contrast, people dealing with actions or practices that have no significant environmental impact have the choice of adopting or not adopting a certain practice -- e.g., child-rearing practices. In these cases, the environment does not just dump the impact on other populations. Therefore, when it comes to dealing with issues with significant environmental impact, *guiding and harmonizing* the direction of development efforts is part of the higher units' task of directing. Accordingly, research that guides policies or practices -- and the task of directing the whole, which is governance itself -- would also be assigned to the higher units by default. The task of valorizing economic versus ecological benefits would need to be critically appraised: who or which social units would be benefited or harmed? What about the well-being of future generations? Having the perspective formulated by the higher units is the wiser choice.

It is here that the principle of solidarity comes in: who are the ones we hold ourselves to be "in solidarity with" when we identify the beneficiaries or victims of empirical conditions that would result from our actions? If and when the environment relays the impact of actions to other populations, the common good is, in effect, subject to pre-determined opportunities and constraints that derive from the empirical conditions. Therefore, the tie between the common good and sentiments of solidarity is an integral factor in designating the "default position". The *Compendium of the Social Doctrine of the Church* (2004) speaks of interdependence among people and links solidarity to the effectuation or enhancement of the common good. With a more nuanced ecological framework, giving explicit attention to the mitigation or minimization of the harm bounced back by the environment to human populations should be a dimension of the principle of solidarity and that of the common good. And, by designating status-roles, subsidiarity aims at fostering actions, practices, or policies that comport with the environment.

### Subsidiarity in Context

As previously noted, because of its ability to bounce back or relay impact to other parts of the whole, Nature demands that it be explicitly included in the definition of the roles social units or individuals. This means that the social definition of roles, and the use of "whose rights/responsibilities" as the primary rubric would have to give way to the substantive question of *how* individuals or communities should interact with an adequate understanding of the way Nature behaves. Conceptualizing and applying subsidiarity requires that the first step should be to recognize the "what" and the "how" that comport with Nature. *What* actions, practices, and policies would mesh with Nature's way? *How* are these to be carried out? Only *later*, should the "who" -- the higher or the lower social unit -- be designated. The formulation of the principle of subsidiarity can give the impression that the primary concern is the "who". The sovereignty of states can be an issue (Colombo, 2012; Jasanoff, 2013; Carozza, 2016) just as local autonomy and identity can be invoked. But a careful reading between the lines unpacks the primacy of considering the "what" and the "how" when actions or practices are understood to have a non-negligible environmental impact. Put differently, what comports with the common good (or, the whole, is the "more effective" solution; and, therefore, the task of designating who should act the situation comes only later. When it comes to environmental issues, the "default position" should be the higher unit. Here, ecology trumps subsidiarity; it logically precedes and guides the application of subsidiarity. The approach is what would now be familiar to many: 'think globally; act locally -- go global!'

The big picture of nuances and shifts appears as follows: with reference to time of *Quadragesimo Anno*, developments have shifted the weight closer to the higher pole because of the circumstances. Now we recognize the role of the environment, specifically as the object of humans' actions and as a medium or transmitter of impact to others. The elements that this framework nuances are: (a) the ability of the social unit also takes into account the empirical situation, and (b) the "occasion" or "necessity" now need an ecologically guided nuance. With reference to *Pacem in Terris*, the competence of a social unit should not be limited to the scope of its power nor to the amount of its resources: these have to be calibrated

<sup>1</sup> Quoted from On Liberty in Lemert (2017), p. 55.

<sup>2</sup> "性相近也，習相遠也"，論語 (*The Analects*), 17:2 (The rendition in the main body of the text is mine.)

by the environmental situation. With reference to *Laudato Si'* the understanding of who, or which groups, stand to benefit from "the common good" or be harmed by "communal hazards" – again, both through the environment – is of paramount importance. Adopting and employing an ecological perspective shaped and impelled the shifts toward the higher social unit as the "default position".

### Social Epistemology

The application of subsidiarity in the relations among states or regions highlight the importance of social epistemology. Communication or dialogue is very important because of the need for member states (or constituent parts) to understand how the actions, practices, or policies that they could execute on their own might impose foreseeable impact or risk on other members. The logic derives from the same ecologically *complex interconnectedness*.

Determining what practices or policies would comply with "Nature's demands" and what would not is basically a matter of social epistemology: what knowledge the participants or stakeholders accept as "correct knowledge", and thus, usable to guide action or policy-making? The question becomes subject to what is socially constructed as "valid", if not "the correct knowledge". The sciences have the rigor and capability to demonstrate their findings and analysis. And constituents or stakeholders need to communicate with one another to harmonize their actions or policies. Nevertheless, scientists have faced arguments of different sorts. Power has a role to play in the process of social construction (Jasanoff, 2013). Benedict XVI appealed for *particular interest* to align to the common good – and he did so by explicitly invoking the principle of subsidiarity: "In accordance with the *principle of subsidiarity* it is important for everyone to be committed at his or her proper level, working to overcome the prevalence of particular interests."<sup>1</sup> Michaels (2008) also warns of the insidious tactic of invoking *uncertainty or doubt* when it comes to dealing with legislation on economic activity. Doubt or uncertainty is built into the method of the sciences: absence of empirical evidence makes an assertion or claim questionable; the margin of error might be too high vis-à-vis the measure of restricting the exercise of people's rights to pursue an economic activity. Attribution of causality to human activities can be appropriately debated, and so can the projection of future conditions be questioned. The strategy of employing doubt in policy debates and deliberations presents a veritable challenge. The onus of proof lies on the side of the advocates, and the "doubters" have the easier task. Intractable debates can stymie efforts at crafting solutions and eventually the stakeholders end up eluding the responsibility of conforming actions or practices to environmental constraints.

Michaels' caveat leads to two basic points: (a) the craft of lawmaking and interpretation, and (b) the *precautionary principle*. The first point is about how laws are enacted. Lobbies and social movement campaigns advocate for policy or legislation options. They practically make claims on "what ought to be" as to be legally enforced. Here, if the environment is not given the respect it would in an ecology-guided approach, it is likely that laws or policies would be practically limited to the criteria of rights. In contrast, "Nature's predetermined way" of acting/reacting is closer to obligations than to people's rights to act in a particular way. Hence, the ecology is something to comport with; populations can only temporarily disregard "Nature's predetermined way" with impunity because environmental backlash is bound to bounce back to people later. Needless to say, infusing an ecological perspective into lawmaking or interpretation is a huge task, even as viewing its need in the abstract can appear to be very simple and easy. Beyond "merely hoping", there is a notion that can serve as a premise: Posner (2015) claims that "the outcomes of constitutional cases are not driven by legal jargon but by the justices' ideological views and rough balancing of the costs and benefits of alternative outcomes" (p. 138). The ecology should be a criterion for "costs and benefits" of very palpable outcomes of actions or activities that are recognized as within the rights of citizens or corporations to undertake. Carozza (2016, p. 66) identifies the environment as a discrete functional area of international law where the development of principles should continue – given what he observes as "fragmentation". The cogency of arguments based on the complex interconnectedness of the ecology can provide a unifying motif to this effort.

Here, we can invoke the precautionary principle, which does not operate in a vacuum because previous experience contributes to the molding of a precautionary attitude. For this reason, precaution is itself shaped by the "empirical evidence" in earlier observations. Absent convincing proof of, say, causal attribution in cases of pollution or epidemiology, the pedestrian approach of "erring on the conservative side" can be employed. In the meantime, the best that science can provide is (or, should be) the "compelling guide". There is no reasonable alternative. The issue here is one of prudence; it goes beyond the scope empirical knowledge alone. Gaming the lawmaking system in such a way as to limit deliberations to issues of, say, economic rights – to the exclusion of ecological values and sensibility – is definitely an option. But what consequences will which population sectors face in other locations or in some future time?

<sup>1</sup> "Message for the Celebration of the World Day of Peace", #11; italics in the original.

These challenges lead us back to the more basic point of determining the “what/how” of actions *before* designating “who” acts on a given situation. The point is not that “lower units” invariably evaluate alternatives for action in a “narrow” or particular fashion. Rather, *ceteris paribus*, there is more risk for letting particular interests lead to harm for the larger whole if the “who” (“whose rights”) is the first criterion. And, therefore, when dealing with issues that entail the ecology, the “who” must be substantively guided by the “what” and the “how”.

### Shifts within the Whole

The shifts in terms of emphasis on the unit were made in the context of the whole. And to the extent that the higher unit has broader responsibilities for the whole, the current point of emphasis is the higher unit. The way the environment as a critical component of the common good has been appreciated is a factor in this shift. The lower units retain their “default position” when it comes to issues “farther” from the category of “environmental” issues, like actions or practices concerning units like the family, or, matters pertaining local identity, as has been pointed out already. The point is simple: if or when the environment does not autonomously transmit harm to other populations, the lower unit would be preferred to take action on the situation.

One facet of the stipulation of subsidiarity deals with the relationship between the rights and autonomy of one social unit and those of another. And the conditionality that is integral to the principle postulates the need to balance the interests of the lower units with those of the higher units. The common good serves as the guiding value in this balancing. Therefore, emphasizing potential conflicts between the interests of the units – as in autonomy versus centralization – can be misleading if organizational structures are assessed without reference to the well-being of the whole. After all, lower units or individuals are what constitute the whole; the common good is oriented to fostering, nurturing, or supporting the well-being of lower units or individuals. Consequently, framing the relationship and interaction between lower units and higher units demands an explicit recognition of the way the actions of lower units impact the whole. The environmental dimension of actions within a population illustrate how this impact-relay transpires in the concrete with immediate or eventual palpable outcome.

### Conclusion

Science today shows more clearly that the environment is a basic and critical component of the common good. Therefore, societies – and the individuals and groups comprising them – need to conform their actions or practices to the environment’s pre-determined way of “acting and reacting” to changes or conditions brought about by these actions or practices. In this frame of understanding, what needs to be considered first is the how the actions or practices comport to the environment. Eventually, what comports with the environment is beneficial to humans. It follows that if the approach is ecology-guided, the designation of roles in terms of who acts first on a given situation is relegated to a secondary level of consideration. In other categories of situations, where the impact of actions or practices are relatively contained in a “narrower” scale, the earlier designation that the lower social unit acts first, is the better option. The invocation or application of the principle of subsidiarity is contingent on the substantive area where actions and practices are carried out. And, because the identification of “outside victims” of actions or practices entails an understanding of how the environment relays the impact in time and place, the principle of solidarity is also secondary to the principle of the common good.

Social epistemology assumes an important role because it is the only way through which different populations on the planet can align their actions or activities to the constraints that the ecology imposes. Solidarity with others and commitment to the common good both highlight the importance of good will. And both good will and scientific knowledge should guide the application of subsidiarity because designating roles in matters environmental must take the objective impact of actions or practices into account.

### References

- [1] Benedict XVI (2010), “Message for the Celebration of the World Day of Peace”, [http://w2.vatican.va/content/benedict-xvi/en/messages/peace/documents/hf\\_ben-xvi\\_mes\\_20091208\\_xliii-world-day-peace.html](http://w2.vatican.va/content/benedict-xvi/en/messages/peace/documents/hf_ben-xvi_mes_20091208_xliii-world-day-peace.html) [Accessed 2018 June 14].
- [2] Cahill, Maria (2016). “Sovereignty, Liberalism and the Intelligibility of Attraction to Subsidiarity”, *The American Journal of Jurisprudence*, Vol. 61, No. 1, pp. 109-132.
- [3] Carozza, Paolo (2016). “The Problematic Applicability of Subsidiarity to International Law and Institutions”, *The American Journal of Jurisprudence*, Vol. 61, No. 1, pp. 51-67.
- [4] Carson, Rachel (1962). *Silent Spring*, Houghton Mifflin.
- [5] Colombo, Alessandro, (Editor) (2012). *Subsidiarity and Governance*, Palgrave Macmillan.
- [6] Commoner, Barry (1971). *The Closing Circle*, Bantam Book.



- [7] Francis I (2015). *Laudato Si'*. Encyclical Letter.
- [8] Goldin, Ian & Mariathasan, Mike (2014). *The Butterfly Defect*, Princeton University Press.
- [9] Hawley, Amos H. (1986). *Human Ecology: A Theoretical Essay*, University of Chicago Press.
- [10] Jasanoff, Sheila (2013). "Epistemic Subsidiarity – Coexistence, Cosmopolitanism, Constitutionalism", *The European Journal of Risk Regulation*, No. 2, pp. 133-141.
- [11] John Paul II (1987). *Sollicitudo Rei Socialis*. Encyclical Letter.
- [12] John Paul II (1991). *Centesimus Annus*. Encyclical Letter.
- [13] John XXIII (1963). *Pacem in Terris*. Encyclical Letter.
- [14] Lemert, Charles (Editor) (2017). *Social Theory*, 6<sup>th</sup> Edition, Westview Press.
- [15] Michaels, David (2008). *Doubt Is Their Product*, Oxford University Press.
- [16] O'Brien, David J. and Shannon, Thomas A., (Editors) (1977). *Renewing the Earth*, Image Books.
- [17] Organisation for Economic Cooperation and Development [OECD] (2005). (<https://stats.oecd.org/glossary/detail.asp?ID=6424> (Accessed 20180620))
- [18] Ostrom, Elinor (1990). *Governing the Commons*, Cambridge University Press.
- [19] Paul VI (1971). *Octogesima Adveniens*. Letter in commemoration of the 80<sup>th</sup> anniversary of *Rerum Novarum* (encyclical of Leo XIII).
- [20] Pius XI (1931). *Quadragesimo Anno*. Encyclical Letter.
- [21] Pontifical Council for Justice and Peace (2004). *Compendium of the Social Doctrine of the Church*. Vatican City.
- [22] Posner, Richard A (2015). Review essay on *The Court and the World in Foreign Affairs*, Vol. 94, No. 6 (Nov-Dec), pp. 138-141.

## **Electronic Signature and Electronic Contract, Comparative Aspect of Kosovo and Developed Countries**

**Islam Qerimi, Mr.sc**

Legal Consultat at Law Tech

### **Abstract**

The study defines the advent of new technologies such as electronic contract and Electronic signature and other networks that have had impact in changing the business world wide and provided the trading processes in e-business more efficiency. In this article we will discuss about Electronic Contract and Electronic Signature in developed countries, how they have regulated this issue and when did it started to be used, wich do the positive and negative aspects, where Kosovo can benefite, know that in Kosovo is still not regulated with a law. We will focus on meeting the needs of the community in kosovo to have a law that Regulates the use of Electronic Contracts and Electronic Signature and trying to solve their problems in doing business world wide.

**Keywords:** Electronic Contract, Electronic Signature, Eu-Directives, Kosovo and Developed Countries, Click Wrap, Brows Wrap.

### **Methodology**

The methodology used in the realization of this study is combined with the research, comparative, historical methods, although it is not the case that the electronic contract has a long history, but there is enough history, as well as methodical analysis or analytics, is used.

In this study we will refer to the facts collected from the materials prepared in recent years, from various laws, scientific papers, researches and various articles that have been made public, regarding the contract and the electronic signature, which is a very topic important to facilitate the development of international businesses.

### **Introduction**

The Internet and digital technology are transforming our lives, everyday with the paces in a dimension of a real revolution. These fast and deep transformations are now being considered worldwide as the second most important revolution behind the industrial one. Using e-mail application for various services that different institutions and companies are offering to citizens enables lowering costs of printing, color, archiving requiring considerable space, and is also faster than service, and more quality.

While in terms of electronic contracts, they have managed to get a significant place in the development of legal relations between businesses, especially in electronic commerce, in many countries, the use of electronic contracts is increasing, but it is very important to deal in two aspects of electronic contracts, what are the advantages of its use, and what are the risks of electronic contracts, it is also important to address the characteristics of electronic contracts and what the factor is being made today in the development of business relations.

We will also address e-Governance, what it means, what is being practiced, and why it is important for a country as well as what is involved in e-governance, how are they approaching the digitalization trend, Kosovo and Albania. All of these will be dealt with based on our legislation, European Union directives, but special focus will be on the world practice of how are developing signatures, electronic contracts and e-governance, taking into accounts how they have found space worldwide in electronic contracts.

### **Contract**

The increasingly sophisticated economic relations, adapting to the time and technology that is becoming more useful everyday, has made the contract a vital asset for the development and advancement of businesses, seeing this development extremely fast, and with global proportions, different contracts have also emerged.

The main legal form in which economic work is performed are **contracts**. The great development of contemporary science and technology is also manifested in the ever-increasing number of contracts that should facilitate and simplify the relationship and realization of legal affairs (N.Dauti,2012)

The contract is a legal work for which the consent of the participating entities is required. As contract terms are:

- contracting ability;
- Reconciliation of will;
- Contracts;
- Legal basis of the contract (N.Dauti, 2012).

According to the Kosovo Law on Obligations, Article 16 states that "the contract is concluded when the contracting parties have agreed to the essential elements".

#### Field of Contract Implementation

The contract as a contracting form applies almost to all branches of law, except in criminal law. In the labor law, the contract finds expression in labor relations, as in contracts between the employer and the employee, as well as in the collective labor contract. In economic law, contracts for the circulation of goods and the provision of services are mostly used. In financial law the contract applies to the arrangement of various financial transactions. Public international law through contract regulates relations between states. But it should be noted that the contract is mostly used in the right of obligations (N.Dauti, 2012).

#### Principle of contract freedom

The principle of contract freedom is an opportunity for the participants in the relationship of duty to regulate their mutual free will to regulate the mutual legal relations of the obligations. More specifically, the principle of freedom of contract means:

- that every subject of the right freely choose to bind or not conclude the contract;
- that every subject of the right freely chooses the person (partner) to whom he / she will sign the contract;
- That the subjects of the right freely determine the content of the contract the form and manner of its attachment;
- That the subjects of the right freely decide on the change and the ways of termination of the contract;

In case the contract is concluded between subjects with different citizenship, the subjects of the right can freely choose the legislation that will be applied in their contract (N.Dauti, 2012).

As can be seen above, we have a description of the main terms or principles of contract freedom, where these principles are the main basis of a contract and are vital to the implementation of a legal contract, these conditions protect both parties from eventual damage from the contract, and also gives you the freedom of contracting that is guaranteed by the applicable laws in the respective countries, these conditions are also essential for the electronic contract as the subjects themselves choose the way they want to enter into a contract or reach an agreement.

#### Restricting the freedom of contracting in view of the conclusion of the contract in general

Freedom of contracting is limited by the constitutional principles and the principles of the law itself, the cases of limiting the freedom of contracting:

Participants in the relationship of duty are free to regulate their relations according to their will, in accordance with the ordinance, public order and good doctrines.

Limitation of contractual freedoms through the legal obligation to enter into a contract (eg: car insurance contract, compulsory insurance of passengers, purchase of a border policy, etc).

Economic entities involved in hotel services should enter into a contract with persons who are directed to use their services (the hotel can not refuse the client for any serious reason other than objective reasons).

Restricting the freedom of contracting in view of the choice of the contracting party (if the subject which you have entered into a contract is a monopoly on the market, then we are dealing with limitation).

Restriction of contract freedom through pre-emption right (the seller of agricultural land is obliged to start offering it for purchase to the person who has the right of pre-emption and then others, this restriction has to do with regard to the choice of the contracting party)

Restricting the freedom of contracting can also be made in terms of the content of the contract, so that the contracting parties can not change anything (the contract on the loan is compiled by the bank, the interest rate is set, the contract content, and the borrower in this case has only possibility of selection, sign or not)

Restricting the freedom of contracting is also done through the contract of the contract where the content of the contract is compiled irrespective of the will of the parties (international oil sales, contract for postal services etc.)

Limiting the freedom of contracting through formwork contracts (contract for the sale of real estate, construction contract, deposit etc.)

Restricting the freedom of contracting through collective bargaining (all individual labor contracts must be in accordance with the collective bargaining agreement or not contain less favorable provisions for the contracting parties)

Restriction of contract freedom when the validity of the contract requires the granting of consent (the guardian gives consent that the care enters into contractual relations), (Granit Curri, 2015)

**Expression of will** - the will to conclude a contract can be expressed in different ways: in words, gestures, or other behaviors. Expression of will is expressly expressed and indirect will expressed. Indirect desire comes to the fore when a person with their behaviors implies that he wants to conclude a contract.

**Negotiations** - In many cases, the conclusion of a contract precedes the negotiations. Negotiations do not contain supply elements, so they do not have a binding character (Nerxhivane Dauti, 2004).

Time and place of conclusion of the contract - As the time of the conclusion of the contract is considered the moment when the bidder reaches the statement that the other party accepts the offer. As a place of contract award is considered the country in which the bid was made, respectively the place in which the bidder has the seat or the place in which the bidder had the place of residence at the time the bid was made.

**Offer** - Offer is a legal institution that has a mandatory character. The offer is a proposal for connection of the contract to a particular person, which in itself contains all the essential elements of the contract, so that the contract can be concluded upon acceptance of the contract. The offer may also be general when you are addressing some people. The legal bid effect is found in the production of the contract as the main purpose. The issue of bid revocation is the right of the one who has also offered. To make an offer or to sign a contract, the law does not foresee any form as a rule (Nerxhivane Dauti, 2004).

Some promises are made implicitly by the words or actions of the bidders / promises. For example, if Bob says to John: "I will wash and detail your car at 3:00 p.m today, if you bring it to my house, and if you pay me \$ 50," then John brings his car to the house Bob at 3 o'clock in the morning and let him say nothing, then John has probably made an implied promise to pay Bob \$ 50 for washing and detailing his car (Charles H. Martin, 2013).

**Bid acceptance** - the offer is considered to have been accepted when the Bidder receives the bidder's statement that he accepts the Bid. Also, the offer is treated as accepted even when the bidder sends the item or pays the price. Bid submission methods are usually dictated by how the bidder wishes the bidder to accept the bid or making a promise to do - facere or doing something required by the bidder or bidder. For example, if John says to Bob, "I will pay you \$ 50 if you promise to wash and detail my car at 3:00 pm", John wants Bob to promise to do this job and do the promised job. This work which as a promise has a promise-for-a-promise is called a "bilateral" contract (Charles H. Martin, 2013).

**Pre-contract** - is a contract with which the obligation to enter into another contract is called the main contract.

**Contract Object** - The object of the contract may be a grant, action, inaction or patience.

**Failures of will** - The flaws of will are presented as: threat; essential mistake; Motivation of contracts without compensation; dispute; indirect declaration; fraud, fictitiousness.

### **Electronic contracts and electronic signatures**

The Electronic Contract is one of the most obvious examples of how information and communication technologies (ICTs) can contribute to economic growth. It helps countries improve trade efficiency and facilitate the integration of developing

countries into the global economy. This allows businesses and entrepreneurs to become more competitive. But knowing that an instrument (electronic contract) is powerful is not enough to ensure it is used best, we need to understand how it works, how to use it, and find creative ways for them putting this knowledge in practice, spreading it extensively and maximizing its power, Ronald Lee, (R.lee, 1998) who was one of the first to initiate electronic contracts as a concept more than a decade on first.

E-contracts are contracts that are executed and enacted by a software system in the sense that they are not concluded by face to face communications i.e. the "seller and buyer" or "supplier and consumer" do not meet in person to form, negotiate and execute the terms of their contract. Distance contracts is a type of e-contract because they are contracts concerning goods or services concluded between a supplier and a consumer under an organised distance sales which for the purpose of the contract, makes use of one or more means of distance communications such as internet, e-mails, telephones and so on up to and including when the contract is concluded (Lawteacher.net, June 2018).

Traditionally, when people have contractual agreements with one another, they have submitted a document, a physical copy signed by both parties, which is physically delivered, personally by the parties or via post, while over time and with increasing demand for exchange of goods and services between different countries, there is a growing demand for a faster way in order to overcome the barriers of distance and time.

For a contract to be formulated in a valid manner, certain elements must be completed, namely:

1. There must be an offer to determine the terms of the contract;
2. A clear receipt of the offer must be communicated to the person making the offer;
3. The contract must be supported by the review, eg; payment of the price;
4. Parties should aim to establish legal relationships;
5. All parties should have the legal capacity to carry out the transaction (Bateman Battersby, 2018).

However, in addition to the usual requirements for a paper contract, an electronically-contracted contract is legally valid if:

1. The contract is preserved appropriately and can be achieved after signing;

and

2. There has been consent between the parties to obtain information electronically, expressly or with implications.

One of the issues for electronic contracts is related to electronic signatures and it is the question of identifying a request for a purpose to establish contractual relations between the parties electronically, by signing the electronic parties the parties have the legal certainty that the contract concluded between the parties will be respected and will be legally valid.

Language and formal contracting procedures, employing technology for further standardization of certain classes of contracts in order to reduce transaction costs and contracting time is referred to as "Electronic Contracts". The first versions of the idea were based on Electronic Data Exchange (EDI) as a communication medium. Since then, electronic contracts have evolved along with electronic communications.

### **1. Legal information:**

The legal information that we propose directs the whole negotiation process and addresses the concerns over the legality of the transactions executed while using the electronic contract on the Internet.

Consumers in a distance selling contract for goods or services are entitled to certain rights which they can enforce in the advent of a dispute that may evolve in the contract and these rights which are provided by different laws includes;

Right of withdrawal

Right of cancellation

Right to refund and reimbursement of sums paid

Right to rescind the contract

It is also important to understand that these consumer rights are subject to some exceptions because it is not all types of goods these rights applies to and such goods will be considered in relation to the goods that were ordered. Where the supplier complies with regulation 8, the cancellation period ends on the expiry of the period of seven working days beginning with the day after the day on which the consumer receives his goods (Lawteacher.net, June 2018).

The legal information that helps in the formation of contracts is listed in. There are two methods by which information can be accessed:

1.1. Legal Information Websites - the electronic versions of some States as well as International Laws, which can be accessed via the Internet or for a subscription or non-payment fee. The purpose of subscribing to websites is not only to provide more electronic versions of laws and regulations, but also to create various forums that they could discuss with professionals from different fields for discussion purposes who could make a lot of recommendations for the users of these forums, in order to have as much information as possible about electronic contracts, while in the form of contracts, these sites could be a reference tool.

1.2. A particular contract form, or contracts, terms and conditions that accompany or are part of commercial documents used for the purpose of purchases or various transactions, have become the form of a contract model (Bled 2001).

## 2. Legal Infrastructure of the Electronic Contract

Many governments are developing legal infrastructure for monitoring and regulating transactions that are carried out through the Internet. As a change of plan, trading initiatives like Bolero are giving consumers an opportunity to utilize the legal infrastructure they have developed and even make it mandatory for customers to sign and respect the rules when using these services.

In Bolero's (Bolero) heart is a unique legal infrastructure, the Bolero regulation. It connects users to a common set of rights and obligations in the electronic world (paperless).

It operates in accordance with national legal systems and international conventions.

The Bolero regulation is the result of one of the greatest legal feasibility in the world studies conducted by leading legal practitioners in the world trade law.

The rule drawn up by Bolero can be compared to that of a private contract. It does not neglect any of the trade agreements that are present in a contract. Instead, by signing the regulation, a user is responsible for the content of electronic documents sent through the Bolero workspace. Looking at the advancement that is taking place in different world countries, such as the United States or the European Union countries, whose main focus is to create more favorable business conditions, with a view to increasing trade international, respectively export of the products of the respective countries, therefore Kosovo and generally the Balkan countries should have a clear vision about how to design the legal path for the most advanced and safer use of the Electronic Contract and Signature electronics. Building a sustainable and advanced legal infrastructure would be one of the main priorities that the Kosovo government would have to deal with in the coming years, adaptation to the electronic system for the state of Kosovo would not be very difficult given that 65% of the population are of young age, and easily adapt to changes and advances in the electronic system (bolero).

There are different laws or legislations that govern e-contract most of which provide certain forms of redress and protection for parties to a contract most especially the consumer and they include;

The consumer protection (Distance Selling) Regulations 2000

The Electronic Commerce (EC Directive) Regulation 2002

Directive 2000/31/EC on electronic commerce

Directive 97/7/EC on consumer protection and distance contracts

Rome 1 convention on (contractual obligations)

There are also other laws which protect consumer rights with regards to distance selling contracts such as Unfair contract terms Act (1977) and the Unfair terms in consumer contracts regulations which applies in situations where the terms and conditions of the contract are not fair to the consumer and also to prevent significant imbalance in the rights and obligations of the parties to a contract, Sales of goods Act (1979) which gives the consumer the right to return the goods if there are not fit for their purpose and must be carried out within a reasonable time, Brussels 1 which protects the consumer when conflict of laws and jurisdiction issues arise and provides that 'where there is a dispute as to whose law will apply with regards a dispute between both parties, the applicable law will be the law of the consumers "habitual residence" if the supplier directs his activities to that country by any means and even if the parties choose a different law, it should not deprive the consumer of their mandatory laws" because they are of the opinion that the consumer is the weaker party, Uncitral model law and so on (Lawteacher.net, June 2018).

Electronic commerce is focused on business among large companies or in consumer-oriented business online. The MEMO (Mareike Schoop) project tries to close the gap between these two areas by supporting e-commerce between small business and small business. Therefore, an electronic brokerage system is being developed which supports the research, negotiation and fulfillment stages of business partners, so in 1999-2001 it qualified as prof. Mareike Schoop, Ph.D, the time when the first legal structures about the advancement of electronic contracts began, and the big project where the participants of the project were the Netherlands, ABN-AMRO-Bank as project coordinator, Infolab of the University of Tilburg (NL), Origin of Spain, and several user groups including the Aachen Chamber of Commerce (IHK Aachen). The project started in January 1999 to complete in June 2001.

### 3. Preparation of the Electronic Contract:

3.1. In the case of negotiations where two or more parties are involved, several different versions of contracts are prepared until it brings to us a final agreement Means that facilitate the preparation of different versions of contracts as it may be. Contract Design - are some websites that are free of charge to assist in the drafting of electronic contracts that are part of the electronic contract system, the way these websites operate is that they pose some questions to which the user should answers you and then, the site automatically turns it into a standard form of electronic contract. these programs or pages are available to online users.

### 4. Supporting the Decision

This category includes functions that provide intelligent support to users while drafting contracts. In support of the decision tools should be made available through the outsourcing outsourcing process provided maximum support for users to make final decisions, which falls in cases where there are any ambiguities or do not understand any clause then through electronic forms the program be able to interpret the meaning of legal provisions or have a sub page where it can be linked and request additional clarifications (bled, 2001).

Electronic contracts and electronic signatures are as legitimate and enforceable as traditional contracts which are written on paper and signed into it, the law which made it possible for electronic contracts to be part of the global market was the International Act of Global Trade and Electronic Signatures (ESGICA), known as federal legislation adopted in 2000, has made electronic contracts as legitimate as paper contracts themselves, this was a welcome news for all businesses , dealing with internet businesses, especially those companies that provided financial services, or insurance companies as well as those of household customer services and many other companies. The law has also assisted in the so-called Business with Business (B2B), which has been a necessity for businesses to be able to place orders for supply and to perform Internet services. This step has been a very important step since it has directly impacted on reducing business expenses and also lowering the cost to the customer (nolo).

So the electronic contract is an agreement created and signed in electronic form - in other words, there is no need to use printed papers. For example, you can write a contract on your computer and send it by email, a business associate, and the same by e-mail, accepted by the business associate who signed it by electronic signature and this shows the receipt of conditions and expresses his will to conclude the contract.

Contracts are merely an agreement between the parties, creating obligations that need to be enforced legally.

An electronic contract should contain:

Clear identification of contracting parties

The terms and conditions of the proposer or tenderer, presented in a clear and accurate manner.

The requested party or the receiving party must express its willingness to accept the contract at will.

And then the interactions between the parties for the execution of the contract, such as payment, delivery of goods or some other service, must begin.

Clear indication of contract validity (Michael Gisler).

The contract must have a valid signature from the parties involved in the contract confirming the acceptance of the obligations and the rights set forth in the contract. The signature must be accompanied by a date indicating the commencement of the validity of that contract.

### Form of Electronic Contracts

There are many forms of electronic contracts but I will only mention two of the most important ones:

## I. Click wrap (dashfarrow )

### II. Brows wrap

I. In contrast to a Clickwrap Agreement is a web site requiring customers or users to first view the terms of an agreement by reading them, and then finally agreeing to the terms.

A ClickWrap Agreement is an electronic contracting tool with the user who appears at the end of a product. The terms and conditions of the Clickwrap Agreements are displayed on the same page as they should be accepted with "I Agree" (I agree) (James Douglas)

II. A Brows wrap agreement is when the terms of a contract or agreement are placed on a website, but often these conditions may be placed in a link when it is sent to the terms of the contract, so it is almost the same as saying we have entered into a super market, and in a certain part, the super market noticeable part of the consumer rights. So in this type of contract, the customer himself has to express more interest in the contract he accepts by clicking on the link and browsing the terms of the contract he accepts.

### **Why Use the Term "Wrap"**

- If you bought a software program in the 80's or 90's it came wrapped in a thin layer of cellophane. It contained the floppy disks or CDs and a copy of the software license. These licenses were deemed "**shrinkwrap**" licenses.
- After the boom of the World Wide Web, software was delivered online and the licenses used retained the term "**wrap**", becoming "**browsewrap**" or "**clickwrap**" licenses (Mackenzie Hughes).

This is how it started long time ago to get the names that now we use everyday.

Judges, generally recognize the seller's shrink-wrapped terms as an "Offer", and the buyer's acts, of opening the package and keeping the product beyond the return period, as an "acceptance" (Charles H. Martin, 2013).

### **What are Clickwrap and Browsewrap Licenses?**

#### **Clickwrap Licenses**

A software license (for actual software, website, application, etc.) that requires the user to affirmatively click on a button or checkbox with a term such as "I Agree", prior to use. – *Sometimes called a "click-through" or "click-to-accept" licence*

Users usually have opportunity to scroll through and review the terms prior to assent.

If the user does not agree with the terms he or she cannot proceed, their only choice then is to not click on the "I Agree" button and not use the software.

Example: – By clicking on the "I Agree" button you are agreeing to be bound by the following terms and conditions, that were written by the company.

#### **Browsewrap Licenses**

Browsewrap agreements are software licenses that do not require affirmative consent other than the user's initial or continued use of the software, website, or application.

The use combined with the knowledge of the terms and conditions of the browsewrap license are what constitute the user's assent.

Generally, courts will enforce browsewrap licenses only if the user had adequate and reasonable notice of the license terms.

Clients may want these licenses small, non-invasive and out of the way so they won't scare off potential users. You'll want the opposite, and may need to educate your client as to why it's important. Drafting, maintaining and updating these licenses can create a perfect storm of legal, design and programming work. To draft and maintain these licenses properly you'll have to work closely with your client and their technical team to initially set up the license and for any updates (version 1.0, 2.0, etc.), this is how people know more about how to use click and browsewrap, without having troubles with law.



Like any software licenses, clickwrap and browsewrap licenses are formal contracts that contain property rights. Being contracts, traditional rules of contract law still apply.

Most cases hinge on whether there was (1) either actual or constructive notice or (2) assent by the user.

Whether the user of the software actually knew, impliedly knew, or should have reasonably known, about the terms of the license before he or she clicked to agree or used the software.

### **Implementing Online Agreements**

In recent courts that have decided how to deal better with the different types of online deals. In general, courts have been hesitant to implement Browse-wrap deals, giving them more fairness and allowing the implementation of the Clickwrap Agreements. The reason for this is that through the click wrap notice to the customer or user in any kind of deal is easier. Courts have argued that users are more likely to be aware of all terms and conditions when they are required to read and accept terms and conditions placed in front of them on the web site under a Clickwrap agreement (dashfarrow).

However, this does not make a Browse-wrap agreement completely unacceptable, since it is assumed that a customer who wants or is interested in a particular product wants to know his / her rights and with this website is obliged to place in a visible place the terms of the contract or to mention the link which indicates the terms and conditions of the contract.

As far as electronic contracts are concerned, in Kosovo they are not regulated by a separate law and are not mentioned in any law at all, so we can say that they are not protected by law, nor are they being used by businesses all this due to the economic isolation that Kosovo had until the beginning of 2016, when with the stabilization and association agreement, Kosovo was opened for the European market as well.

Meanwhile, unlike Kosovo, the Republic of Albania is a step forward by regulating it with three separate laws, namely:

#### **Law on Electronic Document (LDE)**

This law regulates the use of electronic documents by natural, legal, public and private persons whose electronic programs and devices enable the realization, production, transmission, receipt, storage and security of electronic document information.

#### **The Law on Electronic Signature (LNE)**

The purpose of this law is to create the necessary legal framework for the recognition and use of electronic signatures in the Republic of Albania.

#### **The Law on Electronic Commerce (LTE)**

The purpose of this law is to establish rules for the conduct of electronic commerce actions, through the services provided by the information society, on the protection of the participants, the legal protection of the customer's confidentiality or the confidential data of the participants, and to ensure the free movement of information services, defining the responsibilities of the information society service provider.

### **Electronic Signature**

"Electronic signatures" are all electronic data, which are attached or logically associated with other electronic data, which serve as a way of certifying the signatory's identity and the authenticity of the signed document. An electronic signature is an electronic verification tool. This term is usually defined as a verification of the holder's identity. Any type of electronic verification shall be considered as an electronic signature as long as it is associated with other data in electronic form.

The term electronic signatures have been given a broad meaning and are specifically considered "electronic data, which are logically linked to other data electronically and serve as a verification method." These data may be code, picture, seals etc. Also, it should be clear that the term electronic signature is directly related to the verification of data and has nothing to do with actions such as using a PIN code to enter a bank account. Here we do not use electronic signatures. As you enter the same code to confirm a financial transaction, it's an example of data verification and is therefore considered an electronic signature. An advanced electronic signature is an electronic signature that meets the following 4 requirements:

I. It is affiliated uniquely with the signatory;

II. Is capable of identifying the signatory;

III. It is designed in such a way that the signatories have sole control over the signature;

IV. Relates to the data in such a way that any further change can be distinguished (guide).

Whereas, qualified electronic signatures are advanced signatures but rely on a qualified certificate, thus issued by a legally recognized Certification Service Provider as such. For ease of use, it is called electronic signature. Also, it should be remembered that the signatory is not the person who creates the signature, but is the person who owns the signature creation device. An ordinary example of signature equipment is a smart card, flash drive, and so on.

The electronic signature can not be used in some specific areas, such as legal actions in the field of family law and inheritance, legal actions that require a public legalization, a notary act or requiring a court order.

The law does not extend to issues related to the validity and disruption of contracts or other legal obligations under the requirements set forth by other laws or by different states. An electronic signature is considered invalid if the security requirements foreseen in the law are not met (nolo).

To be as secure as an electronic signature, it should contain more or more difficult symbols or texts in order to avoid falsification or misuse, so consumers and businesses are hesitant or better to say that they are accessing this activity more difficult, but electronic signing and electronic contracts increase trust between businesses and between individuals and businesses as signing and signing an electronic contract and using an electronic signature should have a great deal of confidence, but this it also has a positive side as it reduces costs and costs, and also significantly increases efficiency and thus the efficiency of businesses increases significantly and the customer will be more satisfied. It should always be noted that extraordinary care has to be taken and the conditions of electronic contracts need to be read more carefully, as in recent years the potential abuse, electronic contracts and e-signatures have increased considerably as a consequence of the increasing popularity of electronic contracts electronic contract.

#### **European Union Directive on Contract and Electronic Signature:**

The European Union has implemented the model law through both directives; The Electronic Signature Directive and the Electronic Commerce Directive. Following the insistence of the European Commission, the European Union's directive was updated in 2000, after many researches and discussions, this directive has a total of 14 articles, the same directive was revised several times and updated in order to function as best as possible. to be as clear as possible what is contained in this directive of the European Union through this Directive, many countries have started and regulated their own domestic laws, ie they have harmonized the laws on electronic signature in relation to the directive of the European Union regarding the contract and the Electronic Signature, four annexes are included in this Directive, which clarify the content of the directives (Official Gazette).

#### **Implementation of the directives:**

1. Member States shall adopt and implement by-laws, by-laws and administrative provisions which are necessary to comply with the legal obligations of this Directive before 19 July 2001. The Member States shall inform the Commission thereof. When adopting these measures, Member States shall mention the correlation between them and this Directive within the measures concerned or during their official publication. Methods for making this reference are determined by member states.

2. Member States shall communicate to the Commission the text of the main provisions of domestic law which they adopt in the field governed by this Directive (EU).

Major changes can be made since the entry into force of this directive, since since the entry into force of this directive the European Union has had a smaller number of states, and later with the addition of the number of members and with the increasing use of technology as technology advances, many other circumstances have changed as sophisticated tools for using information technology, and thus the potential misuse and risk of electronic signature management and electronic contracts have advanced to an extremely high level, and their use has increased too much, now many countries also have regulated through domestic legislation the use of electronic contracts and electronic signatures and as a result of this our modern society relies on an economic system based on the perpetrator is in the contract mechanism. For now, our industrial and service society is changing for a more modern and advanced society as well as access to information. One of the most important indicators showing this difference is the growing digital economy. But without any confidence of the economic community in electronic contracts, the new economy will not be able to reveal its full potential and good for our society,

which will be behind the potential of new technology, what is capable of offer. Or we can build trust in technical solutions to contracts

Surely it is easier to create a technical solution for electronic contracts to be legally valid than to redefine a legal mechanism that exists since centuries, here it is about classical contracts. But on the other hand, a legal system that was generated thousands of years ago does not have the basics needed to incorporate modern communication modes, such as various modern contracting tools, such as electronic contracts and electronic signatures, we will need review the laws and draft a new law that would make the "Secure Electronic Contracts (Katarina), (SECO)" permissible and protected.

## **E - Governance in Kosovo**

Electronic governance (rks-gov) is the provision of governmental services through information and communication technology (such as WAN, Internet, mobile network) to citizens, businesses and other categories. With the application of e-government, citizens and businesses, but also the government itself, will have effective and quick services, access to the service from every point and distance, stimulation of economic and social development, opportunities for capacity building, permanent services in any time, presentation of national achievements, etc. The Republic of Kosovo, being actively involved in the regional and European developments processes, will also engage in e-government and ICT governance in the region and Europe. As a participant in international forums, Kosovo will realize all its obligations to develop the information society in full cooperation and partnership with the stakeholders. However, electronic governance does not only need European and regional integration but in particular we need to create a very important pillar of economic development and overall progress of Kosovo society(kryeministria).

Kosovo regarding electronic contracts and electronic signatures does not have a specific law, but for these in the strategy of the Government of Kosovo. Only in "E-Commerce" is writed that "e-commerce - Electronic commerce has to do with commerce that is carried out electronically using the Internet. This is closely related to the presentation of different products via the Internet (e-business) but by using the identity electronic can be realized electronic contracts of different sizes".

## **Conclusion**

The rationale behind e-contracts is to enhance the operations of businesses today by providing faster and better means whereby transactions can take place without the parties having to leave their homes or meeting face to face. Considering this Kosovo has to create the law that regulate electronic contracts and electronic signature. A supplier can simply create a web site and advertise their goods and a consumer if interested can simply place an order through the web site and from that stage proceed to create a contract by following the necessary steps provided for him by the supplier to conclude a contract, this should start to be used more in our country becouse its more faster and easy to trade goods online than to wait untill kosovo has the visa liberations to travel to create contracts face to face.

An electronic contract is a contract concluded through electronic means. So apart from the form it seems that it has no distinction with classic contracts or regular contracts. The rights and obligations of the parties are the same, depending on the contract they bind, and by law in many countries are protected electronic form or electronic use, whereas regarding the contract as a contract in many states the defense refers to the civil code of the respective state, means its protection in case of dispute is made for those points that are not regulated by the law on the electronic contract and the law on electronic signature, the Civil Code states. The electronic contract has a very favorable approach towards globalization, or to the digitalization we are going to, as we see each other day, that we are moving towards a world of information technology, which means a world that favors everything related to digitalization , so the electronic contract is increasingly occupying a considerable amount of space on the world market due to the numerous commercial transactions being used precisely because of the advantages that this contract offers, as well as Speed and Flexibility are two of the the most specific features of the electronic contract, as the parties through it can enter into contractual relations in a very short time and agree on all the rights and obligations, and no matter where the world can to find one side or the distance between the sides no matter how l Arg may be parties can very easily conclude contracts through electronic contracts. Electronic contracts also have an extraordinary advantage, since through them or by utilizing them, parties can easily perform bank transactions at any time, thus eliminating many of the obstacles that have emerged beforehand. Problematic or negligent side the advantage of the electronic contract is first of all the scams or multiple chances of misusing the electronic signature and the electronic contract can be misused easily if only a little is not careful, so you should be very careful when using the electronic contract especially when using the signing electronic, using the most unique way for electronic signature.

## Bibliography

- [1] Nerxhivane Dauti, *Contracts (for master studies)*, Prishtina 2012, pp.9-10.
- [2] Nerxhivane Dauti, *The Right of Obligations (General Part)* Prishtina, 2004,
- [3] Charles H. Martin, *Every1's Guide to Electronic Contracts*, 2013, p.28 Chap. 4
- [4] [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1948069](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1948069) Ronald M. Lee, *Decision Support Systems*, Vol. 4, No. 1, 1988, pp. 27-44; date.01.04.2018
- [5] All Answers Ltd, 'E commerce and E Contracts' (Lawteacher.net, June 2018) <<https://www.lawteacher.net/free-law-essays/commercial-law/e-commerce-and-e-contracts-commercial-law-essay.php?vref=1>> accessed 19 June 2018
- [6] <https://www.batemanbattersby.com.au/electronic-contracts-electronic-signatures-valid/> Bateman Battersby Lawyers, (viewed on: 21 May 2018, 13: 35h)
- [7] All Answers Ltd, 'E commerce and E Contracts' (Lawteacher.net, June 2018) <<https://www.lawteacher.net/free-law-essays/commercial-law/e-commerce-and-e-contracts-commercial-law-essay.php?vref=1>> accessed 19 June 2018
- [8] A Survey of Electronic Contracting Related Developments, "14th Bled Electronic Commerce Conference", Bled, Slovenia, June 25-26, 2001, p.497 (viewed: 29 February 2018, 23: 31h)
- [9] BOLERO (Bills of Lading Electronic Registry Organisation) is a pilot project funded partially by the European Union in 1994. 'Bolero.net' is the legal structure for paperless international trade launched in September 1999. <http://www.bolero.net/home/rulebook-and-title-registry/> (viewed: 12 February 2018, 20: 30h).
- [10] <http://www.bolero.net/home/rulebook-and-title-registry/> (viewed: 12 February 2018, 20: 30h).
- [11] All Answers Ltd, 'E commerce and E Contracts' (Lawteacher.net, June 2018) <<https://www.lawteacher.net/free-law-essays/commercial-law/e-commerce-and-e-contracts-commercial-law-essay.php?vref=1>> accessed 19 June 2018.
- [12] Mareike Schoop, Thesis type: PhD, <http://dbis.rwth-aachen.de/cms/theses/thesis-2>
- [13] A Survey of Electronic Contracting Related Developments, "14th Bled Electronic Commerce Conference", Bled, Slovenia, June 25-26, 2001, p.497 (viewed on February 2018)
- [14] <http://www.nolo.com/legal-encyclopedia/electronic-signatures-online-contracts-29495.html> (viewed on 27 February 2018, 19: 30h)
- [15] Michael Gisler "Legal Aspects of Electronic Contracts" Infrastructures for Dynamic Business-to-Business Service Outsourcing (IDSO'00) Stockholm, 5-6 June 2000 (viewed: 28 February 2018, 22: 19h)
- [16] Mackenzie Hughes LLP, "Drafting Clickwrap and Browsewrap Agreements:Advanced Strategies for Enforceable Online Contracts"
- [17] Charles H. Martin, *Every1's Guide to Electronic Contracts*, 2013, p.110 Chap. 3
- [18] *Guide to the Use of Electronic Signatures*, Instruction no. 001, Bulletin September 2011, Version 1.3, Republic of Albania.
- [19] <http://www.nolo.com/legal-encyclopedia/electronic-signatures-online-contracts-29495.html> (watched on: February 28, 2018, 01: 22h)
- [20] (eu), Regulation 1999/93 / EC of the European Parliament and of the Council, Brussels, 13 December 1999 (as revised on 28 February 2018, 21: 22h)
- [21] Katarina Stanoevska-Slabeva, *Legal Aspects of Electronic Contracts*, University of St. Gallen, <https://pdfs.semanticscholar.org/fd12/b48c3c8fc96a0ca31137f62fdc93a9c2e6c6.pdf>
- [22] (seco) *Secure Electronic Contract* (viewed on: February 30, 2018, 23: 22h)
- [23] *Electronic governance* , <https://map.rks-gov.net/institucion/Plan-and-Strategies/Strategjia-e-e-qeverisjes.aspx?lang=en-US>
- [24] [http://www.kryeministriks.net/repository/docs/STRATEGJIA\\_E\\_QEVERISJES\\_ELEKTRONIKE\\_2009\\_2015.pdf](http://www.kryeministriks.net/repository/docs/STRATEGJIA_E_QEVERISJES_ELEKTRONIKE_2009_2015.pdf) (viewed on: 28 February 2018, 24:06h)
- [25] *Electronic Document Law (LDE)* ,Albanian Law.
- [26] *Electronic Signature Law (LNE)* ,Albanian Law.
- [27] *Law on Electronic Commerce (LTE)* ,Albanian Law.
- [28] *Official Gazette L 013, 19/01/2000 p. 0012 - 0020*, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A51998AG0326%2803%29> (watched on: 28 February 2018, 01: 22h)
- [29] July 19, 2012, <http://www.dashfarrow.com/website-agreements-browse-wrap-vs-clickwrap-agreements/> (viewed on 28 February 2018, 20: 33h)
- [30] July 19, 2012, <http://www.dashfarrow.com/website-agreements-browse-wrap-vs-clickwrap-agreements/> (viewed: 28 February 2018, 23: 33h)
- [31] James Douglas, May 1, 2015, <https://legalvision.com.au/click-wrap-agreement-v-browse-wrap-agreement/> (viewed on: 27 February 2018, 00: 43h)
- [32] Granit Curri, *Kolegji Aab – paper- 2015*, fq.8-9

## Financial Institutions and Chinese Investment: The Review of China Pakistan Economic Corridor (CPEC) Policy

**Dr.Samreen Fahim Babar**

Bahria University Islamabad Pakistan

**Mr.Yasir Zeeshan**

Meezan Bank Pakistan

### Abstract

China Pakistan Economic Corridor (CPEC) initiates different energy projects, infrastructure ventures and business economic zones within Pakistan. The extensive Chinese investment, worth \$62 billion, have long-term impacts on the economy as well as financial institutions of Pakistan. The banking economy are probable to generate an innovative stream of revenues, in the future outlook under CPEC projects. This study is significant in gauging the financial institutions performance and value creation, under CPEC policy. It will enables the institutions in realizing their future planning strategies and achieving their corporate goals. This study contributes in estimating the performance of financial institutions through shareholder value creation, under the CPEC policy in Pakistan. The analyses of this study was furnished by incorporating panel data techniques. The time span of the study is taken since the inception of CPEC agreement i.e. 2012 to 2016. The identification of financial institution's value creation dynamics, is also one of the major contribution of this study. The paper analysis demonstrates that leverage, dividend policy, and return on equity has statistically significant effect on financial institution's shareholder value. Moreover, the study results reveals that CPEC does have significant effects on the Pakistan's financial institutions value creation.

**Keywords:** *Shareholders value creation, Leverage, Dividend policy, and Return on equity, CPEC.*

### Introduction

The imperative relationship and the geological propinquity between Pakistan and China and increases their economic and ecological significance to the notorious friendship. (Ghulam, 2015). China under the China Pakistan Economic Corridor (CPEC) agreement, assured to invest approximately \$46 billion to developmental projects in Pakistan. It is analogous to 20% of Pakistan annual GDP (Stevens, 2015). The prevailing progresses in Pak China Corridor make Pakistan a notable shipment heart for the world, approaching the major economies of South Asian nations.(Memoona et al ,2014).China through its investment under. China Pakistan Economic Corridor, not only consider its short term economic compensation but more noticeably long-term deliberate care of Pakistan needs to be considered. (Li and Sun, 2015). In the first phase of CPEC, the early harvest projects with the cost of \$46 billion, designed to develop Gwadar port, mitigate energy crises and upgrade infrastructure in Pakistan. The colossal economic activity leads to the diminution in unemployment and improvement in the real aggregate demand of the economy.

The statistics published by the State Bank of Pakistan, forecasts 39 % boosts in the economy of Pakistan in physical year of 2015-16, with the total influx of \$600 million foreign direct investment (FDI). China has ascended as the largest contributors to Foreign Direct Investment (FDI) in 2015-16. Pakistan has realized a prominent increase in FDI, in the category of power, oil and gas explorations, telecommunications and beverage industry. Foreign direct investment is not only a starting place of foreign capital but a start-up to technological shift, enhancement in decision-making capacities, all are imperative for a eminent economic growth. World Bank & International Monetary Fund affirms the vital role of FDI in increasing economic growth and poverty contraction in developing countries, particularly in the perspective of globalization and liberalization. CPEC is a way forward towards the generation of Pakistan employment prospects and business opportunities in the country. It enables banks to expansion in their clientage, extension in new loans and engagement in new business activities. Certainly, CPEC will increase FDI which will result in higher revenues by the banks.

The Banking Sector is backbone of trade and commerce which provides major source of finance to the industries. The increasing phenomenon of globalization and regional connectivity has increased the importance of financial sector across the world. The financial system of Pakistan is dominated by the commercial banks which plays a crucial component in country economic engagements. The glowing operation of financial structure is an important attribute in economic development of several countries, which expedites economic trades and establishes an investor friendly environment (Arshad & Khan, 2007). It is also necessary for enhancing effectiveness of intermediation through mobilization of reserves and financing the profitable industry opportunity (Khalid, 2006). Financial segment contributes to economic expansion and fruitfulness of the country. Financial zone working as the strength of character of the economy that control the money supply. The financial possessions of the country can be correctly utilized through banks as they provide a backbone to financial sector. The banking sector has strained in a vast sum of investments and extended to a great amount. Nowadays banks not only forced to financial intermediary services but also illustrated in providing particular services to their clientele, in order to meet their innovative needs. (Dang, 2011). According to Pakistan and Gulf economist on Jan 9th, 2016, the total numbers of banks in Pakistan are 54 which consist of 17 private banks, 5 public banks, 5 foreign banks, 5 Islamic banks, 8 development financial institutions, 4 specialized banks and 10 micro finance banks.

Presently, the vast business globe is persuading towards high transparency and greater corporate governance system. Value creation for a company is a technique of managing and identifying values driver, which have the maximum collision on values creations. Value creation assessment is an assertive device in financial investigation. Organization which make long terms value in terms of shareholders wealth, are predictable to generate capital for all stakeholder. From economists point of view, wealth is formed when revenue go beyond the economic cost. Business organization should emphasis on strategy that creates surplus values ascribed to market values in contrast to the book values of equity. The firms enhances values for shareholder if Market Value (MV) is higher than Book Value (BV).

In the nearby era of the aggressive globe, the big business goal has tainted from prospect of profitability to values creation of shareholders and businesses are face new-fangled confront like instability in financials market technical developed and a lot more. Such numerous changes has amplified the load on manager and re-defined the responsibility of manager to develop performance and transport values related to their shareholder (Bhasin & Shaikh, 2013).

Izadiniya (2005) in a learning, analyze traditional accounting norm for to examine financial information of business unit and establish a scenario tainted circumstances due to comprehensive economies, most of major confront for manager nowadays in companies are shareholder values creations, particularly maximization of wealth are the major catalog related to values creations as well as assessment of performance in the economics values added also norm related to free cash streams.

Bacidore et al, (1997) investigate business since 1982-92 in America. They accomplished that a special form of method for shareholders values computation, using change in dividend and in price of shares for a given period to obtain profits. As well suggested the appropriate techniques for estimating and analyzing value of share holders are economics values added.

One of the techniques used for common stock return is debt to equity ratio. The increase in risk of common stock is due to the higher flow in debt ratio. The company having common stocks facing high debt ratios will forever facing high risk because risk varies with time. Finally the find positive association between debt to equity and risk of company having common stocks.

Bartram (2001) suggested a wide spread evaluation theory and their experimental finding concerning to the involvement of organizational risk to shareholders values. And suggested that in a realistic environment where there is no transaction cost, agency cost, tax free zone and no additional charges on financing at such condition risk management of firm will represent wealth which will increase and give advantages to values of share holders.

Samy et al. (2002) studied determinant of shareholder values creations by using random probit model evaluation process by considering listed companies on Tunisia stocks exchanges. The findings of the paper show that there is strong association between profitability and values creations of investors.

Jalaja (2010) investigated value creations by considering old and new companies and selected a sample of 50 companies which consist of 10 industrialized sector since 2006 to 2006 mean data collected for five years. The outcome illustrate that firm with high age are making more value for investor as compared to new firms they have create low. There was originate to be no correlation among size and share holders values.

Abdoli et al. (2012) considered the connection among every independent variable, take account of Economics Values Added and residuals incomes as the representative of economics model with shareholders value creation. The sample size of the statistics is 85 companies. The studies employ simple and multi-variable regression methods to analyze the data. The outcome show that both residual income and the economic value added (EVA) has a significant relationship with the shareholder created wealth. Though, in relation to created shareholder value, the residual income criterions appear to be more important. The differentiation among the impact of the two variable raise as result of accounts adjustment during which the outcome of accruals accounts is being eliminate, thus, considering as a significantly enhanced measure for the appraisal of performance and enhance in shareholder's values.

Further to this, Fiordelisi and Molyneux (2010) examine the matter since 1998 to 2005 with considering a section of Europeans banks highlight that bank and industry and macroeconomic specific determinant of values factor mostly comprise of positive and negative influence on SHV creations. One of the vital judgment is that incomes diversifications, costs and revenues efficiencies are exposed to enclose a positively relationships on SHV, while a consequent positively association between credits risks captivating and SHV confirm the superior fortune hypotheses as banks took additional credits risks they also enhance their interests revenue.

likewise, Gross(2006) examine determinant shareholders values creations considering bank structure costs managements credits risks and diversified income, for a trial of 139 retails bank in Germanys since1998 to2003. finally conclusion imply that only costs managements and credits risks taker are important driver for SHV in bank in the logic to facilitate an enhance in credits risks captivating destroy values whereas an boost in costs efficiencies create that.

Tian et al. (2013) finished an endeavor to determine the values creations capability of the enterprise. EVA be apply to evaluate the values creating capability for the blue portion by utilizing financial reports since 2009 to 2011,considering economic zone registered companies. Subsequently, keeping in view the economic zone for companies in such a way as view of industry. And concluded that there is the raise in value creation take place in recent years but they also suggested that EVA issued as index and representing advocacy of capital shows continuous increase in recent years and start falling as will.

Bhasin (2013) explore to the major objective of "financial management is to maximize the shareholder value". The key purpose belong to this paper is inspect shareholders values by mean of the given sample and same to investigate the usefulness of EVA in excess of conventional and traditional procedures of business performances. a variety of arithmetic tackle similar to ANOVA, regressions analyses and drift investigation be use for analyze the figures The studies indicate to EVAs is better to the long-established performances procedures in its relationship with Market Value Added MVAs.

Vijaylakshmi and Manohran (2013) examine shareholders values creation by analyzing manufacture scoter in India For business growths, shareholders values creations has turn into a spotlight spot. Since the shareholder is the final owner of the enterprise, each company has to build capitals structures keep in brainpower the purpose of shareholders values maximizations. Various industrialized zone is supposed to be a investment concentrated zone, wherever a larger importance is lay leading conniving the investment arrangement. The phase used for the paper be conduct in 1995to96 to 2009to10. To examine the figures a panel loom have be functional. Final outcome of the paper is the leverages have an important pressure on the shareholder values creations.

Radic (2015) confirmed for Japanese banking industry that costs efficiencies, credits risks and banks size are originate to exist the mainly significant factor in amplification the values creations in Japan, whereas incomes diversifications, liquidities and market risks experience seem to issue for shareholders values creations in the concentrated model. Fascinatingly, there outcome point out that the smaller banks come into view just before a high values creations. It is also originate to facilitate the high numbers of workers make no hold back values creations for Japan bank.

Perera & Morawakage (2016) examine the cause of credits risks managements on the shareholders values in scheduled commercial bank in Sri-Lanka. Study employ returns on share to establish the shareholder value while Loans to deposits ratio, Capitals adequacy ratios (CAR) and none performing loans ratios (NPLR) have been use as the indicator of the credits risks managements of the bank. The conclusions disclose that credit risk management has a important negative effect on shareholder value in each and every eight bank. Along with the three credit risk management indicator, NPLR and CAR has the mainly significant negative effect on the shareholders return. Loans to deposit ratio and ROS has positive and significant association guide to increase the shareholder value.

Nyiramaharo and Shoshina (2001) offered her a common manner how shareholders values are shaped, while a conditions to the evaluation method being use for shareholders values creations measurements. The experimental component in the

paper show so as to even though the company in this paper enclose implement lots of traditions to generate shareholders values, slight attempt is being prepared to calculate it from the time when the greater part of them are stills employ the customary bookkeeping procedures. The reason used for this might be conservatism and require of demands from both the stocks markets and shareholder. They suggested company to employ "value based method" when measure shareholders values creations, because they are extra consistent.

Fernandez (2001) analyze 582 companies in America as well as use figures seeing as economics values added, markets values added, net operating earnings after tax, and weighted average costs of capitals obtained as of S Stewarts and search to this, if monetary values added and cash values added compute values creations for shareholders. It be considered in support of every of the 582 corporation, the association between increase market values added for every years and economics values added, net operating earnings later than tax and weighted average costs of capitals for each one years in the most recent 10 year. He accomplished that amongst 582 corporations, for 296 businesses the association among rising markets values added annually and net operating earnings later than tax is additional than the relationship among rising markets values added and economics values added. Here are 210 businesses which clutch negatively association by economics values added and then the relationship among the shareholders returns throughout 1994 to 1998 and come to pass of cash values added since 100 money-making corporations be 1.1%.

Fernandez (2001) identify as well as analyze shareholders values creations. To assist us enhanced be aware of this thought, he employ the instance of a scheduled companies, General Electric, flanked by 1991 and 1999. He accomplished to facilitate in organize to get the formed shareholders values, primary it should be define the boost of equity markets values, the shareholder values added, the shareholders returns, and the required returns to equity. He also calculate the shaped shareholders values of 142 American company throughout the three years' time 1997 to 1999 and throughout the eight years time 1992 to 1999.

Harmsen and Jensen (2004) conduct a research at the ending of which they establish a association among markets demands and business capability. The technique be base on the thought of executive cognitions. through utilization of two method, 27 character of the marketplace and 28 companies 'capability be determine and after that, by a cognitive re-display method, by major manufacturing informer, connected to business proficiency, which exaggerated values creations in the markets.

Hejazi and Maleki (2007) paying attention procedures on which here might be appreciated shareholder wealth. They analyze the relationship among cash values added and price to earnings ratios to prospect returns on stocks of 85 businesses in Tehran Stocks Exchanges throughout 2005 to 2007. The outcome of research indicate that instructive perspective prices to earnings ratios is high than cash values added related to future returns.

Haque et al. (2013) made an challenge to examine the association among dividends payouts and Economics Values Added (EVA), a sign to shareholder wealth creations, introduce through United State base consultant S Stewarts and corporation, New York's, in 1990s, use figures of Square Pharmaceuticals Limited (SPL), solitary of the major pharmaceuticals company in Bangladesh, in support of the period 2004-05 to 2010-11. The study accomplished with the aim of here is an opposite association between dividends payouts and EVA, using the simple regression equation method, and also suggested that SPL should maintain the accessible dividends strategy of retains huge part of earning relatively than higher payouts ratios.

Mistry et al. (2013) considered the association among Shareholders values, that is residuals incomes measure and financials variable, which is residuals incomes component, conventional values measures and cash flows measure. According to the consequences of the corporation, the greater part of the chosen variable for the research be different significant amongst chosen pharmaceuticals company, apart from conventional values measure, that is, price to earnings ratios. The research initiate that shareholder values can be predict by the preferred financials variable.

Bhadeshiya B Hardik. (2015) In his study an effort was made to examine the relationship between the accounting profitability procedures and shareholder value measure for measuring the financial performance of chosen private sector banks of India. And recommend that there is significant positive relationship between EVA & EPS.

Aghababaei et al., (2013) in his article explain, total loans and advance ratio is a superior indicator to determine the credit risk which belongings on shareholder value. He has investigated the cause of credits risks indicator on shareholder values of commercials bank in IRAN by by means of six listed commercial banks from 2005 to 2010. In this study, researchers have used ROE (net profit before tax to the equity) as the shareholder value indicator but as per the researcher.



Arif, et al., (2012) give details of the objective is to estimate the impact of credit risk on shareholder wealth, which is calculated by ROE (return on equity) and ROS (return on shares). The study restrictions itself to the banking system of Pakistan. The fallout of this study disclose that credit risk do not have a significant relationship with the shareholder value in Pakistani banking system. The results confirm that banks relying seriously on interest income may face a reduction in their ROE but ROS may practice an increase loan loss provision (LLP) has a negative relationship with ROE, high CAR help the banks to increase their ROE, and the outcome disclose that investors are giving preference to the banks having large advances in their portfolio. LLP has a positive association with ROS, The advances are positively associated with ROS, CAR acquaintances negatively with ROS.

Damagum Y. M. et al.(2015) base on the conclusion and revelation, the research has endow with approaching interested in the forecaster variable that contain significant impacts in explanation the creations of shareholders values that here is a important positive connection among the shareholder value with the dividend payment and size and not significant relationship with performing loan and age.

Kumar B.Rajesh (2015) his study supported on a example of 61 UAE scheduled companies examine the determinant of values creations. He find out size, earnings to price, leverage as a positively associated to value creation.

Akani et al., (2016) conclusion show that capital structure is significant to the commercial banks and determine the shareholder value. It also confirm that capital structure exaggerated more on Return on Investment than Equity prices and Earnings per share, therefore capital structure have significant positive association with shareholder value of commercial banks in Nigeria.

Pooja & Abhay (2015) suggested that shareholder values creations in Indian corporation as calculated by EVA as well as taken dividend and capital structure as independent variable and EVA as dependent variable. The study discloses that both Dividend and Capital structure have positive influence on the Shareholder Value Creation.

Oladele (2013) try to find to recognize the determinant of value creation in the Nigerian banking sector. It was originated that profitability and dividend strategy have important positive relationship through the creations of shareholders values whereas provide confirmation that financial policy is an irrelevant factor.

Fiordelisi (2007) presented an innovative appraisals of shareholders performance, wherever banks produce the utmost promising Economic Value Added is defined as "shareholder value efficient" these study characteristically center on the association among shareholders values and immediately solitary sort of bank specific determinants (i.e. bank efficiencies), however do not state a great deal regarding additional factor that might manipulate shareholders return (such as banks size, customers satisfactions, employees satisfactions, financials structures, banks nature and operational and credits risks).

Gounder & Venkateshwarlu (2017) select Market value added (MVA) as the dependent variable which is the pointer of shareholders values plus Earning Per Share (EPS), dividend Per Share (DPS), Return on equity (ROE), Economic Value added (EVA) be the independent variables judgment show that In folder of privates sectors bank EVA has negatively important relations while in Publics sector generally it have positive important relations with MVAs.

Thomas Korankye (2013), the outcome of the study demonstrates that leverages, dividends policies, and returns on equities correspondingly are significant positively determinant of shareholders values. This make known that boost (or reduce) in leverages, dividends payouts and profitability correspondingly enhance (or attenuate) the value of shareholder. The outcome also discloses that banks size is a important determinants of shareholders values, however it is negative connected to the later. In conclusion this dissertation is motivated by all the above consideration. The endeavor is to expand the literature through investigating the effect of China Pakistan Economic Corridor on Pakistan banks shareholder value creation by analyzing through its determinants form 2012-2016.

The present literature on shareholder value creation and its determinate in banks comes into a lime light and fairly inadequate. More specifically in the context of Pakistan, the "shareholder value creation" logic has seldom griped the interest of financial researcher. This research paper is an attempt to empirically examine the aspects of shareholder's values creations of commercial banks in Pakistan since 2012 to 2016. The other important feature of this study is capturing the impact of CPEC policy on shareholder value creation in the financial sector of Pakistan.

## Research Objectives

Keeping in view the above literature gap and the policy analysis of CPEC, following are the main objectives of this research paper:

To recognize the dynamics, determining shareholders' value creation.

To scrutinize the effect of CPEC policy on shareholders' value creation.

## Study Significance

The well administered financial organization is an imperious feature in the county's development. It makes possible financial transactions and developed friendly environment for investors. The ability of the banking institution to generate and exploit shareholders value has been a huge concern these days. This study will be

Supportive for Government to know about the effect of CPEC on financial institutions of Pakistan and its contribution towards economy.

This paper provides a fundamental platform to investors to analyze the financial sector of Pakistan in terms of its present positions, income and abilities which leads to value addition and subsequently affects the shareholder wealth.

## Theoretical Framework & Research Methodology

The theoretical model of this research is based on previous research by Kumar B.Rajesh (2015), Pooja & Abhay (2015), Korankye (2013) and Adusei (2011). The effect of market to book value i.e. shareholder wealth, on leverage, return on equity, dividend payout is analyzed in this research study. The effect of CPEC policy on the shareholder value creation has been analyzed by the use of logit model. The binary logit model is predominantly recognized for the assessment of the economic policies and decision science.

The prime focus of this research study is on the financial institutions of Pakistan. There are 54 banks that comprise of 05 public sector banks, 17 private bank, 05 islamic bank, 08 developmental financials institution, 05 foreign bank, 10 micro finance banks and 04 specialized banks. (Pakistan and Gulf economists, 2016). This study comprises of twenty one (21) listed commercial banks of Pakistan which are listed on Pakistan Stock Exchange (PSX). The selected sample comprises of sixteen (16) private sector banks, three (03) public sector bank and two (02) Islamic banks. Quarterly data of these financial institutions are taken for the period of five years i.e. (2012- 2016).

## Econometric Model

The following econometric models for are incorporated for the achievement of study objectives. The first study objectives that identifies the dynamics of shareholder wealth has been estimated by the panel data analysis. The general form of the model is given as:

$$y_{it} = \alpha + \beta_1 x_{1it} + \beta_2 x_{2it} + \beta_3 x_{3it} + \dots + \beta_k x_{kit} + \epsilon_{it}$$

whereas  $y_i$  is the dependent variable of Market to Book ratio and  $x_i$ 's represents the independent variable of leverage, return on equity, firm size, dividend payout and the dummy variable for CPEC.

where  $i$  represent the cross-sectional dimension of the data which signifies Banks ( $i=1-21$ ).

where  $t$  represent the time series measurement of the data which signified time period ( $t=2012-2016$ ).

Binary logistic regression estimates the probability that CPEC policy is effective for shareholder wealth and financial institutions profitability. The predictor variable  $X_{it}$  gives the impact on CPEC policy. (Fiordelisi & Molyneux, 2007)

Let  $Y$  be a binary response variable

$Y_{it} = 1$  if the set attribute is present in observation (i.e. in the years of CPEC agreement)  $i$

$Y_{it} = 0$  if the attribute is NOT present in observation  $i$

$X = (X_1, X_2, \dots, X_k)$  are set of explanatory variables  $x_i$  is the observed value of the explanatory variables for observation  $i$ .

The mode in its general form is given below:

$$\Pi_i = \Pr(Y_i = 1 | X_i = x_i) = \frac{\exp(\beta_0 + \beta_1 x_i)}{1 + \exp(\beta_0 + \beta_1 x_i)} \quad \text{or,}$$

$$\text{logit}(\pi_i) = \log(\pi_i / (1 - \pi_i)) = \beta_0 + \beta_1 x_i = \beta_0 + \beta_1 x_{i1} + \dots + \beta_k x_{ik}$$

## Results and Discussion

The research study after the analysis of the various econometric models give rise to various results shown in the table section of this paper.

Table. No.1 shows the results of the CPEC policy analysis through the logistic model. The results signifies the negative effect on shareholders wealth. The probable explanation might be the lack of cliental trust on the government in taking the CPEC policy initiative, which results in the inverse relationship. It shows the lack of local financial institutions competencies and streamlining the foreign investment strategies in dealing with CPEC. Meanwhile, return on equity shows highly significant impact in the presence of CPEC agreement. It means that financial institution equity grows along with the maturation of CPEC policy. This indicates the increase in the bank's deposits due to FDI. Return on Equity (ROE): Returns on equity is defined as the total of net incomes returned as a percentage of shareholder equity. These ratios evaluate companies' profitability by illuminating how much profit a company earns with the amount invested by shareholders. (Korankye, 2013)

Table No. 2 shows the various determinants of shareholder wealth. The analysis of the model shows mixed results i.e. both positive and negative. The proxy for estimating shareholder wealth is given by market to book ratio. It computes the value of a business by judging them against the market values of a company to its book values. The firm's book values are computed by its historical cost or accounting values. Market values is calculated in the stocks markets by markets capitalizations. (Kumar B. Rajesh 2015). The higher the MVBV ratio the higher the market worth of the firm or vice versa. The results of the second model also shows negative relationship i.e. the smaller value of shareholder wealth. It means, high book value, but low in market standing.

This table indications the significance of firm size. The greater the size of the firm the stronger will be the impact of CPEC on it. It means high accounting firms attract significant cliental from the Chinese investment. These reminded us "bigger the better" belief which communicate a positive relationship between bank size and value creation (Asogwa, 2009, Damagum.Y M et al, 2015). This confirms that bigger size does essentially decode into creating wealth for shareholder of these banks and hence we accept our hypothesis here.

## Conclusion and Recommendation

The Banking Sector is backbone of modern trade and commerce which provides major source of finance to the industries. The increasing phenomenon of globalization and regional connectivity has increased the importance of financial sector across the world. The financial system of Pakistan is dominated by the commercial bank which plays a pivotal responsibility in country's economic activities such as China-Pakistan Economic Corridor (CPEC).at present, the commerce world is going towards superior transparency and greater corporate governance system. For bank value creation is a function of recognizing and managing value driver which have the furthest impact on value creation. Analysis of value creation is an imperative instrument in financial analysis. Those businesses which build long term value in conditions of shareholder wealth are predictable to create value for every stakeholder. From the perception of economist, value is shaped when revenue surpass the entire cost. Value is formed when organization produce revenue in excess of its economic costs. In a nutshell, the study investigates statistically significant negative relationship between shareholder value and CPEC. The other discloser form the analysis affirms the positive relationship of firm size with shareholder equity. These results shows supports the economies of scale for financial institutions with the influx of Chinese investment. The positive significant association between CPEC and return on equity depicts the huge influx of foreign investments through banks. Banks are capable of exploiting its resources at the full but the deficiency in long-term investment strategies and survival stratagems, might descend the financial sector of Pakistan toward diseconomies. The overall conclusion drawn from this research affirms that the long-term impact of CPEC must be ripen to its full extent, through proper well planned strategies, improving shareholder credence and business executive confidence.

Based on the conclusion above, government strategy or program should be expected at improving or creating shareholder value through the upgrading of profitability in the Pakistan banking industry. Thus, strategies maker and business regulator and practitioners should give confidence the chase of the profitability objective and do additional to put up the policy around other performance development indices in addition to profitability. On these bases, government should pursue Pakistan financial institutions to emphasize on the development and implementation of sound dividend policies. Secondly, individual banks should identify the ways for the creation of value for their shareholders. Thirdly, industry regulator and practitioners should articulate expansion policies and get deeper understanding of the non-securities arm of the capital market, for future

confidence building in economical borrowing on long-term basis. Lastly, prospect policy be supposed to spotlight on the strategy that support expansion, performance development and long-term economic objectives.

## References

- [1] Abdoli, M., Shurvarzi, M. and Farokhad, A. (2012), 'Economic Value Added vs. Accounting residual Income; Which One Is a Better Criterion for Measurement of Created Shareholders value?. *World Applied Sciences Journal*, 17 (7): 874-881.
- [2] Adusei M. (2011). Board structure and banking performance in Ghana. *Journal of Money, Investment and Banking* 19: 72-84.
- [3] Aghababaei, H. R., Ataei, S., & Azizkhani, H. (2013). Effects of Credit risk indicators on shareholders' value of commercial bank in Iran. *International Research Journal of Applied & Basic Sciences*.
- [4] Akani et al., (2016) Capital Structure and Shareholders Value of Commercial Banks in Nigeria: A Multi-variate Study Analysis, IARD International Journal of Economics and Business Management ISSN 2489-0065 Vol. 2 No.6 2016 [www.iardpub.org](http://www.iardpub.org).
- [5] Andrew Stevens (2015), Pakistan Lands \$46 Billion Investment from China, CNN, Money, 20 April 2015.
- [6] Arif, A., Abrar, A., & Afzal, M. (2012). Credit Risk and shareholders' value in a developing economy: Evidence from Pakistan banking system. *Journal of economics & Behavioural studies*.
- [7] Arshad, M., & Khan, S. (2007). Financial sector restructuring in Pakistan. *The Lahore Journal of Economics*, 97-125.
- [8] Asogwa C.R. (2009). Measuring the determinants of value creation for listed banks in Nigeria, a random effects probit (rep) model analysis. *African Econometric Society 14th Annual Conference on Econometric Modelling for Africa*.
- [9] Bacidore, J.m.; Boquist, J.A.; Milbourn, T.T.; and A.V. Thakor (1997)." The Search for the Best FinancialPerformance Measure", *Financial Analysts Journal*, 10-20.
- [10] Bartram, Söhnke M. (2001). "Corporate Risk Management as a Lever for Shareholder Value Creation", *IESEBusiness School, Master thesis*.
- [11] Berk, J. and DeMarzo, P. (2011). Corporate finance. 2nd edition. *Pearson Prentice Hall*.
- [12] between Dividend Payout and Economic Value Added: A Case of Square Pharmaceuticals
- [13] Bhadeshiya B Hardik.(2015) Shareholders' Value Creation in Private Sector Indian Banks, *INDIAN JOURNAL OF RESEARCH* Volume : 4
- [14] Companies in Shandong Island Blue Economic Zone Using EVA', *Finanzas y Política*
- [15] Damagum Y. M. (2015) An Empirical Investigation into Determinants of Shareholders Value Creation among Banks in Nigeria, *International Journal of Empirical Finance* Vol. 4, No. 6, 2015, 345-353
- [16] Dang, U. (2011). The CAMEL rating system in banking supervision. A case study. *ARCADA*
- [17] *Económica*, 5(2): 89-113.
- [18] Fama, E.F., French, K.R. (1995), Size and Book to Market Factors in Earnings and Returns. *The Journal of Finance*, 50(1), 131-155.
- [19] Fernandez, P. (2001). "EVA, Economic Profit and Cash Value Added Do Not Measure Shareholder ValueCreation", *SSRN Working Paper*, available on-line at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=270799](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=270799),
- [20] Fiordelisi, F., Molyneux, P., (2010). The Determinants of Shareholder Value in European Banking. *Journal of Banking & Finance* 6, 1189-1200. DOI: 10.1016/j.jbankfin.2009.11.018.
- [21] Ghulam Ali, (2015). China and Pakistan prepare to establish economic corridor. *Central Asia-Caucasus Analyst*
- [22] Gounder & Venkateshwarlu (2017) .Shareholder Value Creation: An Empirical Analysis of Indian Banking Sector, *Accounting and Finance Research* Vol. 6, No. 1; 2017 [www.sciencedirect.com/af](http://www.sciencedirect.com/af)
- [23] Haque, R., Siddiquee, J., Hossain, S., Chowdhury, S., and Rahman, M. (2013), 'Relationship
- [24] Harmsen, Hanne; and Bjarne Jensen (2004). "Identifying the Determinants of Value Creation in the Market aCompetence-Based Approach", *Journal of Business Research*, Vol. 57, 533-547.
- [25] Hejazi, R, and M. Maleki (2007)." Studding of Relation Cash Value Added , P/E Ratio to Future Stock Returns in The listed Production Companies in Tehran Stock Exchange (TSE) ", *Iranian Accounting Reviews*, Vol. 14, No. 47, pp.21-36.
- [26] *India Commerce Conference*, Goa University.

- [27] Izadiniya, N (2005). "Review Performance Assessment Accounting Measures and Suggestion of Economic Value Added and Cash Free Flows Measures for Enterprise Values Reporting", *Iranian Administrative Sciences and Economic Review*, Vol. 17, No.1, pp.15-23.
- [28] Jalaja, K. (2010), 'Shareholder value creation in India- A sectoral analysis', Working paper, All
- [29] Kasznik, R., McNichols, M. F., (2002). Does Meeting Earnings Expectations Matter? Evidence from Analyst Forecast Revisions and Share Prices. *Journal of Accounting Research* 3, 727-759. DOI: 10.1111/1475-679x.00069.
- [30] Khalid, U. (2006). The effect of privatization and liberalization on banking sector performance in Pakistan. *SBP Research Bulletin*, 2 (2), 403-425.
- [31] Korankye Thomas. (2013). Determinants of Shareholder Value Creation of Listed Banks in Ghana. *International Journal of Empirical Finance*.
- [32] KUMAR B.R. (2015) Determinants of Value Creation: An Empirical Examination from UAE Market *International Journal of Economics and Financial Issues* Vol. 5, No. 1, 2015, pp.75-85 ISSN: 2146-4138
- [33] Li,X. and Sun,L. (2015). The strategic value and security situation of the China-Pakistan economic corridor, Important Issues, May, 2015.
- [34] Limited, Bangladesh', *International Journal of Innovation and Applied Studies*, 3(1): 98-104.
- [35] Memoona et al, (2014). The growing economic ties between Pakistan and china and its impact on the economy of Pakistan, *Impact International journal of research in humanities, arts and literature*, Vol. 2, Issue 12, Page 49-54
- [36] Mistry, D., Singh, S. and Singh, S. (2013), 'A Study of Shareholder's Value and Financial Variables of Indian Pharma Industry: An Empirical Analysis', *Gurukul Business Review*, 3: 56-63.
- [37] Nyiramahoro, Beatrice; and Natalia S (2001). Creating and Measuring Shareholder Value, *International Accounting and Finance, Master Thesis*, No. 8.
- [38] Oladele, K. O., (2013). The Determinants of Value Creation in the Nigerian Banking Industry: Panel Evidence. *International Journal of Business and Social Science* 3, 90-101.
- [39] Perera L. A. S., and Morawakage P. S., (2016). Credit Risk Management and Shareholder Value Creation: With Special Reference to Listed Commercial Banks in Sri Lanka. *Kelaniya Journal of Management*, Vol. 5 No 2, July-December 2016.
- [40] Pooja & Abhay (2015) Creating and measuring share holders' value in Indian companies, *I J A B E R*, Vol. 13, No. 1, (2015): 53-66.
- [41] Radic, N., (2015). Shareholder Value Creation in Japanese Banking. *Journal of Banking & Finance* 3, 199-207. DOI: 10.1016/j.jbankfin.2014.09.014.
- [42] Rappaport, Alferd (1998). *Creating Shareholder Value: The New Standard for Business Performance*, New York, USA: *The Free Press A Division of Simon and Schuster INC*.
- [43] Samy, B.N., Mohamed, G. (2002). The Relationship between Dividend Policy, Financial Structure, Profitability and Firm Value, *Applied Financial Economics*, 12(12), 843-849.
- [44] Tian, X., Song, J., Li, N. and Zhang, L. (2013), 'An Analysis of Value-Creating Ability of Listed
- [45] Vijayalakshmi, D. and Manoharan. P. (2013), 'Corporate leverage and its impact on Shareholder Value Creation with reference to miscellaneous manufacturing sector in India', *Indian Journal of Applied Research*, 3(7): 140-142.

## TABLES

**Table No. 1. CPEC Policy Analysis**

Variable	Coefficient	Standard. Error	z-Statistic	Prob.
Leverage	-0.063303	0.263704	-0.240054	0.8103
Market to Book Value	-3.363925	0.385317	-8.730274	0.0000
Dividend Payout	0.242944	0.295170	0.823067	0.4105
Return on Equity	1.710715	0.258162	6.626513	0.0000

Firm Size	0.565497	0.437538	1.292454	0.1962
C	0.643981	0.522291	1.232993	0.2176
McFadden R-squared	0.309350	Mean Dependent variable		0.421053
LR statistic	168.0211	Prob(LR statistic)		0.000000

**Table No. 2. Shareholder Determinants Analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Leverage	0.012281	0.023954	0.512662	0.6085
CPEC	-0.342070	0.035116	-9.741153	0.0000
Return on Equity	0.003287	0.033024	0.099523	0.9208
Firm Size	0.132193	0.042264	3.127768	0.0019
C	0.872290	0.044611	19.55339	0.0000
R-squared	0.348511	Mean dependent variable		0.837990
Adjusted R-squared	0.306705	S.D. dependent variable		0.502450
F-statistic	8.336244	Prob(F-statistic)		0.000000

## Government's Deficiency of Communication and the Impact on Stakeholder's (Case of Yellow Waste WtE in Albania)

Ana Kekezi

*PhD candidate in Economic Science,  
Profile Management, European University of Tirana, Albania*

### Abstract

This study discusses how waste management and especially Waste-to-Energy (WtE) is an unfamiliar and non-accepted treatment process to citizens and key actors in Albania. The research aim to find out how the government at all levels have approached the communication of this sector, with the scope to increase awareness, disseminate information and build trust among stakeholders and mainly to citizens as the key stakeholder as the government decisions affect their daily lives. The research will intention to identify, explore and analyse the standings and reactions of key stakeholders in WtE process and to witness the impact of government communication policies and practices in the stakeholder's opposes, actions and resistance. Main challenges of central and local governmental communication on raising awareness and acceptance on WtE and stakeholders' participation and social movements will be identified under the loop of some engaged theories on this paper

**Keywords:** Waste-To-Energy, government communication, stakeholders, misperception, resistance, social movements, waste management, Albania

### I. Introduction

Environment is not only the complex interrelating reality surrounding us; it includes us (Caldwell 1963). Environment in Albania have been considered for many decades (during and after the communist regime) as the "property of nobody". But during the recent decade citizens, media and other stakeholders have begun to understand its real importance. As researches and articles report municipal solid waste management (MSWM) has become a challenging environmental problem. Worldwide in both urban and rural areas have come across problems with disposal and treatment facilities that are inadequate to deal with the rapid increasing volume of solid waste.

Waste management is considered an important industrial sector in developed countries in Europe, while in Albania, yet on the stage of an emerging economy, it can't be considered an industrial sector yet. Thus far in Albania waste management is simply about waste disposal, and not yet waste is documented to be engaged as a valuable resource and be used effectively to preserve natural resources. The country is experiencing during the last 2 decades a critical situation with the waste management. The National Strategy of Waste Management (NSWM) and National Plan were adopted and approved by law in 2011. Central government is claiming that the total costs of integrated management of waste are around 200 million euro, which means a total clean-up of the environment, while the rehabilitation of the environmental hotspots in country around 500 million euro. Recently in country, government at all levels is facing the objections from the community and other actors involved, due to concerns about waste management practices proposed, specifically landfills and WtE plants.

(Galnoor 1979) proposes that secrecy interferes with the "people's right to know" and this seem to be an everlasting fight in the last 2 decades in country. Coming from a 45 year communist regime, citizens during 1990- 2000 generally did not showed interest on their right to know or be involved on policy making and decision. But after 2000, living behind a decade of transition, and where in the country were present various private media outlets, such as journals, radios and televisions,

citizens begun to change their state of mind and became eager to have and share information that affected directly their daily lives .

Nowadays in the e-era, the awareness on participation and the right to know, resistance and social movements has enormously increased. ITU<sup>1</sup> (2016) reports that Albania have the most significant progress in Internet uptake and in the growth of households with a computer, the latter having risen from just 4.9% in 2006 to 25.7% in 2015. The fixed-broadband penetration rate for Albania increased slightly from 6.5% in 2014 to 7.6% in 2015. While 62.84% of the population is reported as internet users for December 2017<sup>2</sup>.

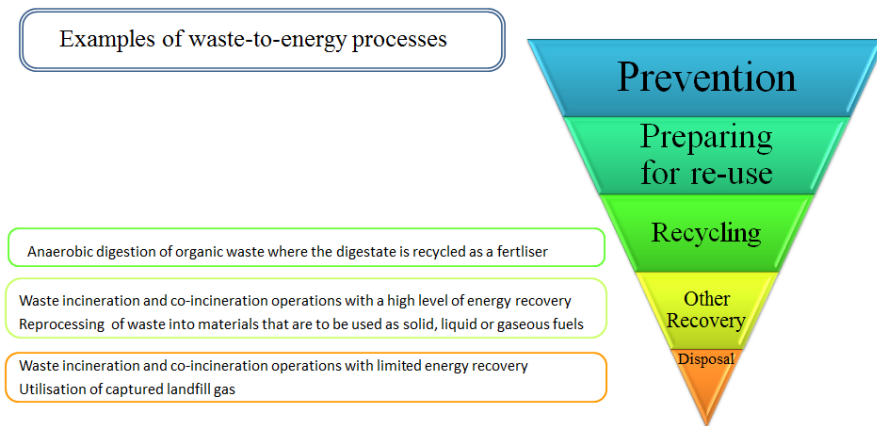
This study will aim to consider two perspectives E-waste as an economical potential and the opposing of the citizens to this treatment. The research will explore and try to find out if the objections and resistance of citizens and other stakeholders comes from low public awareness, poor stakeholder’s participation or the governance “arrogance” to provide transparency and inclusiveness.

### European affinities on waste management

“The recovery of energy from waste in the EU supports the objectives of the circular economy action plan and is firmly guided by the EU waste hierarchy” European Commission, 2017<sup>3</sup>

On their research Gawlik et al. (2018) suggest that Europe has an important role in the mitigation of the threats to the planet. Each city and municipality must recognize its own input to the harms even as assuming an accountability to encourage a more sustainable global environment. European Union perspective is positioning itself as *the global front-runner* in waste management<sup>4</sup>. The most recent developments and commitments of EU are aiming, that waste be considered as a valuable source by states. The waste management sector pursue a generally accepted hierarchy in Europe where prevention is positioned at the top as the most favored treatment and landfill disposal at the bottom as the less preferred process(see Figure 1, below). This hierarchy is advocated by the European Commission, as well as many governments in the Western Balkans, including Albania that has adapted by 2011 in the National Strategy of Waste Management

Figure 1: Waste Management Hierarchy



Source: European Commission<sup>5</sup>

<sup>1</sup> [www.itu.int](http://www.itu.int)

<sup>2</sup> <https://www.internetworldstats.com/europa2.htm>. Accessed April 2018

<sup>3</sup> <http://ec.europa.eu/environment/waste/waste-to-energy.pdf>

<sup>4</sup> European Commission release February 2018

<sup>5</sup> <http://ec.europa.eu/environment/waste/waste-to-energy.pdf>



In the European legislation<sup>1</sup> the phrasing is:

- a) The prevention of waste;
- b) Preparing for re-use;
- c) Recycling;
- d) Other recovery, for example by energy recovery; and
- e) Disposal

The European Commission adopted a striving Circular Economy Package (2015), aiming to revise the legislative proposals on waste and setting ambitious key actions, to reach the boosting of global competitiveness, fostering sustainable economic growth and generate new jobs. As per this package, the EU-28 countries are taking measurements as to ban landfilling of separately collected waste; reduce landfill to 10% of municipal waste by 2030; or to increase recycling of municipal waste to +65% by 2030. The "three R's" of waste management (Reduce, Re-use, and Recycle) is the considered as main objective for creating a sustainable life. The Eurostat statistics show that top leading countries in Europe for recycling are also the ones with higher incineration with energy recovery. European countries show progress and a serious commitment of states for the wellbeing of their citizens and statistics offer a clear picture on this serious engagement. Eurostat (2018) reports that comparing year 2016 vs year 200 municipal waste has decreased by 60% in land filling, has increased by 93% in incineration, and increased by 168% in recycling.

There are reported around 2000 WTE plants at global level. 431 WTE plants are installed in Europe and +30 WTE plants are under construction (Eurostat, 2015). Germany attributes the greenhouse gas reducing effects (a key component of climate change effects) to recycling and the harvesting of energy from waste<sup>2</sup>. Although the strategies and means varied, the goals of waste management proved to be resistant to change over time.

Waste Management in Albania; simply waste disposal

Waste management in country is not a recent concept, but to the attention and concern of public and media have come only recently. The central government is in charge for the policies and strategies of WM at national level, while the 61 Municipalities in country, are obliged by law to manage the waste. The National Strategy and National Plan on Waste Management were both approved in 2011. This strategic documents cover a 15 years period 2010-2025, and address the economic, environmental, social, legal and organizational challenges in establishing a modern waste sustainable management system. Some of the main goals set in these documents clearly show that country is in poor levels, to reach targets and objectives set. Some of the main goals as following:

- By 2015 separate collections must be set up for at least; paper, metal, plastic and glass; 2017 situation: the findings suggest that citizens do not separate the waste at home so far;
- By 2020 to stop growth of municipal waste produced, 2017 situation: there is not identified so far, any action plan or roadmap how the municipalities will prevent this;
- By 2015 to achieve 25% recycling and composting rate of municipal waste (by 2020: 55%); 2017 situation - INSTAT reports that 25.3% was recycled by 2015 and an meaningful drop in 17.2% of recycling by 2016, showing that there is not a sustainability in the system or policies followed.
- Recover energy from 15% of municipal waste; 2017 situation - INSTAT reports that only 0.69% is recovered by 2016 (all hospital wasting) , the findings of this study will show that the actual government actions might reach and exceed target by 2025.
- Reduce landfilling of municipal waste from around present 90% to around 30%; 2017 situation - INSTAT reports that 77.7% of the waste is disposed in landfills in 2016, whereas European Commission in the Albania 2018 Report, recommends that over 300 non-compliant landfills need to close.

The reports (Europe Commission, World Bank, GIZ Office Albania) recommend that waste management in Albania is at poor levels and the institutional capacity to manage waste still remains weak at all levels; while waste disposal (landfilling) remains largely noncompliant with environmental protection standards. Recycling in country is reported as a largely informal

<sup>1</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste, Article 4 Waste Hierarchy

<sup>2</sup> Federal Ministry for Environment, Nature Conservation and Nuclear Safety 2016

[https://www.bmu.de/fileadmin/Daten\\_BMU/Pool/Broschueren/abfallwirtschaft\\_2016\\_en\\_bf.pdf](https://www.bmu.de/fileadmin/Daten_BMU/Pool/Broschueren/abfallwirtschaft_2016_en_bf.pdf)

sector. MSW uncontrolled dumpsites cause serious environmental impact on human health firstly, because of leachate formation (the polluted effect of which lasts up to 300 years in MSW landfills [11], and, secondly, because of the biogas generated during decomposition of organic waste (Alcani & Dori 2013). According to the Albanian Association of Recycling Industry (AARI) there are around 60 recycling companies, which collect and process different types of waste; metal scrap, paper, plastic, textiles; electronics and used tires. It is estimated that there are around 35,000 individual collectors in the entire country, but 30,000 of these waste pickers work in black (informal). Most of waste pickers is described to come from Roma and Egypt communities that live in country (UNDP Albania) and there are children under 14 used as a work force. The informal individual collectors play a significant role for recycling waste collection as the main source for recycling industry in country. GIZ (2017) reports that these people tend to be unequipped, untrained, and without formal agreements with the buyers. The individual collectors and informal collection businesses are serious subject to risks to human health and accidents due to poor working conditions and seem vulnerable to market failure or price drops.

The Republic of Albania Constitution present that the republic must maintain a healthy and ecologically suitable environment for the present and future generations. Natural resources are to be rationally exploited consistent with the sustainable development principle.

While INSTAT<sup>1</sup> reports that Albanians pay around 300 million euros, as 2.77% of GDP, in the format of environmental taxes, yet the country is reported, as the most contaminated from urban waste and with the worst waste management system in the old continent (Reporter.al)<sup>2</sup>. In EU-28 the environmental taxes reach an average 2.4% of GDP of states<sup>3</sup>.

World Bank (2016) recognizes that improving solid waste management, especially in the rapidly growing cities of low income countries, is becoming a more and more urgent issue. GIZ Albania (2017) identifies that even though there are no official data (statistical data), a major part of collection points run informally as well, and some of them are part of the collection networks controlled by recycling companies. Yet, the informal sector plays a significant role in waste management, especially through informal waste collection and recycling of recycled waste. The International Solid Waste Association - ISWA (2012) reports that in Albania it is recognized that very limited recycling takes place, but as no accurate data exists the actual amount is unknown.

While education and raise awareness is one of the 4 main pillars of the NSWM of Albania, yet they are reported to be at poor levels. 95% of Q1 respondents in this study consider waste management at poor level and 90% of Q1 perceive waste management as the process of throw waste in bin and be collected by the Municipality. 100% of Q1 responded they awareness to waste management process is poor or very poor. 100% of Q1 acknowledged that never not in a single case separated the waste at their home, while 45% of them responded that in outdoor areas (roads, commercial centers, public spaces they accurate to through waste as per the indicated bins). 55% of Q1 respondents acknowledged that do not understand what the recycling process is. 100% of Q1 were well educated 100% had a bachelor degree, 55% of them were holding a master degree, 100% living in urban area of capital city, Tirana.

Empowering recycling from the separate waste at home, Albania is reported to have failed up to date, but studies suggest that people are motivated to recycle by pressure that they receive from the surrounding environment, family and friends (Bilz and Nadler, 2014) and the more people see recycling as effective, the more likely they are to participate (Bezzina and Dimech, 2011).

Table 1: The recycling industry in Albania

Year	No of companies registered in AARI	Workers	Capacity of production (Ton/month)	Value of market million / €
2015	38	2,073	41,540 <sup>4</sup>	243.2

<sup>1</sup> The Institute of Statistics, Republic of Albania, Data for 2017 year [http://www.instat.gov.al/media/1444/taksat\\_e\\_mjedisit\\_2008-2015.pdf](http://www.instat.gov.al/media/1444/taksat_e_mjedisit_2008-2015.pdf)

<sup>2</sup> [http://www.instat.gov.al/media/1444/taksat\\_e\\_mjedisit\\_2008-2015.pdf](http://www.instat.gov.al/media/1444/taksat_e_mjedisit_2008-2015.pdf)

<sup>3</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Environmental\\_tax\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Environmental_tax_statistics)

<sup>4</sup> Duke përfshijtur impjantet për procesimin e drurit me kapacitet rreth 8000 ton/muaj

(Source: The Albanian Association of Recycling Industry-AARI)

The capacity of these companies is around 498,480 ton/year, which is considered to be exhausting to treat all recyclable generated waste in country, if theoretically we will suppose that it will be realized in a very high percentage

INSTAT (2016) reports that in Albania are recycled around 224,115 ton/year<sup>1</sup>, or 17 % of the urban solid waste (including non urban waste which accompany the SMW). As AARI claims for the lack of the raw material, this industry has engaged only 26.8 % of the production capacity or 133,592 ton/year. Some of the companies are reported to have reduced their size capacity, some of them to be closed and others to move in other countries in region.

Table 2: Comparative data on recycling, Republic of Albania

Year	Source	Recycled waste (ton/year)	% versus the total os urban solid waste
2016	INSTAT	224,592	17%
2016	AARI	133,592	10%

#### Yellow waste in the emerging economy of Albania

Waste is a complex issue and WtE or yellow waste is yet a non-wide accepted process. Yet the global WtE market is forecasted to grow 37.64 billion Usd by 2020, up from 25.3 billion Usd in 2013. Brunner et al. (2015) reports in his study that in modern countries, energy in MSW and other wastes amounts to around 5% of the total energy demand.

The most common form of recovering energy from waste or Waste-To-Energy (WtE) is incineration. Trash is burned, creating steam to rotate turbines and provide electricity and heating. From the reviewed literature, it is clear that WtE in developed countries and specifically in Europe have been developed to a large scale. However, not all environmental issues have been dealt with. The most important issue in the global knowledge system is that these technologies are privatized and, even between developed countries, information technologies is not shared in the interest of environmental problems or public health worries generated by inefficient SWM systems.

In developing countries and mostly low and middle low economies the scenario is offered worse. Collection, transportation and disposal of solid waste are the current challenges. Whereas developing countries produce environmental goods for free, developed countries produce knowledge which is put up for sale to both developed and developing countries. Technologies of WtE-s in developing countries need to be implemented in order to maximize the environmental goods in the world, reduce poverty and increase energy production from waste. In Albania as researchers (Diego Moya et al.) (2017) report that in the context of developing countries, there is a lack of the use of these techniques. IFC (2011) suggests WtE can be a feasible component of Integrated Solid Waste Management programs in large cities, where space for landfills may be limited and the choice of location may be politically complicated. Studies propose that a WtE facility can also act as a lack of encouragement to other, more economically and environmentally sound, waste disposal options. Moreover, municipal waste in Eastern Europe and Albania is typically moist, due to a high proportion of biodegradable organics and is, therefore, barely autogenic (i.e., with a sufficiently high heating value to burn without a supplementary source). The reports show that in Albania at national level 47.36% of SMW are organic waste<sup>2</sup>

Despite these inherent limitations, however, researchers and practices suggest that WtE may have an important role to play in waste management in major contributions in Eastern Europe in the future and they appeals much interest in view of possibilities to minimize landfilling need and to convert waste into a resource.

Researchers propose that since the willingness to pay for waste management ranges between 0.2% and 0.4% of GDP (Brunner and Fellner, 2007), and incineration costs are around 100 US\$ per ton of MSW, WtE it is out of the reach of countries with a per capita GDP of 300–3000 US\$. Albania for 2017 have a forecast per capita GDP of USD 4,470.5 by International Monetary Fund<sup>3</sup>. Even though energy recovery from waste have been part of NSWM Albania since 2011, it have not been experienced up to 2017. The first WtE Plant started to operate in Albania from April 2017 in Elbasan District.

<sup>1</sup> INSTAT, Urban Solid Waste in Albania; Tirane, 21 September 2017

<sup>2</sup> INPAEL& Co-PLAN's Survey, in the framework of National Waste Management Plan, 2009

<sup>3</sup> <https://www.imf.org/external/pubs/ft/weo/2016/02/weodata/index.aspx>

The WtE plant of Elbasan District recover waste to energy and produce energy for heating, electric power and industrial steam.

In country has lack of knowledge and expertise for such treatment processes in technologies and engineering construction, the WtE plant of Elbasan was managed and supervised by western countries experts, whom also lead the managing process of the facility.

Table 3: Main indicators in districts of WtE plants, Albania

Districts	Population	Urban Waste generated 2016 /ton	WtE capacity ton/day	Type of Contract	Actual Status
Elbasan	287,606	105,834	120-140	PPP - concession agreement	At Work: April 2017
Fier	305,108	162,564	180-200	PPP - concession agreement	Under construction
Tirana	842,981	509,103	550-800	Private Investment - concession agreement	Under procedures, contract signed August 2017

Source: INSTAT, ATRAKO

While WtE is a reality in country; strong opposes have come for this treatment process from different stakeholders, claiming the government hidden agenda. In Albania the import of waste, including the green waste list of EU, is prohibited by law (September 2013). Civil society and academics claim that the capacities of these WtE plants are larger than the waste generated (even though data offer a different interpretation) and they calculate that these 3 plants are projected to treat 44% of the waste at national level, which will limit and not encourage the recycling in country. Given this fact they claim that the government is tending to allow the import of waste, to “feed” these facilities with raw material. Wiedemann and Femers (1993) propose that the hidden agenda of the government can create conflict. In an effort to appease the general public without really including public interest groups in a evocative way, bureaucrats may offer citizens a token role in the decision-making process to give the appearance of public participation. WtE in Albania is identified in this study to be an unfamiliar concept to media and citizens up to 201. Journalists would not clearly identify the difference between disposal and recovery, while acknowledge that they have faced the e-waste concept during the procedures for WtE plants of Elbasan. 100% of Q1 respond that the 1<sup>st</sup> time they heard about WtE is only in 2015. In Albania there are not identified local experts in WtE segment, as part of the waste management hierarchy and international expertize is demanded.

#### Government perspective on yellow waste – outside the framework of papers

Countries are taking commitment and actions for the wellbeing of their citizens. Albania and around 200 countries signed Paris Agreement, COP21 and have committed to Agenda 2030 and the Sustainable Development Goals (SDGs). Humanity’s entire life support system relies on well-being of environment in 360 degrees. For the past thirty years waste and its management has been in the center of EU environmental policy and the legislation and directives have changed dramatically and the green economy is in the heart of the sustainable economic development. As ISWA suggests waste authorities in developing countries seek know-how on the potential to implement WtE profitably. The authorities often seem to face many confusing and sometimes misleading information about technologies. Boudewijn, Bob (2015) suggests that for countries with emerging economies on recovery stage of waste hierarchy in WtE’s should consider it as a strategic option missing business case and expertise, even though there are obstacles as air pollution control. In Albania the environmentalists in their resistance and objection on WtE treatment have identified the missing methods of government at all levels for the control of the air pollution from these plants, and consider this a key limitation to make WtE process trustable for public. Diego et al. (2017) suggested that these technologies in developing countries need to be implemented in order to maximize the environmental goods in the world, reduce poverty and increase energy production from waste. On the other hand studies report that states should consider that if incineration is not cost competitive, market penetration will be difficult and this is presented as a challenge for emerging economies (Brunner 2015), as energy plants propose high costs high costs.

Caldwell (1963) identifies the concern for the environment is the business of almost no one in our public life. "In Albania during the last decades the environment was considered as the less important issue for the public opinion, behaving with nature and what surrounds us, as it is the property of nobody, meantime we should be aware that environment it is our common treasure and be the priority of a society" Lefter, Koka, former Minister of Environment 2014.<sup>1</sup>

The NSWM and NPSM documents (2010-2025) are in a process of revising (since October 2017), by central government, as the institutional efforts to find the right economic instruments to promote recycling and prevent waste generation remain yet limited and are reported to have failed. Albanian central government have not adapted yet a tool to forecast waste production scenarios in years, which would help to predict waste, as an economic potential and also a clear picture of WTE facility's needs. Local government as directly in charge for SWM is facing an acute situation on the sector and citizens complain on merely get this service. As World Bank suggest for most low- and middle-income countries, waste collection rates are low and formal service does not extend to all communities. In Albania, waste management tariff is included in the invoice of the drinkable water, therefore local government claim that they can't offer quality and service, if citizens are not paying. As per the data of ERRU (Albanian Water Regulatory Authority) (2018) at the national level the cashing rate is showing decreasing. "Water with no incomes" remains yet at high rates with 65% by 2017."<sup>2</sup>

Experiences in EU states prove that managing waste properly is essential for building sustainable and livable cities. Effective waste management is expensive, often comprising 20%–50% of municipal budgets as data reports. Operating this essential municipal service requires integrated systems that are efficient, sustainable, and socially supported. While in Albania 65% of citizens do not pay, as they are not invoiced and 16% of citizens that are invoiced refuse to pay (ERRU, 2018). Local government have no capacities yet to change the situation and no budgeting enough for waste management, even though INSTAT (2017) reports that the waste management community service are offered to 68.7% of the population.

The PPP concession agreements of Elbasan and Fieri Districts to build WTE facilities are considered by municipalities( that are experiencing or expect to experience this process), as best solution to raise awareness to the citizens on waste as a precious resource and to solve the emergency of the environmental situation.

Governments at all levels engage stakeholders through public hearings, public discussion or other form of awareness, but Albania outside the legal framework and commitment in papers offers another scenario. Not any awareness campaign at national level is done for waste management, for the time period 2012 – 2017. Few campaigns for dissemination of information and public awareness are identified, as isolated cases done to specific targets and community at local level, as part of project of the international donors. Studies in country (REC 2015; Guri 2016) suggest, that the information and awareness the citizens have on environment and waste management is generally low and poor.

Scholars suggest that factual public participation in policy-making can't be considered just a consultation and it requires transparent democratic processes, forums for deliberation and authentic participation of different stakeholders. There were not found evidences that Albanian government at all levels applied this practice properly. The construction of the incinerator facility in Elbasan (2017) didn't opposed the citizen's resistance, but civil society and media were positioned clearly against it. While the facility of Fieri (under construction) is facing a 2 year ongoing resistance and movements of the citizens through protests, claiming that their awareness and participation have not been acted properly. Even though the 3 main actors on WtE reality in Albania; citizens, media and civil society are ceaselessly opposing incineration with energy recover in District of Fier, the government yet suggest it as a good strategy and economical benefit for the district, but not being able to offer clear proofs on willingness to communicate and transparency. Brunner (2015) recognizes that main purpose of waste management is to protect men and the environment. In many countries, modern waste management fulfills this purpose so well that it has almost faded from the public attention and have found large support and level of acceptance by society.

## Literature review

As this research is having a many-sided scenario and various stakeholders are involved, it will attempt to explain the standings and engagement of some main actors under the loop of several theories, suggested by researchers on environmental issues. Tansey & O'Riordan 1999 suggest that *culture theory* can help to identify the various strands of interest, to explain how values and outlooks are shaped and connected, and enable facilitation of thought so that new frameworks of trust are built. Various scholars propose that possible applications of cultural theory for health risk

<sup>1</sup> Lefter Koka, OP-ED, Former Minister of Environment [Accessed March 2018 <http://gazeta-shqip.com/lajme/2014/04/10/mjedisi-ne-gender-te-opinionit-publik/>]

<sup>2</sup> "Water with no incomes" is the indicator of water quantity, which is not invoiced to citizens/business/others even though, they get the service of water. ERRU explanation

management. Cultural theory has evolved over the past 30 years, to become an important framework for understanding how groups in society interpret risk and build trust or disbelieve in institutions creating and regulating risk. Cultural theory is a way of interpreting how and why individuals form judgements about danger, pollution and threat. In this theory hence to answer the question "How safe is safe enough?" there can be no satisfactory answer. While several researchers ask instead "How fair is safe enough." The awareness and education programs on waste are insufficient to respond to actual situation and challenges. *Theory of Communicative Action*, Habermas (1981) expanded upon the theory of communicative action by using it as the basis of his theory of morality, democracy, and law.<sup>[6]</sup> The communicative rationality has a deep-seated interest in understanding social interaction (Khisty and Leleur 2010). When communication is free and open and the political culture is egalitarian, the normative grounds that are generated in such processes should guide the political decision-making process (Flynn 2004). The *protection motivation theory* (PMT), first introduced by Rogers et al (1975), proposes an extended theory (Rogers, 1983) to a conceptual a persuasive communication, which stress on cognitive processes arbitrating behavioral change. It offers a structure to explain factors forecasting risk preventative behaviors. PMT assumes that individuals' decision to participate in risk preventative behaviors is made based on their motivation to protect themselves from threats such as natural disasters, global climate change, and nuclear explosion. People poise different risks and potential benefits. Researches worldwide have been highly appealed to study *social movement theory* in different perspectives Morris (1994). Pinard's (2011) with *collective behavior theory* helps to better understand the core motivational factors of conceptualization: framing activities and collective identity. Collective identity is important for social movements, since it has a strong influence on collective action. Collective identity is related to cultural dimensions such as ideology and solidarity, and studies show that engagement can be motivated by an interest in socializing with people with similar interests (Bruyere and Rappe, 2007). Most of studies of social movements in Albania are mainly focused in political context. Few studies and researches are identified in environmental context. Inaltekin (2016) proposes that the Albanian environmental movements be best described by "resource mobilization" theory and new social movements. Kekezi and Kruja (2013) studied consumer movements in Albania in the framework of the new social movement theories and suggest that the nature of goal for these movements was both tacit and explicit

## II. Methodology and Limitation

Interpretative research with a variety of interpretive methods lead this research, and elements of exploring research and empirical research are comprehended. Both primary and secondary data were important to lead this study. Main challenges and limitation of this study is the limited secondary data on waste management in country and especially waste-to-energy in Albania; limitation on researches of public perception and movements on environment risks

### *Primary tools engaged for this study*

Identification	Tools	Participants	Profile	Descriptions
Q1	Electronic Questionnaire	Citizens	Living in Tirana, urban area	290 respondents
Q2	Semi Structured Interviews	3 Lecturers in Universities of Tirana Waste management Expert		Jamarber Maltezi, Diana Mile, anonymous Vladimir Bezhani
Q3	Phone Interviews	Local government	Municipalities of Elbasan, Fieri, Tirana	5 Officials
Q4	Phone Interviews	2 citizens/local community actively engaged against Fieri WTE	Born and living in Verria	Living in Verria, Fier
Q5	Direct, Phone, electronic Interviews	central government	Married with kids Ministry of Energy and Infrastructure, Ministry of Tourism and Environment	4 Civil Servants Officials
Q6	Semi structured Interviews, along with mapping actions in media	Environmental activists	Activists profiling: Live in Tirana 25-31 years old Years of activation: 5-7 years	3 activists

Q7	Semi structured interviews, Phone interviews	Journalists/Reporters	Engaged in a min. 20 environmental movements/each Television and investigative online media outlets	8 respondents
Q8	Semi structured Interviews	The business corporate representatives of WTE Plants	Elbasan, Fieri, Tirana	Elbasan, Fieri, Tirana
<b>O1</b>	<b>Observation on sites</b>	<b>Waste Pickers WTE plant Landfills and legal and illegal dumpsites</b>	<b>Tirana Elbasan Districts Tirana, Durrës, Elbasan</b>	<b>10 sites in urban area &amp; Sharra landfill 1 WtE site 20 sites</b>

<i>Netnography</i>	<i>Stories</i>	<i>Stakeholders</i>
Content, Photo & Video Analyses	65 stories 30 stories  25 statements 40 statements/mentions /stories 35 statements/stories	Citizens resistance/movement Fieri citizens resistance and protests against WTE Plant Civil Society on WTE Local Government (Elbasan, Tirana, Fier) – WTEs Central Government

Televisions/webpages	Newsportal/webpages	Social platforms/Civil Society	Network
Top Channel	reporter.al	Facebook page- Thurrije	Nisma
Report TV1	faxweb.al	Facebook page – Verria	
OraNews TV	hashtag.al	Facebook page- AKIP	
News24	panorama.com.al		
TV Klan	exit.al		

### III. Awareness deficiency of stakeholders

According to Alain Touraine (Lim and Kann, 2008), “the state (strict state control), the market (very large corporations), and the domain of communications and media (advance in communications technology) are gradually diminishing the liberty of the individual, failing to guarantee individual freedom, equality and fraternity” in post- modern society. Caldwell (1963) recommends that environment as a focus for public policy has thus grown out of past experience, but its major development extends into the future. MSW is proposed as a valuable renewable energy resource and as worldwide opportunity of energy recovery (Diego Moya et al. 2017). The risk for decision-making is that in a *post-factual world*, if scientific truth is not reaching society, society creates its own truth based on perception and fascinatingly emotions (Higgins 2016). On his study Higgins proposes that this understanding is near to sustainability subjects such as waste which become more socially relevant the closer they appear to human habitats. Aside from suitable policy, strong technical support and sufficient funding, public awareness is an important component in WM program. Everyone needs to have a proper understanding of waste management issues.

## Public participation

Scholars suggest that residents in developing countries, especially the urban poor, are more severely impacted by unsustainably managed waste. There is a rising body of literature on public participation in environmental valuation and decision-making, which several authors (e.g. Antunes et al., 2009; NRC, 2008) have proposed a set of critical issues to be considered in the setup, design and management of participatory processes. Within the broad scope of public participation activities, stakeholder engagement represents a concerted effort to involve the people who have a bet in the result of the decision being made (Soma and Vatn, 2014).

Toumela (2002) argues that there is much communication (e.g., dialogue) that is best understood as joint or collective cooperative activity requiring orientation to collective intentionality for its clarification. Toumela considers communication as a primarily tool, often central, for mediators to achieve their extra linguistic goals and to satisfy their extra linguistic needs and interests. Forced pressures from activists and legislators are reported to contribute to companies' decisions to take on practices that increase their legitimacy by making them come into sight greener (Hoffman and Ventresca 2002; Milstein, Hart, and York 2002). Other scholars argue that environmental civil society organizations are key stakeholders that, under certain circumstances, may influence companies to improve their environmental performance (Hendry 2006; Lenox and Easley 2009). Power involves the relative ability of an actor or group of actors to change the behavior of others Hancock and Vivoda (2014). Some groups hold greater capacity for shaping social action as compared to others (Stirling 2014) as in "power over" others (Boonstra 2016). This understanding of power reflects that of Max Weber who sight power in terms of the possibility for an actor to state their will in the face of resistance, through whatever means available. As Lakioti et al. (2017) recommend in their research the active involvement of society appears to be a key factor in improving understanding of people's behavior and establishing a high degree of confidence on SWM. Kekezi and Kruja (2013) suggest that Albanian activists believe in change, as core element of a social movement is the goal (Touraine 1981). In Albania access to information and inclusiveness remain yet a major challenge. Stakeholders<sup>1</sup> have pointed out as major issue the restrictions for the Albanian citizens and civil society to access the information about sensitive cases.

## Government: (non)Inclusiveness and (non)communication

Environment is becoming lately the focus of consideration to policies and commitments of Albania, due to huge shock of deforestation; ground pollution and air water; climate change; wildlife and biodiversity loss. As Wiedemann and Femers (1993) suggest Albanian government at all levels should view public participation as means, and not as goal. Caldwell (1963) present the perspective that no massive research is required to document the inadequacy of our environmental decision making. Governance of the megalopolis presents a host of problems nowhere adequately solved and, in many cases, not yet sufficiently defined. According to Habermas, human beings possess two fundamental cognitive interests: a technical (or instrumental) interest and a communicative (or practical) interest, dependent on work and interaction (Khisty and Leleur 2010). The new Law to Public Information in Albania<sup>2</sup> (Law No. 119/2014, Republic of Albania) obliges all national, regional and local government entities to offer any information of public interest to any individual that necessitates for it, to implement and manage websites for the dissemination of information of public interest. Government at all levels in Albania claim to have made the decision for WtE treatment, based to the objectives of the strategies, but also as the feasibility offered were correctly assessed (ISWA). The country have committed the SDGs Global Agenda 2030 and has signed the Paris Agreement, COP 21 and WtE is a tool that will support this pledge.

On the other hand is reported that citizens in country have poor information, awareness and understanding on waste management. Recycling is yet on the conceptual phase on citizens. Facing a situation of many illegal dumpsites and many landfills out of EU standards, the government is facing also the pressure of losing land considering the high level of disposal in country. The full rehabilitation and closing of 300 dumpsites identified require heavy financial costs.

Researchers identify that the information effect has a higher impact when focusing on future environmental risks (Hill and Daniel, 2007), and particularly on risks related to human health (Madajewicz et al., 2007; Orset et al., 2015). Government approach to stakeholders for WtE facilities in Albania suggest not to tend a communicative action as Habermas (1985) proposes. "Consent and influence are—at least from the perspective of the actor—mutually exclusive mechanisms for coordinating actions. Communication processes cannot be undertaken with the intention of reaching understanding

<sup>1</sup> Referred to Mr. Mihallaq Qirjo, Director of Regional Environmental Center in Albania <http://eurokonventa.al/en/aarhus-convention-and-the-situation-in-albania/>

<sup>2</sup> Entered in force in September 2014



[consensus] with a participant in interaction and simultaneously influencing him, that is having a causal effect on him” (Habermas 1985, pp. 153)

ISWA (2017) recommends all that the technical aspects in a feasibility study (waste availability and quality, technology choice) are crucial for decision making, and Albanian government claim that feasibility studies have been a key component on their decision for the procedures of 3 WtE facilities in country. Even though government claim that all proceedings have follow strictly the involvement of public participation, civil society and academics are claiming that secrecy and missing transparency of government in this aspect make the process not reliable.

ISWA remarks that WtE is most often more expensive than controlled landfilling. While landfilling in Albania is suggested to be out of standards and a real health risk to citizens, government claim that WtE plants are more profitable to the economy, with lower risk of pollution of environment and to human health and more free land

Table 4: Comparison of indicators WtE vs Landfill Costs in Albania

Treatment	Longevity	Benefiting	Total Cost (million euro)
Landfill (Vlore)	20 years	N/A	24
WtE Facility (Elbasan)	50 years	Energy	28

Source: Ministry of Environment, Ministry of Infrastructure and Energy (2017)

Researchers (Alcani & Dori 2013) call further studies related with the attitude of the public and leaders of local authorities related to waste management in Albania. (Slushaj & Arapi 2012) findings suggest that the public is rarely involved in consultations and its opinion in drafting the legal and policy framework is not taken into consideration, which has hindered the implementation of policies and legislation. “Local government obliged by law to raise awareness and include citizens on WtE plants have failed to do so” state Sazan Guri, 2017 Associated Professor and environmentalist.

Citizens in developed country enjoy the right to information, participation, and, in the event that a citizen is party to proceedings, legal recourse against the granting of an approval. While in Albania researchers suggest that a multi-stakeholders’ approach is important in defining rules of the games in order all involved and impacted by these processes, could have a say at the early stage (Bagaviki, Eida 2018 pp. 61)

Gutberlet (2008) suggest that collaborative forms of local policy shaping enhance the decentralization of processes and devolve decision-making power and responsibility to the local levels of government. As a consequence, the governing body is closer to the people, and power is returned to the local level. Active participation of the involved stakeholders is essential to adequate resource management, and to deliberative democracy. Cultural theorists argue that social debates about risks cannot be reduced to concerns about safety and demonstrate instead how they are inseparable from issues relating to power, justice and legitimacy. What cultural theory does do is to criticize the apparent depoliticisation of risk issues—the subtle process of taking for granted the link between hazard identification and the normative choices that follow. With an emphasis on fairness, Renn, Ortwin (1995) looked at how democratic procedures should be based in terms of building trust, including representativeness, generating non-distorting communication, and reaching open consensus; through key issues as *inclusiveness* and *consensus building*. McCarthy (2004) suggests that western experiences and case study as AEB in Holland have allowed sufficient time for the community relations programme. He emphasizes the importance to start early enough to allow plenty of time for all involved to digest and discuss the information received. 82% of the respondents of Q1, show no trust on any good purpose of government initiative on WtE. While 100% of respondents of Q2, Q6 and Q7 are doubtful for government practices and initiatives on WtE plants.

### The outsiders – citizens resistance

The WtE plant of Elbasan, the 1<sup>st</sup> one in Albania didn't face any citizen's resistance or movements, possibly given the fact that Elbasan have been considered in many decades as one of the most polluted city in country and any investment of any form was identified by citizens as a solution. The opening of WtE facility had large coverage in all media outlets in country, where the active opponent voice was the civil society.

Gutberlet (2008) consider social movements as crucial to promise participation and bring various stakeholders into the arena. In many instances they are the motors to ensure a fair and equitable government and function as barometers to

monitor impact and progress. World Bank defines citizen engagement as a behavior change and public participation key to a functional waste system.

Professional and academic interest in understanding what drives citizens to engage in community groups and self-mobilization activities has led to a wide range of studies in different research disciplines, focusing on both established social movements and more spontaneous forms of citizen mobilization. Researchers (Schmitter 1991; Arnstein 1969) suggest that greater levels of citizen participation, such as direct citizen offer stronger models of democracy, while the identified group of citizens against WTE plant in Fieri, were a small group of citizens, who represents 50 families that live in Verria, Fieri (village where WTE plant is located). Studies show citizens' self-mobilization (as defined by Pretty, 1995) and local community groups are recently acknowledged as playing an important role in the making and implementation of present and future environmental use policies and researchers suggest that community groups and citizens' self-mobilization seem in many cases to be organized by a minor group of citizens who are highly engaged in community matters (e.g., Campbell, 2013; Applegate, 1998). The villagers of Verria claim that they were excluded/not informed for participation by the public hearings and consultations. 87.2% of the respondents of Q1 and 100% of Q7 think government is not willing to access participation of citizens. 10 out of 10 in Q7 think that government mis-target actors involved on porpoise and not because of lack of capacities. In Albania there are reported successful approaches on this direction, the roadmap of Trans Adriatic Pipeline – TAP Albania as a corporate business

Agovino et al. (2018) propose that the waste management process is optimized when citizens and local government jointly adopt appropriate behavior. McCarthy (2004) suggests that WTE plant can be accepted by citizens if information, transparency, real involvement and proper communication in understandable language is done. Habermass suggest citizens to mobilize and increase the communicative power of public debate until it could surpass or at least equal the extent to which money and administrative power coordinate action 'behind their backs'. (Flynn 2004). 63% of the respondents of Q1 on this paper suggested that they are against WTE plants in Albania, and 47% responded they do not have an opinion. 100% of respondents they have no knowledge at all on WTE process.

#### **Constant protests (case of WTE plant, Fieri District)**

*"We do not trust the promises of the Prefect. He didn't even accepted to make them public in media – citizens of Verria, one of the protest against WTE Plant (Fier, 21/11/2016)<sup>1</sup>*

Wiedemann and Femers (1993) propose that public participation procedures do not necessarily improve conflict resolution, or lead to better, more widely accepted decisions. On the contrary, in many cases the participation procedures themselves created new conflicts.

Protests against WTE Plant in Fieri begun during November 2016 and are yet active (20 April 2018)<sup>2</sup>. There have been arrested protesters, by policy of state several times. They do consider the government as their main enemy, but not the same approach for the company of WTE plant.

They report that several times discussed with the company of WTE Plant, without municipality presence. They perceive media as their main ally to their cause and civil society as a supporter and facilitator. Not involving the families where the facility have begun to be constructed in any of public hearings or consultations, is the key driver to them suspecting that the plant will cause cancer and will poison their lands.

In Albania there are reported several movements in sensitive cases where citizens; media and civil society have moved the same direction for the same environmental cause, but also there are reported cases where citizens have been against civil society and media, reported in media (2016) as "Divjaka against Divjaka" case <sup>3</sup>(in the public hearing the citizens opposed the civil society which was opposing the construction of a touristic resort as a strategic investment in Divjaka-

<sup>1</sup> <https://hashtag.al/index.php/2016/11/21/banoret-e-mbrostarit-vazhdojne-rezistencen-nuk-i-zeme-bese-qeverise/>

<sup>2</sup> <https://www.reporter.al/banoret-e-fierit-protjestojne-kunder-impianitit-te-djegies-se-plehrave/>

<sup>3</sup> <https://www.reporter.al/divjaka-kunder-divjakes-banoret-brohorasin-projektin-betonizues-te-behget-pacolli/>

Karavasta National Park). 93% of the respondents of Q1 would join with in such a cause as Fieri case, but in Tirana is not yet reported or identified any opposing (even sporadic ones) from citizens on the WTE plant project.

### **Civil Society – a shadowy road**

Civil society in decades have showed to be extremely effective in highlighting inequalities in who bears environmental burdens and who gets the welfares of environmental investments.

While the articles and reports (Gemille and Bamidelle)<sup>1</sup> suggest that the Aarhus Convention envisions a process by which NGOs could seek judicial remedy against other parties, such as national governments or private sector entities, for environmental harms or crimes. Researchers in UK (2004) report that risks to human health from incineration are small in comparison with other known risks. Decision-makers acknowledge the role of incineration with energy recovery as a sustainable waste management option although the priority must be waste minimization, reuse and recycling. The western countries in their waste management strategies suggest prevention and WTE treatment are not contradictory, but rather complement each other. CEWEP<sup>2</sup> suggests that WTE does not compete with recycling – it goes hand in hand with and supports high quality recycling. Civil society in western countries show resistance being doubtful on environmental impact the WTE plants have.

Civil society in Albania have been opposing WTE treatment since government proposed the first facility in country. Activists of civil society consider this process led by government as suspicious and corruptive and define the 3 facilities in Albania as a big risk to citizen's health and as huge polluters for the environment. Even though not any examination or evidence is proofed civil society claim that the people living next to it are complaining from bad odor. They do claim also that WtE will close the door for good to recycling process in Albania.

While in Albania civil society and environmentalists argue that incineration is a serious risk to health of citizens, they have not been identified to "fight" against disposal without standards in country. Lack of government's transparency at any level, the secrecy and hidden agenda is suggested as a key driver to civil society to strongly believe that the WTE plants in Albania are out of EU standards. "AKIP" and "NismaThurrije" as the most well-known movements against WTE plants are "opposed" by several media outlets. Media representatives are doubtful that this activism of CSO's is covering a hidden agenda and maybe they are financed by unknown source. Citizens in Albania show to be dubious about the civil society activity. On 88% of Q1 in this research didn't identified themselves represented by civil society causes. 95% of them responded that they never have been involved directly or indirectly in any civil society cause.

Even though is a 2 year ongoing protests in Fieri against WTE plant, Environmental Justice Atlas is not offering any conflict related to incineration in Albania, while there are identified several other past or ongoing environmental conflicts in country. (Inaltekin 2016) suggest that in Albania the movements have grown simultaneously, as civil society grew, while he suggest that a stable environmental movement still is not established in country. Civil society in Albania attributes the raise sensitivity towards environmental issues to the rise of civil society (after 2000) (3 out 3, Respondents of Q6), while they claim that academics silence is not good for the society.

One of the most active eco NGOs in Albania "Let's Do it Albania" states (December 2015)<sup>3</sup> "local authorities are now more open to collaboration and have started to pay more attention to protection of the environment and waste management. But more needs to be done".

### **Media: the key ally of citizens**

In 2012, in Albania was reported the biggest movement ever in country. About 60.000 citizens signed proposing a referendum to oppose the law allowing the waste import. Media was identified to be the key role player that through raising awareness of the case made possible 60.000 thousand signatures.

Recently media in Albania have put permanent focus to poor waste management in the country. The reporting many times is mapped as a contradictory; but yet in this research it is identified that that talking about waste helps raising awareness of public. J. BOssio et al. (2012) investigated access to public participation and transparency suggest that working with the media is also of utmost importance. Access to government information provides important opportunities for investigative journalism, and for reporting and monitoring the management of public resources. Bossio argues that the state, civil society

<sup>1</sup> <https://environment.yale.edu/publication-series/documents/downloads/a-g/gemmill.pdf>

<sup>2</sup> CEWEP | Confederation of European Waste-to-Energy Plants [www.cewep.eu/](http://www.cewep.eu/)

<sup>3</sup> <https://www.letsdoitworld.org/2015/12/albania-creating-social-and-cultural-change-through-massive-waste-clean-ups/>

organizations and academia should focus their efforts on strengthening the capacities for research and analysis of data by journalists. Media in country begun its extended increasing attention on waste management, due to fact that were evident and visible impacts of environmental degradation.

In this study is mapped that media reports in the headlines to terminologies "Waste" and "Garbage/Trash". On articles/chronicles which report a story /statements of government or donors, the term waste is generally used. While on the reporting of the protest or resistance of citizens, and investigations done by media outlets "trash" and "garbage" are the most used terms. As IREX (2017) suggest in Albania most of journalist do not go beyond press announcements of public sector entities, many times they even do not write their name on the article or chronicle. News people in country are over loaded with information and not that much time to edit news, to confront statements and positioning of government or other stakeholder in different period for the same issue. All respondents of Q7 recognize that this leads to missing accuracy and is a big risk to lose the public trust. For the Fieri WtE plant case, Panorama, the biggest newspaper in country in its web portal reports in the headline "The protests against landfill in Mbrostar..."<sup>1</sup>

10 out of 10 respondents of Q7 acknowledge that they have poor information and knowhow to waste management hierarchy as a whole process due to lack of proper communication from government. They identify as a concern that 2 of the main stakeholders: the academics and the WtE plants companies reject to be involved in the media discussions on WtE treatment. On the other hand they claim that government refuses to give full access on information, claiming that confidentiality in the PPP agreements have strong provision. Media claim that academics "frighten" their position, and they do not will to oppose the government policies. The lack of experts in the sector of waste-to-energy brings also an enormous gap. No matter any hidden agenda of the civil society in Albania media see as priority to give enough space and make civil society's voice clear. The 3 companies on WtE plants in Albania are reported to refuse the direct contact and communication with media representatives. They prefer to to use better the electronic or direct mail communication. 100% of the respondents of Q1, trust more media than civil society, academics and government.

Media as a key ally to social movements in country claim that citizens need to heard and is government duty to inform and engage them properly.

#### **Academics and researchers (non)participation**

The relationship between science and policy is an old one, and often closely related to the world of culture, which in turn serves as a neutral element capable of reinforcing coalition.

Higgings (2016) suggests that scientists and philosophers should be shocked by the idea of post truth, and they should speak up when scientific findings are ignored by those in power or treated as mere matters of faith. While in waste management sector occasionally was identified any academics or scientist on waste management or environmental issues (January 2017- March 2018. Differently on what researchers suggest academics in Albania do not involve on public for environmental causes. Maybe one of few academics in country (Associate Professor Sazan Guri) who involves actively in media for environmental issues, represent himself as an environmental activists and he has an immense active role in the environmental movements. (85% of the respondents of Q1 have no knowledge that Sazan Guri, is an experienced of Assoc. Prof Lecturer)

"The academics in Albania do not want to go out their frames, they tend "to sleep" better than inform public what science suggest on what is right and what is wrong, what is safe and what is harmful" - a well-known investigative journalist responded for this study. Academics on other environmental cases are confronted with civil society claiming on a hidden agenda, serving to entities who involves them in research or projects. Yet the academics acknowledge that WtE is a better option than disposal but they show skepticism if this will "put in sleep" the government not focus on a sustainable waste management having focus the 3R process.

"In my whole 20 years of experience on waste management, based on different studies and Ph.D. thesis done for this purpose from a colleague of mine, the technology of landfilling with recycling result a lower cost process and more acceptable for the actual conditions of our country and the psychology of the citizens" – states Sazan Guri, Associated Professor, University<sup>2</sup>. Scientist and academics in waste management are less involved in WtE considerations in Albania by government at all levels. They do evaluate incineration as not a favorable option in Albania due to cost benefit analyses.

<sup>1</sup> <http://www.panorama.com.al/protestat-kunder-landfillit-ne-mbrostar-ndalohet-nje-person-dy-ne-kerkim/>

<sup>2</sup> <http://www.standard.al/2017/09/12/flet-ambientalisti-sazan-guri-teknologjia-me-landfill-me-riciklim-ka-kosto-me-te-ulet-dhe-rezique-te-medha>

They suggest during public consultations or hearings the government at all levels should target carefully and correctly the interest groups. EU-28 states through Circular Package economy aim to promote the economic instruments to discourage landfilling, while in Albania academics propose landfilling with recycling as a best option for country at this stage (Sazan Guri, 2017).

#### IV. Yellow waste acceptance; communication perspective as transparent and proactive approach

World Bank (2012) reports that most low- and middle-income countries, the reliability of solid waste data is further compromised, therefore Albania should focus and find proper tools to generate real statistics. Europe Commission (2017) on their communication ensure that the recovery of energy from waste in the EU supports the objectives of the circular economy action plan and is firmly guided by the EU waste hierarchy. The EU-28 countries have defined how the role of waste-to-energy processes can be optimized to play a part in meeting the objectives set out, while in Albania no such defining is set yet. Waste-to-Energy is widely accepted as renewable energy source. Most countries with very high recycling rates – such as Austria, Belgium, Germany and the Netherlands, also have high rates of Waste-to-Energy as a sink for pollutants and thereby have reduced landfill to almost zero. Szeman and Diamanti (2017) suggest that the social, political, economic and cultural context that energy systems are made to serve will largely determine the degree to which distributed renewable energy systems can be made democratic. Burke, J.C. Stephens (2018) put focus on the democratic potential of the entirety of renewable energy systems over time also requires a careful appraisal. The studies suggest that the energy democracy movement represents a contemporary expression of ongoing struggles for social and environmental justice through engagement with technological systems. (M.J. Burke, J.C. Stephens (2018) argue that as a democratic development model, renewable energy transitions require an accelerated reduction in the use of fossil fuels for social, ecological and political reasons, but do not necessarily entail an immediate ramping of renewable energy infrastructures. Becidan et al. (2015) in their research find that Norwegian government led to a significant increase in the building of new WTE plants with energy recovery and many studies show that Norwegian society evaluate positively the proposed the unique advantages offered by WTE.

Climate protection and commitments to 2030 Agenda are recognized as heavy costs to Albanian government. Efficient WTE reduce both methane emissions (a potent greenhouse gas that has 25 times greater impact to climate than carbon dioxide CO<sub>2</sub>) from landfilling and CO<sub>2</sub>emissions that would have been produced if the amount of energy was generated in conventional power plants, impacting so directly to reduce climate change. The Intergovernmental Panel on Climate Change (IPCC). Nations report that Waste-to-energy facilities are economically sound investments that provide multiple financial and environmental benefits to the communities that utilize them. Today, the majority of the nation's waste-to energy facilities are owned by local governments and that have invested in this critical municipal infrastructure to achieve long-term solid waste management solutions. These facilities produce clean, renewable energy while reducing waste volume by 90 %, making them a good option for communities seeking the most advanced technology to manage their waste.

As shown in this study, when properly managed, waste-to-energy facilities offer a multitude of benefits to the communities that utilize them. They generate revenue through the sale of electricity, tipping fees, and profits from the sale of recovered metals, which allows for the repayment of their municipal bonds, as well as financing of other important aspects of MSW management, such as extensive recycling programs. The economic success of waste-to-energy for several decades throughout the country should provide confidence to other communities considering this economically and environmentally sound technology. Social impacts in developing countries improving the life standards of citizens and also with a direct impact on the local community life. New sources of jobs, potential to work in formal sector.

Poorly managed waste has an enormous impact on people's health, the environment, but also at the national economies. Improperly managed waste often results in higher costs for governments, contributes to climate change in the form of greenhouse-gas emissions, and has serious short- and long-term health impacts, due to that this study recommends to consider WTE as a potential good perspective for the country on the economic aspect.

The public and private sector together will need to assume much more responsibility for waste generation and disposal, specifically for product design and waste separation. Formalizing these responsibilities through well-structured PPPs can result in significant improvements in efficiency and quality of solid waste management, as developed economies have succeeded

The efficient use of limited fossil resources (e.g. crude oil, natural gas, coal) in WtE's is indispensable in any sustainable economy and waste management system. (Guri, 2016 pp 222) suggest the cost of the waste to energy are financial, social and environmental while the incomes are provided from incomes (selling of the energy), social-economical profitability (avoiding the social and environmental damages). As World Bank reports that in low and middle income countries even in

Albania the method of calculation waste quantities is the ones arriving at disposal site, and is not taken in consideration the large fraction of recyclables taken away by the informal sector. The implementation of a proper methodology will help the economy to potentially make good profit and accurate forecasts from waste.

The yellow waste incineration from import mainly, have positioned Sweden as a leading country in WTE, where driving forces and business incentives for waste management. It looks like dirty business in the Albanian context, but articles suggest that in Sweden this is viewed as one of the country's great green achievements.

While waste-to-energy incinerators remain a controversial topic among environmentalists and a not desirable option from citizens in Albania, there's been little such debate in Sweden or Amsterdam (McCarthy 2014) they are facing incineration without any public opposition and with support from non-governmental organizations (NGOs).

Studies suggest that because incinerators have been in the focus of public attention for a long time, they are very well investigated facilities with little unknowns in developing countries.

However, similarly to other topics in energy, its economics that are at play. As far as it will be considered cheaper to truck waste to landfills, use fossil fuels for electricity and heating and enough land in the a country of 28.748 km<sup>2</sup>.

To make WtE profitable and wide accepted by general public, Albanian government at all levels should deliver a clear communication and proactive approach to stakeholders and with main focus the community. World Bank (2006) recommends empowering citizens comes through publicly accessible data on pollution concentration levels enable citizens to take preventive measures to reduce their personal risk of exposure and pressure governments to enforce existing emission standards. When prices rise however, our trash may become energy treasure.

#### **V: Conclusions, recommendations and contribute**

M. Agovino et al. (2018) argue integrated waste management is only achieved through the joint action of citizens and institutions (central and local). J. BOssio et al. (2012) findings consider as the main challenge for citizen participation is to develop citizen-appropriate tools, not only to access, but to use public information effectively.

Researches argue that if key external stakeholders will work for same purpose citizen's resistance will be supported by a large number, this may change government standings and attitude. Most studies of social movement conclusions show that movements persuade the adoption of public policies directly, by engaging in lobbying and protest activities (Cress and Snow 2000; McCammon et al. 2001; Soule et al. 1999; Soule and Olzak 2004), and indirectly, by changing public opinion (Burstein 1999; Burstein and Linton 2002).

The findings of this study bring evidences that in developing countries (Albania) government at all levels, tend to limit access in information and participation of stakeholders on hot environmental issues. Communication strategies to raise awareness are part of legal and paper framework and do not go beyond them.

This study opposes scholars finding that argue that environmental organizations are key stakeholders that, under certain circumstances, may influence companies to improve their environmental performance (Hendry 2006; Lenox and Eesley 2009). In Albania, civil society proof a weak bond with citizens and the COSs "reputation" and agenda it's vague for other participants on the cause.

This research was limited on the private business perspective as a stakeholders, as no clear evidence could be identified, considering that WTE treatment is yet in early stage (1 year only). The study bring evidences that oppose the suggestions (ISWA) that waste to energy should be considered better in mature economies or a better choice in high density districts; as in Albania disposal in landfilling is found as a more expensive process in long-term. In Albania there is the opportunity that WTE plants may solve the local government's lack of capacities to manage waste and lack of knowhow, through the private sector engagement; as a better costing option than disposal, though risking the recycling process.

A policy focus on environment in its fullest practicable sense would make more likely the consideration of all the major elements relevant to an environment-affecting decision (Caldwell 1963). This study suggest that the government or the hired consultants when deciding on long- term strategies should take in consideration all components and set logical

possible objectives. This research that citizens in developing countries are willing to have a clean environment, but with poor knowledge on waste management and unwilling to pay the service

Kekezi and Kruja (2013) found that Albanian activists believe in change as core element of a social movement is the goal (Touraine 1981), same findings are proposed in this study that activists and citizens against WtE of Fieri believe that their resistance will bring a positive change.

Researches and articles worldwide show that even in most developed countries public perception in WTEs remain yet a challenge. They do suggest that WTE plants must be able to explain and defend their roles both in responsible waste management and energy production systems. In Albania companies have not exposed themselves in public, they have preferred better to work with the local community directly, considering other stakeholders as “tricky influencers”.

At this stage Albanian government is recommended to take in consideration Wiedemann and Femers (1993) finding that the conflict management is possible approach for improving public participation. Stakeholders should consider the strengthening of media research and analysis to reach a better access and understanding in environmental issues as important

Albania is yet an emerging economy suffering from not implementing and little knowledge on waste management but in a near future the country should understand that a stronger role in material recycling and considering waste as a valuable source may well ensure its central place in a circular, renewable and sustainable economy.

The findings of this study on waste management opposes the findings of REC “Public Perception on Environment (September 2015) which give a positive correlation between citizen’s level of education and their information and acknowledgment of environmental matters. The conclusions of research tools with citizens, media representatives, and CSOs representatives found not positive correlation between their level of education and their information and acknowledgment of waste management matters.

M. Agovino et al. (2018) suggests that in particular, the latter spoke of “crisis of democracy”

in the waste management process that generated conflict between citizens and government. A thoroughly communication to reach at right levels public awareness and information dissemination should be developed and implemented properly, by government before decision making

Integrated waste management in a sustainable path in Albania will be only achieved through the joint action of citizens and institutions (central and local), and can’t be a reality without a proper communication strategy and plan at national level

Albania is yet an emerging economy suffering from not implementing and little knowledge on waste management but in a near future the country should understand that a stronger role in material recycling and considering waste as a valuable source may well ensure its central place in a circular, renewable and sustainable economy.

## Acknowledgements

I wish to extend my gratitude to any single participants in this study, for generously sharing strategies, papers, legal documents and especially their concerns, expertise and insights, and for making the time to participate in this project. The interviews and other data were analyzed with honesty and respect for privacy.

## Bibliography

- [1] Agovino, M et al. (2018). Waste management performance in Italian provinces: Efficiency and spatial effects of local governments and citizen action *Ecological Indicators* 89 (2018) 680–695
- [2] Albanian Water Regulatory Authority <http://www.erru.al/index.php?lang=2>
- [3] Alcani, Majlinda, Dorri, Altin. (2013). Problems related to current situation of solid waste management in Albania, *International Journal of Ecosystems and Ecology Sciences (IJEES)* Vol. 3 (4): 697-704
- [4] Andrews, Kenneth T. (2001). “Social Movements and Policy Implementation: The Mississippi Civil Rights Movement and the War on Poverty, 1965 to 1971.” *American Sociological Review* 66:71–95.
- [5] Applegate, J.S. (1998). Beyond the usual suspects: the use of citizen’s advisory boards in environmental decision-making. *Indiana Law J.* 73, 903–957.
- [6] Arnstein, S.R. (1969.) A ladder of citizen participation, *J. Am. Inst. Plan.* 35 (4) 216–224, <http://dx.doi.org/10.1080/01944366908977225>.
- [7] Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management (2010). *Waste-to-Energy in Austria, White Book - Figures, Data, Facts 2 nd Edition English translation*

- [8] Axon et al. (2018). The human factor: Classification of European community-based behavior change initiatives. *Journal of Cleaner Production* 182 pp. 567-586
- [9] Bagaviki, Elda (2018) Communication and Policy Dialogue - What Role for Development Partners: Learning from Swiss Support to Local Government Reforms in Albania, *European Journal of Multidisciplinary Studies*, Vol.7, Nr.1, pp. 55-61
- [10] Becidan M., Wang L., Fossum M., Midtbust H.O., Stuen J., Bakken J.I., Evensen E., (2015). Norwegian waste-to-energy (WtE) in 2030: challenges and opportunities, *Chemical Engineering Transactions*, 43, 2401-2406 DOI: 10.3303/CET1543401
- [11] Boonstra, W.J. (2016) Conceptualizing power to study social-ecological interactions, *Ecol.Soc.* 21 (1) , <http://dx.doi.org/10.5751/es-07966-210121>.
- [12] Bossio, Jorge Lamas, Leonor and Saravia Miguel (2012) Access to public information, transparency and citizen participation in Peru. *Global Information Society Watch* Published by APC and Hivos [Available from: [https://www.researchgate.net/publication/296666164\\_Access\\_to\\_public\\_information\\_transparency\\_and\\_citizen\\_participation\\_in\\_Peru](https://www.researchgate.net/publication/296666164_Access_to_public_information_transparency_and_citizen_participation_in_Peru) ]
- [13] Boudewijn, Bob (2015) Waste to Energy Development in Emerging Countries [Retrieved from <http://iswa2015.org/assets/files/downloads/WtE5.pdf> ]
- [14] Brunner Paul H. , Rechberger Helmut (2015). Waste to energy – key element for sustainable waste management *Waste Management* 37 (2015) 3–12
- [15] Bruyere, B., Rappe, S., (2007). Identifying the motivations of environmental volunteers. *Environ. Plann. Manage.* 50, 503–516.
- [16] Burke, M.J. , Stephens, J.C. (2018). Political power and renewable energy futures: A critical review *Energy Research & Social Science* 35 78–93
- [17] Burstein, Paul (1999). “Social Movements and Public Policy.” in *How Social Movements Matter*, University of Minnesota Press, Pp. 3–21
- [18] Burstein, Paul, Linton, April (2002) “The Impact of Political Parties, Interest Groups, and Social Movement Organizations on Public Policy: Some Recent Evidence and Theoretical Concerns.” *Social Forces* 81:380–408.
- [19] Caldwell, Lynton K. (1963) *Environment: A New Focus for Public Policy?* Source: *Public Administration Review*, Vol. 23, No. 3, pp. 132-139
- [20] Campbell, D.E., (2013). Social networks and political participation. *Annual Rev. Political Sci.* 16, 33–48
- [21] *Canadian Dimension* (2017). 51 (1) February 17, [Retrieved from <https://canadiandimension.com/articles/view/beyond-petroculture-strategies-for-a-leftenergy->]
- [22] Carayannis EG, Campbell DFJ (2011) Open innovation diplomacy and a 21st Century fractal research, education and innovation (FREIE) ecosystem: building on the quadruple and Quintuple Helix innovation concepts and the “Mode 3” knowledge production system. *J Knowl Econ* 2:327–372. <https://doi.org/10.1007/s13132-011-0058-3>.
- [23] Chainarong Apinpath (2014) Community Mapping and Theory of Planned Behavior as Study Tools for Solid Waste Management *Journal of Waste Management* Volume
- [24] Colvin et al. (2016) Approaches to identifying stakeholders in environmental management: Insights from practitioners to go beyond the ‘usual suspects’ *Land Use Policy* 52 , 266–276
- [25] Cress, Daniel, Snow, David. (2000). “The Outcomes of Homeless Mobilization: The Influence of Organization, Disruption, Political Mediation and Framing.” *American Journal of Sociology* 105:1063–1104.
- [26] De Feo, G., De Gisi, S., (2010). Public opinion and awareness towards MSW and separate collection programmes: A sociological procedure for selecting areas and citizens with a low level of knowledge. *Waste Management* 30, 958–976.
- [27] Diego Moya et al . (2017). Municipal solid waste as a valuable renewable energy resource: a worldwide opportunity of energy recovery by using Waste-To- Energy Technologies *Energy Procedia* 134286–295 DOI 10.1016/j.egypro.2017.09.618
- [28] Eesley, Charles, Lenox, Michael. (2006). Firm Responses to Secondary Stakeholder Action. *Strategic Management Journal* 27:765–81.
- [29] Enti Rregullator i Ujit 2018 – Raport Vjetor 2017 [Retrieved from [https://www.parlament.al/wp-content/uploads/2018/02/Raporti\\_vjetor\\_2017.pdf](https://www.parlament.al/wp-content/uploads/2018/02/Raporti_vjetor_2017.pdf) ]



## How to Incorporate Corporate Social Responsibility into DNA of the Companies?

Assist. Prof. Dr. Ayse SAHIN

Faculty of Law University of Bahçesehir  
Department of Commercial Law

### Abstract

In my presentation I would like to treat corporate social responsibility (CSR) from a legal perspective and especially discuss how to achieve an effective application of the CSR codes and principles. In this respect I would like to discuss solution proposals such as emphasizing compliance programs or certification systems and especially the question how CSR principles could be regulated by legislations with binding character, as hard law instruments. This is also mentioned as the ultimate goal of the CSR in the summary of European Commission's Multi-Stakeholder Forum "*The ultimate goal of CSR should be to embed social responsibility into DNA of companies, rendering it obsolete through normative compliance*". Corporate Social Responsibility, is an approach that companies should conduct their business in a responsible and fair way and that they should take responsibility of their impact on society. CSR, has different pillars such as sustainability, environment, human rights, investment, public procurement etc... Among all these different subsectors, I will treat the applicability of the CSR principles mostly from the sustainability perspective. Since CSR has so many different facets and propose a general policy of good conduct rather than concrete specific rules and legal provisions, stays as a vague concept and need to be defined and concretized. CSR has no description and is not regulated in the national codes and legal systems. However, there are a lot of regulations, guidelines and standards prepared by international authorities and organizations and the European Commission.

**Keywords:** How to Incorporate Corporate Social Responsibility into DNA of the Companies?

### Introduction

The CSR can be considered as a component of the social state system adopted by many European countries against harsh capitalism in the economic life. Since the main element of capitalism is the absolute target of maximizing the profit, corporations, especially multinational companies are the pioneers of this system. Thus, in corporate law the corporations purpose is defined as to make maximum profit, rather than social duties toward society and stakeholders. Longtime the question whether such a social responsibility could be imposed on corporations was in the center of SCR discussions. The idea was that corporations contribute to the economy by making maximum profits, not by taking social responsibility. However, the aim to maximize profits can lead to unfair business acts and can cause damages to workers of the company, consumers, suppliers, competitors, the society, economy and the environment. Therefore, the harsh capitalist system based on profit maximizing should be balanced and moderated to protect insider and outsider interests related to corporations. CSR propose to corporations a general duty to follow fair and good business practices. But there are several drawbacks that prevent an effective application of such a social responsibility system for the companies. Some of these come from the nature of the concept itself such as generality of the CSR policies for example. The more a CSR code is sectoral and specific, the more has chance to be applied. Another problem comes from the voluntary character of the CSR regulations and codes which are based mostly on soft law instruments and are not binding. The fact that CSR consist mostly of soft law instruments, prevent CSR to have a real impact and to be applied and enforced in private law. Several regulations and codes have been prepared by the international organizations such as UN, OECD and etc. These are not mandatory and companies are not obliged to adopt these general policies. Companies might prepare specific codes for their own business on the related sector. Once a company adopt such a CSR policy, there are enforcement difficulties as well. As long as the so-called policy is not incorporated into a contract between parties, it is difficult to hold responsible a company, relying on its own CSR code, which is usually written under the form of a general good conduct policy and not as a specific contractual obligation. Because of all the above-mentioned drawbacks mostly related to soft law nature of the CSR codes, there are many discussions about adopting and imposing binding CSR rules to companies and redefining the purpose and the role of the corporations. Among them there are also ideas to create new hybrid model of companies closer

to cooperatives with both social and economic purposes. In the light of these discussions and ideas, my aim is to examine different proposals regarding the applicability and effectiveness of the CSR principles and to question whether CSR principles could or should be subject to binding legal provisions on the national or international level.

Corporate Social Responsibility (CSR) is a multidisciplinary domain, related to so many fields such as sociology, economics, business ethics, public relations and management etc... In my presentation I would like to treat corporate social responsibility from a legal perspective and especially discuss how to achieve an effective application of the CSR principles through legal instruments. There have been so many discussions and ideas with regard the question how CSR can be incorporated genuinely into companies' structure and activities. This is mentioned as the ultimate goal of the CSR, in the summary of European Commission's Multi-Stakeholder Forum as follows "*The ultimate goal of CSR should be to embed social responsibility into DNA of companies, rendering it obsolete through normative compliance*". In this respect I would like to discuss whether could or should be attributed a mandatory character to CSR principles and whether CSR principles can be integrated in the mandatory national legislative system. There are many debates whether CSR principles should be regulated as part of the mandatory national legislative system or not<sup>1</sup>. Corporate Social Responsibility is an approach that companies should conduct their business in a responsible and fair way and that they should take responsibility of their impact on the society. CSR has different pillars such as sustainability, environment, human rights, investment, public procurement etc... Since CSR has so many different facets and propose a general policy of good conduct rather than concrete specific rules and legal provisions, stays as a vague concept and need to be defined and concretized. CSR has no description and is not regulated in the national codes and legal systems. However, there are a lot of regulations, guidelines and standards prepared by the international authorities and organizations and the European Commission. The concept of CSR can be considered as a component of the social state system adopted by many European countries against harsh capitalism in the economy. Since the main element of capitalism is the absolute target of profit maximizing, corporations, especially multinational companies are the pioneers of this system. Thus, in corporate law companies' purpose is defined as to make maximum profit, rather than social duties towards society and stakeholders. Longtime the question whether such a social responsibility could be imposed on corporations was in the center of CSR discussions. The idea was that corporations contribute to the economy by making maximum profits, not by taking social responsibility. However, the aim to maximize profits can lead to unfair business acts and can cause damages to workers of the company, consumers, suppliers, competitors, the society, economy and the environment. Therefore, the harsh capitalist system based on profit maximizing should be balanced and moderated to protect insider and outsider interests related to corporations. CSR propose to corporations a general duty to follow fair and good business practices. But there are several drawbacks that prevent an effective application of social responsibility system. One of the drawbacks comes from the characteristic of the concept itself such as the generality of the CSR policies for example. The more a CSR code is sectoral and specific, the more has chance to be applied. Thus, sectoral approach is gaining more importance nowadays; different codes for different sectors are being regulated<sup>2</sup>. Another problem comes from the voluntary character of the CSR codes which are not binding and are mostly based on soft law instruments. Thus, there are many discussions concerning adopting and imposing binding CSR rules to companies and redefining the purpose and the role of the corporations. Among them there are also ideas to create new hybrid model of companies closer to cooperatives or non-profit organizations having both social and economic purposes<sup>3</sup>. In the light of these discussions I will discuss the problems regarding efficiency of CSR principles and the question whether CSR principles could or shall be subject to mandatory legislative regulation.

### What is CSR?

Concerning the definition of the CSR, there is no internationally agreed one uniform definition. In the OECD report on Corporate Social Responsibility, codes of conducts are described as "*commitments voluntarily made by companies, associations or other entities which put forward standards and principles for the conduct of business activities in the marketplace*".<sup>4</sup> CSR is also defined as a "*concept whereby companies voluntarily decide to protect the interests of a broad range of stakeholders while contributing to a cleaner environment and a better society*".<sup>5</sup> According to the definition of the

<sup>1</sup> See debates **Mullerat Ramon**, The Global Responsibility of Business, in Corporate Social Responsibility, The Corporate Governance of the 21st Century, Editor Mullerat Ramon, 2011, p.4.

<sup>2</sup> **Martin Felix**, Corporate Social Responsibility and Public Policy, in Corporate Social Responsibility, The Corporate Governance of the 21st Century, Editor Mullerat Ramon, 2011, p.101.

<sup>3</sup> **Martin**, p.101. The author mentions that these models might ensure a better distribution of goods and resources in the community.

<sup>4</sup> The OECD Report on Corporate Social Responsibility: Private Initiatives and Public Goals prepared in 2001; **Cronstedt Claes**, Some Legal Dimensions of Corporate Codes of Conduct, in Corporate Social Responsibility, The Corporate Governance of the 21st Century, Editor Mullerat Ramon, 2011, p.445.

<sup>5</sup> **Mullerat**, p.4.

International Chamber of Commerce, “*CSR is a voluntary commitment by businesses to manage their roles in society in a responsible way.*”<sup>1</sup>. There is no one unique and uniform text of CSR internationally introduced and accepted. There are various international initiatives among which there is no priority. Therefore, different terms are used to name CSR principles such as ethical guidelines, codes of ethics, corporate credos, codes of business conduct or codes of conduct<sup>2</sup>. CSR is the term used to mention an approach and a policy that might be adopted by companies or associations. These principles are usually of general character and constitute mostly a framework rather than specific rules and provisions. They are not directed to answer legal problems case by case. Thus, these codes of conduct can be described as flexible, vague and imprecise, non-binding principles that complement mandatory national rules<sup>3</sup>. CSR is a multidimensional domain comprising different pillars. These pillars, in other words sub-fields gathered under CSR, cannot be defined with an identical and uniform manner. There is no one uniform and precise content that is generally agreed and accepted at the international level. This is one of the drawbacks that complicate the application of CSR. Thus, CSR appears to be, not more than a general, theoretical, idealistic sum of principles. In the OECD guidelines for multinational companies, areas of responsibility are mentioned such as, disclosure, human rights, employment and industrial relations, environment, bribery, consumer interests, science and technology, competition and taxation. Most commonly, areas such as human rights, environment, sustainability, labor security are the issues considered as the main pillars of the CSR principles<sup>4</sup>. What kind of practices can be given as examples? Reducing CO2 emissions, reducing costs of the essential pharmaceuticals in the developing countries, improving workplace standards could be given as examples of CSR practices related especially to sustainability<sup>5</sup>. Although don't exist a uniform definition, sustainable development can be defined as “*meeting the needs of the humanity while preserving the conditions of the nature, in a society socially cohesive and equal*”<sup>6</sup>. The definition in the Report of the World Commission on Environment and Development is as follows “*meeting the needs of the current generation without compromising the ability of future generations to meet their own needs*”<sup>7</sup>.

### Why CSR?

Nowadays there is an increasing tendency to introduce and adopt CSR policies, both in the corporate life, academia and the international area. This trend has been described as “*mushrooming prevalence*” of the codes of conduct<sup>8</sup>. There are so many motives and reasons giving rise to the emergence of the CSR principles and codes of conduct. One of the reason is the changing role of the companies in the society. In most of the studies it is emphasized that today companies are expected to take a proactive role towards society and its members<sup>9</sup>. Especially in the developed countries, consumers and the rest of the society have the awareness to assess whether corporations comply with CSR standards. This awareness has impact on customers, consumers and other market actors' behaviors towards companies. Accordingly, complying with CSR standards is closely related with the business success, advertising and public relations policy of the corporations, especially of the big and well-known companies<sup>10</sup>. Nowadays, especially in the developed countries, adopting a CSR policy might have direct impact on the companies' reputation, thus on their business and competitiveness in the market. Another driving force is the emergence of multinational companies, and their investment in the developing countries. The fact that their contractors, suppliers or distributors in the developing countries are integrated in the multinational companies supply chain, as it is indicated in the OECD guidelines, caused to “*blur the boundaries of the enterprise*”<sup>11</sup> and extended the multinational companies' responsibility. Since multinational companies have a bigger impact on the economy and the society, there is a

<sup>1</sup> Same author refers to definition of the International Chamber of Commerce. **Mullerat**, p.4.

<sup>2</sup> **Cronstedt**, p.444.

<sup>3</sup> **Mullerat**, p.3; **Cronstedt**, p.445.

<sup>4</sup> **Shestack J. Jerome**, Corporate Social Responsibility in a Changing Corporate World, in Corporate Social Responsibility, The Corporate Governance of the 21st Century, Editor Mullerat Ramon, 2011, p.124.

<sup>5</sup> **Martin**, p.108, 101; **Beckers Anna**, Enforcing Corporate Social Responsibility Codes: On Global Self-Regulation and National Private Law, 2015, p.3; For other examples of CSR practices see **Smith F. Chloé**, Corporate Social Responsibility et Durabilité, in Expert Focus 6-7/16, p.473.

<sup>6</sup> For further analysis on the sustainability see **Smith**, p.471.

<sup>7</sup> Report (titled Our Common Future) of the World Commission on Environment and Development, Annex to document A/42/427, 1987; **Smith**, p.471; **Martin**, p.94.

<sup>8</sup> **Cronstedt**, p.445.

<sup>9</sup> **Beckers**, p. 3

<sup>10</sup> **Cronstedt**, p.444; **Shestack**, p.120; **Williams A. Cynthia**, Corporate Social Responsibility and Corporate Governance, in The Oxford Handbook of Corporate Law and Governance, Editor Gordon N. Jeffrey, Ringe Wolf-Georg, 2018 p.647, 649.

<sup>11</sup> OECD Guidelines 2011, p.13; **Shestack**, p.123; See for the change of companies from a hierarchical unit into a complex heterarchically fragmented structure with subsidiaries, distributors and suppliers. **Beckers**, p.7,9.

stronger belief that multinational companies should have a social responsibility<sup>1</sup>. Another reason is that CSR overlap with the traditional principles of commercial law such as combating unfair practices. CSR is closely related with the unfair practices in the opposite direction and meaning. Acts of companies such as violating workers' rights or giving harm to the environment can constitute free-riding and unfair competition<sup>2</sup>. Thus CSR, with its preventive impact on unfair practices, serves to the unfair competition law's aim to combat unfair practices.

### What is the Essential Role of the Companies?

While first CSR principles had been emerging, the role of the company in the society has long been questioned. The debate was whether companies shall have any obligation towards society other than shareholders and whether they can have social role in the society<sup>3</sup>. Regarding this question there were two main approaches in the US, where CSR first blossomed. First was the classical approach, which is also called as "shareholder primacy", that define the company as a private property and that the company's main role is towards its own shareholders and this can be achieved through profit maximization. One of the famous phrase representing this approach is of the Friedman Milton as follows "*the only social responsibility of the business is to increase its profits*"<sup>4</sup>. Thus, companies are mostly directed to have higher economic and financial performances in the short term. On the other hand, the counter approach relied on the idea that companies should consider not only shareholders' interests but stakeholders' interests and might have social responsibilities. In the context of corporate governance (CG), the concept of stakeholder includes shareholders, customers, employees and potential investors. In the context of CSR, stakeholder may comprise a bigger circle, in addition to customers and employees, contractors, suppliers, the environment and the rest of the community can be included in the concept<sup>5</sup>. This bigger circle including society can be defined as "social stakeholders"<sup>6</sup>.

### Weak Point and Critics of the CSR

The fact that CSR consist mostly of soft law instruments, prevent CSR to have legal consequences and to be applied and enforced in private law conflicts. Countless regulations and codes have been adopted worldwide by the international organizations such as UN, OECD and etc. These are not mandatory, and companies are not obliged to adopt these general policies. Companies might regulate specific codes for their own business concerning the related sector. Once a company adopts such a CSR policy, there are enforcement difficulties as well. If the so-called policy is not incorporated into a contract between parties, it is difficult to hold responsible a company, relying on its own CSR policy, which is usually written under the form of a general policy of good conduct and not as a specific contractual obligation<sup>7</sup>. The fact that different legal forms are all of voluntary character constitutes the weakest point of the CSR. The voluntary character of the international initiatives is indicated in the OECD guidelines for Multinational Enterprises, which is one of the most important international initiatives on CSR introduced by international organizations. It is indicated that the guidelines provide voluntary principles and standards that can be observed by companies. But they are not legally enforceable<sup>8</sup>. These guidelines aim to "*complement and reinforce private efforts to define and implement responsible business conduct*".<sup>9</sup> "*The countries adhering to the Guidelines make a binding commitment to implement*" them into their national law system. This means that the "*adhering countries give political commitment to observe and promote the Guidelines' principles*". Therefore, companies, in principle, are not legally obliged to follow these guidelines, which are defined to be "self-imposed". On the other hand, companies might be forced to comply with specific CSR requirements, as a result of specific legal regulations concerning the stock exchange or tender bids offered by the public authorities<sup>10</sup>. Another drawback and a point of critic gathers around the fact that, usually companies adopt a general CSR policy, only as a part of their marketing and public relations policy, but in a non-committing manner<sup>11</sup>. And these kinds of codes engender problems of enforceability. At the end CSR rules cannot be applied to the harmful acts of the companies. This might reinforce doubts concerning the fact that CSR principles not being

<sup>1</sup> Concerning the influence of big companies on governments see **Martin**, p.103.

<sup>2</sup> **Cronstedt**, p.444.

<sup>3</sup> See for the debates in the US and UK **Beckers**, p. 5-6.

<sup>4</sup> **Friedman Milton**, The Social Responsibility of Companies is to Increase its Profits, New York Times Magazine, 1970.

<sup>5</sup> **Shestack**, p.116.

<sup>6</sup> **Martin**, p.97.

<sup>7</sup> **Beckers**, p.58 ff.

<sup>8</sup> OECD Guidelines 2011, p.17 N 1.

<sup>9</sup> OECD Guidelines 2011, p.15 N 7.

<sup>10</sup> **Cronstedt**, p.447.

<sup>11</sup> See in **Shestack**, p.125; The author expresses this fact as follows "It is customary for many corporate company to trumpet their CSR accomplishments".

genuinely integrated into companies' DNAs, rather are destined to be tools for companies to advertise, make a reputation and thus obtain more profits<sup>1</sup>.

### Which Are the Legal Instruments?

One of the questions concerning CSR is which legal instruments would be most efficient to integrate CSR into corporate business practices. There are many different legal forms under which CSR principles might be regulated. The International regulatory initiatives introduced by the International Organizations prevail in this voluntary area. Non-governmental or inter-governmental organizations such as OECD have been introducing several initiatives concerning CSR<sup>2</sup>. These initiatives set usually a framework of a CSR policy that can be adopted by the companies or by states. It is arguable that they can be considered as a replacement of the national mandatory codes and rules<sup>3</sup>. Can these initiatives replace the national legal provisions? In this respect, the international initiatives won't reflect the will of a national parliament, unless they are approved and incorporated by a national parliament into national legal system. This can lead to a question of legitimacy of these rules and can make difficult to attribute them a mandatory character. OECD Guidelines for Multinational Enterprises provide principles and standards of good practice that are addressed to the governments or multinational companies. Under these Guidelines, recently OECD has been developing a sector-specific guidance in areas such as agricultural supply chains, textile and garment supply chains, mineral supply chains, which may encourage the adoption of the guidelines by companies<sup>4</sup>. Other than international initiatives, the most common way is the self-regulatory approach which means that companies might adopt and regulate their own CSR principles<sup>5</sup>. Nowadays most of the multinational or big companies choose to adopt a CSR policy to enhance and protect their reputation<sup>6</sup>. In this case CSR rules are regulated and shaped by the companies, them-self. Since in most of the national legal systems, there are no binding provisions concerning social responsibility, the codes of conduct or statement of ethics can be regulated under any form depending on each company's own situation and approach<sup>7</sup>. It can be included in the articles of the association. The most common way is the statement of ethics or codes of conduct announced on the web site of the company. Other than that, such a policy can be cited among the general terms and conditions of the contracts as well. The form and language may vary from a more general and abstract type of statement to more specific, precise and commitment like statement. Most of the cases these statements are written in a non-committing manner<sup>8</sup>. One of the most important questions is whether this kind of general statements can be considered as an obligation from the side of the company? Can this kind of statement of ethics have legal consequences? Another approach could be through introducing certification or evaluation mechanisms to assess whether companies comply with CSR principles<sup>9</sup>. This can be voluntary or mandatory. There are several assessment standards or indexes worldwide which work on a voluntary basis. Companies might choose to be assessed and reported by these assessment mechanisms such as CSR Index of Business in the Community in the UK or The Arcturus CSR Assessment Survey<sup>10</sup>. Another legal instrument could be to integrate CSR into national legislative system and regulate it as part of the mandatory legal system. In other words states might codify CSR rules as binding enforceable rules. There are so many discussions whether CSR should be part of the mandatory enforceable legislative system or not. Recently there have been an increasing number of studies and researches about the legal consequences and enforceability of the CSR principles<sup>11</sup>,

<sup>1</sup> See regarding use of CSR practices as a way to distract public attention from other less ethical practices of the companies such as pharmaceutical companies which adopt a CSR policy but on the other hand don't take any steps to reduce costs of the essential medicines in the developing countries. **Martin**, p.101.

<sup>2</sup> **Cronstedt**, p.446. Some of these international initiatives can be cited as follows; EU Green Book 2001, EU Multi-Stakeholder Forum on CSR, White Paper and Communication of the European Commission on CSR, OECD Guidelines on Multinational Enterprises, 2013.

<sup>3</sup> **Becker**, p.4.

<sup>4</sup> **Williams**, p.639.

<sup>5</sup> Other than companies, trade associations in a sector or NGOs might issue CSR codes. **Shestack**, p.124.

<sup>6</sup> **Cronstedt**, 445; **Shestack**, p.123.

<sup>7</sup> **Cronstedt**, p.447.

<sup>8</sup> **Cronstedt**, p.447; **Beckers**, p.63 ff.

<sup>9</sup> **Brennan Daniel**, Corporate Responsibility and Corporate Governance: New Ideas and Practical Applications of Ethical Standards and Risk Management, in Corporate Social Responsibility, The Corporate Governance of the 21st Century, Editor Ramon Mullerat, 2011, p.307.

<sup>10</sup> **Brennan**, p.308, 315.

<sup>11</sup> **Beckers**, p.47 ff.; **Cronstedt**, p.459; **You Jeehye**, Legal Perspectives on Corporate Social Responsibility Lessons From the United States and Korea, 2015; **Pillay Enginee**, The Changing Nature of Corporate Social Responsibility, 2014; **Rahim Mia Mahmudur**, Legal Regulation of Corporate Social Responsibility, 2013; **Nowrot Karsten**, The Relationship between National Legal Regulations and CSR Instruments: Complementary or Exclusionary Approaches to Good Corporate Citizenship?, Beiträge zum Transnationalen Wirtschaftsrecht, October 2007, N. (Heft) 70;

in most of them the idea of a mandatory legislative system prevails. Whereas there are opinions supporting the counter argument that CSR should remain as voluntary principles and should be based on self-regulation system by the companies<sup>1</sup>.

### What is the Correlation between CSR and Corporate Governance?

It is necessary to clarify the correlation between CSR and corporate governance<sup>2</sup>. Can we consider CSR principles as corporate governance codes of the 21<sup>st</sup> Century? Can we consider corporate governance codes as a fundament of the CSR principles? With regard the correlation between these fields, one can ask the question whether CSR could be incorporated into corporate governance codes. This question is important especially in the countries where mandatory codes of corporate governance are adopted. One can ask the question whether can be attributed a mandatory character to CSR principles, by interpreting them within the corporate governance codes of conduct and relying on the existing national corporate governance codes. Some authors' remark is that CSR is expanding into corporate governance<sup>3</sup>. Some others mention that, corporate governance principles provide solid foundations on which broader CSR principles can be further enhanced<sup>4</sup>. Although it depends on the national legal system of the each country, one of the common traits is that both CSR and corporate governance are mostly regulated in the form of voluntary or semi-voluntary codes of conduct, as soft law instruments and codes of best practice<sup>5</sup>. In this respect, we should emphasize that corporate governance rules are regulated in the national legal systems of the EU countries, mostly as a semi-voluntary codes of conduct which along with voluntary codes of conduct, also sets forth several binding rules especially for listed companies<sup>6</sup>. While there is a close connection between these two, there are distinctions as well. Especially in the first half of the 20<sup>th</sup> century, corporate governance codes were directed mostly to protect shareholders' interests<sup>7</sup>. Corporate governance rules regulate mostly the relations between group of interests inside the company such as shareholders, managers, directors and employees and destined more to resolve inner conflict of interests from the perspective of shareholders' protection. However, CSR is deemed to be more related to external area, the market and the society that surrounds the company<sup>8</sup>. The historical process how these two types of codes have appeared and evolved is different as well. The corporate governance codes appeared worldwide, especially in the US and EU as a reaction to corporate failures and financial crisis. In order to deal with corporate failures resulting from the gap on the managing and the supervision of the companies, corporate governance codes, reinforced the management, board's accountability and the disclosure and included rules concerning the composition of the board of directors, such as independent members or committees<sup>9</sup>. However, CSR principles did not evolve directly as

---

India is one of the few countries that adopted a new binding legislation which requires companies to establish a committee of CSR and to contribute 2 % of net profits to CSR initiatives. See **Williams**, p.641.

<sup>1</sup> **Mullerat**, p.4; **Hervieu-Causse Nicolas**, Les États, Les Sociétés Privées et la CSR, in EF 6-7/16, p.515.

<sup>2</sup> See for a comparison **Peter Henry/Jacquemet Guillaume**, Corporate Social Responsibility, Sustainable Development et Corporate Governance: quelles corrélations?, SZW RSDA 3/2015, p.179.

<sup>3</sup> **Cronstedt**, p.446.

<sup>4</sup> **Walsh Mark/Lowry John**, CSR and Corporate Governance, in Corporate Social Responsibility, International Bar Association Series, Second Edition 2011, p.46.

<sup>5</sup> **Walsh/Lowry**, p.44, 54. The author explains that in the US regime corporate governance codes are primarily rule based, whereas in the EU corporate governance codes relies mostly on voluntary or semi-voluntary codes of conduct. For a different approach see **Mullerat**, p.4. The author mentions that corporate governance is basically a binding and enforceable law and CSR, is ethical, voluntary, non-enforceable principles.

<sup>6</sup> A corporate governance codex was not prepared in the EU or by other International organizations, although have been introduced EU directives concerning corporate governance. The approach of the EU and the International Organizations is more to improve the existing codes of best practice rather than making a CG codex. This approach is defined as a "regulatory reform". There have been introduced several directives setting forth requirements especially for the listed companies, such as the requirement to include a corporate governance statement in their annual reports. **Walsh/Lowry**, p.55, 56.

<sup>7</sup> **Walsh/Lowry**, p.45; **Brammer J. Stephen/ Stephen Pavelin**, Corporate Governance and Corporate Social Responsibility, in The Oxford Handbook of Corporate Law and Governance, Editor Gordon N. Jeffrey, Ringe Wolf-Georg, 2018, p.719; **Cronstedt**, p.445.

<sup>8</sup> **Walsh/Lowry**, p.45.

<sup>9</sup> **Walsh/Lowry**, p.45-46

a result of corporate failures and financial crisis, rather as a result of other factors among which the liability issue of the multinational companies comes forward<sup>1</sup>.

## Conclusion

With regard the correlation between corporate governance and CSR, although corporate governance and CSR aim to protect different areas and interests, they both have similar aims of setting standards of best practices for business entities<sup>2</sup>. The recent stakeholder approach prevailing in the corporate law and corporate governance might open a door to attribute a mandatory character to CSR principles. The concept of stakeholder could be interpreted with a broader meaning that interest groups such as, suppliers, contractors, the rest of the community and the environment, can be included in the context of stakeholders under the mandatory codes of conduct of corporate governance, depending on the national legal system of the each country. With regard the question whether CSR principles should be regulated as mandatory rules or not, as far as we observe the latest academic researches and ideas, there is a prevailing tendency to suggest and support a mandatory enforceable legislative system for CSR. This approach seems to prevail over the counter approach which suggests that CSR should remain as part of the voluntary principles. It is hard to answer this question with one unique response for all areas of the CSR. Since there are so many pillars under CSR, as suggested<sup>3</sup>, this question could be handled separately for each of the pillars depending on each one's specifications.

## Bibliography

- [1] Beckers Anna, *Enforcing Corporate Social Responsibility Codes: On Global Self-Regulation and National Private Law*, 2015.
- [2] Brammer J. Stephen/ Stephen Pavelin, *Corporate Governance and Corporate Social Responsibility*, in *The Oxford Handbook of Corporate Law and Governance*, Editor Gordon N. Jeffrey, Ringe Wolf-Georg, 2018.
- [3] Brennan Daniel, *Corporate Responsibility and Corporate Governance: New Ideas and Practical Applications of Ethical Standards and Risk Management*, in *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, Editor Ramon Mullerat, 2011.
- [4] Cronstedt Claes, *Some Legal Dimensions of Corporate Codes of Conduct*, in *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, Editor Mullerat Ramon, 2011.
- [5] Hervieu-Causse Nicolas, *Les Etats, Les Sociétés Privées et la CSR*, in *Expert Focus(EF) 6-7/16*.
- [6] Martin Felix, *Corporate Social Responsibility and Public Policy*, in *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, Editor Mullerat Ramon, 2011.
- [7] Mullerat Ramon, *The Global Responsibility of Business*, in *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, Editor Mullerat Ramon, 2011.
- [8] Nowrot Karsten, *The Relationship between National Legal Regulations and CSR Instruments: Complementary or Exclusionary Approaches to Good Corporate Citizenship?*, *Beiträge zum Transnationalen Wirtschaftsrecht*, October 2007, N. (Heft) 70.
- [9] Peter Henry/Jacquemet Guillaume, *Corporate Social Responsibility, Sustainable Development et Corporate Governance: quelles corrélations?*, *SZW RSDA 3/2015*.
- [10] Pillay Renginee, *The Changing Nature of Corporate Social Responsibility*, 2014.
- [11] Rahim Mia Mahmudur, *Legal Regulation of Corporate Social Responsibility*, 2013.
- [12] Shestack J. Jerome, *Corporate Social Responsibility in a Changing Corporate World*, in *Corporate Social Responsibility, The Corporate Governance of the 21st Century*, Editor Mullerat Ramon, 2011.
- [13] Smith F. Chloé, *Corporate Social Responsibility et Durabilité*, in *Expert Focus 6-7/16*.

<sup>1</sup> See other factors above under "Why CSR". While some authors consider financial crises and corporate failures, as a cause of the CSR emergence, others reject this approach, and mention that although there are common areas, CSR and corporate governance must be distinguished. See Mullerat, p.4.

<sup>2</sup> Peter/Jacquemet, p.171, 178.

<sup>3</sup> Mullerat, p.4-5.

- [14] Walsh Mark/ Lowry John, CSR and Corporate Governance, in Corporate Social Responsibility, International Bar Association Series, Second Edition 2011.
- [15] Williams A. Cynthia, Corporate Social Responsibility and Corporate Governance, in The Oxford Handbook of Corporate Law and Governance, Editor Gordon N. Jeffrey, Ringe Wolf-Georg, 2018.
- [16] You Jeehye, Legal Perspectives on Corporate Social Responsibility Lessons From the United States and Korea, 2015.



## **Gender Differences in Health Self-Perception in Older Adults in Primary Health Care in Brazil**

**Maria Vieira de Lima Saintrain**

Programa de Pós-Graduação em Saúde Coletiva, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Cleoneide Paulo Oliveira Pinheiro**

Curso de Fisioterapia, Centro Universitário Estácio do Ceará, Fortaleza, Ceará, Brazil

**Rosendo Freitas de Amorim**

Programa de Pós-Graduação em Saúde Coletiva, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Zelia Maria de Sousa Araújo Santos**

Programa de Pós-Graduação em Saúde Coletiva, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Flaviano da Silva Santos**

Curso de Psicologia, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Mirna Albuquerque Frota**

Programa de Pós-Graduação em Saúde Coletiva, Universidade de Fortaleza (UNIFOR), Fortaleza, Ceará, Brazil.

**Anya Pimentel Gomes Fernandes Vieira-Meyer**

Programa de Mestrado em Saúde da Família, Fundação Oswaldo Cruz (FIOCRUZ), Fortaleza, Ceará, Brazil.

### **Abstract**

The men-to-women ratio shows that women outnumber men, and aging-related aspects signal differences between older men and older women, confirming gender-based differences in aging. Our study aimed to foster discussion on gender and its consequences for health, considering the perceived and self-reported health of older people attending primary health care facilities. We carried out a quantitative descriptive cross-sectional study in the city of Fortaleza, Ceará, Northeastern Brazil, with people aged 60 or older who were individually interviewed using a questionnaire addressing sociodemographic data (age, gender, marital status, income, education), systemic health (self-reported diseases), oral health and perceived general health (present and past year health status). Participants were 821 older people whose age ranged from 60 to 100 years, with a mean of 69.7 years. There was a predominance of women (n=580; 70.6%). Participants presented low levels of education and income. Women were 1.3 times more likely to present systemic diseases and 1.5 times more likely to use medications compared with men. Women were more edentulous and presented more soft tissue problems than men. There were no differences in self-perceived general health and past year health status among the participants. The participants' self-reported health status revealed women are at an increased risk of getting sick, thus demonstrating gender-based inequalities in health among older adults. Public health policies need to improve people's access to primary care, especially in disadvantaged socioeconomic classes.

Strategies should include financial support for health, retirement and social security policies to diminish gender-based inequalities in health.

**Keywords:** Epidemiology; Health; Health Inequalities; Gender; Older adults.

## Introduction

The older population will increase from about 11% of the working-age population in 2005 to 49% by 2050 (World Health Organization [WHO], 2011a). These shifts in population age structure will lead to substantial additional fiscal pressures on publicly financed health care and pensions, along with substantial reductions in fiscal pressures for publicly financed education (World Bank, 2011). The speed of demographic and epidemiological transitions has placed Brazil in a scenario characterized by multiple chronic conditions that can last for years. Therefore, aging in contemporary Brazil has become less difficult given the greater social recognition of older people and the sustainable and more equitable policies/initiatives targeted at this population (Ministério da Saúde, 2014).

Population aging implies a growing number of diseases and disabilities, and an increased use of health services by the population. Primary health care (PHC) is traditionally the site for health promotion, health prevention and rehabilitation sought by the population, including older adults. First contact, continuity or longitudinality, comprehensiveness and coordination of care are essential attributes of PHC (Starfield, 2002). These PHC characteristics are indispensable to promote quality of life for the aging process. Veras (2009) emphasizes that reaching old age can only be considered a real achievement if it adds quality to the additional years of life.

According to WHO (2015), despite the desire that increasing longevity is accompanied by an extended period of good health, the evidence to that is controversial. In fact, the idea that older people today are experiencing better health than their parents is less encouraging. The implications for older people and for society may be negative if the added years of life are dominated by declines in physical and mental capacities. Diseases are often associated with comorbidities and may lead to potential disabilities that affect functionality and hinder or prevent older people from performing their daily activities independently. Comorbidity is associated with worse health outcomes, more complex clinical management, and increased health care costs (Valderas, Starfield, Sibbald, Salisbury, & Roland, 2009). Therefore, it is important to deepen the analysis of aging in this setting.

The men-to-women ratio and aging-related aspects signal differences between older men and older women and confirm gender-based differences in aging. Women tend to live longer than men and present lower mortality rates worldwide; however, it does not mean they have better health conditions. Within this context, the World Health Organization highlights the interaction between biological and social determinants of women's health and show that gender inequalities increase the exposure and vulnerability to risks, limits the access to health care and information, and influences the health status outcomes (Organisation mondiale de la Santé [OMS], 2009). Additionally, analysis across gender suggests that females are in the most vulnerable position regarding healthcare equity in access and subsidy benefits (Montu & Arijita, 2015).

Given that, the present study aimed to foster discussion on gender and its consequences for health considering the perceived and self-reported health of older people attending primary health care facilities. It intends to contribute to the discussion of public policies such as health education and prevention strategies aimed to provide comprehensive care to the older person.

## Methods

A quantitative cross-sectional study was conducted with older people living in the city of Fortaleza, located in the State of Ceará, Northeastern Brazil. The city of Fortaleza is the fifth largest city in Brazil with 2,452,185 inhabitants, where women

outnumber men in number (1,304,267 vs. 1,147,918 individuals) (Instituto de Pesquisa e Estratégia Econômica do Ceará [IPECE], 2012). Fortaleza has 109 primary health care centers that cover about 50% of the population.

The sample size was calculated for a simple random sample survey. Based on the number of older inhabitants (N=242.430) of the city of Fortaleza in 2012<sup>10</sup> (IPECE, 2012) using a margin of error of 5% and a 99% confidence interval, a sample size of 662 individuals was calculated. However, a total of 821 older people were assessed, which reduced sampling error.

In our study, older person is anyone aged 60 years or older, as defined by the Brazilian National Health Policy for Older People (Brasil, 2006). The study included older adults living in the city of Fortaleza, attending the municipal primary health care facilities, which agreed to participate and were able/fit to answer the questionnaire.

Data were collected through individual interviews using a questionnaire containing closed-ended questions (dichotomous and multiple choice) about socio demographic data (age, gender, marital status, income, education), systemic health (self-reported diseases), oral health and perceived general health (in the present and Last year health). Participants were interviewed at the city primary health care centers.

Three researchers (undergraduate and postgraduate students) were duly trained and informed the participants about the research objectives. The research project was approved by the Research Ethics Committee of the University of Fortaleza (Opinion No. 107/2009). Older adults, prior to participation in the research, provided written consent. In the case of illiterate older adults, oral consent or written consent by their next of kin was provided. The participants were aware of the research objectives and anonymity was guaranteed.

Descriptive and bivariate analyses were performed, as well as a regression model. For the logistic regression model, the variables that expressed, in the bivariate analysis, a significant level lower than 0.20 were selected for analysis. Data were entered and analyzed using the SPSS 20.0 for windows (SPSS Inc., Chicago, IL, USA). Statistical significance was set at  $p \leq 0.05$ .

## Results

The research included 821 older people whose age ranged 60-100 years, with a mean age of 69.8 years (SD±7.0). The mean age of women was 69.8 SD±7.1 and of men was 69.7 SD±6.7 – no age difference was found between the two groups (Mann-Whitney test;  $p=0.940$ ). However, there was a predominance of women ( $n=580$ ; 70.6%) compared to men ( $n=241$ ; 29.4%).

Table 1 presents the socio demographic characteristic of older adults by gender. Significant difference was found between gender and marital status ( $p<0.001$ ) where men are mostly married ( $n=147$ ; 61.0%) and women are predominantly widowed ( $n=207$ ; 35.7%).

The majority was retired ( $n=608$ , 74.1%), earned less than two minimal wages ( $n=701$ , 85.4%) and were between 60 and 69 years of age ( $n=441$ , 53.7%). Additionally, low schooling was observed in the majority of the older adults, where 24.5% ( $n=201$ ) were illiterate and 48.8% ( $n=401$ ) attended less than 5 years of school. Significant difference was noted among men and women regarding smoking (0.005) and alcoholism ( $p<0.001$ ).

Table 2 shows the self-rated health of older people and highlights gender differences. Significant difference was found between gender and the existence of systemic disease ( $p<0.001$ ), diabetes mellitus ( $p=0.05$ ), osteoporosis ( $p<0.001$ ), rheumatism ( $p=0.011$ ) and medication use ( $p<0.001$ ).

No difference was found between men and women when analyzing self-perception of current health status ( $p=0.502$ ) and improvement of health comparing to the previous year ( $p=0.182$ ). With regards to self-rated systemic diseases, 560 (68.2%) respondents reported having some health condition. Women reported more often than men that they had some systemic health problem ( $p<0.001$ ) and were 1.8 times more likely to present systemic diseases. Women with Diabetes Mellitus

( $p < 0.050$ ), Osteoporosis ( $p < 0.001$ ), Rheumatism ( $p = 0.011$ ) were 1.4, 9.0 and 1.8, respectively, more likely to get sick. Similarly, women were 2.1 times more likely to use medications ( $p < 0.001$ ).

Table 3 presents data regarding oral health discomfort and gender. Women, more often than men, self-rated having dry mouth ( $p = 0.007$ ), difficulties chewing and swallowing food ( $p < 0.001$ ), and food taste problems ( $p = 0.019$ ).

Table 4 presents data related to older adults' oral health examination. Differences were observed among gender, where women were more edentulous ( $p = 0.009$ ), presented more red patches ( $p = 0.013$ ) than men, while men presented more dental decay ( $p < 0.05$ ), tartar ( $p = 0.040$ ), inflamed gingiva ( $p = 0.002$ ), and blisters ( $p = 0.016$ ) than women.

Binary logistic regression was performed in order to evaluate which variables are significant when the gender woman was set as the outcome of interest. The variables marital status, osteoporosis, red stain, medication intake, difficulty chewing and swallowing food and lesions were identified.

Table 5 presents the values of the logistic regression model, which showed a statistically significant results regarding older adults' gender and the variable marital status ( $p < 0.001$ ), osteoporosis ( $p < 0.001$ ), red stain in the mouth ( $p = 0.007$ ), taking medication ( $p = 0.022$ ), difficulty in chewing ( $p = 0.038$ ) and lesions and / or wounds ( $p = 0.017$ ).

## Discussion

In order to associate gender perspectives in health, there is a need for information about intervention and program policies and also about the functioning of health care facilities (WHO, 2010). In this sense, the World Health Organization (OMS, 2009) estimates that although women live longer than men because of biological and behavioral advantages, they present a higher incidence of chronic diseases that can lead to dependency, and hence, demand greater attention to their health. The present study shows that women presented a poorer self-perceived health status compared with men.

Although age may influence health status (WHO, 2011a), it did not influence the results of the present study, as no age difference was found between men and women. There was, however, a difference between the percentage of men and women in the study group and in the inhabitants of the city of Fortaleza. According to the Brazilian Institute of Geography and Statistics (IBGE), the percentage of older women in the city of Fortaleza is 60.7% (Instituto Brasileiro de Geografia e Estatística [IBGE], 2010). In our study, 70.6% of the participants were women. The explanation for this may be based on the fact that women tend to use health care facilities more often than men (OMS, 2009).

In this study, the vast majority of the respondents were low-income people. Older women are often more socially and economically vulnerable than older men (WHO, 2003) and known to be more susceptible to poverty than males (OMS, 2009). In Brazil, a low-income population refers to individuals who receive less than two minimum wages (1 MW  $\pm$  260 US\$) (IBGE, 2010).

Several high-income countries have organized an important part of their budget for older people's social and health care. However, in low-income countries, the expenses related to older people's health care are commonly supported by the family, particularly by the female members of the family, which brings an extra burden to the women. It is important to mention that women traditionally perform an important support role in the family, which was originally more related to care, but more recently has also expanded to family financial support (OMS, 2009).

Küchemann (2012) emphasizes the extent to which men and women are dedicated to reproductive tasks. Her findings conclude that women spend 20.9 hours per week on household chores and care of their families, while men spend 9.2 hours weekly. For that reason, both the number of women who are devoted to reproductive work and the number of hours they spend on it are much higher when compared with the male population. Therefore, there is a clear work overload among women, which may have an influence on their health condition. According to the World Health Organization, several health problems experienced by older women result from risk factors to which they are exposed during their life<sup>8</sup>. On that note, it is important to observe that risk factor commonly linked to males, such as alcohol or tobacco consumption, have been gradually changing over the year, and are link to other cultural and socioeconomic factors. Data from the World Health Organization (WHO, 2009; WHO, 2005) describe higher tobacco consumption in women living in developed countries when compared with developing countries. In many contexts, use of tobacco and alcohol was traditionally higher among men compared with women. However, smoking and alcohol use rates among women have been increasing steadily given the

changing gender roles in many societies. Nonetheless, women in high-income countries are more likely to engage in preventative health activities than men (Brittle & Bird, 2007).

The present study found some gender difference in older people's health perception, whereas, women described overall more systemic diseases than men. Specifically, women mentioned diabetes mellitus, osteoporosis, rheumatism and use of medication more than men, when questioned about their perceived health. These facts may explain the reason women have a higher rate of health system utilization than men. However, other facts, related to cultural and socioeconomic issues, may also influence utilization of health care service across genders (Saeed et al., 2016).

Silva, Sousa, Carnut and Rodrigues (2010) show that men are generally responsible for the family income and work at the same time as health facilities are functioning, thus hindering the search for treatment. Gomes, Nascimento and Araújo (2007) emphasize that men, for feeling invulnerable, expose themselves and end up getting more vulnerable. They also find possible explanations for the lower demand for health care services by men in the adoption of self-care practices, as well as in facts related to the cultural moorings of manhood (man seen as virile, strong and invulnerable), in the fear of discovering serious diseases, in the shame of body exposure, in the lack of available time to search treatment and in the lack of health units specific for their health problems. The same authors also state that as women have more access to health services, they also tend to have more access to health education programs developed by those units, which may influence their empowerment regarding their health, thus being able to identify their health situation more efficiently than men.

Women seem to not be afraid to find out about their health condition and seek treatment for it. While men seem to be afraid of this discovery, and thus, when it is discovered, the disease is already in an advanced stage. Perhaps this may partially explain why women's self report more chronic diseases (they know they have the disease), thus taking better care of themselves, suffering less hospitalization and dying later. The results of the present study contribute to the presented line of reasoning, as the women interviewed described more systemic health problems and used more medication than men. Redondo-Sendino, Guallar-Castillón, Ramón Banegas and Rodríguez-Artalejo (2006) state that the factors that best explains the greater utilization of health care services by older women versus older men are the number of chronic diseases and the health-related quality of life.

Looking into the findings of the present research, it can be observed that women have more systemic diseases than men ( $p < 0.001$ ). Additionally, they are 1.3 times more likely to present such diseases than their male peers, which may be explained by the way society valorizes men and women and accepts different behavioral aspects for males and females, which may influence the risk of developing specific health problems and different results concerning general health (WHO, 2010).

Regarding cardiovascular diseases, researchers classify them as the main causes of death among women and men in Brazil (Mansur & Favarato, 2012). Once considered a male problem and the main cause of death of older people, they have been responsible for an increased number of deaths among women every year (WHO, 2009). The statistical similarity regarding cardiovascular problems can be reflected by the risk transition in the behavioral differences between men and women as highlighted by the World Health Organization, which reports, for instance, that alcohol and tobacco consumption was found to be often higher among men than women (OMS, 2009). However, these consumption trends, as previously mentioned, have started to converge between both sexes in many countries (WHO, 2011a).

Regarding the chronic conditions associated with neoplasias, six (54,5%) out of 11 people who reported having cancer/malign tumor were women. Cancer constitutes a public health concern worldwide. It is caused by multifactorial conditions that can act together for its onset, with the patterns of variation differing between the various risk factors and among men and women (Instituto Nacional de Câncer José Alencar Gomes da Silva [INCA], 2014; Siegel, Jiemin, Zhaohui, & Jemal, 2014). Taking the United States of America as an example, the average annual decline in cancer death rates was slightly larger among men (1.8%) than women (1.4%). Further progress can be accelerated by applying existing cancer control knowledge across all segments of the population, with emphasis on low socioeconomic and disadvantaged groups which, as previously seen, is where older women are more commonly found (WHO, 2011b).

Another chronic illness, Diabetes Mellitus, also revealed discrepancy among men and women (22.0% for men and 28.6% for women), indicating that the latter are more afflicted by this disease ( $p = 0.050$ ). These results are corroborated by researchers who assessed differences in health care between men and women and recognized biological and social

conditions behind the terms “sex” and/or “gender” (Grant et al. 2009). Men and women with diabetes face different challenges in coping with their health condition, which results in implications for Public Health Care.

In the present study, the use of medication was higher among women (n=439; 75,7%) when compared to men (p<0.001). Loikas, Wettermark, Euler, Bergman and Schenck-Gustafsson (2013) found substantial differences in the prevalence and incidence of dispensed drugs between men and women. They believe that some differences may be rational and desirable and related to differences between the sexes in the incidence or prevalence of disease or by biological differences. However, other differences are more difficult to explain on medical grounds and may indicate unequal treatment.

The findings that oral discomfort, such as dry mouth, affect large proportions of older adults, especially women, are corroborated by Han, Suarez-Durall and Mulligan (2015) who reported that decreased salivary flow (dry mouth) affects the oral health of many older adults (dentate or edentulous) and highlighted the relationship of dry mouth with the use of multiple medications. This fact is pertinent to the findings of this study, since most of the older adults (71.1%) used medication, which may contribute to their oral discomfort.

The difference between men and women (p <0.001) with regard to difficulties chewing and swallowing food also stands out as an oral discomfort outcome. It is important to mention that the chewing and swallowing processes are critical to normal food intake. An adequate supply of saliva and oral care are indispensable to allow the proper functioning of these processes and maintain individuals' quality of life (Furuta & Yamashita, 2013).

Study has shown that women are more affected by dental losses than men (Takeuchi et al., 2017). In our study, 56.4% of the elderly were edentulous, with greater odds for women (1.5; p=0.009) to be affected by edentulism (p=0.009). It is understood that edentulism influences the difficulty of preparing food for swallowing. In the present study, we observed greater odds (1.9 times) of women having more chewing and swallowing problems than men (p=0.038), as well as greater odds of having dry mouth (1.6; p=0.007) and problems with taste food (1.7; p=0.019). Japanese researchers assessed the relationship between the number of remaining teeth, bite force and swallowing problems in older people living independently and found a positive correlation between the number of remaining teeth and the maximum bite force (Okamoto et al., 2012; Okamoto et al., 2015). This result may, at least partially, explain the greater chance of women having chewing and swallowing problems than men, when they are also the ones with the highest odds of being edentulous - findings of our study.

Boyce and Shone (2006) emphasize that chewing problems associated with systemic diseases, tooth loss, can also interfere with taste sensations along with reduced saliva production. In addition to these problems, anxiety in the inability to taste and enjoy food can be responsible for a high degree of anxiety and depression in the elderly.

Overall, we observed that geriatric population is deficient regarding their oral health, with an elevated tooth loss, history of caries, and periodontal disease. These issues may be related to chronic disease destabilization, mastication difficulties, and impairment of oral quality of life, with direct and indirect effects on older adults' general quality of life and well-being (Gil-Montoya, Mello, Barrios, Gonzalez-Moles, & Bravo, 2015).

A regression model was performed in order to understand the inequalities among women and men regarding the variable investigated in the present study. The aim was to investigate which set of combined variables (and their weights) would relate to women. We observed that the geriatric women population were more prone to be widowed, have osteoporosis, red stain in their mouth, take more medication, more difficulties in mastication and swallowing, while males were more likely to have oral wounds than females. Understanding that there is a need for specific public policies that recognize the connection between gender and health, since older men and women can suffer systemic and chronic health problems and losses with aging, in addition to having behavioral and emotional changes, there is a need for greater epidemiological surveillance and investigation of social, behavioral, genetic and environmental factors that could help planning health care policies and interventions targeted at this population. It is clear that health policies need to improve people's access to primary care, especially in disadvantaged socioeconomic classes (Kuchermann, 2012), including financial support for

health, retirement and social security policies, as well as health care, both at the community and at the health units (OMS, 2009).

The present study collected data inside the primary health care unit, interviewing older people who were either in treatment or looking for treatment. Therefore, it had the opportunity to observe the issue of gender in a subgroup that it is not widely explore.

Since the research universe was focused on a single municipality, its results cannot be extrapolated and characterize a limitation of this study. Nevertheless, the study was conducted in a large municipality of Brazil; therefore, its results may be similar to other places and hence, allow the measurement of the impact of diseases in addition to serving as a basis for equity in public health care policies. Further studies should enhance the research in this area.

### **Discussion**

The participants' self-reported health status revealed women are at an increased risk of getting sick, thus demonstrating gender-based inequalities in health among older adults. Public health policies need to improve people's access to primary

care, especially in disadvantaged socioeconomic classes. Strategies should include financial support for health, retirement and social security policies to diminish gender-based inequalities in health.

## References

- [1] Boyce, J. M., & Shone, G. R. (2006). Effects of ageing on smell and taste. *Postgraduate Medical Journal*, 82, 239–241.
- [2] Brasil. Portaria nº 2528 de 19 de outubro de 2006. (2006). Aprova a Política Nacional de Saúde da Pessoa Idosa. Brasília: Ministério da Saúde.
- [3] Brittle, C., & Bird, C. E. (2007). Literature review on effective sex- and gender-based systems/models for care. Arlington, VA: Uncommon Insights.
- [4] Furuta, M., & Yamashita, Y. (2013). Oral Health and Swallowing Problems. *Current Physical Medicine and Rehabilitation Reports*, 1, 216–222. doi: 10.1007/s40141-013-0026-x.
- [5] Gil-Montoya, J. A., Mello, A. L. F., Barrios, R., Gonzalez-Moles, M. A., & Bravo, M. (2015). Oral health in the elderly patient and its impact on general well-being: a nonsystematic review. *Clinical Interventions in Aging*, 10, 461–467.
- [6] Gomes, R., Nascimento, E. F., & Araújo, F. C. (2007). Por que os homens buscam menos os serviços de saúde do que as mulheres? As explicações de homens com baixa escolaridade e homens com ensino superior. *Cadernos de Saúde Pública*, 23, 565-574.
- [7] Grant, J. F., Hicks, N., Taylor, A. W., Chittleborough, C. R., Phillips, P. J., & The North West Adelaide Health Study Team. (2009). Gender-specific epidemiology of diabetes: a representative cross-sectional study. *International Journal for Equity in Health*, 8, 6. doi:10.1186/1475-9276-8-6.
- [8] Han, P., Suarez-Durall, P., & Mulligan, R. (2015). Dry mouth: A critical topic for older adult patients. *Journal of Prosthodontic Research*, 59,16-19.
- [9] Instituto Brasileiro de Geografia e Estatística (IBGE). (2010). Sinópsese do Censo Demográfico 2010. Retrieved from: <https://censo2010.ibge.gov.br/sinopse/>.
- [10] Instituto de Pesquisa e Estratégia Econômica do Ceará (IPECE). (2012). INFORME 30: Perfil Municipal de Fortaleza. Tema 1: Aspectos Demográficos. Retrieved from: [www.ipece.ce.gov.br](http://www.ipece.ce.gov.br).
- [11] Instituto Nacional de Câncer José Alencar Gomes da Silva (INCA). (2014). Estimativa 2014: Incidência de Câncer no Brasil. Retrieved from: <http://www.inca.gov.br/estimativa/2014/estimativa-24042014.pdf>.
- [12] Küchemann, B. A. (2012). Envelhecimento populacional, cuidado e cidadania: velhos dilemas e novos desafios. *Revista Sociedade e Estado*, 27, 165-180.
- [13] Loikas, D., Wettermark, B., Euler, M., Bergman, U., & Schenck-Gustafsson, K. (2013). Differences in drug utilisation between men and women: a cross-sectional analysis of all dispensed drugs in Sweden. *BMJ Open*, 3, e002378. doi:10.1136/bmjopen-2012-002378
- [14] Mansur, A. P., & Favarato, D. (2012). Mortality due to Cardiovascular Diseases in Brazil and in the Metropolitan Region of São Paulo: A 2011 Update. *Arquivos Brasileiros de Cardiologia*, 99, 755-761.
- [15] Ministério da Saúde. (2014). Diretrizes para o cuidado das pessoas idosas no SUS: Proposta de modelo de atenção integral. Retrieved from: [http://bvsms.saude.gov.br/bvs/publicacoes/diretrizes\\_cuidado\\_pessoa\\_idosa\\_sus.pdf](http://bvsms.saude.gov.br/bvs/publicacoes/diretrizes_cuidado_pessoa_idosa_sus.pdf).
- [16] Montu, B., & Arijita, D. (2015). Inequity in hospitalization care: a study on utilization of healthcare services in West Bengal, India. *International Journal of Health Policy and Management*, 4, 29–38.
- [17] Okamoto, N., Morikawa, M., Yanagi, M., Amano, N., Tomioka, K., Hazaki, K.,... Kurumatani, N. (2015). Association of Tooth Loss With Development of Swallowing Problems in Community-Dwelling Independent



Elderly Population: The Fujiwarakyo Study. *The journals of gerontology. Series A, Biological sciences and medical sciences*, 70, 1548–1554. doi:10.1093/gerona/glv116

- [18] Okamoto, N., Tomioka, K., Saeki, K., Iwamoto, J., Morikawa, M., Harano, A., & Kurumatani, N. (2012). Relationship between swallowing problems and tooth loss in community-dwelling independent elderly adults: the Fujiwara-kyo study. *Journal of the American Geriatrics Society*, 60, 849–53.
- [19] Organisation mondiale de la Santé (OMS). (2009). Résumé d'orientation. Les femmes et la santé: réalité d'aujourd'hui le programme de demain. Retrieved from: [http://whqlibdoc.who.int/hq/2009/WHO\\_IER\\_MHI\\_STM.09.1\\_fre.pdf](http://whqlibdoc.who.int/hq/2009/WHO_IER_MHI_STM.09.1_fre.pdf).
- [20] Redondo-Sendino, A., Guallar-Castillón, P., Ramón Banegas, J., & Rodríguez-Artalejo, F. (2006). Gender differences in the utilization of health-care services among the older adult population of Spain. *BMC Public Health*, 6, 155.
- [21] Saeed, B. I. I., Yawson, A. E., Nguah, S., Agyei-Baffour, P., Emmanuel, N., & Ayesu, E. (2016). Effect of socio-economic factors in utilization of different healthcare services among older adult men and women in Ghana. *BMC Health Services Research*, 16, 390. <http://doi.org/10.1186/s12913-016-1661-6>
- [22] Siegel, R., Ma, J., Zou, Z., & Jemal A. (2014). Cancer Statistics, 2014. *CA A Cancer Journal for Clinicians*, 64, 9–29.
- [23] Silva, K. C., Sousa, A. S., Carnut, L., & Rodrigues, C. S. (2010). Percepção sobre o acesso aos serviços de atenção primária à saúde bucal: uma perspectiva de gênero. *Journal of Management & Primary Health Care*, 1, 1-7.
- [24] Starfield, B. (2002). *Atenção Primária: equilíbrio entre necessidades de saúde, serviços e tecnologia*. Brasília: UNESCO, Ministério da Saúde.
- [25] Takeuchi, K., Ohara, T., Furuta, M., Takeshita, T., Shibata, Y., Hata, J., ..Ninomiya, T. (2017). Tooth Loss and Risk of Dementia in the Community: the Hisayama Study. *Journal of the American Geriatrics Society*, 65, e95–e100.
- [26] Valderas, J. M., Starfield, B., Sibbald, B., Salisbury, C., & Roland, M. (2009). Defining Comorbidity: Implications for Understanding Health and Health Services. *Annals of Family Medicine*, 7, 357-363. doi:10.1370/afm.983.
- [27] Veras, R. (2009). Population aging today: demands, challenges and innovations. *Revista de Saúde Pública*, 43, 548-54.
- [28] World Bank. (2011). *Becoming Old in an Older Brazil. Implications of Population Aging on Growth, Poverty, Public Finance and Service Delivery*. Retrieved from: [http://siteresources.worldbank.org/BRAZILINPOREXTN/Resources/3817166-1302102548192/Brazil\\_Aging\\_Full\\_Eng\\_final.pdf](http://siteresources.worldbank.org/BRAZILINPOREXTN/Resources/3817166-1302102548192/Brazil_Aging_Full_Eng_final.pdf).
- [29] World Health Organization (WHO). (2005). *Gender and Health. Gender, Health and Alcohol Use*. Retrieved from: <http://www.who.int/gender/documents/Alcoholfinal.pdf>.
- [30] World Health Organization (WHO). (2009). *Women and health: today's evidence tomorrow's agenda*. Retrieved from: [http://www.who.int/gender/women\\_health\\_report/en/](http://www.who.int/gender/women_health_report/en/).
- [31] World Health Organization (WHO). (2010). *Gender, women and primary health care renewal: a discussion paper*. Retrieved from:

[http://apps.who.int/iris/bitstream/handle/10665/44430/9789241564038\\_eng.pdf;jsessionid=74E796C3CD30073682D3780F39F8DC4D?sequence=1](http://apps.who.int/iris/bitstream/handle/10665/44430/9789241564038_eng.pdf;jsessionid=74E796C3CD30073682D3780F39F8DC4D?sequence=1).

- [32] World Health Organization (WHO). (2011a). Global Health and Aging. National Institute on Aging. National Institutes of Health. U.S. Department of Health and Human Services. NIH Publication No. 11-7737. 2011a. Retrieved from: [http://www.who.int/ageing/publications/global\\_health.pdf](http://www.who.int/ageing/publications/global_health.pdf).
- [33] World Health Organization (WHO). (2011b). Global status report on noncommunicable diseases 2010. Retrieved from: [http://whqlibdoc.who.int/publications/2011/9789240686458\\_eng.pdf?ua=1](http://whqlibdoc.who.int/publications/2011/9789240686458_eng.pdf?ua=1).
- [34] World Health Organization (WHO). (2015). World report on ageing and health. Geneva: World Health Organization. Retrieved from: [http://apps.who.int/iris/bitstream/handle/10665/186463/9789240694811\\_eng.pdf;jsessionid=E2ED9C6BE1B6CF2D54707CD2BDCA500C?sequence=1](http://apps.who.int/iris/bitstream/handle/10665/186463/9789240694811_eng.pdf;jsessionid=E2ED9C6BE1B6CF2D54707CD2BDCA500C?sequence=1).

Table 1. Analysis of the association between gender and sociodemographic characteristics of older adults attending primary care services. Fortaleza, Ceará, 2014.

Variables	Women (n= 580)	Men (n=241)	Total	RP (95%CI)	p*
	n (%)	n (%)	n (%)		
Marital status					<0.001
Single	94 (16.2)	27 (11.2)	121 (14.7)	2.4 (1.5 - 3.9)	
Married	209 (36.0)	147 (61.0)	356 (43.4)	1	
Divorced	70 (12.1)	26 (10.8)	96 (11.7)	1.9 (1.2 - 3.1)	
Widowed	207 (35.7)	41 (17.0)	248 (30.2)	3.6 (2.4 - 5.3)	
Age					0.854
60-69	310 (53.4)	131 (54.4)	441 (53.7)	1.1 (0.6 - 1.8)	
70-79	215 (37.1)	85 (35.3)	300 (36.5)	1.1 (0.7 - 2.0)	
80+	55 (9.5)	25 (10.4)	80 (9.7)	1	
Retired					0.927
Yes	429 (74.0)	179 (74.3)	608 (74.1)	1.0 (0.7 - 1.4)	
No	151 (26.0)	62 (25.7)	213 (25.9)	1	
Income**					0.436
Up to 2 MW	501 (86.4)	200 (83.0)	701 (85.4)	1.3 (0.9 - 2.0)	
2-5 MW	72 (12.4)	38 (15.8)	110 (13.4)	1	
More than 5 MW	7 (1.2)	3 (1.2)	10 (1.2)	1.2 (0.3 - 5)	
Years of study					0.146
None	139 (24.0)	62 (25.7)	201 (24.5)	1.2 (0.7 - 2.0)	
Up to 5	283 (48.8)	118 (49)	401 (48.8)	1.3 (0.8 - 2.0)	
6-9	69 (11.9)	37 (15.4)	106 (12.9)	1	
10 or more	89 (15.3)	24 (10.0)	113 (13.8)	2.0 (1.1 - 3.6)	
Smoking					0.005
Yes	68 (11.7)	46 (19.1)	114 (13.9)	1	

No	512 (88.3)	195 (80.9)	707 (86.1)	1.2 (1 - 1.4)	<0.001
Drinking					
Yes	25 (4.3)	60 (24.9)	85 (10.4)	1	
No	555 (95.7)	181 (75.1)	736 (89.6)	2.6 (1.8 - 3.6)	

\*Chi-squared test. \*\* The Brazilian minimum wage is approximately US\$ 260.00 per month

Table 2. Analysis of the association between gender and health variables in older adults attending primary care services. Fortaleza, Ceará, 2014.

Variables	Women (n= 580)	Men (n=241)	Total	RP (95%CI)	p
	n (%)	n (%)	n (%)		
General Health					0.502 <sup>1</sup>
Excellent	116 (20.0)	57 (23.7)	173 (21.1)	1	
Reasonable	330 (56.9)	130 (53.9)	460 (56.0)	1.2 (0.6 - 2.5)	
Bad	134 (23.1)	54 (22.4)	188 (22.9)	1.2 (0.5 - 2.8)	
Current health vs health in the past year					0.182 <sup>1</sup>
Better	137 (23.6)	45 (18.7)	182 (22.2)	1.4 (0.7 - 2.9)	
Same	325 (56.0)	151 (62.7)	476 (58.0)	1	
Worse	118 (20.3)	45 (18.7)	163 (19.9)	1.2 (0.6 - 2.5)	
Systemic diseases					<0.001 <sup>1</sup>
Yes	417 (71.9)	143 (59.3)	560 (68.2)	1.8 (1.0 - 3.2)	
No	163 (28.1)	98 (40.7)	261 (31.8)	1	
Diabetes Mellitus					0.050 <sup>1</sup>
Yes	166 (28.6)	53 (22.0)	219 (26.7)	1.4 (0.7 - 2.7)	
No	414 (71.4)	188 (78.0)	602 (73.3)	1	
Cardiovascular diseases					0.766 <sup>1</sup>
Yes	293 (50.5)	119 (49.4)	412 (50.2)	1.0 (0.6 - 1.8)	
No	287 (49.5)	122 (50.6)	409 (49.8)	1	
Cancer					0.238 <sup>1</sup>
Yes	6 (1)	5 (2.1)	11 (1.3)	1	
No	574 (99.0)	236 (97.9)	810 (98.7)	2.0 (0.2 - 21.8)	
Tuberculosis					1.000 <sup>2</sup>
Yes	2 (0.3)	1 (0.4)	3 (0.4)	1	
No	578 (99.7)	240 (99.6)	818 (99.6)	1.2 (0 - 111.1)	
Leprosy					1.000 <sup>2</sup>
Yes	2 (0.3)	1 (0.4)	3 (0.4)	1	
No	578 (99.7)	240 (99.6)	818 (99.6)	1.2 (0 - 111.1)	

Osteoporosis					<0.001 <sup>1</sup>
Yes	163 (28.1)	10 (4.1)	173 (21.1)	9.0 (3.1 - 26.5)	
No	417 (71.9)	231 (95.9)	648 (78.9)	1	
Rheumatism					0.011 <sup>1</sup>
Yes	98 (16.9)	24 (10.0)	122 (14.9)	1.8 (0.8 - 4.2)	
No	482 (83.1)	217 (90.0)	699 (85.1)	1	
Nephritis					0.860 <sup>1</sup>
Yes	16 (2.8)	2 (0.8)	18 (2.2)	3.4 (0.3 - 40.1)	
No	564 (97.2)	239 (99.2)	803 (97.8)	1	
Vision problems					0.879 <sup>1</sup>
Yes	460 (79.3)	190 (78.8)	650 (79.2)	1.0 (0.5 - 2)	
No	120 (20.7)	51 (21.2)	171 (20.8)	1	
Hearing problems					0.386 <sup>1</sup>
Yes	163 (28.1)	75 (31.1)	238 (29.0)	1	
No	417 (71.9)	166 (68.9)	583 (71.0)	1.2 (0.6 - 2.1)	
Use of medication					<0.001 <sup>1</sup>
Yes	439 (75.7)	145 (60.2)	584 (71.1)	2.1 (1.1 - 3.8)	
No	141 (24.3)	96 (39.8)	237 (28.9)	1	

<sup>1</sup>Chi-squared test; <sup>2</sup> Fisher's exact test

Table 3. Analysis of the association between gender and oral discomfort variables in older adults attending primary care services. Fortaleza, Ceará, 2014.

Variables	Women (n= 580)	Men (n=241)	Total	OR (95%CI)	p
	n (%)	n (%)	n (%)		
Dry mouth					0.007
Yes	226 (39.0)	70 (29.0)	296 (36.1)	1.6 (1.2 - 2.2)	
No	354 (61.0)	171 (71.0)	525 (63.9)	1	
Difficulty chewing and swallowing food					0.001
Yes	164 (28.3)	42 (17.4)	206 (25.1)	1.9 (1.3 - 2.8)	
No	416 (71.7)	199 (82.6)	615 (74.9)	1	
Problems with the taste of food					0.019
Yes	103 (17.8)	27 (11.2)	130 (15.8)	1.7 (1.1 - 2.7)	
No	477 (82.2)	214 (88.8)	691 (84.2)	1	
Burning mouth sensation					0.098
Yes	45 (7.8)	11 (4.6)	56 (6.8)	1.8 (0.9 - 3.5)	
No	535 (92.2)	230 (95.4)	765 (93.2)	1	

Pain for no apparent reason					0.115
Yes	70 (12.1)	20 (8.3)	90 (11.0)	1.5 (0.9 - 2.5)	
No	510 (87.9)	221 (91.7)	731 (89.0)	1	
Mouth swelling					0.404
Yes	35 (6.0)	11 (4.6)	46 (5.6)	1.3 (0.6 - 2.6)	
No	545 (94.0)	230 (95.4)	775 (94.4)	1	
Voice changes					0.690
Yes	48 (8.3)	22 (9.1)	70 (8.5)	0.9 (0.5 - 1.5)	
No	532 (91.7)	219 (90.9)	751 (91.5)	1	

Chi-squared test

Table 4. Analysis of the association between gender and oral health variables in older adults attending primary care services. Fortaleza, Ceará, 2014.

Variables	Women (n= 580)	Men (n=241)	Total	OR (95%CI)	p
	n (%)	n (%)	n (%)		
Edentulism					0.009
Yes	344 (59.3)	119 (49.4)	463 (56.4)	1.5 (1.1 – 2.0)	
No	236 (40.7)	122 (50.6)	358 (43.6)	1	
No visible tooth decay					0.088
Yes	169 (71.9)	77 (63.1)	246 (68.9)	1.5 (0.9 - 2.4)	
No	66 (28.1)	45 (36.9)	111 (31.1)	1	
Presence of calculus					0.040
Yes	174 (30.0)	90 (37.3)	264 (32.2)	0.7 (0.5 – 1.0)	
No	406 (70.0)	151 (62.7)	557 (67.8)	1	
Sore gums					0.002
Yes	116 (20.0)	72 (29.9)	188 (22.9)	0.6 (0.4 - 0.8)	
No	464 (80.0)	169 (70.1)	633 (77.1)	1	
One or two visible tooth decays					0.019
Yes	54 (9.3)	36 (14.9)	90 (11.0)	0.6 (0.4 - 0.9)	
No	526 (90.7)	205 (85.1)	731 (89.0)	1	
Three or more visible tooth decays					0.007
Yes	11 (1.9)	13 (5.4)	24 (2.9)	0.3 (0.1 - 0.7)	
No	569 (98.1)	228 (94.6)	797 (97.1)	1	
Residual root					0.105
Yes	59 (10.2)	34 (14.1)	93 (11.3)	0.7 (0.4 - 1.1)	
No	521 (89.8)	207 (85.9)	728 (88.7)	1	
Soft tissue injuries					0.077
Yes	203 (35.0)	69 (28.6)	272 (33.1)	1.3 (0.9 - 1.8)	
No	377 (65.0)	172 (71.4)	549 (66.9)	1	

Blisters					0.016
Yes	49 (8.4)	9 (3.7)	58 (7.1)	2.4 (1.2 – 5.0)	
No	531 (91.6)	232 (96.3)	763 (92.9)	1	
Lesions and/or wounds					0.101
Yes	23 (4.0)	16 (6.6)	39 (4.8)	0.6 (0.3 - 1.2)	
No	557 (96)	225 (93.4)	782 (95.2)	1	
Red patches					0.013
Yes	120 (20.7)	32 (13.3)	152 (18.5)	1.7 (1.1 - 2.6)	
No	460 (79.3)	209 (86.7)	669 (81.5)	1	
White patches					0.087
Yes	17 (2.9)	13 (5.4)	30 (3.7)	0.5 (0.2 – 1.0)	
No	563 (97.1)	228 (94.6)	791 (96.3)	1	
Chi-squared test					

Table 5. Binary logistic regression model for the female gender in older adults attending primary care services. Fortaleza, Ceará, 2014.

Variables in the model	OR for female gender	(95%CI)	p
Marital status			<0.001
Married	2.5 (1.8 - 3.5)		
Unmarried	1		
Osteoporosis			<0.001
Yes	7.8 (4.0 - 15.5)		
No	1		
Red patches			0.007
Yes	1.9 (1.2 - 2.9)		
No	1		
Use of medication			0.022
Yes	1.5 (1.1 - 2.1)		
No	1		
Difficulty chewing and swallowing food			0.038
Yes	1.5 (1.0 - 2.3)		
No	1		
Lesions and/or wounds			0.017
Yes	0.4 (0.2 - 0.9)		
No	1		
Wald's test			

## The Factors that Influence in Human Resources Management at the Clinical Hospital in Tetovo

**Valdrina Fetai**

Faculty of Medical Sciences of the University of Tetova, Republic of Macedonia;

**Naxhije Fetai**

Surgical Department, Clinical Hospital of Tetovo, Republic of Macedonia

### Abstract

Human Resource Management within healthcare institutions is an important part of their organization and as such, it is quite complicated, complex and dynamic. The interest in managing with human resources is crucial all around the world, since the success of daily activities as well as the welfare of the functioning of healthcare centers largely depend on the mode of human resource management within those institutions. The aim of this paper is to analyze the factors that influence in successfulness and efficiency of human resource management at the Clinical Hospital in Tetovo which in turn directly influences the improvement of the quality of medical services provided by the medical staff and to analyze the organizational structure at this public healthcare institution. During the first quarter of 2018 interviews with employees in some of the wards of this hospital were done related to their daily activities, services they provide, problems and challenges they face. Also, the level of satisfaction from the assessment of their work by the institution has been measured. Some of the major problems that were emphasized in all of the groups of interviewees had to deal with low salaries and the lack of additional compensations that can significantly motivate them in the more successful realization of their daily duties and activities. The stimulation and motivation of the medical staff for professional development and continuous education through various different professional development workshops, seminars, conferences, symposiums, etc. has a great impact on the overall performance of the employees. The adequate equipment of wards with the most modern items and devices is more than crucial for a smooth realization of daily activities and it also has a direct impact on the achieved results. Successes and achievements in the field of medicine are closely related to the scientific advancements in general. Healthcare institutions at all levels should treat their personnel better by providing them more reasonable salaries and rewards for their good performance as well as additional financial support for their further professional development. Competent bodies within the Ministry of Healthcare should actively monitor the quality of provided healthcare services by the medical personnel, encourage, and invest in their efficient distribution and dissemination.

**Keywords:** organizational structures within healthcare institutions, human resource management, leadership, motivation, quality assurance and professionalism.

### Introduction

Human Resource Management within healthcare institutions is an important part of their organization and as such is quite complicated, complex and dynamic. The interest in managing with human resources is crucial all around the world, since the success of daily activities as well as the welfare of the functioning of healthcare centers largely depend on the mode of human resource management within those institutions.

Parallel experiences clearly show that traditional leadership patterns, which appear as inflexible forms, now lose the importance of functioning and are largely replaced with more contemporary and sophisticated leadership models, more flexible, humanistic and more practical models, namely the contemporary management of human resources.

The health system in general, guided by this system and its development, is increasingly attracting the attention of society. Prior to the institutional leaders there's a great challenge to understand in a transparent way the world we live in today and be able to contemplate the future and the possible changes in it.

Today, with the new legal decisions in the health institutions, the decision to run with two directors should be implemented. This increasingly strengthens the need for comprehensive implementation of health management and all this is accomplished through an adequate organizational structure of the health system in general, which is of paramount importance in the health care of patients through the provision of great quality to the health services.

These changes, however, should be added to the beginning of the health system transformation process and privatization in the health sector, which implies change in several levels and in many segments of the overall health system. The primary goal of this process is to improve the quality of health services, one of which is the increase of the satisfaction of the users of these services, while the ultimate goal is to provide a more efficient, accessible, social and solid health system for all, which will work at estimated and controlled costs. All this means greater responsibility of health institutions and medical personnel in achieving institutional goals and in achieving high professional performance.

### **Aim**

The health system is considered to be one of the most complex systems in society; therefore, its successful functioning represents a great and necessary need. The aim of this paper is to analyze the factors that influence the successfulness and efficiency of human resource management at Clinical Hospital in Tetovo, which directly influences the improvement of the quality of medical services provided by medical staff and to analyze the organizational structure of this public healthcare institution.

Through the given health indicators to define the existing situation and then consider the possibility of drafting an adequate health policy with the preparation of certain plans, programs and activities that should be implemented through appropriate decisions both in the institution concerned and in the system health as a whole.

### **Methodology**

The subject of this paper was the assessment of the success of the daily activities of the medical staff of some departments at the Clinical Hospital of Tetovo. During the first quarter of 2018, interviews with employees in some of the wards of this hospital were made related to their daily activities, services they provide, problems and challenges they face. Also, the level of satisfaction with the assessment of their work by the institution has been measured, the level and difficulties they face in their work either as a result of the lack of equipment and equipment or the materials and tools necessary for realization of their activity with success.

### **Results**

This study was conducted in seven departments of the Tetovo Clinical Hospital:

Surgical Department;

Urology Department;

Orthopedic Department;

Gynecological - Obstetrics Department;

Internistic Department of Internal Diseases;

Pediatric and

Neurological Department.

Personnel employed in these units as specialist doctors, secondary doctors, nurses as well as auxiliary and sanitary personnel were interviewed through questionnaires prepared in advance. Responses given by employees clearly show that one of the major problems in all of the abovementioned groups is the low wage but also the absence of additional compensation such as bonuses, awards or acknowledgments that have a significant impact on their motivation for achieving as much most successful daytime activities.



Lack of stimulation and promotion of medical staff for professional upgrading and continuous education, which is accomplished through the pursuit of training courses, symposiums, congresses or scientific conferences, is also another element that has a significant impact on the professional preparation and with this also in the successes shown at work.

The adequate equipment of the aforementioned units with the modern equipment and instruments necessary for the realization of daily activities, which in most cases is far from optimal, is also another factor which hampers the work of the medical staff and has a direct impact on the achieved results.

According to the study conducted and analyzes made - a very important factor that affects the successful management of human resources is also the character of the leader. As a matter of fact, a good leader must possess professional qualities such as self-confidence, sustainability, professionalism, communication skills and loyalty to the work and the staff employed, for the purpose of successful realization of his leadership activity.

## **Conclusions**

The human factor should be accounted for as one of the most important health care links.

Managers of health institutions at all levels should treat the medical staff as best as possible by offering them not only reasonable wages but at the same time motivating them with bonuses, awards or acknowledgments for any good result in their work that differentiates from that of other colleagues.

The establishment of a long-term national strategy for human resource management in healthcare institutions and the provision of financial means necessary for the permanent advancement of medical staff in certain directions remains a factor of particular importance for the quality and success of medical services.

Competent bodies within the Ministry of Health or hospital departments should actively monitor the quality of services provided by the medical staff and promote and invest in the effective distribution of this staff. They should also build flexible and appropriate organizational structures for dynamic and complex environmental changes.

Harmonization of medical services across the country is of special importance and necessary for the success of the health institution.

Taking into account the daily activities of the institutional manager, it is required to be more innovative, more flexible, to respect the knowledge and experience of employees at all levels of the institution, to advance teamwork, to advance communication between departments and units and reward the employees for the quality work accomplished.

The principle of equality and justice must be enforced by the medical staff during the provision of health services, which is carried out in such a way that each citizen, depending on the form and the character of his medical requirements, can simultaneously fulfill his health requirements. First and foremost, it is about the published transparent waiting lists.

Successes in the field of medicine are closely and directly related to the pursuit of achievements in science. Therefore, with the change of the system of the undergraduate education of medical staff and its harmonization with the system that dominates in the European Union, especially with the postulate that the healthcare professional has an obligation to permanently acquire new information, skills and knowledge; to be allowed to be supplied with newest tools (most modern medical technology); adaptation and functional health area and a reasonable and effective human resource policy that enables greater efficiency; in the future it will be necessary to gradually harmonize the way of realization and verification of the specialization, so that it is identical to the one proposed by the European health associations, i.e. it should be harmonized with those currently implemented in the European Union.

It should be ensured that all healthcare activities are carried out in all areas where the health service and medical activities are applied, in a qualitative atmosphere and manner, ranging from the way patients behave (applying all national and international rules the rights of patients that are in effect) to the application of internal rules in the performance of workplace duties at health centers and institutions.

Taking into account the nature of the work in health institutions, healthcare as an activity is often counted as a place where, due to negligence and professional failure, there often occur health damages, loss of patient life or loss of life medical personnel. That is why it is mandatory to establish legal rules for adequate medical devices according to the examples of member countries in the European Union. The greatest deviation from the normal functioning of the individual in the collective and his inability to perform daily tasks occurs during the loss of health or injury. These situations in most cases are the reasons for the greatest number of other consequences (financial problems, inability to work, need for help from

others). Every activity, event, segment of the process and the outcomes that have to do with the health condition should still be recorded.

On the other hand, taking into account the rules in contemporary medicine, due to the possible digitization of all these phenomena, not only must they be recorded, but they must be adequately memorized but always be at the disposal of those who are authorized to make certain decisions, ranging from decision-making health bodies that define rules, concepts, follow up the realization and carry out the ongoing supervision of the activity; to medical personnel who must necessarily be informed of any work done for the patient, in any segment of the patient's healthcare system, which is subject to attention and care; and to the insurance institutions who justify and take over all the health insurance costs. Today, with the rapid development of computer technology, it is wise to immediately (on-line) access all data and cases related to all therapeutic interventions.

Good and continuous communication between staff at all levels of the health system and especially the division of work between them, governed and managed fairly, will enable the successful functioning of all parts of the levels of this system.

### Literature

- [1] Flunn W, Mathis R, Jackson J, Langan P. *Healthcare Human Resource Management*. Mason, OH: Thomas South – Western; 2004
- [2] Law on Health of the Republic of Macedonia.
- [3] Law on Protection of Patients' Rights in the Republic of Macedonia.
- [4] Leiyu Shi, Jones and Bartlett Publishers, *Managing human resources in healthcare organizations, Inc.*, Ontario, Canada, 2007;157-185.
- [5] Public Health Law of the Republic of Macedonia.
- [6] Robey Daniel. *Designing organizations*, Third edition IRWIN. Burr Ridge, Illinois, 1991.
- [7] Sherman Folland, Allen Goodman, Miron Stano. *Economics of Health and Health Care*, 2008.
- [8] Termino, E & Webster, E.G., *Primary Health Concepts and challenges in a changing world: Altna – Ata revisited*. Geneva, World Health Organization. 1997
- [9] World Health Organization, Transition Health Report, 2000, Reforms in the Health System in Macedonia, [www.crpm.org.mk](http://www.crpm.org.mk)
- [10] Zeqiri I., *The Management*. Tetovo 2006.

## Internationalisation with Chinese Characteristics – Tracing the Development Path of a Thoroughly Modern Chinese University

Kathy O'Sullivan

United Business Institutes (Belgium, China, Luxembourg)

### Abstract

In order to achieve competitive advantage in both national and international markets, universities around the world are increasingly adopting strategies for internationalisation. Internationalisation of a university refers to the process of integrating an international, intercultural and global dimension into the purpose, functions and delivery of education and research of the university. It is defined as an ongoing, future-oriented, interdisciplinary, leadership-driven vision that involves many stakeholders working to change the internal dynamics of an institution to respond and adapt appropriately to an ever-changing external environment. The purpose of this paper is to illustrate the challenges of a new university to acquire a strong local academic identity and profile to answer the needs of a knowledge-based society driven by globalisation and to highlight the main challenges for the sector in the future. This research found some perceptions of the meaning of internationalisation of higher education in the Chinese context – learning for self-improvement, nationalism – which differentiate Chinese models of internationalisation from those in the West. Moreover, the dominant motivation for internationalisation in the Chinese university is academic development, which is different from the Western universities' more economic rationales. These differences can be attributed to the history of the modernisation of higher education in China, the impact of nationalist revolution on higher education and dual-managerial systems in higher education institutions (HEIs) which involve the Communist Party Committee and the university president.

**Keywords:** Higher education, internationalisation, China

### Introduction

Universities across the world are seeking to internationalise, and Chinese universities are all involved to a greater or lesser extent, not least because internationalisation is an important criterion on the Times Higher Education Supplement (THES) and Shanghai Jiaotong scales. Countries across the world, including China, have been actively participating in the global ranking exercises, aimed at enhancing the competitiveness and reputation of their higher education (HE) systems globally. The quest for world-class status has become a prominent agenda reshaping university governance.

The study reported here focuses on the Chinese context, and the case of one university in particular. The rapid growth of China's economy, combined with a shortage of domestic supply, has resulted in a tremendous demand for internationalised higher education (Altbach, 2009; Chiang, 2012; Helms, 2008; Morgan & Wu, 2011; World Bank, 2011).

The goal of becoming a global or international university is one of the main drivers of use of English. Ritzen (2004:36) stated that it is not possible to be a true international university without attracting students from a wide range of cultures and nations. One way for universities in non-English-speaking countries to compete with their counterparts in English-speaking countries is to include English-medium instruction in their academic offer, leading to what Graddol (2006) sees as one of the main drivers of globalisation of English. Doiz et al. (2011) stated that it is indeed the case for many Asian and European universities. Yang (2002) indicated that the use of English is also seen as one of the most substantial factors influencing the internationalisation of many Chinese universities. Kurtan (2004) extended this idea by suggesting that, in the globalized higher education space, internationalisation is necessary even to attract domestic students.

### Background context

Traditionally, China's higher education sector had been relatively disengaged from the international arena. This was to change with reform and becoming more open (Hayhoe, 1989; Zhou, 2006), which created a desire to access international capacity to deliver higher education and international expertise in research and teaching. The economic and political significance of China and the rapid expansion of and investment in higher education attracted the interest of foreign

universities from around the world which sought to respond to emerging international opportunities through the recruitment of Chinese students, the delivery of programmes in China and the development of research partnerships and networks.

The Outline of China's National Plan for Medium and Long-term Education Reform and Development 2010-2020 urges Chinese higher education institutions to "open their best faculties to the world, and to participate in or set up collaborative international academic organisations" (China, 2010: 21). This exhortation has been very well received by the main exporters of higher education, including the USA, UK and Australia, who have appreciated the opportunities offered to expand beyond their national boundaries. High-profile politicians have encouraged and supported their national higher education sectors to internationalise, and China has been seen as a particularly desirable destination.

However, Sino-foreign cooperation in terms of branch campuses of foreign institutions in China has been met with a decidedly mixed reaction. The response to this has been for Chinese institutions to intensify their internationalisation efforts. Internationalisation in higher education is multifaceted; its meanings and interpretations shift according to the various rationales, incentives, and political and economic circumstances within which it takes place (Callan, 2000). Forces both within and outside the university usually influence the direction and extent of internationalisation (Cuthbert, 2002). The internationalisation of any university depends on institutionalising a strategic planning process that is representative in that it recognises and utilises the power of the culture within which it occurs (Chan & Dimmock, 2008).

Due to a policy of economic rationalism, together with the practice of social reform and the open-door policy, which supported the development of education in general and education reform in particular, higher education (HE) was regarded as an important corner stone in developing China into a global economic power. Chinese HE started to seriously internationalise based on the Ninth Five-Year Plan (1996-2000) and was incentivised by the Chinese entry into World Trade Organization (WTO). Since then a strong movement of cooperation between Chinese universities and Western universities began. Recently, China has established educational relationships with countries in Europe, Central, North and South America, Oceania, Africa, and the rest of Asia. Agreements on mutual recognition of academic degrees have been signed between China and many other countries, with a targeted focus on highly-ranked institutions. In the meanwhile, international educational cooperation agreements and memoranda of understanding on educational cooperation have been signed with, for example, the USA, Australia, Canada, the UK, and New Zealand (Ministry of Education (MoE), 2007).

The institution in question is a young Chinese university in Guangdong Province, southern China. Established in 2012, the case-study university is a public institution with a student cohort almost 4,000 undergraduate and graduate students. The university is expanding quickly, thanks in no small part to goals being clearly defined by the institution, with one of those goals being internationalisation.

### Literature review

The past two decades have witnessed an unprecedented expansion in the scale of international activity within the global tertiary education sector. The factors driving internationalisation are well-established; on the demand side, a global labour market, the needs of a knowledge economy, and the desire to learn from the world's best have all encouraged students and governments to seek greater opportunities for international study and international partnerships. On the supply side, declining mobility costs, developments in ICT, trade liberalisation and increased private sector investment have led to an increase in the availability of opportunities for international engagement (Knight, 2004). The dramatic expansion in numbers of students studying internationally and in the number of international institutional partnerships is evidence of the growth in scale. The diversity of forms of international activity, ranging from traditional student recruitment and mobility, to transnational curriculum and delivery partnerships, collaborative research networks and international campuses is testament to the expansion in scope.

The international dimension of higher education is being increasingly promoted on the national and institutional levels in many countries. The national level has a significant influence on the international dimension of higher education through policy, funding, programs and regulatory frameworks. Yet it is actually at the institutional level that the real process of internationalisation is taking place, as Knight (2004: 6-7) notes, with the institutional level reflecting national policy.

Ellingboe (1998) observed five components which are integral to the process applied in internationalising a HE institution:

College leadership;

Faculty members' international involvement in activities with colleagues, research sites, and institutions worldwide;

The availability, affordability, accessibility, and transferability of study abroad programs for students;

The presence and integration of international students, scholars and visiting faculty into campus life; and

International co-curricular units (residence halls, conference planning centres, student unions, career centres, cultural immersion and language centres, student activities and student organisations).

Internationalisation of higher education in China

The development of internationalisation of higher education started at the end of the 1970s in China, with the 1978 “Reform and Open Policy”, leading to the Chinese government and universities increasing their efforts to try to connect with other universities and higher education globally. The Chinese government not only sponsored students and scholars to study abroad, but also encouraged self-funded students and scholars to go abroad for higher education in the 1990s (although students were initially sent from China to study abroad in the 1970s, according to Pan et al., 2005). China’s entry into the WTO in 2001 boosted the speed of internationalisation in higher education (Ong & Chan, 2012).

A report from the Center for China and Globalization (CCG, 2018) identified China as being the world’s number one place of origin for international students, accounting for over 30% of the total in the US, Canada, Australia, and New Zealand, and for almost 50% in South Korea. In some European countries such as UK, Sweden, and Switzerland, China is also a major source of international students, although the share is less than 10%.

However, the report also highlighted the growth in the number of returning overseas Chinese students has exceeded that of the Chinese studying abroad, with 432,500 Chinese students abroad returning to China in 2016.

Additionally, the report points out an increase in the number of international students in China, partly attributed to China’s policies to provide opportunities to international students after they graduate. These students are mainly from what China terms ‘Belt and Road’ countries, such as Thailand, India, Pakistan, Indonesia, and Laos, and this 20% increase has significantly reduced China’s deficit in international education. It is also testament to the success of the State Council and Central Government’s 2010 *Plan of Studying in China*. In this *Plan*, the aim is that by the end of 2020, China will be the world’s number one nation to receive the largest number of international students (CSC, 2012).

### **Sino-foreign ventures**

As a consequence of the more open political context, the number of Sino-Foreign Joint Ventures in China, grew from 20 in 2013 to 28 in 2015, making it the second largest importer of branch campuses after the United Arab Emirates, which had 32 (Cross-Border Education Research Team, 2015). The majority of these are niche institutions with relatively small numbers of students. However, four are on a larger scale (Duke Kunshan University, established in 2014; New York Shanghai, established in 2013; Xi’an Jiaotong Liverpool University, established in 2006; The University of Nottingham Ningbo China, established in 2004) which seek to offer a range of disciplines at the undergraduate and postgraduate levels and to reflect the quality and experience of the institution’s home campuses (Stanfield & Qi, 2012).

These institutions have had mixed success. For example, Cai and Hall (2016) found that, although staff found many benefits from working on an international branch campus, they were insufficiently prepared for the structural and cultural differences inherent in working as an academic in China. The authors argue that university level discourse, communicated through policy and marketing texts, which promotes the vision of a diverse international university community, means not enough attention is being paid to the structural, political and cultural differences inherent in working as an academic in China.

However, in recent years, the trend seems to have shifted back in favour of Chinese universities pursuing the path of internationalisation, as can be seen in the race to be ranked on one of the world university ranking lists.

### **Rankings**

The orientation towards university rankings from the 1990s can be considered as the result of the perceived need for quality assurance, especially since the implementation of the Outline of Educational Reform and Development in China in 1994. The title Project 211, which the Chinese Government launched in 1995, refers to the aim of building up 100 top level higher education institutions and key disciplines in the twenty-first century. Project 985, also familiar to anyone working in the Chinese higher education context, derives from the month in which it was announced, May 1998, when Jiang Zemin, the then President of People’s Republic of China declared that China was in need of some first-rate universities on an international level (Adams & Song, 2009).

One of the key evaluation criteria used to compile worldwide university ranking lists is the degree of internationalisation of individual institutions, which is based on the percentage of English as a medium of instruction (EMI) courses and the

proportion of international faculty and students at the institution. Since boosting performance under the 'internationalisation' criterion could be achieved more easily than, for example, improving the quality of research publications, the introduction of EMI has become an attractive proposition for many Chinese higher education institutions.

### **Globalisation and internationalisation**

Altbach defines globalisation 'as the economic, political, and societal forces pushing 21st century higher education toward greater international involvement' and 'internationalisation includes the policies and practices undertaken by academic systems and institutions—and even individuals—to cope with the global academic environment (Altbach, 2007:290). Both Altbach and Knight (2007) consider internationalisation of higher education as one of the ways a country responds to the impact of globalisation. They view globalisation as being broader than internationalisation since the latter means relations between two nations while the former refers to blurring of borders. Globalisation is related mainly to the economy, as it represents some context which forces internationalisation processes. In turn, internationalisation is related to strategies and policies primarily on national and institutional levels.

Globalisation has been described as the combined phenomena whereby people are more globally connected than ever before through international travel and international communication, where information and financial capital are transmitted almost instantaneously around the globe, and where goods and services produced in one part of the world are universally available (Porter, 2008). Academia is not immune to the phenomena underlying globalisation, as is evidenced by the proliferation of business schools (Hay, 2008; Doh, 2010), and by the associations representing both education institutions and their corporate clients.

According to Bevelander (2010), institutions have tended to internationalise their educational programs by following three, sometimes sequential, trajectories. First, they increase their currently served client (student) segment's understanding of global business practice by changes in the curriculum. Second, they reach out to new international clients (students) to add classroom diversity. Finally, they integrate academic and behavioral aspects of an internationally oriented curriculum, and the diverse experiences of an internationally recruited student body to produce graduates capable of working effectively anywhere in the world.

Internationalisation of any university is directed to internationalising the educational experience for students so they might better perform in an international and multicultural economic environment. It has also transformed the higher education landscape in the last two decades; a more globalised and inter-connected world has encouraged governments to foster academic relations and opportunities with university partners in other countries (Knight, 2008). A key driver of internationalisation is its ability to generate revenue (Ngo, 2011) and administrators, faculty, and staff in higher education are all critical to its success (Choudaha & Contreras, 2014). Nations remain distinct economically, socially, and culturally, but can become connected and inter-related through the internationalisation processes.

Many Asian universities have developed internationalisation strategies with the aim of being more competitive in the international higher education market, with a view to attracting foreign students, recruiting international scholars, supporting cross-campus research collaborations, and increasing performance. Efforts have tended to focus on three areas: first, teaching, including student exchanges, branch and offshore campuses, joint degree programs, and internationalised curricula; second, cross-border research partnerships, faculty development, and accreditation processes; and third, alignment of instructional quality, curricula, assessments, and increased student mobility.

Singapore is an example of where the government developed an internationalisation strategy that aimed to reduce the number of local outbound students through improvements to domestic study options, the promotion of the return of graduates after completion of their studies, and the deliberate recruitment of incoming international students into the Singapore workforce to address internationalisation concerns (Dquila, 2013; Ziguras & Gribble, 2015). Government policies in Singapore were developed to encourage specific local student values and attributes, including intercultural awareness and engagement, an international competitive edge, and global citizenship – all through their internationalised curriculum. In China, the internationalisation of higher education has been handled a little differently. A significant trend in China's internationalisation strategy has been to export Chinese knowledge, part of a process of cultural integration between China and the West (Rui, 2014).

A broader classification of modes of internationalisation is provided by Knight (2006) who focuses on the component parts of higher education and the ways in which they might cross borders. This gives rise to a four-part classification based on the movement of:

People — staff and student mobility, including exchange and study in international institutions.

Programmes—a programme from an institution in one country is delivered in another.

Providers — essentially, this involves the formal establishment of a physical presence.

Services and Projects — this includes a diversity of forms of cooperation, whether directly research-related or more obviously focused on pedagogy, curriculum development, quality assurance or management.

### **The role of government**

With regards to internationalisation, the regulatory and supervisory role of the Chinese government is embedded in the daily operation of higher education institutions. The role is played out through a range of examination and control procedures or in a more subtle way via policies and funding programs that guide institutional efforts into the areas prioritised by the government. Up until now, government approval has had to be obtained if any staff member wanted to go abroad on business for any reason, including attending a conference, giving lectures, undertaking joint research, etc. Nowadays Chinese institutions are encouraged to establish partnerships and joint teaching programs with foreign institutions. Yet, to do this they have to pass a special qualification examination to obtain authorisation beforehand from the educational authorities. After reaching any agreement with their foreign partner, the Chinese institution still must register their joint program in detail with the educational authorities. Clearly, the Chinese government is vacillating between allowing more authority and keeping tight control. This can be seen also at the institutional level, where a dual system of university governance sees the traditional management system having equal weight with the Community Party management system, which often leads to tensions being played out at institutional and even departmental level.

### **Research question**

This research aims at providing the groundwork for understanding the particular meaning, implementation and evaluation of international higher education in the Chinese context.

Therefore, the main research questions are:

What does internationalisation mean to the case university?

How has the case university sought to 'internationalise'?

What barriers does the case university face in defining and implementing internationalisation, and how might these be overcome?

### **Method**

A qualitative case methodology based on in-depth interviews and documentary analysis was adopted in this study. Although the case study approach can be a very satisfactory methodology, it has some limitations. The research findings were discussed with those who had participated in the study to obtain their reactions and opinions, with the aim of enhancing the validity of the conclusions. The reliability of the findings was improved by triangulation through the use of multiple research approaches, methods and techniques in the same study (Hussey & Hussey, 1997; Sham, 2004). This would overcome potential bias and sterility.

An exploratory qualitative research design, involving semi-structured, face to face interviews was undertaken to explore the views of senior leaders and faculty. Interviews with ten HE leaders included discussion of their key concerns, from their perspective, in order to better understand the key drivers, and challenges, surrounding HE internationalisation. Specifically, interviews were intended to seek insights into: first, how internationalisation was conceptualized by the participants; second, what key factors were critical to the success of internationalisation of HE in the context of the university; third, what had been achieved; and fourth, what challenges had been faced. Research methods should align with the research problem, with selected paradigms and methodologies shaping the choice of methods (Silverman, 2010). Semi-structured interviews allowed the interviewer flexibility in selecting lines of questioning, and probing further if required (Lloyd and Gatherer, 2006). They were also used because perceptions of HE internationalisation in the university were that it was uncertain and dynamic, and such interviews would enable useful exploration of attitudes, motives, rationales and practices being investigated. Interviews with ten participants were conducted. Purposive, snowball sampling was used.

Thematic analysis was undertaken on the transcripts, and themes reflecting participants' perceptions and views about higher education internationalisation emerged. Manual color-coding coding of themes and concepts (Creswell, 2009) was

used to extract relevant sections of text, capturing the different views and perspectives of the participants and comparing them to the relevant literature. Each transcript was worked through and coded into themes and sub-themes with colored highlighting of texts used to identify texts. Then, a summary description of each theme/sub-theme's meaning was written. Interpretation of the data followed where sample texts, and associated interpretive commentaries, were reviewed with reference to current literature, and recognising both similarities and differences with participants' views and experiences. The findings are presented below.

## Results and discussion

Five main themes emerged, namely quality of provision, international reputation, teaching staff, research and student recruitment. Each of these will be discussed in turn, and are grouped so as to answer the main research questions.

Research question – what internationalisation means to the university

### *Quality of provision*

The quality of research and teaching programs featured strongly in internationalisation discussions with the participants. High quality research and teaching outcomes were believed to result in higher quality faculty being attracted to the institution. The domino knock-on effect was that this would, in turn, result in higher quality graduates. It needs to be mentioned that more than 80% of graduates in the university in this case study undertake postgraduate study abroad, primarily in North America, with many studying at some of the world's top-ranked institutions. This not only raises the international profile of the university, but also provides added impetus to deliver high quality, internationally-recognised programs:

*Quality is the top priority, especially the quality of our students, who are our product, and our partners are impressed with their level. The faculty are selected carefully as well, so having quality programs is making us more successful. We're getting better and better; we have more and more English courses; we're absolutely committed to success (Participant 4).*

The university is moving quickly towards becoming an English medium institution. This has not been without issues, as course design needs to be integrated with courses taught in Chinese, the English language proficiency of students and faculty needs to be equal to the task, and the lack of Chinese language proficiency of international students needs to be taken into consideration. Teaching methods also need to be compatible with the characteristics of programs. This is acknowledged by the participants:

*We need to be aware that to move towards having everything in English is necessary, but we mustn't forget that we need the language level of our teachers to be up to the level required. The students have English language classes to help them get to the level, but maybe we need to be more careful to see what the language level of our teachers is. However, we're making good progress, by hiring from abroad, where the teaching methods are also more up to date. Some very good teaching happens already in China, particularly in Math and Science, so we are making sure we have top quality (Participant 9).*

The quality of tuition, especially for a university engaging with international partners, is considered vital:

*Our international partners are providing some joint programs with us. They are important, so we need to meet them often, to assure them that our programs are up to the level. If they are comfortable with the quality of our programs, we can grow more. Quality is in the ability of our students and the level of our professors (Participant 5).*

Ultimately, quality also will ensure an international reputation is enhanced.

### *International reputation*

The international reputation of the university was of concern to all participants. It was believed to be important to promote that reputation internationally, and especially to be ranked internationally:

*We need to internationalise in a proactive way, and then we have to develop our vision in order to not only be strong in science and engineering, but also economics, management, the arts, and law with accreditation by international bodies as soon as possible. We have to spread our name in China, in Asia and then spread it on a worldwide basis. We need to feature in the global rankings – that's crucial (Participant 8).*

Rankings was an area mentioned by all participants, and it seems that this is really what internationalisation means to them on a fundamental level, as it is an acknowledgement of how their education system has improved over the years. Some



participants felt that the greatest challenge lay with pushing the internationalisation agenda further, speaking of the need to maintain international educational standards, and sending Chinese academics overseas to other universities, as well as bringing scholars and students from overseas to China:

*We need to make clear that education is not just for within China; it has to reach international standards. We need to send our scholars abroad on exchange, and the same with our students. It is not just about bringing scholars and students here (Participant 2).*

Many of the participants spoke at length about the benefits of internationalisation, for their university, and for China. A strong feeling of pride in doing this for China prevailed. One participant spoke about the benefits of international cooperation for internationalising teaching and research methods, so as to ensure the university adhered to international standards and increased its reputation:

*More international cooperation will make teaching and learning better. Teaching staff can update their knowledge, research has a higher impact, and students can achieve international standards. This will grow our reputation (Participant 10).*

Research question – How the university has sought to internationalise

### **Teaching staff**

All of the participants highlighted the role of teaching staff in the internationalisation process. Employing more foreign teaching staff was seen as a way to promote internationalisation:

*We might invite foreign professors from partner institutions to deliver some courses in English. We may also employ foreign staff for even junior positions to create a new environment and atmosphere in our campus. Maybe we can't do this in a big way in the beginning, but maybe also we have to force this a little, otherwise the pace will be too slow (Participant 1).*

This view was shared by others:

*In the process of internationalisation, internationalising teaching staff is necessary. It is maybe the most important thing. Moreover, we could invite more foreign staff to work at our university. We've already started to do this, but we need to be honest, and say that most of the foreign staff are returning Chinese who have a foreign passport (Participant 6).*

Participant six highlights what is actually happening when it comes to recruiting foreign teaching faculty, as the vast majority of such faculty are what is known as returning Chinese, i.e. those who grew up in China and undertook their undergraduate studies there, before moving abroad to complete their postgraduate studies and having lived and worked there since then. Most have acquired citizenship of their adopted country in the process, while still retaining Chinese citizenship (however, if a returning Chinese academic is offered the presidency of a Chinese university, then they have to give up their foreign passport). Now they are being lured back to China with generous salaries, promotion opportunities and research funding. Non-Chinese nationals are being recruited in far smaller numbers, usually for less high-profile positions, and without the same incentives. Therefore, to speak of internationalisation of teaching staff is perhaps a little disingenuous, though it is an aspect that is played up when it comes to international university rankings, with little mention of the dual citizenship involved.

In addition to teaching staff, research was seen to be one of the main driving forces of the internationalisation process.

### **Research**

High quality research cooperation was seen by almost all participants as being crucial in the drive for more internationalisation. This could be achieved by faculty exchange, as mentioned by some of the participants, inviting more visiting scholars to the campus and using research in a better way to help underpin teaching on the university's programmes.

The need for publishing high quality research (in the English language) in internationally-renowned journals was also considered central to the internationalisation process:

*Publishing academic research is really important in the process of internationalisation – in the highest quality journals (Participant 3).*

Publishing in high-ranking international academic journals in the English language was seen as being rather challenging, but it was felt that strides have been made in this area. Participants also pointed to the fact that the university is hosting

more international conferences to share research achievements, which they believed would assist in boosting their university's research profile and international standing:

*Research is the most important. We know this. We already have some institutes on campus that will produce future Nobel laureates. Our plan is also to cooperate with our strategic partners to work on the international conferences (Participant 7).*

The case-study university is very fortunate to have significant budgets available, thanks to government funding, to fund international collaborative programs for teaching, research, and student exchanges. However, a few participants admitted that more work needs to be done on international conferences, as these have not been as successful to date as might have been hoped. This was one of the challenges to internationalisation that was identified, with the other being international student recruitment.

Research question - Challenges to internationalisation

### **Student recruitment**

Attracting overseas students has not gone as smoothly as hoped:

*We need to do more to attract international students, and that needs to start by making sure they can survive here easily. This has been a problem for us, as it means accommodation, food, all the daily things and not only academics, need to be planned more carefully. We need to see what our expectations are, what their expectations are, and we need to help the students to accept them (Participant 2).*

This is an issue that needs to be sensitively managed. The university's original plan was to expand international student recruitment very quickly, but they have since taken on board the sentiments expressed by all stakeholders, and are now recruiting international students in a more phased manner.

By the same token, as their reputation for academic excellence increases, they can afford to be stricter in terms of recruiting Chinese students, and select the best.

Maintaining international standards in the university, while also enhancing the quality of the academic experience for students, were seen as ongoing challenges. So, too, was the drive towards joint-program agreements, as those involved in negotiations needed to have a significant level of experience, to persuade international partners that the university is capable of delivering sustained quality. Preparing students for the marketplace was not addressed in a significant way by the participants, although there was a need expressed for a greater variety and breadth of programs. Human resources and administrative challenges, as well as infrastructure challenges were seen as factors that could delay or slow down the internationalisation process. The lack of English language skills of support staff (though steps have been taken to remedy this, with the provision of English language training) and the lack of understanding of international culture were also seen as challenges. All the participants acknowledged that most of their support staff did not have international experience.

### **Recommendations**

Though it did not arise in the study, a major issue facing higher education in China is graduate unemployment – and this is on the increase. International partnerships, for example, enable more students to earn a degree than otherwise could be the case, but this may simply mean more unemployed graduates. Therefore, these partnerships need to pay serious attention to the question of the graduate labour market in China. How relevant are the educational programmes? Is there a demand for the graduate skill set being produced? This is something that needs to be considered for the future. It is related to what is considered to be one of the most relevant aspects of internationalisation mentioned by participants, namely, developing the country and its international reputation.

In addition, the concept of internationalisation 'at home' and the implications for curriculum content and skills development among staff and students have also become increasingly important. From the participants' perspective, to ensure the university offers international higher education, it is imperative that English as a medium of instruction courses are staffed by faculty who are able to teach in English, and that the language level of students on such courses is equal to the task. Otherwise, the danger is that international and Chinese students will be segregated in different classes, with the Chinese students studying in their native language, which means that, on paper, lip service is being paid to internationalisation, but nothing meaningful is being implemented in practice. Maybe this will mean a review of the policy of hiring almost exclusively returning Chinese as overseas faculty, in favour a more diverse faculty body.

A traditional focus on the mobility of students and scholars has been augmented by a diversity of forms of collaboration in teaching and research, including franchising, validations, distance and online learning, international campuses, research partnerships and networks, and international research programmes. Quality assurance mechanisms will need to be developed to ensure the success of such initiatives, if the international standards mentioned by most participants are to be both attained and sustained. Though not mentioned in the study, there could be more explicit forms of cooperation between universities in China, and not just between Chinese and foreign universities, as the journey towards internationalisation is one that they have in common, as is the journey towards being highly ranked.

## Conclusion

The findings highlight key implications at both institutional and national levels for China, Asia, and beyond. Internationalisation strategies and policies have been found to be critical to the development of higher education in China. Based on these findings, as mentioned in the recommendations above, universities in China may consider connecting their strategic objectives and strategic planning processes to support one another during the internationalisation journey of higher education. The findings also offered exploratory insights into what was considered important to further support the internationalisation processes, as well as highlighting the challenges that could arise. The findings presented confirmed that internationalisation was conceptualised by senior university leaders as including processes directed toward internationalisation of curricula, the support and development of international research and publication collaborations, broadening of joint teaching programs and degrees, and an enhanced global, strategic mindset of both higher education leaders and staff at all levels of the universities involved. Ensuring international standards, facilitating staff exchanges, and increasing student mobility were also considered vital constituents in the internationalisation of higher education in the case study university in particular, and in China generally.

As also mentioned in the recommendations above, the future of internationalisation in higher education in China will undoubtedly remain a topical issue but will be determined ultimately, not by finance, but by the relevance of such programs to the country's future social and economic development. It is this area that still needs to be fully addressed.

## References

- [1] Adams, J. & Song, H. (2009). Key developments and future challenges in Chinese-foreign cooperation in higher education, *Journal of Knowledge-based Innovation in China*, 1(3): 185-205, doi: 10.1108/17561410910990575
- [2] Altbach, P. & Knight, J. (2007). The internationalisation of higher education: Motivations and realities. *Journal of Studies in International Education*, 11(3/4): 290-305.
- [3] Altbach, P.G. (2009). One-third of the globe: The future of higher education in China and India. *Prospects*, 39(1): 11-31
- [4] Bevelander, D. L. (2012). Who is engaging with whom? Internationalising opportunities for business schools in emerging economies, *International Journal of Educational Management*, 26(7):646-663, doi: 10.1108/09513541211263728
- [5] Cai, L. & Hall, C. (2016). Motivations, expectations, and experiences of expatriate academic staff on an international branch campus in China. *Journal of Studies in International Education*, 20(3):207-222.
- [6] Callan, H. (2000). Higher education internationalisation strategies: of marginal significance or all-pervasive? *Higher Education in Europe* 25(1): 15-24.
- [7] CCG (Center for China & Globalisation). (2018). *Annual Report on the Development of Chinese Studying Abroad 2017*. Available at: <http://en.ccg.org.cn/annual-report-on-the-development-of-chinese-studying-abroad-2017/>
- [8] Chan, W.W.Y. & Dimmock, C. (2008). The internationalisation of universities: Globalist, internationalist and translocalist models. *Journal of Research in International Education* 7: 184.
- [9] Chiang, L.C. (2012). Trading on the West's strength: the dilemmas of transnational higher education in East Asia. *Higher Education Policy*, 25(2): 171-189
- [10] China. (2010). *Outline of China's national plan for medium and long-term education reform and development 2010-2020*. Available at: [asemlllhub.org/fileadmin/www.asem.au.dk/LLL\\_Policies/China](http://www.asemlllhub.org/fileadmin/www.asem.au.dk/LLL_Policies/China)

- [11] Choudaha, R. & Contreras, E. (2014). *Internationalisation: what gets measured, gets funded*, available at: [www.universityworldnews.com/article.php?story%402140702133825465](http://www.universityworldnews.com/article.php?story%402140702133825465)
- [12] Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*, 3rd ed. Thousand Oaks, CA: Sage Publications Inc.
- [13] Cross-Border Education Research Team (2015, August). *C-BERT Branch Campus Listing*. [Data originally collected by Kevin Kinser and Jason E. Lane]. Available at: <http://globalhighered.org/branchcampuses.php> Albany, NY: Author.
- [14] CSC. (2012). *Plan of Studying in China*. [online] Beijing: CSC. Available from <http://www.csc.edu.cn/studyinchina/newsdetailen.aspx?cid=192&id=1348>
- [15] Cuthbert, R. (2002). The impact of national developments on institutional practice. In S. Ketteridge, S. Marshall & H. Fry (eds) *The Effective Academic: A Handbook for Enhanced Academic Practice*, (pp. 32-48). London: Kogan Page.
- [16] Daquila, T. C. (2013). Internationalising higher education in Singapore: government policies and the National University of Singapore experience, *Journal of Studies in International Education*, 17(5): 629-647.
- [17] Doh, J. P. (2010). Why aren't business schools more global and what can management educators do about it? *Academy of Management Learning & Education Journal*, 9(2): 165-8.
- [18] Doiz, A., Lasagabaster, D., & Sierra, J. M. (2011). Internationalisation, multilingualism and English-medium instruction. *World Englishes*, 30(3), 345–359. <http://dx.doi.org/10.1111/j.1467-971X.2011.01718.x>
- [19] Ellingboe, B. J. (1998). Divisional strategies to internationalise a campus portrait: Results, resistance, and recommendations from a case study at a U.S. university, in J. A. Mestenhauser, & B. J. Ellingboe, (eds.), *Reforming the Higher Education Curriculum: Internationalising the Campus* (pp. 198-228). Phoenix, AZ: American Council on Education and Oryx Press.
- [20] Graddol, D. (2006). *English next. Why global English may mean the end of English as a foreign language*. London, UK: British Council.
- [21] Hay, M. (2008). Business schools: a new sense of purpose, *Journal of Management Development*, 27(4): 371-8.
- [22] Hayhoe, R. (1989). China's universities and western academic models, *Higher Education*, (18): 49-85.
- [23] Helms, R. M. (2008). *Transnational education in China: Key challenges, critical issues and strategies for success*. London: The Observatory on Borderless Higher Education.
- [24] Hussey, J. & Hussey, R. (1997). *Business research*. New York, NY: Palgrave.
- [25] Knight, J. (2004). Internationalisation remodeled: Definitions, approaches, and rationales. *Journal of Studies in International Education*, 8(1): 5-31.
- [26] Knight, J. (2006). Cross border education: an analytical framework for programme and provider mobility. In J. C. Smart (Ed) *Higher Education: Handbook of Theory and Research, Volume XXI* (pp. 345-396). Dordrecht, Netherlands: Springer.
- [27] Knight, J. (2008). *Higher education in turmoil: The changing world of internationalisation*. Rotterdam: Sense Publishers.
- [28] Kurt'an, Z. (2004). Foreign-language-medium instruction in Hungarian higher education. In R. Wilkinson (Ed.), *Integrating content and language: Meeting the challenge of a multilingual higher education* (pp. 126–36). Maastricht: Universitaire Pers Maastricht.
- [29] Lloyd, V. and Gatherer, A. (2006). Conducting qualitative interview research with people with expressive language difficulties, *Qualitative Health Research*, 16(10):1386-1404.
- [30] MoE (2007), available at: [www.moe.edu.cn/edoas/website18/en/international\\_1.htm](http://www.moe.edu.cn/edoas/website18/en/international_1.htm)

- [31] Morgan, W. J. & Wu, B. (2011). *Higher education reform in China: Beyond the expansion*. Abingdon and New York: Routledge.
- [32] Ngo, T. L. (2011). Higher education internationalisation in Vietnam: unintended socio-political impacts of joint programmes seen as special free academic zones, *Proceedings of the International Conference on Contribution of the Social Sciences and Humanities in the Socio-Economic development*, Hanoi, April 8-9.
- [33] Ong, K. C. & Chan, O. K. K. (2012). Transnational higher education and challenges for university governance in China. *Higher Education Policy*, 25(2): 151-170.
- [34] Pan, C. G., Wang, L. and Wang, X. L. (2005). Report on Chinese talents development, *Blue Book*, La Jolla, CA, No. 2, available at: [www.rcsd.org.cn/NewsCenter/NewsFile/Attach20060727133221.pdf](http://www.rcsd.org.cn/NewsCenter/NewsFile/Attach20060727133221.pdf)
- [35] Porter, K. (2008). *Globalisation: what is it?*, available at: <http://usforeignpolicy.about.com/od/trade/a/whatisgz.htm>
- [36] Ritzen, J. (2004). Across the bridge: Towards an international university. In R. Wilkinson (Ed.), *Integrating content and language: Meeting the challenge of a multilingual higher education* (pp. 28–40). Maastricht: Universitaire Pers Maastricht.
- [37] Rui, Y. (2014). China's strategy for the internationalisation of higher education: an overview, *Frontiers of Education in China*, 9(2): 151-162.
- [38] Sham, C. (2007). An exploratory study of corporate universities in China, *Journal of Workplace Learning*, 19(4):257-264, doi: 10.1108/13665620710747933
- [39] Silverman, D. (2010). *Doing qualitative research*, 3rd ed. London: Sage Publications.
- [40] Stanfield, D. A., & Qi, W. (2012). Full-scale branch campuses in China. *International Higher Education*, 69 (Fall): 13-15.
- [41] World Bank (2011). *Putting higher education to work: Skills and research for growth in East Asia*. Washington D.C.: World Bank East Asia and Pacific Regional Report.
- [42] Yang, R. (2002). *Third delight. The internationalisation of higher education in China*. New York, NY: Routledge.
- [43] Zhou, J. (2006). *Higher Education in China*. Singapore: Thomson Learning.
- [44] Ziguas, C. & Gribble, C. (2015). Policy responses to address student 'Brain Drain': an assessment of measures intended to reduce the emigration of Singaporean international students, *Journal of Studies in International Education*, 19(3): 246-264.

## Social Enterprises like the Right Step for Economic Development for Kosovo

**Prof. Asoc. Dr. Afrim LOKU**

Assistant Professor at University of Applied sciences in Ferizaj, Kosovo

**Prof. Msc. Fatlum GOGIQLI**

Professor/Lecturer at European Collage of Kosovo, Kosovo

**Mr.sc. Vesë QEHAJA**

Teaching Assistent at University of Gilan "Kadri Zeka", Faculty of Economics, Kosovo

### Abstract

Over the last few years, social enterprises have created a new social and developmental concept with a rapid growth seen by Kosovar society as a new form of doing business, but rather well organized and contributing to economic and social development, as one of the most fair forms for society in equitable capital use that provides opportunities to all individuals, groups and communities regardless of their needs and capabilities. How we should conceptualize social enterprises, they are enterprises that combine social purpose with the spirit of the entrepreneur. Social enterprises are enterprises that provide profits, but entrepreneurs make this profit and re-invest in products and services they provide to achieve a wider social impact in the community they serve and act. The activity of social enterprises is diverse, contributing to the social inclusion of the marginalized groups of the society in order to increase employment and increase the incomes. Therefore in Kosovo, the development of social enterprises is still in its initial stage of development. The first social enterprises have started their activities recently with the help of donor organizations. In the absence of a law on social enterprises, they operate with a non-profit, less lucrative status. For the promotion and creation of social enterprises, especially at this stage, we aim at sustainable economic and social development, where as part of this it can play the role of supplier in the in Kosovo's internal market. The purpose of this paper is to shape the theories and best practices of social enterprises as one of the main goals of development and creation of a better economic environment for the disadvantaged society for employment in these social enterprises. In Kosovo, as in many countries in Southeast Europe, there is an increase in the involvement of non-profit organizations in economic activities, which aim at integrating disabled persons as well as providing services to the benefit of society.

**Keywords:** Social Enterprises, Economic Development, Market, Employment, Kosovo

### Introduction

Social enterprises development has come day by day, and now in Kosovo are more familiar with these initiatives, originating from several years ago, by fruitful cooperation with European and world institutions. The Law on social enterprises in Kosovo has been done to promote the employment of these categories based on the practices of the Croatian state as well as Scandinavian countries that financially supports the European Union. The adoption of the Law on Social enterprises will reduce unemployment in the country. It will have a direct impact on "Fighting Poverty and Women's Employment" as it has affected even some other countries through this Law.<sup>1</sup>

Responsible institutions such as universities, research institutes should initiate social initiatives as much as possible, and express concern about the creation of appropriate legislation in this area in Kosovo. Therefore, the academy has the task not only to focus on contributing to scientific knowledge, but to identify tools to apply to concrete initiatives in the market. And, the better we are in the business sector, the more we give the spirit of economic development. The development of social enterprises in Kosovo is seen as a potential for job creation for disadvantaged groups, so this initiative aims to provide

<sup>1</sup> Koncept dokument për ndërmarrjet Sociale - [http://www.kryeministri-ks.net/repository/docs/KD\\_rregullimi\\_i\\_fushes\\_per\\_ndermarrjet\\_sociale\\_-\\_MPMS.pdf](http://www.kryeministri-ks.net/repository/docs/KD_rregullimi_i_fushes_per_ndermarrjet_sociale_-_MPMS.pdf) (02.04.2018).

a very good opportunity for the development of social enterprises in our country as well as their impact on social development and economic, identify the characteristics that bring development and assessment of the capacities of these vulnerable groups, given that Kosovo is still in the development phase and suffers from the high number of unemployed in the country.

One of the opportunities that may be in social enterprises is that of the Creative Economy, generally from young people or women, girls with craftsmanship or other creative ideas, made by themselves. Social enterprises in Kosovo are seen as a stimulating mechanism for employment of marginalized groups, those with disabilities, individuals in remote rural areas, women, girls with no problems.

### **1. A general concept of social entrepreneurship development**

Social economy and especially social enterprises as part of it have an important function as suppliers in the market. They contribute to the reallocation of resources and to the favorable transformation of the social welfare system. Moreover, social enterprises help to fight social exclusion and support local economic development. This sector is recognized in Europe as one of the important sectors that provide employment. In Europe there are over 160,000 social cooperatives with about 5.4 million employees (European Commission, 2013). The creation of new jobs by social enterprises provides in the first place the integration of different groups of society into society and, secondly, diversified services.

The concept of social enterprises in Europe first appeared in Italy in the early 1990s, represented by co-operatives, roughly at the same time in the United States (USA) (Defourny & Nyssens, 2008, Dees, 1998a, Dees, 1998b) and the United Kingdom (Leadbeater, 1997). The creation of social enterprises was driven by the gap that existed between the business sector that increased assets and reduced income, reduced productivity and social sector reputation (Drayton, 2002). Today, no state is attributed to the exclusivity of social enterprise creation, as they are scattered all over the world (Mair & Marti, 2006). Social enterprises are seen as hybrid entities combining non-profit purpose and social values with business practices related to the management and use of economic resources (Austin et al., 2006). This dualism was created by Dees (1998a) as "double reality". Social enterprises face two types of organizational, non-for-profit and profitable forms. These forms are conditioned by social entrepreneur motivation and institutional ambiguity over what determines the appropriate organizational form (Townsend & Hart, 2008).

There are two schools of thought on the concept of social enterprises, also defined by geographical boundaries. The European School defines social enterprises as hybrid types, combining income earned from mission-related services, philanthropic donations, and volunteering (Defourny & Nyssens, 2008). The American School sees socially-owned enterprises as exclusively non-profitable and under the conditions of limited funding sources become innovative in their revenue-generating efforts by being involved in a revenue-generating strategy.

The legal form of social enterprises may vary and is not important in its activity. As Townsend and Hart concluded (2008), socially-organized social enterprises conducted the same activities as non-for-profit activities. The legal form is only a social entrepreneur's decision based on the convention that a given institutional form provides for the fulfillment of the social purpose. Among academics and practitioners' discussions about what social enterprises are, the European Commission (2011) offers a description based on principles rather than a single, inclusive definition. According to this description social enterprises are enterprises:

for which the social or social objective for the common good is the reason for the exercise of lucrative activity, often in the form of high level social innovation,

which reinvest the profit with the goal of achieving the social objective,

and where the method of organization or ownership system reflects their mission, using democratic principles and participation or focusing on social justice.<sup>1</sup>

Within this framework of principles, the European Commission (2011) considers social enterprises "businesses that provide social and / or good services and services to vulnerable groups ... and / or ... businesses with a production method of goods

---

<sup>1</sup> Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship Theory and Practice*, 30(1), 1–22

and services with a specific objective ... but whose activity may be outside the sphere of provision of goods or social services".<sup>1</sup>

## 2. Social Entrepreneurship Development in Kosovo

Generating jobs especially for certain categories that are often cost-per-country, it is difficult to fully secure from private businesses that originate from profit-making purposes. Non-profit organizations will remain limited in their role as promoters of social activity and the promotion of new ideas, as they essentially do not rely on economic activity and are often created to help the society by means and other forms. Precisely the promotion of the social economy and social enterprises is considered a necessary step for human integration and the growth of the quality of life of individuals or society. Establishing the legal and institutional framework for social enterprises can first enable this new entity to develop alongside existing entities such as businesses, NGOs or cooperatives.<sup>2</sup>

In Kosovo, the concept of social enterprise development is still in its initial stage of development. The first social enterprises have started their activities in recent years. Socially-owned enterprises that are operating today have the no-profitable, less lucrative status. Although there is no legal framework for their functioning, in recent years there are several initiatives to promote and promote the development of social enterprises.

Although there is no legal framework that specifically regulates the establishment and functioning of social enterprises, several initiatives have been undertaken in recent years to promote and promote their development. The object of society is sustainable economic and social development through the promotion of a sustainable, balanced and cohesive social business development at the national level. In the concept paper adopted by the Government of Kosovo on 23.04.2015 - nr.08/2015<sup>3</sup>, the concept of social enterprises is defined as a business that addresses a social and environmental problem where the realized profit is not distributed but reinvested in the improvement of activity within the social business or in other social businesses. Addressing social problems such as unemployment, social inclusion and the provision of various services in favor of society is a major challenge for developing countries. Currently, Kosovo suffers from high unemployment. The estimated unemployment rate in Kosovo was about 30.9% in 2014.<sup>4</sup>

Consequently, the promotion of private entrepreneurship is considered as a necessity for increasing employment and social welfare in the country. Kosovo does not yet have a specific arrangement for social enterprises and no institution dedicated to this issue. However, the various sectoral policies related to the integration of disabled persons or the provision of social goods and services to different categories have developed continuously. Kosovo has supported free enterprise and small and medium enterprises that contribute to different sectors of the economy have developed in the country.

To date, NGOs in Kosovo are based on social enterprises that have aimed at human development and social integration of citizens through the management of social activities and the general interest addressed not only to members or adherents, but to all citizens. Some of the principles that social businesses must fulfill to provide support from the Society are as follows:

The business objective is not maximizing profit, but addressing a social and environmental problem.

Social business is characterized by financial and economic sustainability.

Investors do not receive dividends, but only their investment amount in the social business.

Profits earned by social business remain for the expansion and improvement of activity within this business or other social businesses.<sup>5</sup>

---

<sup>1</sup> Social enterprise Concept – European Commission, 2011 - [http://ec.europa.eu/internal\\_market/social\\_business/docs/conference/defourmy\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/conference/defourmy_en.pdf) (02.04.2018).

<sup>2</sup> Regulation of the Field and Social Entrepreneurship in Kosovo - <http://mpms.rks-gov.net/Lajmet/Publikimilajmeve/tabid/116/articleType/ArticleView/articleId/4656/language/hr-HR/Mirepritet-Projektligji-per-Ndermarrjet-Sociale.aspx> (02.04.2018).

<sup>3</sup> Miratimi i vendimit për concept-dokumentin për ndërmarrje sociale - [http://www.kryeministri-ks.net/repository/docs/KD\\_rregullimi\\_i\\_fushes\\_per\\_ndermarrjet\\_sociale\\_-\\_MPMS.pdf](http://www.kryeministri-ks.net/repository/docs/KD_rregullimi_i_fushes_per_ndermarrjet_sociale_-_MPMS.pdf) (02.04.2018).

<sup>4</sup> Koncept dokumenti për rregullimin e fushës për ndërmarrjet sociale, 2015, Zyra e Kryeministrit - [http://www.kryeministri-ks.net/repository/docs/KD\\_rregullimi\\_i\\_fushes\\_per\\_ndermarrjet\\_sociale\\_-\\_MPMS.pdf](http://www.kryeministri-ks.net/repository/docs/KD_rregullimi_i_fushes_per_ndermarrjet_sociale_-_MPMS.pdf) (15.04.2018)

<sup>5</sup> Development of Socially Owned Enterprises - [http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi\\_ndermarrjeve\\_sociale.pdf](http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi_ndermarrjeve_sociale.pdf) (15.04.2018).



Civil society organizations will play an important role in encouraging and public education on social enterprises.

## 2.1. Factors of sustainability and success of social enterprises<sup>1</sup>

The condition that a business needs to meet to be called social enterprise is to generate revenue to cover costs, so the business is not dependent on donations, that it is not necessary to inject liquidity from time to time, but to achieve fit. The reason for the sustainability of social enterprises, even in the conditions of a global recession, is largely related to the values that govern them, regardless of the choice of what and what people will be worked on, as well as the following factors that give priority to social enterprises vis-à-vis other private enterprises:

**Reinvestment of benefits:** Even when social enterprises operate under a "lucrative" legal form, they tend to invest much of their benefits back into the business. This gives them an edge compared to other companies that have to pay dividends to shareholders.

**Motivated workforce:** Because of the priority given to social objectives and because of the prevalence of the values of equality and justice, employees and volunteers of social enterprises are more motivated and loyal.

**Loyal Customers:** Because of the social objectives and added value of goods and services produced by social enterprises, they create a loyal customer base that is less affected by price-based competition.

**Added resources:** As socially-owned enterprises distribute benefits, this can be "sold" as an added value to funders and granting organizations. More recently, new opportunities for favorable financing have been created through social investors. Social objectives also attract a wide range of volunteers who are willing to give away their time and skills as a contribution to a cause, including the provision of a cheaper and more open government through the Volunteer Board of Directors. Communities and agencies, also based on social objectives, would gladly donate resources such as free equipment or facilities, and would be willing to contribute to raising funds for social enterprises.

**Supporting networks and cooperation:** Through the creation of networks between social enterprises, preconditions for their best development for the competitive market can be created. They contribute to many areas apart from choosing unemployment, they often have no job competition and the willingness of employees to control the community. Integrating people and enhancing the quality of life and services to society's benefit will be facilitated by the creation of social entrepreneurship. Social enterprises can also benefit from powerful regional and global networks that support third sector organizations.<sup>2</sup> Social enterprises can be developed in all municipalities of Kosovo and their activity can be extended to many sectors of education, environmental protection, social assistance and the promotion of human values in general.

## 2.2. Creating jobs

A major achievement of social enterprises has been the creation of jobs paid to those people who are usually unable to hire or undertake an income-generating activity. As noted in the foregoing section, this is partly attributed to the focus of all social enterprises on social accountability, which includes social inclusion and social justice, as well as the specific focus that most social enterprises have in creating jobs for people who would otherwise be excluded from the labor market. Over the last 20 years, governments in Europe have recognized the importance and value of social firms and cooperatives and have drafted legal frameworks to support this model.

Until today in Italy, Greece, Poland and other countries have developed very comprehensive legal frameworks that support and regulate the activity of social cooperatives. Germany and Finland have special laws that define social firms and regulate their support by the state. In Europe there are a variety of social enterprise models with different approaches to income generation, integration and professional qualifications of disadvantaged workforce, the use of public support and funding by the government, as well as various models of ownership, decision-making and management.<sup>3</sup>

---

<sup>1</sup> Bostman, R., & Rogers, R. (2011). *What's Mine Is Yours: How Collaborative Consumption is Changing the Way We Live*. London: Collins. 2011. *Britania e Madhe*. Cabinet Office paper. (2013) *Social Enterprise: Market Trends*.

<sup>2</sup> These reasons for success have been put forward by Social Enterprise Europe in a series of conferences around the world this decade and last in 2012 at the Sheffield University Summer School "Cooperatives and Social Enterprises".

<sup>3</sup> Development of Socially Owned Enterprises - [http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi\\_ndermarrjeve\\_sociale.pdf](http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi_ndermarrjeve_sociale.pdf) (02.04.2018).

Social enterprises use a wide range of business and organizational models and it is important to understand that they can thus develop a range of employment pathways, often specifically for large groups of excluded individuals. These paths to employment are part of three main categories:

Enterprises such as social firms and social cooperatives who directly employ a particular group;

Organizations that support and help people find their own job, through direct support and training, or by providing opportunities for volunteering;

Supporting disadvantaged persons for self-employment and entrepreneurship. Social firms and cooperatives are very powerful models for job creation, empowerment of disadvantaged groups and social inclusion, but other models such as "labor market mediation" and, in particular, "self-employment supported" are thriving strongly.<sup>1</sup>

The development of social enterprises in the last 5 years has been considered as one of the key factors in responding to social, economic, cultural and environmental needs throughout the world. They are effective and innovative models for the challenges that societies face today. Acting in the public interest, social enterprises create employment opportunities, provide innovative products and services, and promote social inclusion and local economic development. In recent years, the development of social enterprises has been seen with great interest in our country as well.

Recognizing the role of social enterprises in employment and the economic development of many countries, the undertaking of this study aims to shed light on the potential of social enterprise development in Kosovo and specifically in rural areas in order to increase employment opportunities especially of groups of disadvantaged and between them women and girls. Kosovo and its elites need a greater orientation in promoting the activity of social enterprises and increasing knowledge of state institutions, businesses, NGOs and the public in general about the activity and role of social entrepreneurship in order to recognize them, increasing trust and interaction with them.

Therefore, the development of government programs, international institutions, donors and civil society organizations to strengthen social entrepreneurship capacities as well as the creation of opportunities to become familiar with business development models and in particular the success practices of social enterprises in local and international level. This would serve as a model for social entrepreneurship development and advocacy for a more enabling environment for them.<sup>2</sup>

## Conclusion

Social enterprises are associations, foundations, organizations that work for the creation of jobs for vulnerable groups, based on non-for-profit principles. Worldwide, but especially in Europe, their main achievement has been the creation of jobs paid to those people who are usually unable to hire or undertake an income-generating activity. In Kosovo, small and medium-sized enterprises are a developing reality in Kosovo in recent years. SMEs operate in different fields, yet they face some business development barriers, which are cultural, infrastructural, operational, regulatory, and internal barriers.

Lack of managerial skills, bureaucracy, lack of trust, lack of capital for new businesses and the information economy are the main obstacles to SME development. Consequently, the Kosovo Government has not yet established social inclusion as an issue that can be supported and developed within the existing business framework in Kosovo and as optional development regardless of the importance they have.

To date, NGOs in Kosovo are based on social enterprises that have aimed at human development and social integration of citizens through the management of social activities and the general interest addressed not only to members or adherents, but to all citizens. Social enterprises for Kosovo will be considered as a major achievement of creating job opportunities for young people, which is also a challenge to the economic development that has been and will be one of the main conditions for Kosovo's membership in the European family. Kosovo has a suitable ground for social entrepreneurial development, as there are many needs in the labor market. The role of social enterprises in socio-economic development is enormous.

---

<sup>1</sup> Harding's, R. (2008). Social Entrepreneurship in the U.K Report. Delta Economics.

<sup>2</sup> Anica Zeyen & Markus Beckmann - *Social Entrepreneurship and Institutional Logics* - [http://www2.leuphana.de/umanagement/csm/content/nama/downloads/download\\_publicationen/Zeyen\\_Beckmann\\_Social\\_Entrepreneurship\\_and\\_Institutional\\_Logics.pdf](http://www2.leuphana.de/umanagement/csm/content/nama/downloads/download_publicationen/Zeyen_Beckmann_Social_Entrepreneurship_and_Institutional_Logics.pdf) (15.04.2018).

## Literature

- [1] Anica Zeyen & Markus Beckmann - *Social Entrepreneurship and Institutional Logics* - [http://www2.leuphana.de/umanagement/csm/content/nama/downloads/download\\_publicationen/Zeyen\\_Beckmann\\_Social\\_Entrepreneurship\\_and\\_Institutional\\_Logics.pdf](http://www2.leuphana.de/umanagement/csm/content/nama/downloads/download_publicationen/Zeyen_Beckmann_Social_Entrepreneurship_and_Institutional_Logics.pdf).
- [2] Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship Theory and Practice*, 30(1), 1–22
- [3] Benkler, Y., (2002). Coase's Penguin, or, Linux and The Nature of the Firm. *Yale Law Journal* 112 Yale L.J. 369;
- [4] Bostman, R., & Rogers, R. (2011). *What's Mine Is Yours: How Collaborative Consumption is Changing the Way We Live*. London: Collins. 2011. Britania e Madhe. Cabinet Office paper. (2013) *Social Enterprise: Market Trends*;
- [5] CECOP. (2012). The resilience of the cooperative model: How worker cooperatives, social co-operatives and other worker owned enterprises respond to the crisis and its consequences. i disponueshëm në: [http://www.cecop.coop/IMG/pdf/report\\_cecop\\_2012\\_en\\_web.pdf](http://www.cecop.coop/IMG/pdf/report_cecop_2012_en_web.pdf).
- [6] Development of Socially Owned Enterprises - [http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi\\_ndermarrjeve\\_sociale.pdf](http://partnersalbania.org/wp-content/uploads/2016/01/zhvillimi_ndermarrjeve_sociale.pdf).
- [7] Harding's, R. (2008). *Social Entrepreneurship in the U.K Report*. Delta Economics.
- [8] Koncept dokument për ndërmarrjet Sociale - [http://www.kryeministri-ks.net/repository/docs/KD\\_rregullimi\\_i\\_fushes\\_per\\_ndermarrjet\\_sociale\\_-\\_MPMS.pdf](http://www.kryeministri-ks.net/repository/docs/KD_rregullimi_i_fushes_per_ndermarrjet_sociale_-_MPMS.pdf).
- [9] Koncept dokumenti për rregullimin e fushës për ndërmarrjet sociale, 2015, Zyra e Kryeministrit - [http://www.kryeministri-ks.net/repository/docs/KD\\_rregullimi\\_i\\_fushes\\_per\\_ndermarrjet\\_sociale\\_-\\_MPMS.pdf](http://www.kryeministri-ks.net/repository/docs/KD_rregullimi_i_fushes_per_ndermarrjet_sociale_-_MPMS.pdf)
- [10] Preston J., Green A., Roli i Arsimit dhe Formimit Profesional në rritjen e përfshirjes sociale dhe kohezionit, botim i CEDEFOP, 2008.
- [11] Promovimi i iniciativave bazuar mbi komunitetin për përfshirje sociale në Ballkanin Perëndimor - [http://cms.horus.be/files/99931/MediaArchive/41\\_socialinclusion\\_WBalkans.pdf](http://cms.horus.be/files/99931/MediaArchive/41_socialinclusion_WBalkans.pdf);
- [12] Raporti kombëtar mbi strategjitë për mbrojtjen sociale dhe përfshirjen sociale 2008–2010 - Ljublanë, Shtator 2008 <http://ec.europa.eu/social/main.jsp?catId=757&langId=en>;
- [13] Regulation of the Field and Social Entrepreneurship in Kosovo - <http://mpms.rks-gov.net/Lajmet/Publikimiilajmeve/tabid/116/articleType/ArticleView/articleId/4656/language/hr-HR/Mirepritet-Projektligji-per-Ndermarrjet-Sociale.aspx>;
- [14] Social enterprise Concept – European Commission, 2011 – [http://ec.europa.eu/internal\\_market/social\\_business/docs/conference/defourny\\_en.pdf](http://ec.europa.eu/internal_market/social_business/docs/conference/defourny_en.pdf)

## The Role of Human Resources Motivation in the Development of Hotel Enterprises in the Ferizaj Region (Republic of Kosovo)

**Dr. Sc. Naim ISMAJLI**

AAB College, Prishtinë, Kosovë

**MA. Arberesha BEHLULI**

AAB College, Prishtinë, Kosovë

**Phd Cand.. Roberta BAJRAMI**

AAB College, Prishtinë, Kosovë

### Abstract

The main purpose of this research is to describe and sift the overall level of motivation of the employees of hotel enterprises in the region of Ferizaj, in the Republic of Kosova regarding the factors affecting it as well as measuring the relationship between motivation and quality of service. The first objective of this study is to measure and describe work relationship among the employees of hotel enterprises in the Ferizaj Region, while the second objective is to measure and describe payroll and bonuses among the employees of hotel enterprises in the Ferizaj Region. Part of the study were 467 workers of the hotel enterprises of which 36% ( n=171) were women, and 63.4% (n=296) men. Analysis of empirical data is performed using the Statistical Package for the Social Sciences (SPSS) system. From the findings of this study it has been founded that the employees of hotel enterprises in Ferizaj region are above average motivated in their work. Salary is the most important factor that has an impact on motivation, followed by the work-related relationships. However, comparing level of motivation among different places, we can see that the workers in Ferizaj and Shterpce were more motivated because more motivational techniques were used by their managers, whereas employees in Shtime and Kaqanik were less motivated. The variance analysis identified significant statistical differences in terms of motivation at work. Regarding the quality of service from the statistical data, we see that the quality of service is in right proportion to motivation. Clients were satisfied with the hotel services in general but the citizens of Ferizaj and Shterpca were more satisfied whereas citizens of Shtime and Kaqanik were less satisfied. Finally, it can be asserted that the findings of this study can help the structures of hotel establishments to use efficient techniques to motivate their employees, which could lead to the increase of the quality of service provided.

**Keywords:** Hotel enterprises in the region of Ferizaj, motivation, quality of service

### Introduction

Until recently, enterprises in Kosovo to increase their profits were devoted to capital investments, which was the strategy of almost all businesses, without paying attention to investment in human capital, which is key to business development. According to research, the world's enterprises are particularly concerned about the factor of man from where we can imply that they use different strategies for motivating at work such as: various staff training, rewards, better working relationships, enjoyable pay, better working conditions, and other factors that can be seen as motivational incentives.

This trend of human resources management through various motivational factors has begun to be applied evenly in our country. This is best demonstrated by this research by which we understand that the leading structures of enterprises attach great importance to work relations, such as wages and rewards, as the most influential factors in motivating workers.

So the main purpose of this study is to describe and analyze the overall level of motivation of employees of hotel enterprises in Ferizaj Region, in the Republic of Kosovo in relation to factors affecting it and to measure the relationship between motivation and quality of service. The situation resulted such that the motivation was in proportion to the quality of the service, so with the growth of the one increasing the other.

The importance of this study is great because, apart from smoothing the motivation of employees, we also analyze its impact on quality. Given the natural beauties of the Republic of Kosovo, tourism is expected to develop even more, as the Municipality of Shtërpçë has a suitable ski area. Therefore, the quality of service is of great interest.

The study was built based on a hypothesis and two under the hypothesis:

H: Motivation of employees affects the quality of hotel services

NH1: Employment relationships affect worker motivation

NH2: Wages and bonuses affect employee motivation

## Methodology

Primary and secondary data are used in this research. When it comes to primary data, it is about those data that we have received from the survey of workers of hotel enterprises, while secondary data included relevant literature that corresponded to research from scientific works and from various contemporary literature.

The population of this study was 1551 hotel enterprises (based on data from the Ministry of Trade and Industry), while the sample was selected as 30% of the total, ie 467 surveyed employees.

This paper will contain descriptive research that will describe the characteristics of different phenomena and exploratory research which sets the research relationships by showing the cause between the variables.

Questionnaires were created through Google Forms, distributed across e-mails and across web pages, then data processing was done through the Social Science Statistical Package (SPSS).

By means of econometric models, the validity of independent variables (working relationships, wages and bonuses) is verified on the dependent variables (motivation of employees).

## Literature review

Every business is intended maximizing profit. For the company to achieve this, it must, among other things, have in place and develop the human resource department ( Hashani M et al. 2015). HRM deals with the human dimension in managing an organization, so organizations through man manage human resources, selecting them, developing those skills, motivating them to the highest levels of achievement and success, and ensuring the maintenance of their level of engagement in all important activities ( Ismajli N et al. 2015).

Motivation is defined as the will to exert high levels of effort to achieve organizational goals, conditioned by the ability of these efforts to satisfy some individual needs, The motivating factors are: wages, career advancement, job security, work contracts, working conditions, organizational culture, level of responsibility at work (degrees), bonuses etj.( Ismajli N et al. 2015)

A motivated employee positively influences the achievements and productivity of the job. However, this result is often influenced by working conditions, organization strategy, management practices or rewarding forms. Interventions, bonuses or other incentives increase our internal motives to better perform the work that is being charged (Plantinga M. 2006). Also, great importance in the literature is devoted to the necessity of staff training, to be in trend and adequate flow of technological, logistical and business development ( Hashani M et al. 2015).

Kosovans are recognized as very optimistic and also as strong workers, but as we all need motivation to do a better job and we can say we lack motivation ( Ismajli N et al. 2013).

Benefits and revenues are complex and multifaceted factors. Salary does not only serve to help people achieve their basic needs but is also important in meeting the needs of a higher level. From the results it is seen that employees are motivated, when their pay is in line with workload, have health benefits, rewards and professional growth, security for retirement, work contract, and workplace sustainability. The greater the financial reward, the less worrying employees about their financial status, increasing their impression of the value they have in the organization, complying with community pay standards, the productivity is most likely to be the result (Igalens J et al 1999). Samariha suggests that the degree of motivation at work is linked to the employees' ability to interact with others, the function of personal characteristics and the characteristics of the group to which he or she belongs. (Samariha et al. 2012). Such social relationships form an important part of the

"social climate" within the workplace and provide an environment within which employees can experience meaning and identity (Aydin, T, O. 2012).

Employees need to be assessed and admitted unconditionally. The higher the level of cooperation and support, the more motivated they will be. Studies have shown that employees who feel valued by superiors, attach particular importance to the relationship and cooperation with them, tend to meet their expectations and accept any comment or suggestion given to them. Managers who allow employees to participate in decisions that impact the work will stimulate higher levels of satisfaction, motivation, dedication and performance, specifically in higher education. Meanwhile, relations with colleagues have also been considered extremely important. They bring a desire to work and increase results (Brady P.R, 2008).

### Data and analysis

After collecting data from 467 employees of hotel enterprises in Ferizaj Region we have the following results. We initially start with some demographic data to see who the target group was.

If we refer to gender in this research, then we see that 36.6% (n = 171) were females and 63.4% (n = 296) were male from the total of 467 respondents. The age of 18 to 25 was 31% (n = 145), the age of 26 to 33 was 52.2% (n = 244), the age 34 to 41 was 15.4% (n = 72), and at the age of 50 a percentage of 1.3 (n = 6).

As for the factors through which we measured the motivation at work, we have the following results:

Working relationships are an important category that plays a role in employee motivation and as such it is measured through the Likert scale where the minimum response was 1 to 5.

After calculating through the SPSS program we see that the average of this category was  $x = 3.9$  and the standard deviation  $ds = 1.10$ .

**Table 1. Relationships at work**

	N	Min	Max	Average	Standard deviation	Variance
The manager supports the professional development of employees	467	1.00	5.00	3.4325	.88214	.778
The manager treats employees fairly and impartially	467	1.00	5.00	3.4411	.88760	.788
The manager constantly gives me information about the work he does	467	1.00	5.00	3.3362	.94961	.902
My manager is efficient in delegating and distributing tasks at work	467	1.00	5.00	3.3619	1.11548	1.244
My manager is available when I have questions and I need help	467	1.00	5.00	3.4069	1.19252	1.422
My manager hears and takes into account my suicide	467	1.00	5.00	3.4069	1.26923	1.611
I'm pleased with the management skills of my manager	467	1.00	5.00	3.4004	1.21870	1.485
I get praised and rewarded when my performance is good	467	1.00	5.00	3.4283	1.21538	1.477
I get the deserved respect from my colleagues	467	1.00	5.00	3.3876	1.24374	1.547

This means that employees are supported by managers for their professional development, treated equally, receive information and guidance on the job they are performing, rewarded for their performance and what is most important is mutual respect among employees because such a convenient environment makes them more comfortable with their workplace, making them more motivated.

Another important indicator that approves the aforementioned script is the degree of compliance for this set of questions, resulting in 20.2% disagreeing that work relationships are level, 26.1% volatile for the assertions of this group, so they clicked the option "I'm not sure", and finally with a percentage of 53.48 are declared to be satisfied with interpersonal reports and reports with executives, respectively with their managers. This is an enviable and over average percentage that makes you understand that the workers of the Ferizaj Region have a positive tendency to be motivated, and on that basis give good performance.

**Table.2 Wage and Benefits**

	N	Min	Max	Average	Standard deviation	Variance
I am satisfied with my current salary	467	1.00	5.00	3.5161	1.15032	1.323
I'm delighted with the benefit package	467	1.00	5.00	3.9079	1.39053	1.934
I am delighted with the recent salary increase	467	1.00	5.00	3.8758	1.38105	1.907
I am delighted with the payment structure of the company	467	1.00	5.00	3.8223	1.39608	1.949
I am satisfied with the amounts my company pays for my benefits	467	1.00	5.00	3.8158	1.44288	2.082
I am satisfied with the wage growth interval in the company	467	1.00	5.00	3.7923	1.54396	2.384
I reward for the quality of my efforts	467	1.00	5.00	3.5268	1.28746	1.658
I experience personal financial growth in this company	467	1.00	5.00	3.5846	1.23557	1.527
Performance evaluation impacts on salary increases	467	1.00	5.00	3.5803	1.24278	1.545
Here is the opportunity for advancing the career	467	1.00	5.00	3.5803	1.27853	1.635

So surveyed workers are satisfied with pay, benefits package, are satisfied with the payment structure, are satisfied with the wage growth interval, and have career promotion opportunities.

Another important indicator is the degree of compliance where we see that 20.97% are not satisfied with the pay and bonuses given to the company, 19.32% were unsure if the claims submitted corresponded to the situation in the company, and finally with the highest percentage of compliance by all groups of questions was here with 59.05%.

**Table.3 Linear Regression**

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.336	.084		3.978	.008
1 WAGE	.487	.029	.558	16.611	.002
REWARD	.275	.059	.294	4.632	.050
RELATIONSHIP WITH WORKERS	.094	.052	.100	1.830	.068

a. Dependent Variable: MOTIVATION

Linear regression was used for the analysis of results, where correlation is measured from data and anova for finding the influence of independent variables and dependent variables.

The dependent variance in this paper is the motivation of human resources, while independent variables are payouts, rewards, and magnitudes at work.

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + e$$

y- Motivation

$\beta_1$  – wage

$\beta_2$  – Rewards

$\beta_3$  - magnitudes at work

$$y(m) = .336 + .487(\text{wage}) X_1 + .275(\text{reward}) X_2 + .094 X_3 (mw) + e$$

From the formula of the model we see that despite the independent variables (influencing factors), the workers are motivated .336, while with the growth of one, a motivation payment unit rises to .487. with the growth of 1 reward unit (activity) of bonuses increased motivation for .275 and from all these less influential variables have emerged from work relations.

The values given in the model are expressed on the basis of activities and have positive links, so independent variables have a direct impact on the independent variables. From the table are taken non-standardized coefficients since the unit of measurement for all variables is the same

### Conclutions and Recommendations

Quantitative methods were used to give answers to questions and objectives. Part of the study were 467 hotel hotel workers, 36% were women and 63.4% males.

The first set of questions that maths at work consists of 9 statements, found that relationships were on a satisfactory level, with an average of 3.9 from a minimum of 1 to a maximum of 5.

The workers were in agreement with a sufficiently high degree of compliance to support their professional development by managers, treated fairly and impartially, assessed and rewarded when performance is high, etc.

In addition, it is worth pointing out that work relationships have positively influenced the motivation of employees, thus increasing the quality of service

The second group had 10 statements that motivated the job. From previous statistics we see that the group's average was 3.7 and standard deviation 1.33. According to this we came to the conclusion that employees are satisfied with their salary,



benefits bonuses, and many other points mentioned in the questionnaires. So the level of compliance was quite high at 59.05%, which means that the salary positively affects the motivation of the workers, thus affecting the increase of the quality of the service. So both of them are in fair proportion, with the growth of one increasing and the other and vice versa

Recommendations are attributed to enterprise hotel managers because these factors that influence motivation are internal factors, and as such should be applied to employees.

Although the statistical data resulted in a high level of motivation, the recommendations help to improve the situation even further. Because a motivated worker is worth treasure.

Since the subject matter of the study was labor relations as well as wages and bonuses, it is recommended that work relationships improve even more at those points where they have been poorer, also, countries such as Kaqanik and Shtime need much attention to work relations. As for the salary and rewards, it is recommended that wages are even higher, because this factor was the one with the greatest weight affecting the motivation of workers.

For other researchers who want to deal with motivational factors, it is recommended to address other factors influencing motivation at work because it was impossible to examine all who are mentioned in the literature, which are: institution policies, competence, success, achievement, professional growth, environment and working conditions, training, career promotion etc.

## References

- [1] Brady P. R. (2008). *Work Motivation Scale* (ISBN 978-1-59357-469-7) Published by JIST Works, an imprint of JIST Publishing, pp 2
- [2] Brady P. R. (2008). *Work Motivation Scale* (ISBN 978-1-59357-469-7) Published by JIST Works, an imprint of JIST Publishing, pp 4.
- [3] Bull, I. H. F. (2005). *The Relationship between job satisfaction and organizational commitment amongst high school teachers in disadvantaged areas in the Western Cape*, University of the West Cape, pp 33.
- [4] Hashani M & Bajrami R. (2015). Roli i burimeve njerëzore në rritjen e investimeve të NVM-ve.Rasti: Komuna e Ferizajt. KDU 331:658.5(496.51-2).
- [5] Hashani M, Asllani A & Bajrami R. (2015). Identifikimi i nevojave për punonjës në Ndërmarrjet e Vogla dhe të Mesme në Komunën e Ferizajt. KDU 338.92:331(496.51-2).
- [6] Igalens J & Roussel P (1999). A study of the relationships between compensation package, work motivation and job satisfaction. *Journal of organizational behavior*, 20. 1003 – 1025.
- [7] Ismajli N, Krasniqi I & Qosja E. (2015). Faktorët Motivues që ndikojnë në punën e nëpunësit civil në Administratën Publike Lokale në Kosovë. *Journal of US-China Public Administration*, Vol. 12, No. 1, pp.16.
- [8] Ismajli N, Krasniqi I, Qosja E. (2015). Zhvillimi i Ismajli N, Zekiri J, Qosja E & Krasniqi I. (2015). Rëndësia e Faktorëve Motivues mbi performancat e punonjesit ne Komunat e Kosoves. *Journal of Public Administration and Governance*, ISSN 2161-7104, Vol. 5, No. 1.
- [9] Ismajli N, Krasniqi I, Qosja E. 2015. Zhvillimi i karrierës dhe avancimi i i burimeve njerëzore -sa ndikojnë në cilësitë e performancës se qeverisjes se administrates vendore. *Issues in Business Management and Economics* Vol.3 (2)
- [10] Ismajli N, Rexha D & Qerimi F. (2013). Statusi aktual dhe sfidat e zhvillimeve të burimeve njerëzore në Kosovë. *Mediterranean Journal of Social Sciences*, ISSN 2039-9340, Vol 4 No 10.
- [11] Plantinga M, (2006), *Employee Motivation and Employee Performance in Child Care. The effects of the introduction of market forces on employees in the Dutch child-care sector*. ISBN 90-367-2695-6, pp 3
- [12] Samariha et al (2012), *Effective Factors on Creating Job Motivation among Faculty Members of Wood and Paper Industry Groups* J. Basic. Appl. Sci. Res., 2(2)1672-1677. © 2012, TextRoad Publication

## The Educational Technology Standards Competency of Instructors at Anadolu University School of Foreign Languages

Güven Çağdaş Gündoğdu

Anadolu University School of Foreign Languages Eskişehir, Turkey

### Abstract

Thanks to advances in technology, professions that did not exist a century ago have emerged, which means people need to be trained for professions that do not currently exist. In this respect, it is necessary to adopt new forms of thinking and learning in parallel with 21<sup>st</sup> century requirements. Teachers, to better serve learners who face 21<sup>st</sup> century challenges, should be ready to embrace technology and be equipped with skills to put technology to good use in the classroom. Anadolu University School of Foreign Languages is one institution that recognizes the importance of technology competent instructors, and a technology integration plan to help instructors develop technological skills that comply with 21<sup>st</sup> century learning was introduced in the 2013-2014 academic year. The objective of this study is to identify the competency level of instructors at Anadolu University Basic English Department in terms of educational technology standards. 171 instructors at the department were selected as the study group. The Educational Technology Standards Competency Scale was used to collect data. The collected data was analyzed descriptively. As a result, it was found out that instructors at Anadolu University Basic English Department consider themselves to be technologically competent in terms of educational technology standards.

**Keywords:** Educational Technology, ICT, 21<sup>st</sup> Century Learning

### Introduction

Thanks to advances in technology, professions that did not exist a century ago have emerged, which means people need to be trained for professions that do not currently exist. In this respect, it is necessary to adopt new forms of thinking and learning in parallel with 21<sup>st</sup> century requirements. Seferoğlu (2015) suggests that learners in this new era should be able to access information using technology effectively and to act as critical thinkers. They need not only to be consumers, but also producers of information. Research shows that use of Information and Communication Technology (ICT) offers new ways of teaching and aids in the accomplishment of objectives (Martinovic and Zhang, 2012). ICT helps learners to visualize abstract concepts and reach reliable information (Qing, 2007). Learners are more motivated and self-confident when they are in a technology-rich environment (Torff and Tirota, 2010). Use of technology also contributes to academic success (House, 2012). Moreover, teachers can design lessons in such a way that learners collaborate with their peers on line using technological tools (Holcomb and Beal, 2010). Valtonen et al. (2015) state that learners who use technology in lessons are more creative and think more critically. They also communicate better and can work with others toward solving problems. Therefore, it is safe to say that integration of ICT into education is a must to meet the needs of 21<sup>st</sup> century learners.

Responsibility for effective technology integration and equipping learners with fundamental skills for ICT rests with teachers (Şad and Nalçacı, 2015). Teachers who can be role models with their own knowledge and skills are needed for a community of learners who are technologically literate (Tan and Wang, 2011). Studies show that teachers' attitudes toward technology integration and a belief in its effectiveness are important factors for a successful integration process (Hew and Brush, 2007; Keengwe and Onchwari, 2008). It is thought that teachers who have a positive approach to technology will contribute to the adoption of ICT for teaching (Baş, Kubiato and Sünbül, 2016). As is suggested by Rozell and Gardner (1999), teachers should be encouraged to work with computers in order

for them to develop a better understanding of technology and an interest in it. It may be expected that teachers who work with computers are more likely to use them in their lessons (Van Braak, Tondeur and Valcke, 2004).

However, a positive attitude toward the use of technology alone is not enough. A successful integration process can be possible with teachers who know when, why and how to use technology (Earle, 2002). They need to be aware of the relationship among technology, pedagogy and content (Koehler and Mishra, 2008). Teachers should be able to blend the use of educational technologies with pedagogical approaches and teach content accordingly (Adigüzel and Yüksel, 2012). Thus, training teachers to be proficient ICT users is as important as having technological equipment in schools (Akpınar, 2003).

Various criteria have been developed to train educators to be proficient enough to teach with technology. The National Educational Technology Standards (NETS-T) from the International Society for Technology in Education (ISTE) particularly catches the attention of others. ISTE has a more holistic approach to teacher training since its criteria attaches importance to learning in collaboration, ethical and legal issues, as well as professional development, in addition to standards that aim to increase student motivation and enhance learning (Ilgaz and Usluel, 2011).

The NETS-T offers a good framework for technology-assisted teaching, learning and leadership processes. The standards are more of a road map than 'technology standards' for educators across the world (ISTE, 2017). Performance indicators of the standards are target behaviors that assess to what extent teachers meet each of them (Morphew, 2012). The NETS-T requires teachers to be learners, act as technology leaders, display digital citizenship qualities, work on a global scale, facilitate student learning by using technology, and to analyze the integration process as a whole (ISTE, 2017).

Although it is teachers' responsibility to integrate technology into education, it is never easy for them to act independently of school administration. Technology integration is a complex multi-dimensional process that requires a dynamic and a well-planned approach. School administration, educational policies, curriculum and school culture all play an important role in the process (Roblyer, 2006). It is necessary for institutions and individuals to be able to adapt to the use of technology in the work place (Ogle et al., 2002). Pierson (2001) suggests that teachers should learn about the relationship between pedagogy and curriculum as emphasis is put on technology being a facilitator for teaching practices. Institutions need to create opportunities for teachers to improve their technology use skills (Kaya and Usluel, 2011).

In this respect, it should be accepted that professional development activities are significant for technology integration. Activities that focus on technology integration

should be considered as important opportunities for teachers and institutions to develop a mutual understanding of technology use and its requirements. It will be easier to reach the goals desired if training for teachers is well-planned, well-implemented, and well-assessed (Newby et al., 2000). Teachers who take advantage of professional training up to the ISTE standards will certainly be able to integrate ICTs into education.

Anadolu University School of Foreign Languages (AUSFL) initiated a technology integration plan in the Spring Term of the 2013-2014 Academic Year with an awareness of the advantages of technology integration into education. Since this time a technology unit has been training instructors at the school on how to blend technology into their lessons as part of the plan. The training provided is focused on the effective use of Web 2.0 tools in the classroom. Moreover, instructors are asked to teach students in computer labs about extra tools selected by the technology unit and curriculum unit. Training activities and the content of the curriculum are constantly updated in consideration of feedback from instructors and students. Training for technology unit members is also provided by professionals in the field.

Investment in the school's technological infrastructure is also made for teaching with technology. Computers and projectors in computer labs and classrooms are maintained with the latest software. It is ensured that the Internet connection in school building is functioning at all times. Students and instructors can use their mobile devices connected to Wi-Fi without problems.

There is also an on-going training process in the use of recently purchased smart boards. Instructors are encouraged to design materials using smart boards. Materials designed are shared with students in lessons. Feedback from teachers and students is also collected.

Feedback regarding the technology integration plan in progress at AUSFL has so far proved positive. Teachers and students are greatly interested in the technology-rich content. However, no study as to how well instructors can meet ISTE standards has yet been carried out. Therefore, it is thought useful for the effective management of the

technology integration process at school to conduct research that aims to identify the educational technology standards competency of instructors at AUSFL.

#### AIM

The aim of this study is to discover the educational technology standards competency of instructors at AUSFL from their perspective. The questions to answer in this respect are as follows:

How technologically competent do the instructors at AUSFL think they are in terms of the NETS-T?

How effective has the technology integration plan at AUSFL been for the development of the technological competency of the instructors?

#### Methodology

A descriptive method was used for this study. Descriptive methods are used to describe a situation from the past or the present as it is (McMillan ve Schumacher, 2010). 171 instructors employed at AUSFL were selected as the study group. 47 instructors answered the questionnaire entitled, 'Competence in Educational Technology Standards' which was developed by Şimşek and Yazar (2016). The Likert Scale questionnaire from 1 to 5 was employed (1 being 'I totally disagree', and 5 being 'I totally agree'), which was digitalized on Google Forms and e-mailed to the instructors at their place of employment. Data collected was analyzed using descriptive statistical techniques. SPSS 17.0 was used for the analysis.

#### RESULTS

The standards that were first developed by the ISTE in 2008 were later revised in 2016. They require that teachers should:

Facilitate student learning and encourage creativity.

Design and develop learning environments and assessment activities that correspond to the requirements of the digital era.

Act as models for working and learning in the information age.

Guide individuals regarding the responsibilities of members of an information society and be models for them.

Participate in professional development and leadership activities.

The scale 'Competence in Educational Technology Standards' focuses on the NETS-T in five sub-sections. Statements from 1-40 in the scale are divided into these sub-sections as follows:

Facilitating student learning and encouraging creativity: 1-9.

Designing and developing learning environments and assessment activities that correspond to the requirements of the digital era: 10-19.

Acting as models for working and learning in the information age: 20-24.

Guiding individuals regarding the responsibilities of members of an information society and being models for them: 25-31.

Participating in professional development and leadership activities: 32-40.

This section contains data concerning AUSFL instructors' opinions regarding their technological competence in terms of each sub-section of standards and the average scores of the scale as a whole.

#### Data and Comments Regarding the Facilitation of Student Learning and the Encouragement of Creativity

The first sub-section consists of statements from 1-9. It can be seen that the instructors at AUSFL mostly chose 'I partly agree', 'I agree', and 'I totally agree' for the statements. The statements with the highest average scores in the sub-sections are statements 6 and 4 (Table 4.1). It is possible to assume that the instructors who answered the questionnaire believe they are currently competent in terms of facilitating student learning. It is not surprising that English language instructors have such an opinion as there are various mobile applications, such as web sites, blogs and suchlike dedicated to language teaching.

**Table 4.1. Facilitating Student Learning and Encouraging Creativity (S1)**

	N	Range	Min.	Max.	Mean
1. I can use technology to help students improve their creative thinking	47	3	2	5	3.83
2. I can help students with know-how for use of digital tools with real life problems	47	3	2	5	3.45
3. I can encourage students to join various digital learning platforms.	47	3	2	5	4.00
4. I can encourage students to use technology to facilitate learning	47	3	2	5	4.00
5. I can help students to conduct research about real life issues using digital tools and resources	47	3	2	5	3.66
6. I can direct students to sources on the Internet to solve a problem about a particular topic	47	3	2	5	4.28
7. I can use technological communicative platforms such as blogs, forums, e-mail and suchlike in the teaching process	47	3	2	5	3.94
8. I can get students to use various digital platforms for interaction with peers.	47	3	2	5	3.79
9. I can guide students to use ICTs for collaborative learning.	47	3	2	5	3.70
Valid N (listwise)	47				

It is possible to assume that the instructors see themselves as being less competent in relating technology to real life situations by observing the statements with the lowest and second lowest scores. This is a little surprising although the scores for the statements are above 3. Statements 5 and 2 concern helping students with research regarding real life and the scores reveal that the instructors may need extra training in terms of preparing technology-assisted lessons that can relate to real life situations.

The average scores of statements 3, 7, 8 and 9 show that the instructors see themselves as being less competent with regard to higher standards. It is possible to assume that the reason for this may be that it is not very easy to abandon traditional teaching methods. The scores for the statements may be an indication that the instructors teach teacher-centered lessons to some degree. It can also be said that more time needs to be devoted to activities that encourage students to study outside class.

Data and Comments about Designing and Developing Learning Environments and Assessment Activities that Correspond to Requirements of the Digital Era

The statements 10-19 in the second sub-section aim to collect more detailed data in terms of the participants' perceived level of competence for teaching using technology. The answers for each statement in this section are below 4 points (Table 4.2), but none is scored below 3 points. All the answers for sub-section 2 show that the instructors think they have the qualities required by the digital era.

**Table 4.2. Designing and Developing Learning Environments and Assessment Activities that Correspond to the Requirements of the Digital Era (S2)**

	N	Range	Min.	Max.	Mean
10. I can create technology-assisted learning environments for students to track their personal development.	47	4	1	5	3.26
11. I can design appropriate learning activities blending digital tools and resources about the topic to help students learn permanently.	47	3	2	5	3.32

12. I can design learning activities blending digital tools and resources concerning the topic to support students' creative thinking.	47	4	1	5	3.26
13. I can design appropriate learning environments for students with different experiences using ICTs.	47	4	1	5	3.15
14. I can use technology-assisted teaching strategies to meet better and more effectively students' different learning needs.	47	3	2	5	3.23
15. I can use technology effectively to assess student learning.	47	3	2	5	3.43
16. I can resort to technology while using alternative assessment methods during the teaching-learning process.	47	3	2	5	3.43
17. I can use technological tools to process and report all types of data regarding the teaching process.	47	4	1	5	3.21
18. I can select the most appropriate technological tools for the teaching process.	47	4	1	5	3.26
19. I can organize the environment for a teaching-learning process for technology use.	47	4	1	5	3.26
Valid N (listwise)	47				

It can be seen that the instructors consider themselves more competent for statements 15 and 16. It is safe to assume, by looking at this result, that the instructors see their level of competence in the assessment of student performance with technology as above average. It is possible to think, due to these statements with the highest scores, that workshops on Quizlet, Socrates and Kahoot, which are web tools that help assess student performance beyond traditional approaches, have been useful for the participants and that they use them in their lessons.

Statement 17, the second lowest scored, shows that the instructors may regard themselves as less competent in use of software, such as office programs. It is clear that the school administration needs to focus on this skill deficiency. Statement 13 is the lowest scored in both the section and scale. It is not surprising to think that the instructors are not competent at all in designing learning environments for students with different experiences. There is an obvious need to train the instructors for this.

#### Data and Comments regarding Acting as Models for Working and Learning in the Information Age

The third sub-section of the scale according to the ISTE Standards consists of statements 20-24 (Table 4.3).

It can be said, by looking at statement 20 which has the highest score, that the instructors are aware of 21<sup>st</sup> century requirements for teaching and learning and that they act accordingly. Statement 24, with the second highest score, shows that the participants have a positive view of life-long learning.

Statement 21, which has the lowest score, indicates that the instructors at AUSFL do not yet see themselves as highly competent in ICT use. It can be said, looking at statement 23, that the instructors do not think they are competent enough in guiding students for management of information sources. However, even the scores for these statements are 3, 4 or 5 which means that the technology integration plan in progress is producing positive outcomes.

**Table 4.3.** *Acting as Models for Working and Learning in the Information Age (S3)*

	N	Range	Min.	Max.	Mean
20. I can display the behavior of an innovative teacher as a member of the global community of teachers.	47	3	2	5	3.83
21. I can use software and hardware regarding ICTs effectively.	47	4	1	5	3.17
22. I can transfer my existing knowledge of technology to new technology effectively.	47	4	1	5	3.53
23. I can help students use digital tools effectively for them to use information sources correctly.	47	4	1	5	3.36
24. I can always improve my knowledge of new technological tools to become a better teacher.	47	4	1	5	3.57
Valid N (listwise)	47				

Data Concerning the Guidance of Individuals Regarding Responsibilities of Members of an Information Society and Being a Model for Them

Statements 25-31 of the scale are in the fourth sub-section (Table 4.4). Statement 20, which has the highest score, means that the instructors at AUSFL do not experience any problems when communicating with peers across the world using technology. It is possible that they use social media and other web applications to exchange ideas with colleagues from abroad and continue their professional development. The score for the statement also shows that the instructors exhibit an important quality of members of the information age.

Statement 30, which has the second highest score, is an indication that the instructors at AUSFL believe they are competent enough in guiding students to communicate on an inter-cultural scale. The participants are able to raise awareness of personal security risks that await students and help them adopt appropriate behavior on line. Students can access information with ease and avoid, at the same time, actions that may cause them problems.

The instructors, when the score for statement 25 is considered, do not see themselves as competent enough using ICTs with legal responsibilities in mind. Statement 26 shows a situation that contradicts statement 30, in that the instructors think they are less competent in raising awareness of ethical responsibilities while they are competent enough in guiding students in the use of social networks. Meetings can be held for them to exchange ideas with colleagues, especially regarding this point, and experts in the field can be invited to seminars. This is likely to help the instructors to act more responsibly using ICTs.

**Table 4.4.** *Guiding Individuals Regarding Responsibilities of Members of an Information Society and Being Models for Them (S4)*

	N	Range	Min.	Max.	Mean
25. I know the legal responsibilities concerning ICTs.	47	4	1	5	3.04
26. I can help students acquire ethical responsibilities about ICTs.	47	4	1	5	3.47

27. I can guide students toward reliable digital resources for them to access reliable information in the teaching-learning process.	47	4	1	5	3.49
28. I am sensitive about original software while using ICTs.	47	4	1	5	3.57
29. I can be sensitive regarding copyright while using digital resources.	47	4	1	5	3.68
30. I can act as a role model for students while using virtual social networks.	47	4	1	5	3.77
31. I can contact teachers from different cultures using the tools of communication of the information era.	47	3	2	5	3.81
Valid N (listwise)	47				

#### Data Concerning Participation in Professional Development and Leadership Activities

It is clear (Table 4.5) that the average scores for the statements in this sub-section are very close. This shows that the instructors at AUSFL regard themselves as competent enough in the use of technology for professional development. The score for statement 34 is an indication of the importance that the instructors give to life-long learning. They also think that life-long learning and the use of technology go hand-in-hand for them. The score for statement 40 shows that the instructors believe that they become better teachers through professional development.

Statement 36, which has the second lowest score, shows that the instructors do not attend activities on the use of technology very often. This may mean that they cannot spare enough time for such activities due to their workloads. Statement 38 has the lowest score in the scale, which is a contradiction in that the instructors believe they are self-confident regarding their use of technology while they do not see themselves as role models for their colleagues on this issue. The reason for the contradiction could be that they adopt different social roles with students and colleagues. Training in small groups can help the instructors with this. In addition, the instructors who are experienced with technology use can guide those who are not.

**Table 4.5.** *Participating in Professional Development and Leadership Activities (S5)*

	N	Range	Min.	Max.	Mean
32. I follow the latest developments about ICTs.	47	3	2	5	3.45
33. I can use ICTs to support my professional development.	47	3	2	5	3.70
34. I can use technological resources to become a life-long learner.	47	3	2	5	3.91
35. I can exchange ideas with other teachers in online communities, such as forums, video conferences, virtual social networks and so on to improve my teaching skills.	47	4	1	5	3.62
36. I can examine effective technological practices that can enhance student learning by attending local and international communities.	47	4	1	5	3.40
37. I can use digital tools and resources effectively to develop myself in my profession.	47	3	2	5	3.60
38. I can be a role model for my colleagues for effective technology use.	47	4	1	5	2.72
39. I can form e-mail groups or virtual social networks with my colleagues to support my professional development.	47	4	1	5	3.62
40. I can access research about my profession and field of interest and use the information to contribute to my students' learning.	47	4	1	5	3.77
Valid N (list wise)	47				

Data and Comments Based on Average Scores for the Sub-sections



**Table 4.6. ISTE Standards Sub-sections Ranking**

	N	Range	Min.	Max.	Mean
S1: 1-9	47	2.89	2.11	5.00	3.8487
S4: 25-31	47	3.29	1.71	5.00	3.5471
S5: 32-40	47	2.89	2.11	5.00	3.5319
S3: 20-24	47	3.60	1.40	5.00	3.4936
S2: 10-19	47	3.00	2.00	5.00	3.2787
Valid N (list wise)	47				

The sub-section regarding the facilitation of student learning and the encouragement of creativity includes skills which the instructors at AUSFL see themselves as being more competent in (Table 4.6). It is not surprising that this section has the highest score because it consists of statements that concern basic skills for technology integration. The score may mean that lessons at the school are more interesting and effective through the use of technology. It may also mean that students are more motivated for lessons.

The sub-section regarding the guidance of individuals in regard to the responsibilities of members of an information society and being models for them has the second highest score. It can be understood, when considering the scores for the statements, that the instructors have a good level of awareness about the copyright issue. It can be said that the instructors use original software and can distinguish secure resources from those that are not. It can also be concluded that awareness is raised for students regarding copyright and ethics as well as efforts being made for them to act in accordance with such awareness.

The sub-section concerning participation in professional development and leadership activities ranks third in the table. Scores for the statements in the section show that the instructors are capable of using technology to continue their professional development. Social networks and existing technological media are important for the instructors. Professional development due to use of technology is seen as life-long learning and is possible without physical borders. The participants see themselves as less competent when acting as models for working and learning in the information age. However, the scores in the section show that the last two statements decrease the average score for the section. It can still be said, by looking from such a perspective, that the instructors at AUSFL think that they are open to technological innovation. Another conclusion that can be arrived at, looking at the results of this sub-section, is that the instructors are able to use their existing knowledge of technology to learn about new technological tools.

It is unexpected that the sub-section concerning the design and development of learning environments and assessment activities that correspond to the requirements of the digital era has the lowest score. The scores for the statements in the section should be higher considering the training provided for the instructors and the lab classes are designed accordingly. This unexpected result reveals that the training should be repeated at different times. In addition, it is possible to assume that the content of the training should be revised, and that it should be made relevant to meeting the differing needs of students.

## 5. Discussion

The results from the 'Competence in Educational Technology Standards' scale reveal that instructors at AUSFL have an average of 3.50 or above for 21 statements. 3.50 is between the 'I partly agree' and 'I agree' answers, so this may be considered a significant value. It can also be said that the participants regard themselves as more competent than average for the 21 statements. When the statements with scores 3.50 and above are taken into consideration, it

can be seen that 8 of these are in the first sub-section, 6 are in the fifth sub-section, 4 are in the fourth sub-section, 3 are in the third sub-section, and none are in the second sub-section. This result confirms the ranking of the sub-sections. The sub-sections with the highest scores are the first, the fourth and the fifth. They have scores of 3.84, 3.54 and 3.53 respectively, so it is not surprising to find that 18 of the 21 statements with scores of 3.50 and above are all in these sub-sections. It is fairly normal that no statement in the second sub-section, which is the last in the sub-section ranking, is one of the 21 statements.

It can be seen that 19 statements in the scale have scores below 3.50. It is clear that 10 of these that have a value of between 2.72 and 3.49 are statements in the second sub-section. This is a normal result given the ranking of the second sub-section. Only 3 of the statements in the sub-section concerning the design and developing learning environments and assessment activities that correspond to the requirements of the digital era score above 3.30. This has an important effect on the general average score of 3.27 of the sub-section. There are 3 statements in the fourth and fifth sub-sections, 2 statements in the third sub-section, and 1 statement in the first sub-section among the 19 statements with scores below 3.50. The results again confirm the ranking of the sub-sections.

The statement with the highest score on the scale is statement 6 in the first sub-section. Its average score is 4.28, which shows that instructors of AUSFL see the Internet as an important source of information for students to be able to overcome the difficulties that they encounter in lessons, and that they believe they are competent enough to direct students to different sources for the solution of problems. Statement 4 in the same sub-section reveals that the instructors see a positive relationship between the use of technology and learning, and that they are competent enough to inform students of various technological tools that can facilitate learning.

The statements with the lowest scores on the scale are in the fourth and fifth sub-sections. This is rather surprising when we see that the sub-sections are in the top three in the overall ranking of sub-sections. The fact that the instructors do not consider themselves highly aware (3.04) of legal responsibilities regarding ICT use contradicts their view that they can direct students to various sources on the Internet in order to solve problems. Statement 38 with a score of 2.72 concerning being a role model for colleagues in technology use is what the instructors believe they are least competent in. It is an unexpected result that a statement in the fifth sub-section with an average score of 3.53 has such a low value.

**Table 4.7. General Statistics**

	N	Range	Min.	Max.	Mean
1. I can use technology to help students improve their creative thinking.	47	3	2	5	3.83
10. I can create technology-assisted learning environments for students to track their personal development.	47	4	1	5	3.26
11. I can design appropriate learning activities blending digital tools and resources about the topic to help students learn permanently.	47	3	2	5	3.32
12. I can design learning activities blending digital tools and resources about the topic to support students' creative thinking.	47	4	1	5	3.26
13. I can design appropriate learning environments for students with different experiences using ICTS.	47	4	1	5	3.15
14. I can use technology-assisted teaching strategies to meet better and more effectively students' different learning needs.	47	3	2	5	3.23
15. I can use technology effectively to assess student learning.	47	3	2	5	3.43

16. I can resort to technology while using alternative assessment methods during the teaching-learning process.	47	3	2	5	3.43
17. I can use technological tools to process and report all sorts of data concerning the teaching process.	47	4	1	5	3.21
18. I can select the most appropriate technological tools for the teaching process.	47	4	1	5	3.26
19. I can organize the environment for the teaching-learning process for technology use.	47	4	1	5	3.26
2. I can help students with know-how for the use of digital tools with real life problems.	47	3	2	5	3.45
20. I can display the behavior of an innovative teacher as a member of the global community of teachers.	47	3	2	5	3.83
21. I can use software and hardware regarding ICTs effectively.	47	4	1	5	3.17
22. I can transfer my existing knowledge of technology to new technology effectively.	47	4	1	5	3.53
23. I can help students to use digital tools effectively for them to use information resources correctly.	47	4	1	5	3.36
24. I can always improve my knowledge of new technological tools to become a better teacher.	47	4	1	5	3.57
25. I know the legal responsibilities with regard to ICTs.	47	4	1	5	3.04
26. I can help students acquire ethical responsibilities regarding ICTs.	47	4	1	5	3.47
27. I can guide students toward reliable digital resources for them to access true information in the teaching-learning process.	47	4	1	5	3.49
28. I am sensitive about original software while using ICTs.	47	4	1	5	3.57
29. I can be sensitive with regard to copyright while using digital resources.	47	4	1	5	3.68
3. I can encourage students to join various digital learning platforms.	47	3	2	5	4.00
30. I can act as a role model for students while using virtual social networks.	47	4	1	5	3.77
31. I can contact teachers from different cultures using the tools of communication of the information era.	47	3	2	5	3.81
32. I follow the latest developments regarding ICTs.	47	3	2	5	3.45
33. I can use ICTs to support my professional development.	47	3	2	5	3.70
34. I can use technological resources to be a life-long learner.	47	3	2	5	3.91
35. I can exchange ideas with other teachers in online communities, such as forums, video conferences, virtual social networks and so on to improve my teaching skills.	47	4	1	5	3.62

36. I can examine effective technological practices that can enhance student learning by attending local and international communities.	47	4	1	5	3.40
37. I can use digital tools and resources effectively to develop myself in my profession.	47	3	2	5	3.60
38. I can be a role model for my colleagues for effective technology use.	47	4	1	5	2.72
39. I can form e-mail groups or virtual social networks with my colleagues to support my professional development.	47	4	1	5	3.62
4. I can encourage students to use technology to facilitate learning.	47	3	2	5	4.00
40. I can access research about my profession and field of interest and use the information to contribute to my students' learning.	47	4	1	5	3.77
5. I can help students to conduct research about real life issues using digital tools and resources.	47	3	2	5	3.66
6. I can direct students to sources on the Internet to solve a problem about a particular topic.	47	3	2	5	4.28
7. I can use technological communicative platforms, such as blogs, forums, e-mail and so on in the teaching process.	47	3	2	5	3.94
8. I can get students to use various digital platforms for interaction with peers.	47	3	2	5	3.79
9. I can guide students to use ICTs for collaborative learning.	47	3	2	5	3.70
General Statistics					
Valid N (list wise)	47				

## 6. Conclusion

A technology integration plan was initiated at AUSFL in the Spring Term of the 2013-2014 Academic Year. It is aimed to improve the technological competencies of instructors at the school up to 21<sup>st</sup> century learning requirements within the framework of the plan. It is believed that instructors with a high level of technological competence will have a positive effect on students enabling them to use technology as individuals of the 21<sup>st</sup> century. The results obtained from the data collection tool reveal that the technology integration plan is producing the intended outcome. The average scores for all the sub-sections of the scale are above 3 points. This can be interpreted as an indication that the instructors at AUSFL see themselves as being self-confident in regard to the use of technology.

It can be assumed by considering the average score of 3.84 for the statements in the sub-section about facilitating student learning and encouraging their creativity that the workshops and seminars for use of web 2.0 tools have been effective. The sub-section regarding guiding individuals towards the responsibilities of members of the information era and acting as role models for them has an average score of 3.54. It can therefore be stated that the instructors regard themselves as members of the information society. Moreover, it seems that they are competent enough in directing students accordingly. Both the instructors and students display ethical behavior in terms of ICT use. The sub-section relating to attending professional development and leadership activities shows that there is sufficient interest in the training provided. This means that the instructors think positively of the training activities. The average score for sub-section 3 indicates that the instructors consider themselves as innovative teachers and that they follow technological innovations. Furthermore, the participants think they are competent in knowledge transfer and in helping students

use digital tools correctly and effectively. The second sub-section, which concerns designing assessment activities that are in parallel with the requirements of the 21<sup>st</sup> century, has an average score of 3.27, which means that the participants believe they are competent in this standard as well. They can use technology to determine students' levels of knowledge and assess their performance through alternative methods. They can also select the most suitable tool for lessons and help students learn permanently. Most importantly, the instructors are able to take into consideration the needs of students with different learning experiences and design appropriate learning environments for them.

It can be said that instructors at AUSFL consider themselves competent technology users. 39 out of 40 statements in the scale have scores above 3 points, so the integration plan at the school is continuing as desired. This indicates that a culture of technology use is beginning to appear at AUSFL.

## References

- [1] Adıgüzel, A., & Yüksel, İ. (2012). Evaluation of Teachers' Instructional Technologies Integration Skills: A Qualitative Need Analysis for New Pedagogical Approaches. *Necatibey Faculty of Education Electronic J. Sci. Math. Educ*, 6(1), 265-286.
- [2] Akpınar, Y. (2003). Öğretmenlerin yeni bilgi teknolojileri kullanımında yüksek öğretimin etkisi: İstanbul okulları örneği. *The Turkish Journal of Educational Technology*, 2(2), 79-96.
- [3] Baş, G., Kubiato, M., & Sünbül, A. M. (2016). Teachers' perceptions towards ICTs in teaching-learning process: Scale validity and reliability study. *Computers in Human Behavior*, 61, 176-185.
- [4] Earle, R. S. (2002). The integration of instructional technology into public education: Promises and challenges. *ET Magazine*, 42(1), 5-13.
- [5] Hew, K. F., & Brush, T. (2006). Integrating technology into K-12 teaching and learning: Current knowledge gaps and recommendations for future research. *Educational Technology Research and Development*, 55(3), 223-252.
- [6] Holcomb, L. B., & Beal, C. M. (2010). Capitalizing on Web 2.0 in the social studies.
- [7] House, J. (2012). Science achievement of elementary-school students in the United States and Japan in TIMSS 2007: an assessment of the effects of technology engagement and classroom lesson activities. *International Journal of Instructional Media*, 39(3), 263-274.
- [8] Ilgaz, H., & Usluel, Y. (2011). Öğretim Sürecine Bit Entegrasyonu Açısından Öğretmen Yeterlikleri Ve Mesleki Gelişim. *Journal of Educational Sciences & Practices*, 10(19).
- [9] International Society for Technology in Education (2017). *ISTE Standards Teachers*. <https://www.iste.org/standards/standards/for-teachers-refresh-2016-lp>. (Accessed: January 2017)
- [10] *Journal of Research on Computing in Education*, 33(4), 413-430.
- [11] *Journal of Research on Technology in Education*, 39(4), 377-397.
- [12] Kaya, G., & Usluel, Y. K. (2011). Öğrenme-öğretme süreçlerinde BİT entegrasyonunu etkileyen faktörlere yönelik içerik analizi. *Buca Eğitim Dergisi*, 31, 48-67.
- [13] Keengwe, J., & Onchwari, G. (2008). Computer technology integration and student learning: barriers and promise. *Journal of Science Education and Technology*, 17(6), 560-565.
- [14] Koehler, M. J. ve Mishra, P. (2008). Introducing TPCK. İçinde J. A. Colbert, K. E. Boyd, K. A. Clark, S. Guan, J. B. Harris, M. A. Kelly ve A. D. Thompson (Ed.), *Handbook of technological pedagogical content knowledge for educators*. (pp. 1- 29). New York: Routledge.
- [15] Martinovic, D., & Zhang, Z. (2012). Situating ICT in the teacher education program: Overcoming challenges, fulfilling expectations. *Teaching and Teacher Education*, 28(3), 461-469.

- [16] McMillan, J.H. & Schumacher, S. (2010). *Research in education: evidence-based inquiry (7th Edition)*. New York: Pearson Publishing.
- [17] Morphew, V.N. (2012). *A Constructivist approach to the national educational technology standards for teacher*. International Society for Technology in Education: Eugene, Oregon – Washington, D.C.
- [18] Newby, T., Stepich, D., Lehman, J., & Russell, J. (2000). Instructional technology for teaching and learning: Designing instruction, integrating computers, and using media. *Educational Technology & Society*, 3(2).
- [19] Ogle, T., Branch, M., Canada, B., Christmas, O., Clement, J., Fillion, J., Goddard, E., Loudat, N.B., Purwin, T., Rogers, A., Schmitt, C., Vinson, M. (2002). *Technology in schools: Suggestions, tools and guidelines for assessing technology in elementary and secondary education*. Washington, DC: National Center for Education Statistics.
- [20] Pierson, M. (2001). Technology integration as a function of pedagogical expertise.
- [21] Qing, L. (2007). Student and teacher views about technology: a tale of two cities?
- [22] Roblyer, M. D. (2006). *Integrating educational technology into teaching*. Upper Saddle River, NJ: Merrill Prentice Hall.
- [23] Rozell, E. J., & Gardner, W. L. (1999). Computer-related success and failure: a longitudinal field study of the factors influencing computer-related performance. *Computers in Human Behavior*, 15(1), 1-10.
- [24] Şad, S. N., & Nalçacı, Ö. İ. (2015). Öğretmen adaylarının eğitimde bilgi ve iletişim teknolojilerini kullanmaya ilişkin yeterlilik algıları. *Mersin Üniversitesi Eğitim Fakültesi Dergisi*, 11(1).
- [25] Seferoğlu, S. S. (2015). Okullarda teknoloji kullanımı ve uygulamalar: gözlemler, sorunlar ve çözüm önerileri. *Artı Eğitim*, 123, 90-91.
- [26] Şimsek, O., & Yazar, T. (2016). Education technology standards self-efficacy (ETSSE) scale: A validity and reliability study. *Eurasian Journal of Educational Research*, 63, 311-334
- [27] Tan, X., & Wang, H. (2011, 3-5 Ağustos). Information technology in teacher's professional skill training application. *The 6th International Conference on Computer Science & Education (ICCSE)* (ss. 365-369), Singapore.
- [28] *Tech Trends*, 54 (4), 28-33
- [29] Torff, B., & Tirota, R. (2010). Interactive whiteboards produce small gains in elementary students' selfreported motivation in mathematics. *Computers & Education*, 54(2), 379-383.
- [30] Valtonen, T., Kukkonen, J., Kontkanen, S., Sormunen, K., Dillon, P., & Sointu, E. (2015). The impact of authentic learning experiences with ICT on pre-service teachers' intentions to use ICT for teaching and learning. *Computers & Education*, 81, 49-58.
- [31] Van Braak, J., Tondeur, J., & Valcke, M. (2004). Explaining different types of computer use among primary school teachers. *European Journal of Psychology of Education*, 19(4), 407-422.

# Investment Strategy of Georgia as a Country of Transition Economy: Trends, Problems, Prospects

**Besik Bolkvadze**

Doctor of Economics, Associate Professor at the Department of Finance, Banking and Insurance,  
Faculty of Economics and Business, Batumi State University, Georgia

## Abstract

Transition of Georgia to market economy is a complex and continuous process, closely related to both, economic growth and social challenges. In this regard domestic as well as foreign direct investments are one of the mechanisms of utmost importance. The country with economy in transition has many social-economic problems that make it essential for government to look for the most efficient ways of solving them implementing proper investment strategy. The paper considers the main trends and tendencies of investments from macroeconomic point of view, concerning the governmental investment policy aspects, investment climate, the dynamics of investments flows, capital revenues, investments' share in GDP, the structure of investments in term of countries, sectors, etc. The article considers the core issues of the investment policy in Georgia from pragmatic as well as conceptual point of view, where the role and importance of investment policy are presented, legislative base of investments are discussed, inevitability of transparency, measurability and effectiveness of investment process is reasoned, proactive investment approach is prioritized, the importance of privatization policy is given, forms of privatization and their effectiveness are analyzed, complex utilization of investment marketing instruments, effective management of investment cycle, facilitation of post-investment activity, investigation of investment potential, Brown-field and Green-field investments and the PPI model and other topical questions are also characterized. Herewith, the author suggests some corresponding problem-solving recommendations which, as the author suggests, will help policy implementation persons at state, regional and local governmental levels of the country.

**Keywords:** Investment Strategy; Proactive Investment Policy; Post-Investment Activity; Investment Cycle; Infrastructure for Investments; Brown-field and Green-field Investments; Privatization Process; Investment Marketing.

## 1. Introduction

In the modern stage of development, one of the most important determinants of economic growth is the private sector investments and contemporary economic effects. Since the level of savings in the economy of Georgia is relatively low, the investment activity is mainly stimulated by foreign direct investments (FDI). The main factors for investment attractiveness in the country's economy are the following: the favorable geostrategic location of the country and nearness to the markets, leading positions in international indices (the Index of Economic Freedom, simplicity of Doing Business, etc.), simple and effective taxes, liberal customs legislation, flexible logistical infrastructure, available labor resources, state programs for business promotion, free trade agreements (especially, a European Union Association Agreement), bilateral agreements on promotion and protection of investments (with more than 30 countries), free economic (industrial, touristic, technological) zones, developed financial sector, increasing participation of international financial organizations in economic projects and more. In spite of this, the significant challenges in the realization of investment potential of the country is observed, which requires the development and implementation of a correct and well thought investment strategy. The present paper, based on quantitative and qualitative analysis, identifies weak points of investment policy and provides relevant recommendation proposals.

## 2. The necessity of moving from the reactive to the proactive investment policy

As it's commonly considered the investment policy is one of the main underlying axes for the economic policy of the country and the central element of economic growth (Klump, 2015, p. 157) as well as the main circulating power of the macro and microeconomic processes and flows. The importance of the investments in the private sector on the macro level is mainly revealed by reaching the macroeconomic equilibrium, added value formation, creation of jobs, strengthening the national

currency, generation of the additional budget-income flows, increase of the export capacity and others, while the technological update process of companies, saturation of the of consumer market, development of the adjacent and sub-sectors, improvement of the quality of production, increase of competition, promotion of reinvestment activity and more.

It should be mentioned that the efficiency of the investment policy and relevant strategy largely depends on the effectiveness of the reciprocal steps taken by the relevant state bodies towards investors, perfection of the investment cycle and adequate assessment of investment trends. The dynamics and structure of the investment processes in the economy of Georgia completely and clearly are highlighted in the following table.

Table 1. Dynamics and Structure of the Investment Characteristics in Georgia

	2010	2011	2012	2013	2014	2015	2016	2017 <sup>1</sup>
Foreign Direct Investments (Million US Dollar), Including -	845,1	1 129,9	1 022,9	1 020,6	1 818,0	1 652,5	1 602,9	1 861,9
<i>By Sources:</i>								
Foreign Economic Activity of Enterprises	678,0	866,3	841,3	765,9	1 700,3	1 510,6	1 479,3	1 533,8
Privatization	49,4	61,8	5,4	2,8	3,6	6,5	2,2	1,6
Financial Sector	117,7	201,8	176,2	251,9	114,1	135,4	121,4	326,5
<i>By Sectors (%):</i>	100	100	100	100	100	100	100	100
Agriculture	1,0	1,5	1,6	1,3	0,7	1,1	0,5	0,2
Industry/ Manufacturing	27,8	16,0	20,4	14,8	14,1	11,3	11,2	6,9
Energy Sector	3,2	18,8	17,5	24,0	10,5	7,5	7,3	10,1
Construction	1,1	7,0	9,0	7,8	17,9	8,7	8,6	15,8
Hotels and Restaurants	2,8	2,7	0,2	-0,7	7,3	8,6	3,6	4,8
Transports and Communications	25,4	11,6	8,2	13,9	23,9	35,5	42,3	28,3
Real Estate	15,0	14,1	5,6	6,1	8,2	5,5	6,1	8,6
Other Sectors	23,7	28,3	37,5	32,8	17,4	30,5	20,4	25,3
<i>By Country Groups (%):</i>	100	100	100	100	100	100	100	100
EU Countries	27,7	43,6	44,7	41,3	46,0	46,7	23,8	39,4
CIS Countries	15,8	13,3	9,6	14,2	25,1	38,3	38,8	28,1
Other Countries	51,1	34,7	39,5	38,5	34,6	12,2	35,0	32,3
International Organizations	5,4	8,4	6,2	6,0	-5,7	2,8	2,4	0,2
Investments in Fixed Assets (Million GEL), Including -	3 210,1	2 602,5	3 245,6	3 937,3	3 559,6	4 333,6	4 665,4	-
<i>By Enterprise Size (%):</i>	100	100	100	100	100	100	100	-
Large	71,2	58,5	54,2	49,1	44,5	58,6	53,2	-
Medium	15,5	19,6	22,3	27,5	15,7	19,1	22,6	-

<sup>1</sup> Preliminary Statistical Figures.



Small	13,3	21,9	23,5	23,4	39,8	22,3	24,2	-
GDP (At Market Prices, Million GEL)	20 743,4	24 344,0	26 167,3	26 847,4	29 150,5	31 755,6	34 028,5	38 042,2
Gross Capital Formation	4 477,7	6 368,0	7 575,4	6 652,9	8 688,9	10 004,3	11 136,6	12 133,3
Portion of Gross Capital Formation in GDP (%)	21,6	26,2	28,9	24,8	29,8	31,5	32,7	31,9

Source: National Statistics Office of Georgia; The Author's Calculations.

Analysis of the investment parameters is important in several directions: 1. According to the sources – as the table shows, the component of the foreign activity of the enterprise is increasing in the dynamics, the share of privatization is significantly reducing while the data of the financial sector is relatively stable that can be explained by the increase of the foreign investments in the real sector of the economy compared with previous years; 2. According to the sectors – the foreign investment flows are concentrated mainly in sectors of the economy such as transport and communications, industry, energetics, construction, other sectors (including the financial sector as well). 3. According to groups of countries – the growth trend is characterized to the investment of EU and CIS countries which can also be explained by the enactment of the European Union Association Agreement. By 2017, the top three leading investor countries are United Kingdom, Netherlands and China. 4. Investments in fixed assets – the share of the total number of investments in large enterprises are significantly reduced, while the specific weight of the investments of the average and especially small enterprises is increasing which contributes to the implementation of relevant state programs to some extent. 5. Total capital formation – the share of this indicator is about a third of the Gross Domestic Product of the country which implicitly indicates the importance of the investment component in economic growth.

In terms of implementing rational investment policy at all levels of the state government, in our opinion, it is of utmost importance to create such a well thought out and effective mechanism, which by taking into consideration the specifics of particular investors, specific investment projects and the state property privatization forms will make the entire investment process transparent, measurable and effective. In transparency we mean procedural transparency of the full investment cycle in all phases of investment decision making, the measurement should include a complex assessment of the concomitant risks of the investment projects and complex assessment of the admissible effects, and the efficiency – the final fruitfulness of the investment process. At the same time, the right implementation of the privatization policy greatly depends on the state investment policy and the appropriate strategy, as well as the rational prediction of the capital income of budget and in total, the minimization the risks of investment environment. It should be noted that state regulation of investment activities in the country is mainly based on the following legislative acts – special laws: "On Promotion and Guarantees of Investment Activity", "On State Support for Investments", "On Investment Funds", "On JSC Partnership Fund", in the section of state property management and disposal – Law of Georgia "On State Property", in the tax regulation section – Georgian Tax Code as well as the other laws and subordinate normative acts. In this context, we find it important to develop a single investment framework law based on modern investment challenges and existing experiences, which will unify and improve the regulatory norms of investment processes, old and unused norms, for example, through the annulment or change of the special investment status, investment deprivation, investment center, etc. (6, Article 9; 7, Articles 6, 7) and activation of guarantees for more effective protection of investors.

The efficiency of the investment policy can generally be evaluated by what approaches have the relevant state bodies, implementing such policy, have towards the potential investors and relevant investment flows. From this point of view, we can use the approaches, known in economic science as so-called "ex ante" and "ex post" (Tanzi, 2011, p. 184). In particular, the reaction of the state on the interest of investors and demand and initiated investment processes, can be considered as one of the determinants of conduct of investors. It also originates from how well prepared the potential investor or the group of investors are. Prepared can be called an investor who has an actually implementable project, has a clear investment concept, is well aware of the specifics of the local market, knows the nuances of the investments laws, has some information about privatization facilities, etc. It should be mentioned that the investment policy of the country practically uses the "ex post" approach. This means that the investors are the initiator of the investment process and the state is only making "reciprocal steps" after the investment cycle is activated. The use of this approach can be regarded as just when the absolute majority constitutes the so-called "well aware investors". In cases where the opposite occurs, the state, in parallel with the wide use of investment marketing instruments, the state must ensure consideration of its investment proposals at

all levels of governance and offer to investors, which means full systematization of objects of privatization and lease and their "investment packaging", creating and continuously updating the map of investment assets, the assessment of sectoral and subsectoral investment attractiveness, based on sectoral research, preliminary feasibility study of the strategic objects (large investment land plots) and designing, that will facilitate transaction from the reactive (ex post) to the proactive (ex ante) investment approach and increase the investment activity within the terms of the relevant privatization policy.

### 3. Investment policy and privatization mechanisms

At the current stage of the transition economy, the issue of formation and use of investment flows as one of the major macroeconomic and macrofinancial issues of the country is under discussion, since dynamism of investment policy implementation is directly related to the efficiency of privatization policy. Based on the above, investment and privatization policy mechanisms are the most closely correlated instruments of financial-economic policy.

It should be mentioned that the basic primary interest of local as well as foreign investors in terms of transitional economy of Georgia, if we do not consider the investment environment, is mainly focused on the moment of real estate acquisition and further use, and in this respect, the state investment policy is ranked by the level of property ownership (state property, property of autonomous republics, property of self-governing units). Investment decisions are also made by the approaches of the discretionary authority. We should emphasize the fact that in implementation of the local and foreign investments, if the investor already has basic information about the investment environment, its primary interest is the investment object and the nuances related to it (condition, value assessment, investment conditions, etc.).

Thus, this approach is almost standard for state and private investment objects, the difference is reflected only in appraisal of the state-owned property and the use of disposal forms. From the macroeconomic point of view, both types of investments are equally positive for the state, because investment in both cases represent the component of the economic growth, while from the macroeconomic point of view, the investments made by the privatization or use of the right of privatization are more important, unlike the investments carried out on private property objects, as the state receives additional benefits as an income from privatization and lease.

The main goal of the privatization policy on the modern stage of the development of the country should be an increase of economic efficiency, which implies formation of an efficient private owner, creation of an environment of supporting initiatives and establishing the middle class of entrepreneurs. From this point of view, we consider the use the form of an conditional auction in privatization relationships, which, unlike the unconditional auction form, excludes privatized property "preservation" and ignoring its involvement in economic activity for speculative or other purposes. In parallel with the use of privatization forms, both – the short-term and long-term lease relationships should be activated, especially with regard to investment projects of the high capital capacity.

For the above purpose, adequate selection and use of the forms of privatization and property in respect to investor requirements is also a noteworthy, based on the specific investment project and specificity of the object (of the land). We mean the auction or direct sale sub-forms. In particular, unlike the conditioned auction, which is mainly used for "strategic" investment objects, from which the state is waiting for various investment effects, unconditional auctions can be applied to relatively peripheral or small investment plots and aim to ensure potential involvement in the economic turnover of "inactive assets" owned by the state. As for the direct sale on the basis of a competitive selection, which provides "infiltration" in case of several alternative investment projects, is relatively rarely used, because one investment project often involves one investment project, unlike to direct sale, which is a governmental exclusive right, however, its lawful formulation, we think, should be improved. In particular, according to the Law of Georgia "On State Property", "Privatization of state property through direct sale is aimed to transfer ownership rights to the buyer who fully and honestly fulfills the term (-s) of direct sale of state property (5, Article 10.1). In our opinion, we consider it unjust, the future probably implementable activity to become the basis for making the present decisions and at the same time, it is advisable to be associated with certain criteria selected in advance.

In order to increase the investment activity, together with the privatization process, control over the fulfilment of the contractual obligations under the so-called conditional investment projects is also very important which is known under the name of Investment Monitoring Agreement and somehow represents the continuation of the privatization / lease process. In terms of revising the investment conditions, may be due to the reasonable necessity, and in relation to the investor, in the best case, to change the terms of investment or, at worst, exemption from the sanctions imposed for non-compliance with the terms. In turn, the change of investment-privatization conditions may be due to the necessity of extension of investment terms, request of the investor for additional land plots or other factors, which should be based on the principles of public and private interests. The relatively delicate issue is exemption of the investors from the imposed sanctions which

should be based on a fair approach as well as on the objective approach of the decision-makers and be originated from stimulating specific investment projects, task of generating future investment effects with maximal consideration of state interests. In addition, the purpose of investment monitoring, in our opinion, should not only be the "technical" control and "technical" control of its implementation, but also the governing entity of the property and, in general, the state should also be interested in the "post audit" of the investment projects, i.e. what macroeconomic effects have brought to the country, specific region or self-government unit by the privatization process and specific investment project (Roland, 2008, pp. 55-60), did the post-investment activity take place with regard to the reinvestment, how much did the specific investment project reach to the implementation phase and whether or not the predetermined effectiveness was achieved. In this regard, the post-investment activities, must be activated, the so-called post-privatization studies can be used as one of the most important instruments.

For increasing the investment activity with regard to privatization, the issue of transformation of property relations into the context of the privatization rate remains as an urgent issue that is a complex phenomenon. Here, naturally, we do not mean the "aggressive" approach to such a delicate and consistent process, as privatization, however, it is advisable, the state to ensure speedup of the irreversible process of involving assets in the economic turnover, at all levels of governance incorporating assets of its assets into the economic circulation by taking into consideration the phase of the transition economy of the country, that will enable it to promote private sector to create more value added through the use of unused assets, and on the other hand, to ensure "diminishment" of the privatization process within the midterm perspective and moving to the "spot" privatization (which is an approbated western practice) (Pavliashvili, 2009, pp. 16-17), resale of the returned property or through "secondary" privatization due to non-fulfillment of investment liabilities in some cases. From this point of view, the timely implementation of relevant lawful measures against the enterprises subject to liquidation and bankruptcy, privatization of the state shares and stocks in inefficiently functioning enterprises established by the state participation are also very important.

The balance of short-term and long-term goals represents one of the important and problematic issues in the context of investment and privatization policy which is revealed during decision making process of implementation of large investment projects. The latter is connected to the moment of paying a large amount of privatization fee, which is a short-term fiscal source for the state, and an additional source of investment activity for the investor, in case of graduated payment. We mean that the forms and terms of payment of the privatization fee are determined by law (5, Article 19), which envisages payment of the appropriate fee both in lump and in installment. Due to the long-term goals of the investment project specificity and investment process, especially when using a conditional auction and direct sale forms of property, the relevant authorized privatization bodies have to take into account the interests of investors in order to stimulate long-term investment dynamism by using the optimal schedule of graduated payment of privatization fee.

The issue of using the state-owned large land plots for investment purposes also needs the special approach. From this point of view, the relevant state investment policy implementing subjects may use the complex or selection approach, in particular: 1. Due the large territories, conduct their feasibility study, form a successful investment concept on the basis of the relevant research and invite potential investors through expression of interest, which will form the basis for the complex-integral use of the given investment plot. 2. In order to avoid the use of large investment area, they may be "split" into small investment plots by providing the appropriate minimum infrastructure, which in turn will increase the market value of the asset and its investment attractiveness.

#### **4. Key areas of investment policy improvement**

Sustainable implementation of the investment policy, along with efficient privatization policy, in our opinion, should also integrate the realization of investment issues and the launch of appropriate leverages, such as: complex use of investment marketing tools, effective management of investment cycle, raising post-investment activity, research of investment potential and complex analysis of investment indicators, which will facilitate minimization of investment risks and stimulate growth of investment flows. For implementation of the proactive investment policies, the appropriate policy implementers must have the relevant investment marketing instruments at all levels of management, as well as the relevant means of financing, pre-specified plan-schedules of investment activities. Thus, during the planning and implementation of such investment activities, for increasing efficiency, the tight coordination between the relevant state agencies has the great importance (profiled ministries, agencies, funds, trade and industrial chambers, etc.). Along with this, it is also noteworthy that in many cases, solving of the problem of duplication of the separate issues of investment policy between the different state authorities, agencies and departments is of not less importance.

The instruments of the investment marketing should be based on and support on the investment strategy, developed at all levels of governance, as well as on already existing investment experience and local trends. It should be at the same time complex and flexible system, which will be subject to permanent improvement of investment marketing instruments. Such investment activities should include: preparation of a comprehensive investment package and systematic updating; permanent refinement and promotion of investment web-pages; organization of internal and external investment forums, conferences and exhibitions; using different formats of investment meetings (G2B, G2G, B2B) for demonstration of the investment potential on the one hand, and on the other hand to establish economic ties between local and foreign business entities; formation of a unified base of foreign investment funds/companies and active communication with them; planning and organizing investment tours based on the preliminary analysis of the targeted investment markets and using the involvement of national state representations abroad; to highlight the activities for attraction of the so-called "diaspore" investments and purposeful implementation.

It is noteworthy that the efficiency of the investment policy is significantly determined by the fact whether the investment cycle related to each investment proposal is consistently and perfectly implemented, on which the possibility of turning the potential investor into the real investor and planned investment into the real investment is largely depended as it includes all phases from attracting investments to its implementation. In this context, special attention should be paid to providing the potential investors with all investment nuances on the one hand and, on the other hand, to the integral consideration of the anticipated investment effects (general, fiscal, employment, cross-sectoral, etc.) and reliable assessment of sustainability of investment projects, which will promote not only the "hot money" but also movement of the strategically well thought out investment flows and their implementation in the economy. The state actions targeted to increase of the investment activity should not only involve interesting of the internal and external potential investors with the investment potential of the country and its separate regions, but also the development of post-investment (reinvestment) component through constant and systematic communications and dialogue with existing investors, that will enable the state to increase the investment "importance" of its assets and the acting investors - to expand and/or diversify their activities.

In order to implement an efficient investment policy, the investment-based quality studies by using the internal, as well as the outsourcing resources, should gain the weighable importance which will be linked to analysis of the investment potential of the country and its individual regions, assessment of investment attractiveness of individual sectors and subsectors of economy, interfiled multiplication effects of investments, post-privatization and post-investment evaluations, trends of investment flows, etc., which will help investment policy implementers to make investment sectors, on one hand, diversified, and on the other hand, to form the investment portfolios of privatization and lease facilities that will help potential and potential investors in making rational investment decisions.

As it is known, one of the key factors in investment decision making by investors is the infrastructure required for investment and the level of its efficiency, and the readiness of the investment infrastructure is mainly determined by the relevant functioning of the engineering-communication networks. The main investment area is characterized by the so-called Brown-field type investments, unlike Green-field investments. Therefore, it is important for the state to use the state-private partnership (PPP) (Tanzi, 2011, p. 134) investment model (PPI) with respect to specific strategic projects and territories and upon submission of the strategically important investment project in specific areas, for economic activation of such territories, provide them with basic infrastructural elements with the condition of fulfillment of investment liabilities defined by the investor.

Finally, in our opinion the issue of implementation of the investment policy requires specific approach with regard to free economic and tourist zones as the "coefficient of efficiency" comes across some problems from the period of founding. The identification of the mentioned problems and the consequent measures should be taken first by the state. In addition, the potential for the Deep and Comprehensive Free Trade Area (DCFTA) with EU should be activated not only for promoting the attractiveness of European investment flows, who will be interested in realizing products produced in Georgia on the EU market (i.e. by speeding up the "diagonal cumulative" process) which is a complex and long-term process and will facilitate the activation of efficiency-seeking investments. In parallel to this, the state should create certain promotional financial and economic mechanisms in the direction of development and promotion of unique, progressive and resource saving technologies. It is also crucial to ensure speeding up the capital market infrastructure and development of appropriate instruments, as well as expanding the circle of partner countries' bilateral agreements on protection and promotion of investments, which will make the investment environment more attractive and increase the investment activity of the country.

## 5. Conclusion

Due to all the above mentioned directions, for ensuring the increase of the investment activity at a higher rate at the current stage of the transition economy of the country, the state must carry out the pro activation of investment policy and the growth of post-investment activity through close relations with privatization policy and intensive use of effective investment marketing tools.

## References

- [1] Klump, R. (2015). *Economic Policy: Objectives, Instruments and Institutions* (Translation from German). Tbilisi, Publishing: Ivane Javakishvili Tbilisi State University.
- [2] Pavliashvili, S. (2009). *Phenomenon and Problems of Privatization in Georgia*. Tbilisi, Publishing: Technical University.
- [3] *Privatization: Successes and Failures*, Edited by Roland G., Foreword by Stiglitz J. (2008). New York, Columbia University Press.
- [4] Tanzi, V. (2011). *Government versus Markets (The Changing Economic Role of the State)*. New York, Cambridge University Press.
- [5] The Law of Georgia on Promotion and Guarantees of Investment Activity.
- [6] The Law of Georgia on State property.
- [7] The Law of Georgia on State Support for Investments.

## Rethinking Journalism Education in Spain: the Gap Between University Studies and the Labour Market

Eva Herrero Curiel

Universidad Carlos III de Madrid

### Abstract

The main purpose of this paper is to analyse whether professional skills demanded of journalism graduates by companies match university curricula. In the current digital context, adapting journalism studies to labour market changes must be considered. A review of the literature shows much research about this topic in recent years, but, given the rapid changes that occur within a field that is increasingly global and technologically oriented, regular research is necessary. Content analysis has been carried out by evaluating journalism employment offers found on InfoJobs and LinkedIn—the two most used human resources web sites in Spain—and their correspondence to journalism curricula according to ANECA (the Spanish National Agency for Quality Assessment and Accreditation). From an initial sample of 310 job offers, 156 were ultimately selected, discarding those that were repeated or not expressly addressed to journalism graduates. All the information provided in the employment offers was organised into two categories based on the skills required and the descriptive data in the professional profiles demanded. The main findings show not only that it is becoming ever more common for enterprises to look for candidates with abilities which reflect experience closely related to Web 2.0, but also that these same companies apparently tend to ignore traditional journalism skills. It is also true that they do not seem to know precisely what skills a graduate in journalism should have. Knowledge of marketing is included in 47% of the positions offered to journalists, when this is not a subject included in journalism curricula.

**Keywords:** Rethinking Journalism Education in Spain: the Gap Between University Studies and the Labour Market

### 1. Journalism Studies in Spain

Journalism in Spain began as a trade, with the Spanish daily *El Debate* and the Official School of Journalism opening academies for it in 1926 and 1939, respectively. Later, in 1971, it was offered as a university degree at the Universidad Complutense de Madrid and the Universitat Autònoma de Barcelona.

What began as a trade rooted in tools and technique (Graña, 1927; Beneyto, 1958; Benito, 1967) became more theoretical at universities in the 1970s. In the 1990s, new matters were addressed, such as the structuring of the general teaching of journalism (Real, 1997; Galdón, 1999) and the balance between social science and humanities subjects and subjects specialising in communication, with an appropriate proportion of theory and practice (Gordón, 1991; Humanes, 1997).

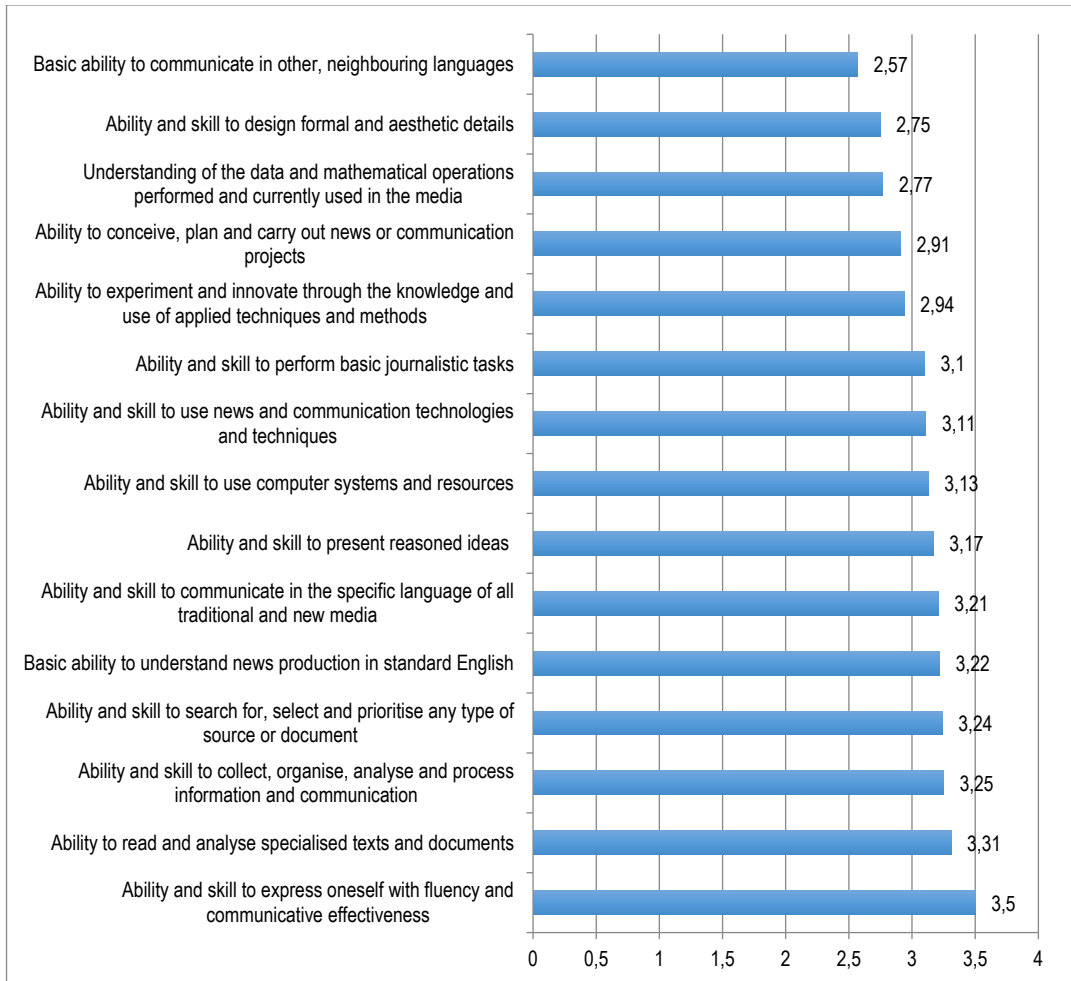
The adaptation of the degrees to the European Higher Education Area (EHEA), explained in the guidelines of the *Libro Blanco. Títulos de Grado en Comunicación* (ANECA, 2005), presented a change in the formulation of university studies for communication and journalism degrees in Spain. The model for learning went from being grounded in objectives to a model based on the acquisition of skills for professional application (Marta-Lazo, 2010; Sierra and Cabezuelo, 2010; Real, 2012; Marta-Lazo, Agustín Lacruz and Ubieta Artur, 2012; Marta-Lazo and Vadillo Bengoa, 2013; Rodrigo-Alsina and Lazcano, 2014; Sánchez-García, 2016).

The four professional positions the *Libro Blanco* (2005: 191-192) contains are:

- Copywriter of journalistic information for any type of medium
- Editor-in-chief for press or institutional communication
- Researcher, teacher and communication consultant
- Web site administrator and content editor

The *Libro Blanco* (ANECA, 2005, pp. 210-213) lists 15 professional skills (know-how) pertaining to the four positions. The skills were rated on a point scale ranging from 1 to 4, and are ranked below according to the average scores they received.

**Graph 1. Professional Skills of Journalism Graduates. *Libro Blanco***



**Source: ANECA 2005**

The highest-rated according to the *Libro Blanco* are “Ability and skill to express oneself with fluency and communicative effectiveness,” “Ability to read and analyse specialised texts and documents,” and “Ability and skill to collect, organise, analyse and process information and communication,” while the lowest-rated is “Basic ability to communicate in other, neighbouring languages.”

New facets and needs reflected in the profiles of interactive, multimedia journalists join the more traditional skills related to journalistic fundamentals, procedures in the creation of genres and formats, and the professional ethics the job requires.

The goal of this research is to rethink journalism studies in Spain. The study analyses whether the professional profiles and skills in journalism demanded by companies still correspond to those compiled in the *Libro Blanco* by ANECA (2005), or whether they have changed in the last decade because of the impact of the digital era and the rise of new labour requirements. Lastly, it determines whether we are creating journalists with criteria based on outdated profiles and skills.

## 2. The Labour Market and New Journalistic Profiles

Technological novelties and the ability to obtain information through mobile devices, software applications and social media networks have changed the skills necessary for working in news media. In the last decade, there has been a significant restructuring of the production of information, and this has had a direct impact on the professional profiles of journalists.

The following are some of the recently-established positions and fields: data delivery editor, social media editor (community manager), hypertext writer, web content manager, influencer, blogger, multimedia content editor, user-generated content editor, information architect, news moderator, usability expert, interactivity manager, web video editor, mobile journalism, journalism consulting, communication consulting and internet journalism research (Flores, 2013. p. 40).

The new media professions mentioned above involve skills and functions that overlap between them (Hayasaki, Roca-Cuberes and Singla, 2016). Companies themselves seem unable to distinguish the differences between some professions and others. The result is that, in recent years, many journalists have undertaken functions that have little or nothing to do with the education they received at university.

Pérez-Serrano, Rodríguez-Barba and Rodríguez-Pallares (2015), in their study “Mercado de la Comunicación y estudiantes de Periodismo. Estructura de la demanda de perfiles profesionales” (“The Communication Market and Journalism Students: Structure of the Demand for Professional Profiles”), also emphasise the lack of adaptation between company job offers and the new journalistic context. After analysing offers from the Centre for Job Orientation and Information (COIE) at the Universidad Complutense de Madrid in relation to students’ internship contracts, they conclude that “the new occupations that entail digital communication activities, simply because they can be held by journalists, cannot properly be considered positions within the profession if they do not fulfill the social mission of information. As such, they are occupations or job opportunities for which a person with studies in journalism would be qualified, but which in no case should be admitted under the umbrella of the profession.”

For their part, Gómez, Roses and García (2017) note the importance of recycling content within study plans that are in line with the reality of the labour market and which include knowledge that *a priori* is unrelated to a typical journalism background but is linked to current job offers for journalists. This knowledge includes computer skills, use of social networks and on-line marketing.

Recent reports from the sector indicate that, in years to come, companies will seek an increasing number of candidates with digital profiles (Inesdi, 2016; ADECCO, 2017; Magna Global). In 2015, the *Libro Blanco para el Diseño de las Titulaciones Universitarias en el marco de la economía digital* (“White Book for the Design of University Degrees within the Context of the Digital Economy”) was created within the framework of the “Digital Agenda for Spain” and the “Education for Excellence” initiative through dialogue between industry, universities and administrations. It “supports the notion that university graduates should acquire skills that industry needs (...), [and] a revision of the trends of the digital economy sector, the profiles demanded by industry and the skills associated with these profiles” (Calvo-Sotelo, 2015).

The advent of social networks on the Internet has led companies to seek candidates with experience that will help them “manage their image” in these new platforms (Vinader, Abuín and García, 2011, p. 78). These are professionals with a series of technological abilities and skills previously not considered. They are what, after analysing offers from Infojobs and conducting 10 interviews with leading innovation consultants and managers who have experience in Spain, the United States and Latin America, Palomo and Palau-Sampio (2016) referred to “adaptive journalists”.

However, it seems professionals with these new skill sets are destined to encounter job insecurity. According to the 2017 Journalism Report by the Madrid Press Association (APM), “freelance journalists are more present in digital media sites (...) and 45% of freelance journalists earn less than 1000 euros per month” (APM, 2017).

## 3. Objectives and Hypotheses

Main Objective:

- Determine what profiles and professional skills in journalism are currently the most demanded by companies

Secondary Objectives:

- Determine whether professional skills in journalism, described in 2005 by the *Libro Blanco Títulos de Grado en Comunicación* (Bachelor’s Degrees in Communication), correspond to the current demand of the labour market
- Analyse whether there is a connection between academic education and labour demand in the field of journalism



- Determine whether new professional journalism profiles related to the rise of new technologies and Web 2.0 are the most demanded
- Learn the types of employment contracts that are offered to media professionals

#### Hypotheses

H0: There is a gap between university journalism studies in Spain and the labour market, so it is necessary to rethink these journalism studies so that the professional skills acquired coincide with those demanded by companies.

H1: There is confusion among companies which make offers indiscriminately to graduates in disciplines which do not share the same study plans, especially offers related to the so-called new journalistic profiles.

#### 4. Methodology

Quantitative analysis has been chosen: content analysis of the job offers to journalism graduates. Specifically, these were offers published in September 2017 on the two most-used job portals for job searches in Spain, Infojobs and LinkedIn (Infoempleo-Adecco, 2016).

As Laurence Bardin notes, content analysis seeks to “obtain indicators (quantitative or otherwise) by systematic and objective procedures for describing the content of the messages, allowing the inference of knowledge relative to the social context of these messages” (1996: 32).

The justification for the period analysed is based on data from the Observatory for Occupations of the Spanish Public Employment Service, according to which the profession of journalist, in September 2017, shows a positive variation in hiring relative to the same month of the previous year (9.50%) and 40% more hirings than in the previous month (SEPE, 2017).

After the first exploratory phase of searching for offers with Keywords like “community manager,” “digital journalism,” “journalism,” “multimedia journalist,” “copywriter” and “institutional relations,” those which contained a bachelor’s degree in journalism or, in the case of internships/grants, current studies in journalism as a minimum requisite were selected.

From an initial sample of 310 job offers, 156 were ultimately chosen, discarding those that were repeated or were not explicitly directed to journalism graduates. All the information provided in the job offers was organised into two categories based on the skills required and the descriptive information in the professional profiles demanded:

-**Descriptions**, with the goal of discovering the kind of contract stipulated in the job offers to media professionals. Included was information such as:

- Company name
- Sector
- Position
- Province
- Type of contract
- Pay

-**Skills**, to analyse whether there is a connection between academic education and the professional skills and profiles required in the field of journalism. In this case, the information provided in the offers was organised as follows:

#### Profiles sought:

- Minimum studies required
- Minimum experience
- Field of employment
- Profiles sought

#### Professional skills:

- Job duties
- Knowledge of computer systems
- Knowledge of editing programs
- Knowledge of social networks
- Other knowledge

-Languages

It was necessary to analyse the adaptation of professional skills demanded by the labour market to those acquired in the university education of journalism graduates. To do this, we selected 10 of the 15 *Libro Blanco* (ANECA, 2005) skills that were largely reflected in the information provided in the job offers (job duties, knowledge of computer systems, knowledge of editing programs, knowledge of social networks, other knowledge and languages). These skills were grouped as follows:

**Table 1. Professional Skills**

COMPANY REQUISITES	LIBRO BLANCO PROFESSIONAL SKILLS
JOB DUTIES	<ul style="list-style-type: none"> <li>- Ability and skill to express oneself with fluency and communicative effectiveness</li> <li>- Ability to conceive, plan and carry out news or communication projects</li> <li>- Ability and skill to carry out basic journalistic tasks</li> <li>- Ability to experiment and innovate through the knowledge and use of applied techniques and methods</li> </ul>
KNOWLEDGE OF COMPUTER SYSTEMS	Ability and skill to use computer systems and resources
KNOWLEDGE OF EDITING	- Ability and skill to design formal and aesthetic details
KNOWLEDGE OF SOCIAL NETWORKS	<ul style="list-style-type: none"> <li>- Ability and skill to communicate in the specific language of all media</li> <li>- Ability and skill to use news and communication technologies and techniques</li> </ul>
LANGUAGES	<ul style="list-style-type: none"> <li>- English Basic ability to understand news production in English</li> <li>- Basic ability to communicate in other, neighbouring languages</li> </ul>

Source: prepared by the authors

## 5. Analysis of Results

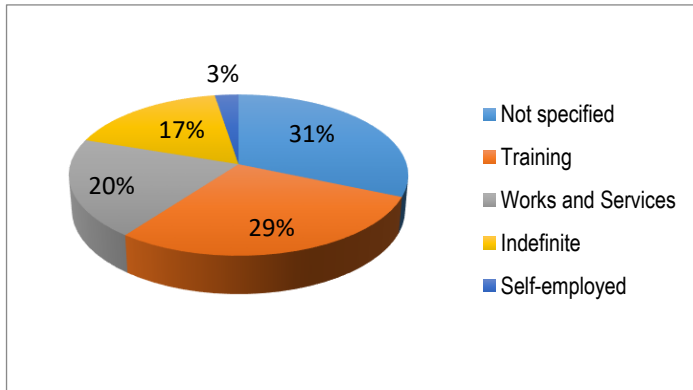
### 5.1. Types of Job Offers for Journalists

The largest number of job offers are concentrated in Spain's two biggest cities, Madrid and Barcelona. Three out of four (77%) offers made through LinkedIn and Infojobs correspond to Madrid (33%) and Barcelona (44%). Sevilla and Valencia follow far behind at 3% each.

As for the types of contracts offered, 31% do not specify what kind of contract is involved. Twenty-nine percent (29%) are training contracts that involve grants or internships. Twenty percent (20%) are fixed-length works and services contracts, 17% are indefinite contracts and 3% go to self-employed professionals. This indicates the instability of the hiring, which is

also reflected in the fact that almost three out of every four (68%) offers from the portals analysed do not include any information about the salary.

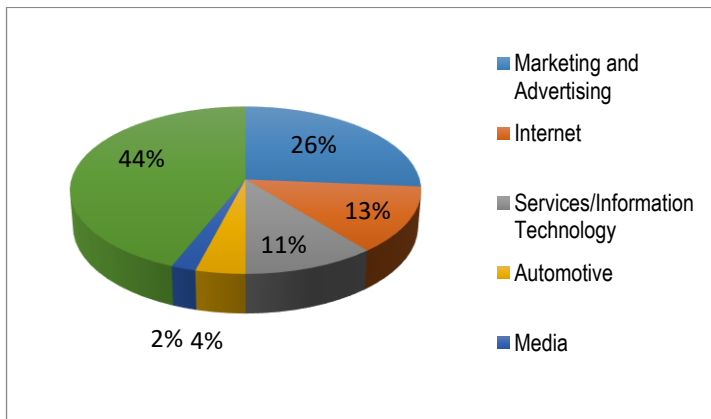
**Graph 2. Type of Contract for Journalists**



**Source: prepared by the authors**

The sectors of the companies which offer jobs or training to journalists or journalism students are quite diverse. The marketing and advertising sector offered the most jobs during the period analysed (26%), followed by Internet companies (13%), many of which work in e-commerce. In the “Others” group (44%) are companies which work in areas like the textile industry, pharmaceuticals, the chemical industry, the automobile industry and construction.

**Graph 3. Labour Sector of Companies that Seek Journalists**



**Source: prepared by the authors**

Offers from the media sector represent only two percent (2%) of the total.

## 5.2 Professional Skills and Profiles Demanded

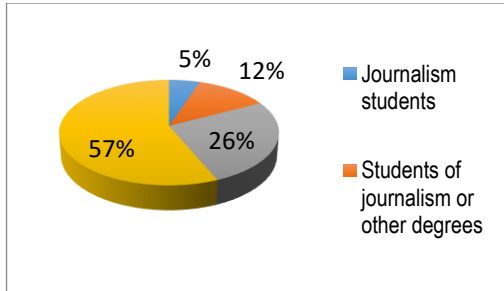
### 5.2.1. Professional Profiles

This study is focused on offers to journalists. The minimum studies required in the job offers have been grouped into four categories. The offers that seek only journalism graduates or journalism students have been separated from offers that, in

addition to journalism, include other degrees that include advertising, marketing, public relations, audiovisual communication, business administration, economics, and language and literature.

Only 31% of the offers are directed specifically to journalism graduates or students (26% and 5%, respectively), while a large majority, 69%, are directed to graduates (57%) or students (12%) in journalism or other degrees.

**Graph 4. Academic Education Required for Position**

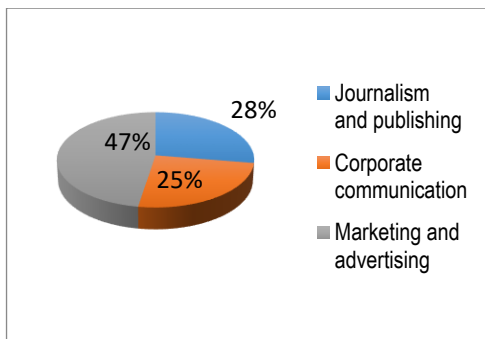


**Source: prepared by the authors**

In addition to minimum academic requirements, the companies highlight other transversal values like international experiences, having lived abroad, and in interest in the Internet and new technologies. They also look for “innovative, creative people,” people “who know how to work in groups,” people who are “proactive and can work under pressure” and, in one case, people “who can tolerate frustration”.

On the basis of the Keywords that the companies publish and the area they note the candidates will work in, we find that almost half of the offers contain professional functions that would be performed in the area of marketing and advertising (47%), followed by journalism and editing (28%) and corporate communication (25%).

**Graph 5. Field of Employment**



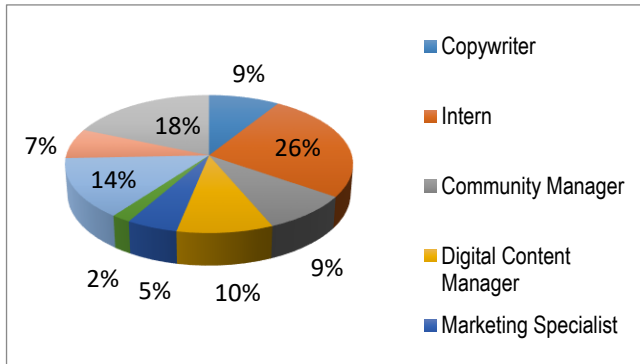
**Source: prepared by the authors**

This is a significant picture that indicates that the most demanded profiles are not among what we understand to be “journalism,” but instead have more to do with marketing jobs.

In the job descriptions of the companies analysed, we see new profiles in the sector. Digital Content Manager (10%), Community Manager (9%), Communication Specialist (7%) and Marketing Specialist (5%) are some of the most used descriptors in English. Furthermore, we find positions called “journalist” (13%), “copywriter” (9%) or “account executive” (5%), which are in line with a more traditional nomenclature. Included in the category “Others,” which accounts for 14% of

the offers, are more of these new profiles, such as “brand journalist,” “content strategist,” “SEO consultant” and “digital content manager.”

**Graph 6. Old and New Positions Offered by Companies**



**Source: prepared by the authors**

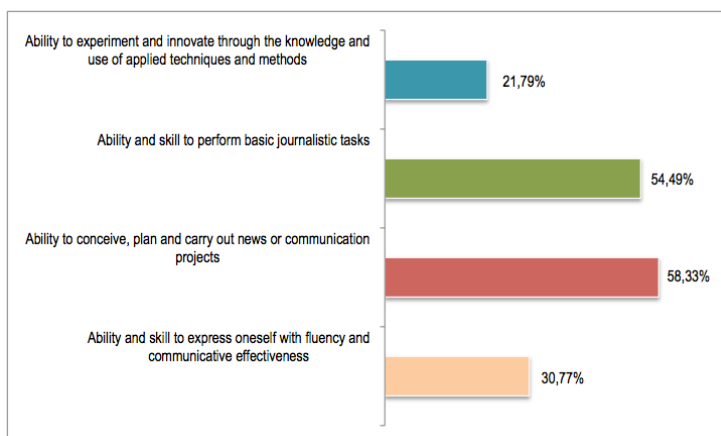
The traditional positions (journalist and copywriter) account for 27% of the offers, while the new positions (community manager, digital content manager, marketing specialist, social media manager, communication specialist and “others”) account for almost half (47%), and 26% are for internships.

### 5.2.2. Professional Skills Required by Companies

The professional skills (know-how) compiled by ANECA and explicitly mentioned in the job duties of the 156 job offers analysed are the following:

- Ability to conceive, plan and carry out news or communication projects (58.33%)
- Ability and skill to perform basic journalistic tasks (54.49%)
- Ability and skill to express oneself with fluency and communicative effectiveness (30.77%)
- Ability to experiment and innovate through the knowledge and use of applied techniques and methods (21.79%)

**Graph 7. Professional Skills and Job Duties**

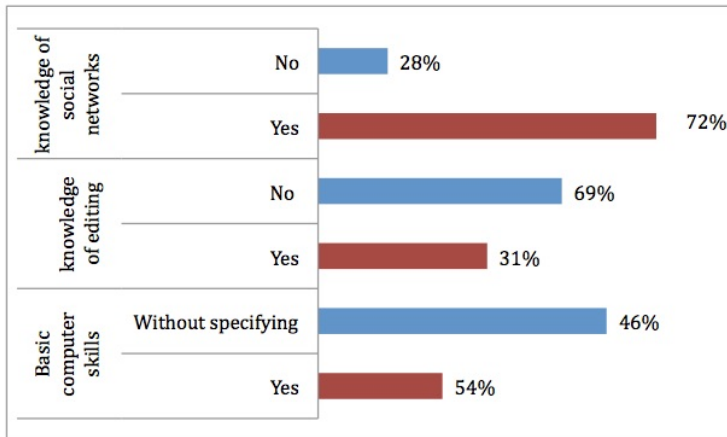


**Source: prepared by the authors**

Sixty-nine percent (69%) of the offers analysed do not require knowledge of editing, while 31% of the companies specifically include different photography or video editing programs.

There appears to be a strong consensus on knowledge of social networks, as 72% of the companies require candidates to know Web 2.0 at the level of tools, platforms or SEO. The 28% of the offers that do not include knowledge of social networks correspond to more traditional positions like corporate communicators or account executives, or the offers directed to students.

**Graph 8. Specific Skills Required of Journalists**



**Source: prepared by the authors**

The majority of the companies analysed, almost 80%, value knowledge of another language apart from Spanish. Fifty-eight percent (58%) of the offers demand a single language, which is usually English. Twenty-one percent (21%) require knowledge of two languages.

Skills in using social networks and design and editing programs are the most valued by the companies, followed by knowledge of English. In addition, 21.79% of the companies requested creativity and innovation among the skills of the applicants.

The *Libro Blanco* includes five other professional skills more associated with traditional aspects of journalism. These skills, listed below, are not reflected in the job offers of the companies on LinkedIn and Infojobs.

Ability to read and analyse specialised texts and documents

Ability and skill to collect, organise, analyse and process information and communication

Ability and skill to search for, select and prioritise any type of source or document

Ability and skill to present reasoned ideas

Understanding of the data and mathematical operations performed and currently used in the media

Five of the 15 professional skills in the *Libro Blanco*, then--one third--are not reflected in the current demands of the labour market.

## 6. Conclusions

On the basis of the results obtained, we can affirm that the initial hypothesis of this research has been validated. There is a gap between journalism studies in Spain and the labour market demand. The professional skills that are required of

journalists in the labour market today differ from the professional skills in journalism studies described by the Spanish National Agency for Quality Assessment and Accreditation (ANECA) in 2005.

Some conclusions coincide with those in other research (Palomo and Palau-Sampio, 2016). However, one sees that, in our research from 2017, knowledge and use of social networks was already the most valued requisite, having appeared in 72% of the offers. As such, it seems that digital journalists are the most sought-after by companies.

Nonetheless, the new professional setting of journalism does not seem to be clearly manifested in the offers of companies, as Pérez-Serrano, Rodríguez-Barba and Rodríguez-Pallares already noted (2015). It is not clearly reflected in this study, either. Knowledge of marketing is included in many (47%) of the positions offered on LinkedIn and Infojobs to journalists, when this is not a subject considered in the study plans of journalism. This leads us to validate our second hypothesis, which stated that companies do not clearly know what skills a journalism graduate should have.

It is also important to note that journalism with regard to its traditional aspects, journalism in the purely informative sense, is not reflected in the requirements of the company offers.

After the thorough analysis of the data, we can conclude that there is a large gap between the academic education that students in Spanish journalism departments currently receive and what companies apparently require today to fill media-related positions. In light of this conclusion, there must be greater concordance between the business world and universities.

It is also important that the content and subjects of study plans be revised so that future journalists have a place in the labour market, which is becoming more interdisciplinary in nature. This revision should not forget the importance of the traditional skills of journalism, which companies seem largely to overlook.

**Research carried out in the Research Group for Communication and Digital Information, recognised by the government of Aragón and financed by the European Regional Development Fund within the project “Determinants of the Evolution of Journalistic Fundamentals and Skills in Practice, According to the Type and Ownership of News Company,” CONDEVOLPER (UZ-2017-HUM-04).**

## References

- [1] ANECA (2005). Libro Blanco de los Títulos de Grado en Comunicación. Agencia Nacional de Evaluación de la Calidad y Acreditación. Recuperado de [http://www.aneca.es/activin/docs/libroblanco\\_comunicacion\\_def.pdf](http://www.aneca.es/activin/docs/libroblanco_comunicacion_def.pdf)
- [2] APM (2017). El 45% de los periodistas autónomos cobra menos de 1.000 euros al mes, porcentaje diez puntos superior al de 2016. Recuperado de: <https://www.apmadrid.es/comunicado/el-45-de-los-periodistas-autonomos-cobra-menos-de-1-000-euros-al-mes-cifra-diez-puntos-superior-que-en-2016/>
- [3] Bardin, L. (1996). Análisis de contenido. Madrid: Akal.
- [4] Beneyto, A. (1958). España. En Unesco (ed.) La formación de periodistas. Estudio mundial sobre la preparación del personal de la información (pp. 199-202). Paris: Unesco. Recuperado de <http://unesdoc.unesco.org/images/0013/001353/135346so.pdf>
- [5] Benito, A. (1967). Evolución de los estudios de Periodismo en el mundo. Cuadernos de Trabajo 11, 13-36.
- [6] Calvo-Sotelo, V. (2015). Prólogo. En Libro Blanco para el Diseño de las Titulaciones Universitarias en el marco de la economía digital. Ministerio de Industria, Energía y Turismo. Recuperado de:

- <http://www.agendadigital.gob.es/Paginas/404.aspx?requestUrl=http://www.agendadigital.gob.es/planes-actuaciones/Bibliotecacontenidos/3.%20Formación%20de%20excelencia/Libro-Blanco.pdf>
- [7] Flores, J. (2013). Perfiles emergentes en la industria de la Comunicación on-line. En M.C., Agustín Lacruz, C. Marta-Lazo y I. Ubieto Artur, (coord.) (2013). Perfiles profesionales y espacios de empleo en Información y Comunicación (pp. 31-51). Madrid: Icono 14.
- [8] Galdón, G. (1999). La enseñanza del Periodismo. Una propuesta de futuro. Barcelona: CIMS.
- [9] Gómez-Calderón, B., Roses, S. y García-Borrego, M. (2017). Los nuevos perfiles profesionales del periodista desde la perspectiva académica española. *Revista Mediterránea de Comunicación/Mediterranean Journal of Communication* 8 (1), 191-200. Recuperado de <https://www.doi.org/10.14198/MEDCOM2017.8.1.14>
- [10] Gordon, M. (1991). La enseñanza del periodismo en el mundo occidental. Estudio histórico y comparado de tres escuelas. Madrid: Universidad Complutense.
- [11] Graña, M. (1927). Escuelas de Periodismo. Conferencia pronunciada en la Sociedad de Estudios Vasca. Enseñanza profesional, 240-252. Recuperado de <http://www.euskomedia.org/PDFAnlt/congresos/04/04240252.pdf>
- [12] Hayasaki, P., Roca-Cuberes, C. y Singla, C. (2016). New Professional Profiles and Skills in the Journalistic Field: A Scoping Review and In-Depth Interviews with Professionals in Spain. *Brazilian Journalism Research* 12, 14-33.
- [13] Humanes, M. L. (1997). La formación de los periodistas en España. Tesis doctoral. Universidad Complutense de Madrid.
- [14] INESDI (2016). Top 25. Profesiones digitales 2016. España. Recuperado de <https://www.inesdi.com/descargas/Top-25Profesiones-Digitales-2016.pdf>
- [15] Infoempleo-Adecco (2016). Redes sociales y mercado de trabajo. Madrid. Recuperado de <http://www.adeccorientaempleo.com/webwp/wp-content/uploads/2017/02/Informe-2017-Empleo-y-Redes-Infoempleo-Adecco2.pdf>
- [16] Infojobs & ESADE. (2016). Estado del mercado laboral en España. Recuperado de: <https://nosotros.infojobs.net/prensa/informes/informe-el-estado-del-mercado-laboral-espanol-2016>
- [17] Magna Global (2017). Magna Advertising Forecasts Spring Update. Recuperado de <https://www.magnaglobal.com/wpcontent/uploads/2017/06/MAGNA-Global-Ad-Forecast-Spring-Update-June-2017-PR-Executive-Summary.pdf>
- [18] Marta-Lazo, C. (2010) (Coord.). El proceso de reconversión de la comunicación en el EEES. Icono 14 14, 1-7. Recuperado de <http://www.icono14.net/index.php/presentacion/el-proceso-de-reconversion-de-la-comunicacion-en-el-eee>
- [19] Marta-Lazo, C. y Vadillo Bengoa, N. (coord.) (2013). Evaluación de la implantación del EEES en los estudios de comunicación. Tenerife: Cuadernos Artesanos de Latina.
- [20] Marta-Lazo, C., Agustín Lacruz, M.C. y Ubieto, I. (coord.) (2012). Competencias interdisciplinares para la comunicación y la información en la sociedad digital. Madrid: Icono 14.
- [21] Palomo, B. y Palau-Sampio, D. (2016). El periodista adaptativo. Consultores y directores de innovación analizan las cualidades del profesional de la comunicación. *El profesional de la información* 25 (2), 88-195.
- [22] Pérez Serrano, M.J., Rodríguez Barba, D. y Rodríguez Pallarés, M. (2015). Mercado de la Comunicación y estudiantes de Periodismo. Estructura de la demanda de perfiles profesionales. *Revista Latina de Comunicación Social* 70, 209-229.
- [23] Real, E. (2012). Los estudios de Periodismo en España, competencias y destrezas. En C. Marta-Lazo, M-C. Agustín Lacruz y Ubieto Artur, I. (coord.). Competencias interdisciplinares para la comunicación y la información en la sociedad digital (pp. 115-144). Madrid: Icono 14.
- [24] Rodrigo-Alsina, M. y Lazcano, D. (2014). La enseñanza en Comunicación y su proceso de adaptación al EEES como objeto de estudio: una visión panorámica. *Comunicación y Sociedad* 27(2), 221-239.
- [25] Sánchez-García, P. (2016). Los efectos de la primera fase del EEES en la enseñanza del periodismo en España: mayor especialización y formación práctica. *Communication & Society* 29 (1), 125-143.
- [26] Sierra, J. y Cabezuolo, F. (Coords.) (2010). Competencias y perfiles profesionales en los estudios de Ciencias de la Comunicación. Madrid: Fragua.
- [27] Vinader Segura, R., Abuín Vences, N. y García García, A. (2011). El impacto de la web 2.0 en los nuevos perfiles audiovisuales. *TELOS. Cuadernos de Comunicación e Innovación* 87, 74-87.
- [28] Vívar, H., Abuín, N., García, A., Vinader, R. y Núñez, P. (2010). La transición al EEES: la especificidad como vía para incrementar la tasa de inserción laboral de los titulados en Comunicación. En J. Sierra, y F. Cabezuolo, (Coords.). Competencias y perfiles profesionales en los estudios de Ciencias de la Comunicación (pp. 27-43). Madrid: Fragua.



## “German is My Second Language, Which I Actually Now Master Better than My Native Language” – Language Biographies and the Linguistic Integration of Future Teachers

Victoria Storozenko

Philipps-University Marburg

### Abstract

Mastering a language not only enables us to communicate with others, but it also contributes to the formation of one's identity. Thus, multilingualism not only provides the ability to express yourself in more than one language. In addition, it offers a chance to develop a special self-conception and personal identity, influenced by a unique and individual language biography. Languages we learned and experienced accompany us throughout our lives as a kind of cultural capital during our education, studies, professional life and our private life. With this in mind, teachers can play an important role regarding the linguistic integration of migrants. Due to their qualification as well as their position they are in a particular way capable to encourage their students' interest for foreign languages for many years and to facilitate their reflection on their individual language biographies. But which language biographies do those teachers bring to the classroom themselves? How did future foreign language teachers with a migrant background experience their own linguistic integration? How do they reflect on the relation between their native and their other spoken languages? Answers to these questions may help to improve different measures of linguistic integration and provide new stimuli for foreign language teaching. Therefore, the questions mentioned above were part of a survey conducted among future teachers in the context of a two-semester seminar “Migration and multilingualism” and evaluated by means of a content analysis. Some of the findings are to be presented and discussed in the course of this paper.

**Keywords:** linguistic integration, language biographies, migration, teachers, students and qualitative social research.

### Introduction: What is linguistic integration?

Multilingual and multicultural classrooms constitute normality in Germany today. The Federal Statistical Office (Destatis) counted about 33 percent of pupils in schools who have a migration background in the year 2015, which is approximately every third child in a classroom. The same organization defines “migration background” as: “A person has a migration background, if he or she or at least one of the parents did not have a German citizenship since birth” (p. 4). According to this definition, children born in Germany to migrant parents are considered as having a background of migration, even though they did not have the same migration experience as their parents did.

Migration means not only the movement of people from one country to another but also a displacement of languages (cf. Canagarajah 2005). Immigrants bring their languages with them as a form of cultural capital, which they nurture and cultivate or abandon to different degrees. The challenge to learn and use a new language, as well as the inner conflicts and hopes connected to linguistic integration, are often experienced by the children of migrants in particular. As a result, some parents do not speak their native language with their children at all; by contrast, some do. Likewise, while some parents acknowledge linguistic integration as important, others do not.

In fact, several empirical studies provide clear evidence of significantly positive links between the level of knowledge of the first language and the second one (e.g., Apeltauer 2003; 2007). Häusermann (2011) summarizes the results of studies in this area, noting that competence in the first language leads to increased competence in the second language, meaning that children with migration backgrounds would be more likely to be able to speak better German if they had a profound level of support in their first language (p.7).

Garcia (2017) defines linguistic integration as “not more than ensuring that migrants speak the language of the political state into which they come” (p.12), and she criticizes the idea of total linguistic integration. The native language of migrants is unique, as well as their own variations of the language of the country of migration, and the language does not have to be

perfect in order to be an acknowledged part of the community. She supports the critical post-structuralism approach that has its roots in the ideas of French social theorist Pierre Bourdieu. For him, language constitutes a form of symbolic capital and can be transformed into economic and social capital. The value of a particular language in a society depends, finally, on its legitimation by the dominant social group by means of institutional processes, for example, education. As the result, less-dominant social groups accept the dominant form of linguistic capital.

The aims and objectives of this study are to scrutinize the problem of linguistic integration by means of analysis and an interpretation of language biographies of students with migration backgrounds. They all plan to become teachers of different subjects at the secondary school level. However, in order to acquire a contrast case, I have also chosen one language biography by a student without a migration background. The primary research question is: What kinds of language biographies do future teachers bring to the classroom? Secondary research questions are: How do future teachers with an immigrant background perceive their own linguistic integration? How do they reflect on the relationship between their native language and other languages they have learned? How do they reflect on language they had to learn at school?

### **Methodology**

What is a language biography?

Topinke (2002) points out that the term “language biography” is not a scientific one and thus cannot be easily defined. A language biography can be described, rather, as a reconstruction of personal biographic experiences with languages. In fact, a personal biography is closely linked to the acquisition of language, and in this sense, every biography is a language biography (*ibid.*, p. 4). During the course of our lives, we have experiences with languages, as it is a central medium for communication in our society. Berger and Luckmann (1991) emphasize that language is not only “one of the most important sign systems of our society” but that it also helps us to master our everyday interactions with others (p. 39).

Considered another way, language experiences can signal serious changes in our biographies and even cause “fractures” in it. The acquisition of a new language because of migration or due to the loss of the ability to speak or to write because of an illness or injury serves here as common examples. Moreover, literacy that embraces the acquisition of reading and writing skills influence biographic experiences with languages and with integration into a particular society as well as esteem in different milieus. Our identity or identities may also be connected to language acquisition. Undoubtedly, illiteracy also has a strong impact on these factors (integration and esteem). Furthermore, Wygotski’s development model also showed a strong connection between thinking and language as well as their mutual impact (Wygotski 1964, 89). In the words of Slobin (1996):

The language or languages that we learn in childhood are not neutral coding systems of an objective reality. Rather, each one is a subjective orientation to the world of human experience, and this orientation affects the ways in which we think while we are speaking. (p. 91)

Language biographies may take different forms. They can be narratives that are written or reported in interviews, and they may be short or long. Furthermore, a language biography does not necessarily have to be autobiographical, and it can contain information about another person. But all of them have one element in common: they focus on language. A language biography can be framed according to the aims and objectives of the research. Simple questions concerning languages and their acquisition can be used as a stimulus for personal narratives, such as: What languages do you speak? How did you learn them? What motivated you to learn a new language? What demotivated you when learning languages? Which language do you use for social media, the Internet, and for reading books and watching films?

Qualitative social research

A qualitative approach is used in this study in order to answer the researched questions. Qualitative methods of social research help to scrutinize the insight, perspectives, and personal experiences of those participate in such studies. Compared to quantitative studies, qualitative methods are characterized by the absence of control by the researcher (cf. Yin 2009, p. 2). In fact, language biographies written by students in their spare time include their experiences learning languages and their self-reflections in a free form. They were given the above-mentioned stimulus questions only as an inspiration for this writing activity. As a result, some students organized their narratives around these questions, which that they used as a framework. Others simply provided answers in the form of brief responses to each question. By contrast,

some students wrote their answers in the form of essays. This allowed them to show their feelings and attitudes towards the languages they speak and to understand and explain the details regarding their linguistic integration.

Methods of qualitative social research focus on single latent structures of meaning by means of reconstruction of the subjective meaning that the researched candidates ascribe to their lifeworlds (cf. Helfferich 2009). In the words of Corbin and Strauss (2008), qualitative social research means “to step beyond the known and enter into the world of participants, to see the world from their perspective and in doing so make discoveries that will contribute to the development of empirical knowledge” (p. 16). The aim of qualitative research is, “...to make the scientific statements as authentic as possible, which means to formulate them as faithfully to the conditions of everyday life as possible.” (Lamnek 2005, p. 360). Weinburg (2001) presented the following advantages of qualitative social research:

(1) It reduces the risk of putting words in respondents' mouths; (2) it allows investigation of unanticipated themes that emerge in the course of the interview; (3) it allows the study of people or themes about which very little is already known; (4) it allows us to maximize the extent to which respondents' “own voice” may be preserved in our data; (5) it allows analysis of not only what respondents tell us but how they do so; and (6) it allows us discretion to pursue particular themes with respondents in depth. (Weinburg 2001, p. 485)

The reality of language biographies is already interpreted by their authors and constructed anew by the researcher. This means that my interpretation of this reality – the reality of the researched object – is that of a second degree and represents students' interpretations of reality combined with my own understanding of it. Flick (1996) describes it as producing “a new version of the whole” (p. 19). The target of qualitative social research, however, is not to collect and reconstruct subjective meanings that the researched candidates attribute to their understanding of the world. Behnke and Meuser (1999), as well as Ernst (2010), emphasized a significant task of the qualitative social research as having “to make the invisible visible” (p. 85). In fact, this perspective of qualitative social research also stands for the researcher's responsibility that can be understood as a criticism of the existing structures of society.

Analyzing our human lifeworld, Berger and Luckmann (1966/1991) formulated a fundamental question of our society, namely, “How is it possible that human activity (*Handeln*) should produce a world of things (*choses*)?” (p. 30). An interpretation of the language biographies, of course, shows only the micro-level or the level of some subjective memories about the writer's language acquisition. The macro-level or the level of the structure, institutional setting, or country is linked to them but will remain unexamined in this paper because of its length. However, language biographies constitute part of the existing structures such as the German educational system or migration laws. The macro- and micro-levels are interdependent, and how to analytically connect them remains “one of the most contentious issues” (Turner 2005, p. 405) in contemporary social theory and methodology.

Since qualitative social research operates with a small number of cases, the analysis and interpretation of the researched material cannot be generalized. The interpretation of the language biographies followed the principles of content analysis developed by Mayring (2000), with its inductive and deductive category-building processes. This method is based on a systematic text analysis, which implies the following analytical steps: the inductive development of categories, summarizing processes, context analysis, and deductive application of categories, which must help to answer the research questions. Additionally, the method can apply quantitative data about the researched subject. However, this will not be the matter for analysis in this paper because of space limitations. All language biographies have been anonymized. In the following, three language biographies that constitute contrasting cases will be introduced.

## Discussion

In this part of the paper, three language biographies will be presented. They will help to provide some insightful knowledge about attitudes and learning foreign languages from persons with and without backgrounds that include migration. Anton migrated to Germany with his parents when he was a child; Alena was born in Germany to a family of immigrants; and Anna has no migration background. All three plan to become teachers. Scrutinizing their language biographies will help to answer the research questions introduced earlier: What kinds of language biographies do future foreign-language teachers bring to the classroom? How do future teachers with an immigrant background perceive their own linguistic integration and present themselves in their language biographies? How do they reflect on the relationship between their native language

and other languages they have learned? How do they reflect on languages they had to learn at school? How do they use language in their daily life? What kinds of experiences did they have with languages; were they positive or negative?

#### Anton's language biography

"German is my second language, which I actually now master better than my native language."

Anton speaks Russian, German, English, and Latin. Whereas the first two languages signify his biography and identity, English and Latin are languages he learned at school. Russian was his first language, as both of his parents speak it. For the first six years of his life, he lived in the former Soviet Union, specifically, in Kazakhstan. Anton's mother is a Russian German; his father's family comes from Korea. Therefore, Anton includes Kazakh and Korean in the languages that represent his cultural capital, even though he does not speak them. When he was six, his family immigrated to Germany because of his mother's origin.

Anton does not remember how he learned German. He explains this by saying that he attended German schools. Anton thinks that Russian was the easiest language for him to learn. He remembers that learning German was very difficult for him at the beginning, but within two or three years, he had no problem with it. According to Anton, he has now mastered German, his second language, and speaks it better than his first language, but he still can speak Russian as well. German is the dominant language in his daily life, but he speaks Russian with his parents and his Russian friends.

Anton points out that he listens to music in English, German, and Russian. He watches TV and films in German and sometimes in English. He reads books in German, but for his studies in English, he has to read some books in English. He uses German for searching on the Internet. He reports that he found English lessons at school very boring because they studied grammar almost all the time during English lessons, and he never had an opportunity to speak this language at school. His positive experiences with languages included times when people were "surprised" that his Russian was so good. Another positive experience was when he traveled abroad and was able to use English, despite the fact that he had never communicated in English at school.

#### Alena's language biography

"We have a very big family whose members live in different countries, but when we meet we all speak the same language [Polish]."

Alena was born in 1986 and wants to be a teacher of German, geography, and history. She used the combination of these subjects consciously and decided to be a German-language teacher because, in her words, it is "her language." Both of her parents are from abroad. Her mother was born in Poland and her father in Russia, specifically, Siberia. Her mother was about 20 years old when she immigrated to Germany in order to work here because she had few opportunities to find a job in Poland. This was at a time when Germany needed many foreign workers or "Gastarbeiter." She found a good job in Berlin and went home to Poland every weekend. She brought her family money and items such as sweets, different kinds of food, and clothing.

Alena's father has Jewish roots, and his family immigrated first to Ukraine and then to Russia during the Second World War. Her father was born in Russia and lived there for about 17 years before his family went back to Germany. Alena's parents met in Germany. It was very important to both her parents that their children learn their languages, Polish and Russian. Her father used to work all day, so the children (two daughters) learned Polish first. He spoke Russian with them only after his workday ended late in the afternoon. However, this happened less and less because he was tired, and after a while, only Polish was spoken at home.

Alena's family lived in the district where many immigrant families lived, most of them from Poland, so she had a lot of opportunities to speak Polish when she was playing with other children. Children who spoke only German were marginalized in this district. Alena started kindergarten when she was three. In this kindergarten, there were a number of children with immigrant backgrounds. According to Alena, it was important to educators that all the children learn to speak proper German; it was also important to her parents. Alena spoke Polish at home and at playgrounds nearby and in kindergarten. But later, she spoke only German at school. Her family traveled to Poland frequently, about three to five times each year. It was very pleasant and comfortable for her to be able to speak Polish with "her family" in Poland. Today, she

still speaks Polish with her parents. She loves this language and finds it “very beautiful.” She notices that sometimes she prefers Polish and sometimes German, according to the situational context.

Two years ago, her daughter was born. For Alena, it is important that her daughter learn to speak Polish well, so she tries to speak to her only in Polish at home. Most of her very large family lives in Poland, and she does not want her daughter to be marginalized and considered an “outsider” in Poland because of an inability to speak the language. Several members of her family live in other countries such as England and Greece, but when they all get together, everyone speaks Polish – the language that unifies them.

Apart from Polish, German, and a little Russian, Alena speaks English. She learned this language at school. According to her, English plays a significant role in modern society. Alena pointed out that, at school, she learned only some vocabulary and grammar, and she could not speak English. Because of her lack of communication skills, she went to England after she finished her education and completed Abitur examination. She traveled and worked there, and she learned to speak English after a couple of weeks. But her knowledge of the Polish language also helped her a lot in Great Britain because she met many people from Poland who immigrated to England in order to find work and have better living standards.

Now, Alena’s everyday life involves speaking German, but she watches films mostly in English and prefers to read books in Polish. She hopes to learn more languages, such as Spanish or Greek. In her opinion, there are only benefits when a person speaks foreign languages. She can also imagine living abroad sometime after she has finished her university studies and getting to know other cultures and countries.

#### Anna’s language biography

“I remember long evenings sitting in the kitchen with my Mam, who tested my vocabulary knowledge.”

Anna explains that she was born in Germany, and her native language is German. When she was four, her family moved from one federal province in Germany (Hessen) to another (Saarland). When she was thirteen, her family moved back to Hessen. The dialect of Saarland differs from that of Hessen, and she remembers that sometimes people in Saarland could not understand her. It took time for her, as a child, to understand this dialect. After her Abitur examination, she did a volunteer social-service year near the North Sea in Germany and learned a local dialect, “Ostfriesisch,” and how to speak “Plattdeutsch” or Low German there. It was like a “foreign language” for her.

Anna learned English at school. Her family spent holidays in France every year, and she could already speak a little French in childhood. She found that English lessons at school were not very compelling because she was not “disciplined” to learn vocabulary. Anna remembers that she spent a lot of time in the kitchen with her mother, who tested her vocabulary knowledge. She is sure that her English teacher influenced her attitudes towards foreign languages because this teacher was “very nice” but “demanding” at the same time. Therefore, Anna learned a lot during these English lessons and had “fun” too. When she moved back to Hessen with her family and found herself in the 8<sup>th</sup> grade class, she noticed that other pupils in her class in Hessen did not have as much knowledge of English as she did.

Anna’s second foreign language that she learned at school was French. As she already had a lot of experience at learning languages because of English, she used the same strategies to learn French vocabulary. In general, French was her favorite language because she went on holidays there often and connected this country with positive experiences and memories.

In her daily life, she speaks only German so she has forgotten a lot of English and French. She listens to music in English, and she sometimes has to read scientific literature in English for her academic subjects. She very much regrets that she does not use the foreign languages she learned and does not feel confident about speaking these languages, as she did in the past. Anna has noticed that, interestingly, it is easier for her to express herself in English than in French, but she couldn’t explain why this is so.

In her opinion, learning languages at school belongs to the basics, but it is hard work for pupils and requires a lot of training and learning the grammar and vocabulary. She also found that teachers play a central role in students’ having a positive or negative attitude to a language and their personal motivation to study it. Learning foreign languages at school opens up possibilities to travel and to communicate with people later on. When a person learns many languages, she develops an

intuition to languages in general and can understand more in every language she has learned. Being able to communicate in a foreign language is more important to her than grammar or vocabulary exercises.

### Conclusion

Because of time and space constraints, only partly analyzed language biographies were presented; further analysis will follow in subsequent papers. This paper aimed to present several language biographies and also to demonstrate this as a method for working with students with migration backgrounds. It will be interesting to conduct additionally interviews with the same students in order to learn more and to understand how the level of the individual (micro-level) and level of society (macro-level) can be connected. Students' reconstruction of their own language biographies is often fragmental and incomplete and raises a number of questions that these narratives cannot answer. It remains a "mystery" how children who have migrated to Germany learn the new language so well. In fact, Anton and Alena both speak German without an accent. They both present themselves as confident in different situations; they are linguistically integrated and, in addition, they speak the languages of their parents. All three, Anton, Alena, and Anna, noted that they did not like learning languages at school or perceived it as hard work, such as learning vocabulary and doing grammar exercises. They all acknowledged the special role that English plays in their daily lives. Even though none of them is a fan of this language, or at least they do not mention it directly, they use it sometime in their daily lives. Generally, Anna, Anton, and Alena have noticed positive effects from the language knowledge they possess.

### References

- [1] Apeltauer, Ernst (2003). Literalität und Spracherwerb. Flensburger Papiere zur Mehrsprachigkeit und Kulturreichhalt im Unterricht, Nr. 32.
- [2] Apeltauer, Ernst (2007). Förderprogramme, Modellvorstellungen und empirische Befunde. Zur Wortschatz- und Bedeutungsentwicklung bei türkischen Vorschulkindern. In: Ahrenholz, Bernd (Hrsg.): Kinder mit Migrationshintergrund. Spracherwerb und Fördermöglichkeiten. Freiburg i.Br.: Fillibach Verlag, pp. 11-33.
- [3] Bampf, in: [https://www.bamf.de/DE/Service/Left/Glossary/\\_function/glossar.html?lv3=3198544](https://www.bamf.de/DE/Service/Left/Glossary/_function/glossar.html?lv3=3198544) (17.05.2018)
- [4] Behnke, Cornelia and Michael Meuser. 1999. *Geschlechterforschung und qualitative Methoden*, Opladen: Leske + Budrich.
- [5] Berger, Peter L. and Thomas Luckmann. [1966] 1991. *The social construction of reality. A treatise in the sociology of knowledge*, Harmondsworth: Penguin.
- [6] Bourdieu, Pierre (1983). Ökonomisches Kapital, kulturelles Kapital, soziales Kapital. In: Reinhard Kreckel (Hrsg.), *Soziale Ungleichheiten (Soziale Welt, Sonderband 2)*, pp.183-198. Göttingen: Schwartz.
- [7] Canagarajah, Suresh. 2005. *Reclaiming the local in language policy and practice*. Mahwah, NJ: Lawrence Erlbaum.
- [8] Destatis, in:  
[https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/zdw/2017/PD17\\_006\\_p002.html](https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/zdw/2017/PD17_006_p002.html)  
(Statistic) (20.06.2017)  
and (20.06.2017)  
[https://www.destatis.de/DE/Publikationen/Thematisch/Bevoelkerung/MigrationIntegration/Migrationshintergrund2010220157004.pdf?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/Thematisch/Bevoelkerung/MigrationIntegration/Migrationshintergrund2010220157004.pdf?__blob=publicationFile) (20.06.2017)
- [9] Ernst, Stefanie. 2010. *Prozessorientierte Methoden in Der Arbeits- und Organisationsforschung. Eine Einführung*, Wiesbaden: VS Verlag für Sozialwissenschaften.
- [10] Flick, Uwe. 1996. *Qualitative Forschung. Theorie, Methoden, Anwendung in Psychologie und Sozialwissenschaften*, Reinbek: Rowohlt.
- [11] García, O. (2017). Problematizing linguistic integration of migrants: The role of translanguaging and language teachers. In Beacco, J.-C. Krumm, H.-J., Little, D., and Thagott, P. (eds.) *The Linguistic integration of adult*

- migrants/L'intégration linguistique des migrants adultes. Some lessons from research/ Les enseignements de la recherche* (pp. 11-26). Berlin: De Gruyter Mouton.
- [12] Häusermann, Judith (2011). Erstsprachförderung im Frühbereich. In: vpod bildungspolitik. Zeitschrift für Bildung, Erziehung und Wissenschaft . Heft 174, pp. 4-8.
- [13] Lamnek, Siegfried. 2010. *Qualitative Sozialforschung. Lehrbuch*, Weinheim: Beltz.
- [14] Mayring, Philipp (2000, Juni). Qualitative Inhaltsanalyse. In: *Forum Qualitative Sozialforschung* 1(2): <http://qualitative-research.net/fqs/fqs-d/2-00inhalt-d.htm> (20.06.18).
- [15] Ricardo Otheguy, Ofelia García and Wallis Reid (2015). „Clarifying translanguaging and deconstructing named languages: A perspective from linguistics“. In: *Applied Linguistics Review*; 6(3), pp. 281–307.
- [16] Slobin, Dan I. (1996). From «thought and language» to «thinking for speaking». In: Gumperz, J.J. & Levinson, St.C. (eds.). *Rethinking linguistic relativity*. Cambridge: Cambridge University Press, 70-96.
- [17] Topinke, Doris (2002). Published in Bulletin VALS-ASLA (Vereinigung für angewandte Linguistik in der Schweiz) 76, 1-14, 2002.
- [18] Weinburg, Darin. 2006. "Qualitative Research Methods", pp. 484–486, in *The Cambridge Dictionary of Sociology*, edited by B. S. Turner. Cambridge: Cambridge University Press.
- [19] Wygotski, Lev S. (1964). *Denken und Sprechen*. Frankfurt a.M.: Fischer.
- [20] Yin, Robert K. 2009. *Case study research. Design and methods*, Los Angeles, CA: Sage.

## "Means of Linguistic Expression in Frang Bardhi's 'Apology of Scanderbeg' (on the Occasion of the 500th Anniversary of the Death of the National Hero)

PhD. Elvis Bramo

University of Tirana

Faculty of Foreign Languages

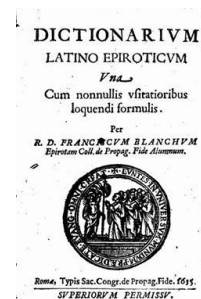
Department of Slavic and Balkan Languages

### Abstract

This article is dedicated to the work "Skenderbeu" (Apology), <sup>1</sup> written in Latin by F. Bardhi in 1636 and translated into Albanian 61 years ago from the famous Latinist, Stefan Prifti. The work aims not only evoking the resistance and the wars of our people against the Ottoman Empire under the leadership of the National Hero, G. Kastrioti, but also as a reflection of some of linguistic means, which this apologetic piece was conceived 382 years ago, at that high level of argumentation and protection of Scanderbeg's nationality. As composers of this article, we are mainly based on the methods of text building with the data of disputation, mainly based on the documents and the historic truths that were inherited not only by the compatriots of F. Bardhi but from many historians and works of different genres as well, dedicated to the bravery of this great Albanian. Our discourse aims to highlight the expressive power of our language, to cover and address such major subjects, elaborated according to the laws of classical oratories, starting from the characterization of the opponent who faced F. Bardhi, from the recognition of mental and intellectual qualities and attributes, to the facing of irrefutable facts.

**Keywords:** apology, cleric, lexicographer, folklorist, Sare, Sarda, Mario Roques, Willy Kamsi, vocabulary, Tomku, opponent, imaging.

### Introduction



After translating this fiery apology from prof. Prifti, with the above theme, concludes that deep reasoning, the alignment of historical events in the chronological order, and follow-up of the causes and consequences of the military and political actions of Skanderbeg's deeds. We have brought them here by Bardhi in such a way as to convince even the most determined opponents of the Albanians of the invincible prince of Epirotes, and is also called the hero in this work. To fulfill

<sup>1</sup> Bardhi, Frang. (1636), *Georgius Castriotus Epiroensis fortissimus ac invincitimus*" (Gjergj Kastrioti of Epirus, commonly called Scanderbeg, brave and invincible price of the Albanians"), With the generosity of the bright and Majestic Venetian Senate – In Venice, printed by Mark Gjinami.



this sacred duty to his homeland, we learn that Bardhi had strong reasons that have pushed him to tighten the pen in his hand, for he did not succumb to the desire to write a work and did not embarrass his own country. For this purpose, we have traced the linguistic appearances: from the lexicon selection, the selection of literal and figurative meaning of the words, the collection of sentence building units, such as syntagma, and the entwining of the difficult phrases, as they are thought, with different functional components. Even though there are new syntactical structures, at the Apology of Bardhi, there are also present indirect structures of phrases, which start with predicative subordinate units and are seen as opportunities for complex sentences, with some stages of subordination, such as "So that all seem clear and that we clarify each confusion, I found it important to write here all the aforementioned letters taken from "Memories" of Piu II, as these letters contain many sentences written with wisdom and special care". (p. 65) On the other hand, we have followed with care the imaging and shape of the figure of Jan Tomku – *one of the most honourable men, with an experienced judgment and knowledgeable man*<sup>1</sup> - by giving him a lot of merits, but without leaving behind the poignant and unrevealing irony, to be sent towards a desperate position, regarding logics and knowledge for the historical interpretation. Jan Tomku is not under the "rays" of Dalmatian shining, thus he is still desperate in "the dark corners of Bosnians". Irony and satire, comparisons and highly attributed attributes are throughout Bardhi's apologetic work, not just characterizing the opponent, but at the same time the quality of the classical style of apology, as a literary genre, written for centuries, since Greek and Roman antiquity<sup>2</sup>. Along with the great old orator of old Greece, we can not fail to mention the other speaker: the Cicero of ancient Rome, who laid the foundations of rhetoric and art of public speaking. Plutarch has devoted him almost a whole book, not only for his life and political activity, but also for the foundations he threw in this field.<sup>3</sup> In this way, we could highlight the fact that the Albanian language in the mouth of the translator Prifti comes as powerful as the language of the oratory and apology - the Latin of the prelate of the XVII century, Frang Bardhi, the first apologist in our literature and author of the first bilingual Dictionary : Latin-Albanian, in 1635.

During the writing of this article, the method of comparing more data from the oratory and classical apology has been used, documentary evidence has been presented to support F.Bardhi in the discourse of the national hero's defense, Gjergj Kastrioti, and is intended to point out as much the translator could have preserved the qualities and competence of the language in the receiving language, namely: Latin and Albanian, in other words, we aim at what was emphasized by the great semiotist, U.Eco, "To say almost the same thing."<sup>4</sup>

### **Bardhi and his translator of his Apology for Scanderbeg, S. Prifti**

Frang Bardhi (1606-1643) was a senior Catholic clergyman, the first lexicographer of the Albanian language, folklorist, ethnographer and one of the best rapporteurs for the population of the province of Zadrima and beyond. He studied at the religious college of Loreto (Italy) and then served as bishop of Sapa (Zadrima). In 1635 he published the Latin-Albanian Dictionary, and in 1636 he drafted Apology for Skanderbeg<sup>5</sup>. Note that the first principal researcher of F. Bardhi's work is the French albanologist Mario Roques<sup>6</sup>. After him, with regard to Bardhi, we list the Albanologists E. Cabej and M. Domi, especially today, Bardhyl Demiraj<sup>7</sup>, the critical publisher of the Dictionary and the young linguist Bardhyl Demiraj. And here is to be mentioned historian Willy Kamsi, who translated from French, the entry of the Dictionary, made by M. Roques.<sup>8</sup>

**Stefan Prifti** (1910-1975) was a lecturer in high schools, a syntax linguist and one of the most prominent Latin scholar of Albanian culture. He translated M. Barlet's work "The History of Life and Works of Skanderbeg" (1964) and F. Bardhi's

<sup>1</sup>Bardhi, Frang. Idem, p. 15.

<sup>2</sup>**Proza antike greke.** (1962), Shtëpia Botuese "Naim Frashëri", Tiranë, f. 179. (Collection – No author: translated by Sotir Papahristo).

<sup>3</sup>Plutarku. (1980), **Jetë paralele.** Shtëpia Botuese "Naim Frashëri", Tiranë, f. 227 – 273.

<sup>4</sup>Eco, Umberto. (2006) **Të thash gati të njëjtën gjë.** Shtëpia Botuese "Diturija", Tiranë, f. 240 e v.

<sup>5</sup>Akademia e Shkencave e Shqipërisë, (2008) **Fjalor Enciklopedik Shqiptar-1**, Tiranë..

<sup>6</sup>Akademia e Shkencave e Shqipërisë, 2009. **Fjalor Enciklopedik Shqiptar-3**, Tiranë (Mario Roques, 1875-1961. After the World War I taught Albanian in the Oriental Languages School of Paris. He worked in the research and study of the texts of the old authors of Albanian literature, the results of which were presented in two works published in Paris in 1932: "Recherches sur les anciens textes Anglaises" (Searches for old Albanian texts) and "Le dictionnaire Albanais de 1635" (Albanian dictionary of 1635). In his first work he gave a full description of the 17 most recent Albanian publications and manuscripts (1462-1710), some even discovered by him ... In his second work, he photographed the photocopy of F.Bardhi's Glossary, with an philology study introduction)

<sup>7</sup>Demiraj, Bardhyl. (2008), Dictionarium Latino-Epiroticum (Romæ 1635) Per R.D. Franciscum Blanchum, Botime Françeskane, Shkodër..

<sup>8</sup> Idem. (Prof.B.Demiraj in p.9: *The up-to-date studies of F.Bardhi's life and intellectual-religious activity as well as his work rely heavily on the biographical material that he collected during his archival research and the French librarian and French philologist Mario Roques ... Undoubtedly this homage can make as much work as Mr. Willy Kamsi (= WK), who is always in the spotlight, to whom I take the*

"Scanderbeg" apology. Stefan Prifti is the author of a textbook "Albanian Language Syntax" and author of many studies in the field of this discipline.<sup>1</sup>

Regarding the Apology, M. Roques writes that "*Frang passed through Venice and there, during a very short stay, he made it possible to print a work, that many authors have talked about, but whose writings are rare and which was dedicated to Dogj and the senate of Venice. The works was dedicated to Scanderbeg and was assigned to publish a work finished four years before by Joannes Tomcus Marnavitius, archbishop of Bosnia, who wanted to relate Gjergj Kastriot to the Marnavić family and to Bosnia.*" (... *Frangu kaloi nëpër Venedik, dhe aty, gjatë nji qëndrimi padyshim mjaft të shkurtë, bani që të shtypej njëvepër, që shumë autorë e kanë çekë, por kësombllat e së cilës janë të rralla dhe të cilën ia kushtoi Dogjës dhe Senatit Venedikas. Vepra i kushtohet Skandërbegut dhe që caktue për me qitë poshtë botimin që kishte bërë katër vjet më parë Joannes Tomcus Marnavitius, ipeshkëv i Bosnjes, i cili kishte dashtë me e lidhë Gjergj Kastriotin me familjen Marnavić dhe me Bosnjen).*)<sup>2</sup>

Without being separated by the French albanologist, Roques, we said that when he discovered and acquainted with the Apology of our writer, he did not pass without giving some of the linguistic features of the author he had observed during the apologetic text in Latin. He emphasizes that *the booklet of Bardhi is of great interest; of course Latin is more emphatic but it tells about details in thoughts; the author is attacking, without being aggressive, but very ironic; it is seen that some critical documentary approach and linguistic care, as for example two words in Albanian and the idea that women preserve the national language more than men, go beyond the main topic. (...libreci i Bardhitasht larg së qeni pa interesë; natyrisht latinishtja asht shumë emfatike por difton hollësi mendjeje; autori në të asht sulmues, pa qenë i vrazhdë me tepri, por shumë therës; zbulohet aty njëfarë aftësie kritike dokumentare dhe kujdesi gjuhësor, p.sh. dy të çekuna fjalësh shqipe dhe ketë oroe se gratë e ruejnë gjuhën kombtare më tepër se burrat, të cilët dalin më shumë prej vendit).*<sup>3</sup> Even the protagonist of the work, S. Prifti, whom Bardh's adversary calls "the enemy of the pen", states that the language of the Apology, Latin, is pure and fluent, connected with classical rigor, a stark and stingy and merciless style, as is Bardh's mind and heart in the defense of his national hero, who loves and worships so much."<sup>4</sup>

From the beginning we must emphasize that any translator, in his intention, to pass through the translation, all the cultural transports that encompasses each natural language, as the creation of endless centuries of grace: from psychology, ethnography, intellectual entity, etc. it is by no means necessary to know the concept of the **semantic power** of the language from which he/she takes the text; this is why the modern linguistic language of the translation is appreciated by Italian linguist Tullio De Mauro<sup>5</sup>, who emphasizes that *the semantic power of a code will be called the number of meanings it marks within its noetic field.*

With Scanderbeg, in Bardh's day, happened what the history of world art has known about the "*war*" that had made seven Greek city-states for the homeland of the mythical poet Homer: Athens and Sparta, Teba and Corinth, Selamina, Smirna and Mikena etc., who have been fighting for centuries to make their own the poet of Iliad ...

This is the reason, Bardhi tells the reader, for taking on the heavy burden: *to put his naked truth in his eyes, even untamed, because it does not need to be painted and adorned with beautiful and false words*<sup>6</sup>, a goal that is also included in the subtitle of the work 'Gjergj Kastrioti epirotas, commonly called Scanderbeg, a valiant prince over the brave and invincible prince of Albanians, returns to his compatriots and his homeland, by Frang Bardhi'. For 15 days this apologetic\* work was drafted, which is also a panegerik\* (as it is understood in classical Greek literature) when the author was returning to

---

*opportunity to express my deepest gratitude that allowed me to include in this edition exactly its translated version for the first time in Bul.Inst.Dyvj. of Shkodra (1964)*

<sup>1</sup>Akademia e Shkencave e Shqipërisë, (2009) **Fjalor Enciklopedik Shqiptar -3**, Tiranë..

<sup>2</sup>Demiraj, Bardhyl.(2008), Dictionarium Latino-Epiroticum (Romæ 1635) Per R.D. Franciscum Blanchum, Botime Françeskane, Shkodër, f. 25.

<sup>3</sup>Idem, p. 25-26.

<sup>4</sup>Bardhi, Frang. **Skënderbeu (Apollogji)**. (1957) Translated by Latin Prof.S.I.Prifti, Ndërmarrja Shtetërore e Botimeve, Tiranë, f. 7-8.

<sup>5</sup>De Mauro, Tullio. (2008) **Lezioni di linguistica teorica**. GLF, Editori Laterza, Roma, p. 130.

<sup>6</sup>Idem, p. 14.

\***apology**, speech or writing in defense of oneself, of others, of a doctrine, of a belief: "The Socrates' Apology" a dialogue where Plato presents the self-defense of the philosopher in his process: beyond: the apology of a regime, the apology of a crime. From gr.apologh'a "word of defense")

\*panegeric, in classical literature: a commemorative or ceremonial speech; in Christian literature: writing or speech on praise of a saint; of gr. *Panēghyríkós (logos)* - we are talking about an assembly or gathering)

Albania to reject the basic theses of a Bosnian bishop Jan Tomko who denied the Arber origin of Gj. Kastriot. Love for his homeland and his people, love and respect for our truth and our National Hero.

The Structure of the Apology of Bardhi focuses on Tomko and his thesis: the facts that he brings and the genealogy of Margnavic family; all, according to our author, based on a part of the diploma, but that need to be examined. Bardhi starts the high courtesy of Tomko and lists some qualities of the Bosnian man: *honorable man, with and a sterling judgement and main figure in knowledge*; and immediately he declares that he would preserve the truth with respect and turns to some definitions on the counterpart, by changing register and style, such as: *the falsity of the diploma, Tomko invents with such ease, would have called himself Aphrodite's son with Ene and Zeus together with Alkesander; good at sophisms, empty assumptions, guesses in the wind, shamefully tries and deforms Tomk's fantasies, writes lies about the truth, what is the irrefutable truth of history, does not mind, then he has spared, the inability of our adversary, he shakes us up, a man of low condition, as Tomko dreams, extends abundantly, does not have any value, Tomko continues to add, filled with lies and defamation, these serve us Tomko, his fabrication, arguments ridiculous at this point Tomko sheds all his sweat, a pile of sparing words, is just a tadpole, his desire as a vapor, seeks and insists, Tomko has invented, etc.*

The selection of the lexicon used by Bardhi is always in the function of the style of apologetic defense that makes the historical figure of Gjergj Kastrioti, characterized by interesting attributes such as: The Great Prince, Gjergji brave over the brave, Lord of Kruja, Gjergj Albani ... or: .... sent by God, descended from heaven, who is doing so brightly and almost immortal works on the issue of Christianity. Not only that, Gjergji-Hero, whenever he communicates to other European princes, proudly states his historical background: *"I remember, in addition, that generous gesture to Romans by my famous Pirro, king of the Epirotes, when, as the armies in these areas had mercilessly overturned, he left them free as a gratuitous gift, all the captives he occupied, as a noble and kind man he was."*<sup>1</sup>

Then Bardhi chooses a heavy load of words "to show the opponent's place", or to say with figures, like: *"How scary and ugly is in this case the mistake of our adversary .... "; if this foundation is overthrown, then all Margnavian or Tomkian buildings will fall to the ground and be covered in its ruins. ?From the outset, one can see whether this degree is the birthplace of truth or fantasy fiction.* It is in the style of rhetoric and oratory that, in order to crush the adversary, even rhetorical questions are used, as Bardhi does: *Because nothing other than inventions can be called the ones that are served here to replenish the splendor of Margnavic's already extinct ? If these are true, as they really are true, then how do you agree with such castles, cities, camps and many other countless things of this kind with a city burned down, destroyed and almost done pillaging?* Unanswered questions are within the content of controversial and apologetic discourse. It is enough to get acquainted with the text that closes the Apology, which has sequence after ordering some units built with rhetorical questions, which are returned once more to Tomko, who already, at the end of this panegyric discussion, has gone to the post of the unfortunate victim ! (pp. 74-75) On the other hand, when Bardhi brings the opponent in front of himself, he turns to the singular *"But if you, Tomko, desire greatness, scepter wreaths and imperial diadems, ...."*, the discourse reminds us of the famous Cicero oratory in front of the Roman Senate, when he addresses Katilina, against his plot to the Republic (*until when, O Katilina, will .....?!*) And then the "hail" of rhetorical questions!

The second part of the structure is filled with vivid historical facts and popular tales about Kastriots and Gjergji who proves what Bardhi wanted to defend, while also bringing evidence that prove the opposite of Tomko's unfounded theses and make him *blush* before historians and history, more in front of the truth, *if Tomko wants it or not!* In this part, we have to appreciate the profound historical knowledge and knowledge that our prelate is, even though he is so young when drawing up Skanderbeg's Apology. At the end of the work, the author comes back to Scanderbeg's own documents, especially in his diplomatic epistle, like the Prince of Taranto, Ragusa, or the Popes of Rome. The issue that the author calls the national hero sometimes *Kastriot*, once *Albanian*, once *Epirotas*, explains that Arbëria of that time was also called Epirus, as the kingdom of King Pirro.

In the text structure of Bardhi's Apology for Skanderbeg, apart from the close links of fact, sentence after sentence and phrase after phrase, there are also distinguished distance correlations, which arise only through phrases and paragraphs, which keep these sequences in continuity. This phenomenon, in our time, is studied by the linguistics of the saying, which is mainly related to the French language and the name of AntuanKylioliah<sup>3</sup>. This linguistics begins after the programmed ideas of Emil Benvenist and Roman Jakobson by the end of the 1950s of the last century. According to the Albanian linguist

<sup>1</sup>Bardhi, Frang. (1957) *Skënderbeu (Apollogji)*. Translated from Latin by prof. S. I. Prifti, Ndërmarrja Shtetërore e Botimeve, Tiranë, f. 68-69.

<sup>2</sup>Idem., p. 42.

<sup>3</sup>Culioli, A. (1985) *Notes du séminaire D.E.A* (1983-1984), Poitiers, f. 113.

at Paris -7 University, Prof.R. Pernaska, *today, there is almost no linguistic phenomenon that is not treated by the language of the phrase, but this treatment does not intend to be final but is an attempt to come as close as possible to the linguistic truth, observing the strongest implementation of special language systems ...*<sup>1</sup>

Let us follow the logics of Bardhi's apology in different sequences<sup>2</sup> of paragraphs, where he brings a series of facts, which "nail" the oponents within his own "arguments". Our author is convinced that he is going towards the defeat of Tomku, who is away from the truth and builds the text with two views: the series of phrases and facts from many experienced historians and says: "Thus, based on many experiences and well-known authors, I will prove that the oponent will blush in front of eminent historians"; thus, it is an undeniable testimony towards the Bosnian one:

**That**, as with all these honours, titles and privileges, we acknowledge as special and old ones to the family we are considering...

**That** we do not have the purpose, because of this claim, declaration and decision, to create and to allow any right for the aforementioned great earl Tomko...

**That** it is does not, in any part, fall in discrepancy and disagreement with declarative papers we mentioned above...

**Because**, even though Tomku says it iut loud, by saying that this town was under the rule of Haunis Marganoviç, he was included then under the rule of the Republic of Venice...

The linguistic logics of the author goes beyond, by connecting the above causes, ortherwise: phrases which start with the connecting conjunction<sup>3</sup> "se" (sepse – English: because) with the final claim, thought and expressed with one rhetorical question<sup>4</sup>, to the Bosnian Tomku, which is also shown here in a scheme: "Now, I cannot see what answer can Tomku give to them." ("Tani, se ç'përgjigje mund t'u japë Tomku këtyre, unë nuk e shoh.")<sup>5</sup>

In the further cases, the phrases of the author have a continuity, because the argument is such that can not be included within a paragraph or a single statment and they can not be understood without one another. This happens when Bardhi refers not only to the archives of Venice, but especially, to those of Ragusam, a town in which the Kastriots have had stable relationships. And hereto, the author (at the same time the translator) has to express this in longer and more complex sentences (phrases), often with an overlap of units in brackets, to base the found facts and this serves to him to defend the whole process. He writes: "*Other arguments on the thought and many assumptions, not unimportant, are left aside; but I will speak in favour of this opinion the extraordinary importance of Annals of Ragusa, which should be praised by anyone who works on the field and knows the special care of Ragusians under the study of Orient issues*"<sup>6</sup>

Of a special linguistic interest (not only as the job of the translator with the Albanian syntax from Latin) it is seen also the phenomenon of phrase fragmentation, as a structural display which meets the continuity of the phrase, for which our acclaimed linguist Prof. Mahir Domi, many years ago said: "Fragmentation is one of the main means of the interruptive style of writing. This way of organizing the phrase can be found in the spoken language, with an added value, taken from what is previously said. However, nowadays, in the literary language it is already a syntactical and stylistic means, used randomly."<sup>7</sup>

In the example cited above from the Apology of Scanderbeg, the closed phrase at the number of footnote, the author-translator, has also added the phrase, passing to the above-phrase unit, which we are partly showing as follows: "*Because Ragians (so that I can not speak about the other parts of the world, because it is known that they have penetrated to India and regions of Ethiopia, from which they bring to Europe incredible amounts of wealth), go all over the world and visit the*

<sup>1</sup>Përnaska, R. (2015) *Gjuhësi.....gjuhësore- 1*, Maluka, Tiranë, f. 139.

<sup>2</sup>Seriani, L. – Della Valle, V. – Patota, G. (1993) *La norma e l'uso della lingua*, Archimede, p. 64.

<sup>3</sup>Mëniku, L. (2014) *Konektorët e tekstit në gjuhën shqipe*, Monografi, Albas, Tiranë, f. 198 e v.

<sup>4</sup>ASHSH, (1997) *Instituti i Gjuhësisë dhe i Letërsisë, Gramatika e gjuhës shqipe-2*, Tiranë, f. 136.

<sup>5</sup>Bardhi, Frang. (1957) *Skenderbeu* (Apllogji), Tiranë, f. 50.

<sup>6</sup>Idem, p. 70.

<sup>7</sup>Domi, M. (4/1984) *Studime Filologjike*, , f. 61.

*loneliest shores of the East, Arabia, Egypt and other places and when they return, they have the greatest security and with ships loaded with goods."*

At a glance, we are dealing with two phrases, but, for the syntax of our author, is only an expanded phrase, where the second unit, through the phenomenon of fragmentation, comes out on its own graphically but not on the semantic logic, because it can not stand without the first unit.

Even in French there are the same phrases for such units, which can not stand structurally and semantically without one another.<sup>1</sup>

Although in a short time of generating the work, Bardhi is based not only on as many historians, but here also comes to us as a good connoisseur of the popular folk tradition, to prove the Skanderbeg's Albanian, since his emir was made of a part of the life of all his people, remembered as "*Kuçedra (monster) e Arbërit*", or the *Dragon of Epirus* or even the *Athlete of Christ*. In larger discourse measures, such as phrases or overlapping units, we say that the translator Prifti, as a proficiency in Latin, has remained true to the original, since periods with many predicate components with different syntax functions, and this is not the only one because of the structure of the source language, but for the simple reason that the style of the argument requires such a thing, such as: the construction of the divisional units with some scale of predicate structures, with direct and indirect constructions, with the intermediation of sentences that enter each other's tissue, and retrieve different references whenever it feels necessary through logical understanding. In addition, we observe that a general characteristic of apologetic prose is particularly evident with the phenomenon of the homogeneity of the syntax component of the phrase, with the occurrence of the strings of functional homogeneous parts, or even with the word verse and intermediate class. As we read the phrase below, we find that the structure does not conform to the nature of our language, it is coinciding with Latin, as well as saying that we are acquainted with a text in the field of oratory and apology, for example, in the phrase below, the scheme of which clearly shows the structure of argumentative, polemic and apologetic thinking, where the cause and effect are coming in degrees, also being transmitted from one unit to another, as it appears in QOS II (Syntax Organization Center):

"E di //se do të dëshironje// **që** unë në këtë vepër të jem shpesh më i rreptë dhe më i mprehtë, // **që** herë të flas më shkurtër dhe herë më zgjatur, // **që** herë të jem më i ashpër e herë më i butë, diku më i rrjedhshëm e më vërshonjës e dikur më i prerë e më i kursyer në fjalët, //por, //po të marrësh parasysh kohën e shkurtër, preokupimet, tronditjet dhe ngatërresat e tjera të panumurta, // **në të cilat** unë isha i mpleksur, //kur po shkruanja këto radhë, //atëherë do t'i durosh të gjitha me qetësi." (Bardhi, Aplogji, f. 14)

In English it is as follows: I know // **that** you would like// **from** me in this work to be more strict and vigorous, // **that** sometimes I speak short and sometimes I speak longer, // **that** sometimes I am rougher and sometimes I am softer, somewhere fluent and somewhere more saving in words, // **but**, // **if** you consider the short time, the issues, troubles and other innumerable problems, // **in which** I was involved, // **when** I was writing these sentences, // then you would bare everything calmly. (Bardhi, Apology, p. 14)

## Conclusions

From this glimpse of one of the outstanding writers of the seventeenth century, Frang Bardhi, we emphasize that he was the first lexicographer of the Albanian language, author of a model apology, in Latin, for our National Hero, Gj. Kastrioti-Skënderbeu (Scanderbeg); folklorist, ethnographer and rapporteur with the Holy See, among the best known, about the social, demographic and religious status of a part of the population of our country.

- Apology dedicated to the historical figure of Gj. Kastrioti, proves that Bardhi was for his time an intellectual so formed with the knowledge of time, to be compared with historians, and scholars of various European-level fields.

- Bardhi, too, with this work for Skanderbeg's Albanian aspect, appears as a prominent cleric patriot who worked diligently and passionately, devotedly and selflessly to the preservation of the Albanian language, the traditions and the identity of his compatriots.

- Bardhi's activity, as a linguist and collector of folklore, to the extent that he could, shows that he went to Loreto's College of Propaganda Fide, with an initial education and there he received a profound educational, philosophical, philological and

<sup>1</sup>Cohen, M. 1956. Matériaux pour une sociologie du langage, Paris, (Cited according to R.Pëmaska, p. 151).

relational formation, lived with the vital requirements that his people had, not only as a spiritual guard but also by promoting them for knowledge and freedom.

- Such works, such as Latin - Albanian Dictionary and Apology for National Hero, Gj. Kastriot, were not compiled or even published in all Balkan peoples, but our author equated them to the European cultural levels.

- Barlet and Bardh's translator, prof. Stefan Prifti, as a first-time Latinist, an Albanian linguist, especially in the field of the Albanian Syntax, has been able to bring us with his translations a language work with such a culture and knowledge as has proved that Albania does not lack wealth and style in the face of the most used European languages, such as Latin.

- Not only our prominent translator as a Latinist, but any intellectual who can translate native or foreign language materials should know the semantics power of the language; even for our case, it is well-known that the noetic and Latin powers are far superior to the many long spoken European languages.

- A considerate reader and scholar understands that in some of the indications, such as: in lexicon and phraseology, our language has vast riches and synonyms, but in no few models of phrases and structures, Albanian comes simpler than other languages, not just classic ones.

### Bibliography

- [1] Akademia e Shkencave e Shqipërisë, (2008) Fjalor Enciklopedik Shqiptar-1, Tiranë.
- [2] Akademia e Shkencave e Shqipërisë, (2009) Fjalor Enciklopedik Shqiptar-3, Tiranë.
- [3] ASHSH, Instituti i Gjuhësisë dhe i Letërsisë, (1997) Gramatika e gjuhës shqipe- 2, Tiranë.
- [4] Bradhi, Frang. (1636) Georgius Castriotes Epiensis fortissimus ac invincitivimus" ("Gjergj Kastrioti i Epirit, i quajtur përgjithësisht Skënderbeg, princ shumë trim e i pathyeshëm i Shqiptarëve"), Me bujarinë e Senatit të ndritur dhe të Madhërisë Venecian - Në Veneti, shtypur prej Mark Gjinamit.
- [5] Culioli, A. (1985) Notes du séminaire D.E.A (1983-1984), Poitiers.
- [6] Demiraj, Bardhyl. (2008) Dictionarium Latino-Epiroticum (Romæ 1635) Per R.D. Franciscum Blanchum, Botime Françeskane, Shkodër.
- [7] Domi, M. (4/1984) Studime Filologjike.
- [8] Kamsi, Willy. (1964) Buletin i Institutit Pedagogjik Dvjeçar të Shkodrës.
- [9] M. Matériaux (1956) Pour une sociologie du langage, Paris.
- [10] Mëniku, L. (2014) Konektorët e tekstit në gjuhën shqipe, Monografi, Albas, Tiranë.
- [11] Përnaska, R. (2015) Gjuhësi.....gjuhësore- 1, Maluka, Tiranë.
- [12] Plutarku. (1980) Jetë paralele: Demosteni. Shtëpia Botuese "Naim Frashëri", Tiranë. (Përkthyer nga Shpëtim Çuçka).
- [13] Proza antike greke. (1962) Shtëpia Botuese "Naim Frashëri", Tiranë, (Vepër përmbledhje – Pa autor: përkthyer nga Sotir Papahristo).
- [14] Seriani, L. – Della Valle, V. – Patota, G. (1993) La norma e l'uso della lingua, Archimede.

## A New Concept of the Self Through the Rise of English as the Language of Globalization

**Sladana Živković, PhD**

College of Applied Technical Sciences & Faculty of Civil Engineering and Architecture,  
University of Niš, Serbia

### Abstract

The paper outlines a new concept of the self and its formation process from a theoretical perspective. Today we are facing globalization that has brought many changes to the world. We are witnessing rapid political, social, economic, cultural changes. From these complex changes a new form of the self has been born. But, there is no doubt that with globalization and modern technologies there is a threat of losing the self. However, language plays a crucial role in preservation of it. The key notion linking language use and the self is that of self-representation and consequently, self-realization. The comprehension and realization of the self implies its representation which, just as any other kind of knowledge, can only be done in a language. A language contains everything within itself, and so, the English expresses the entire ideology, the way of life, values, in a word – the self.

**Keywords:** English language, globalization, the self

### Introduction

It should be pointed out that the accelerating process of globalization and the increasing interconnections between cultures involve an unprecedented challenge to contemporary psychology (Hermans & Kempen, 1998).

Our era is witnessing an increasing impact of globalization on self and identity and at the same time a growing uncertainty. The experience of uncertainty motivates individuals and groups to find local niches for identity construction.

We are now facing globalization as “the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life” (Held et al. 1999). Globalization is regarded as being about the interdependence of societies on a world scale, about existing links and those that can be developed globally between individuals, communities, nations and organizations (Bourn, 2008). As Giddens (1991) states, globalization tends to be understood as a force that emanates outward, projecting away from local communities into the global arena.

Tomlinson (1999) defines globalization as “the rapidly developing process of complex interconnections between societies, culture, institutions and individuals world-wide. It is a process which involves a compression of time and space, shrinking distances through a dramatic reduction in the time taken – either physically or representationally – to cross them, so making the world seem smaller and in a certain sense bringing human beings ‘closer’ to one another.

As we are in a modern era, individuals may think of their identities as complex, and multi-faceted, but they still understand their identity as all one thing, and not fragmented at all (Giddens, 1991). In modern societies - by which we mean not 'societies today' but 'societies where modernity is well developed' - self-identity becomes an inescapable issue (Giddens, 1991).

Today's global interaction (Appadurai, 2000) involves complex processes that have resulted in human values and self-identities. In other words, the modern leads to individualism and the project of the self (Giddens, 1991). “Young people cannot control the speed or direction of social changes, but they can and do have a say in the effect such changes have on their lives” (Harvey, 2003). Drawing on this approach, Jenkins (2006) argues that it should be stressed that young people are often at the forefront of technological and cultural changes that might be associated with globalization. The “linking of

electronic information would create an interconnected global village” by collapsing communication space and time barriers thus enabling people to interact and live on a global scale (McLuhan & Powers, 1989).

Not surprisingly they are using the wide span of global media to express themselves (Bourn, 2008). In that way, they are facing challenges and opportunities to construct their self-identity.

### **The new emergent forms of the self**

Dealing with the concept of the self, we start our discussion with different explanations. Self-phenomena has been a concern of debate of more and more researchers, however, the fact is that it is quite difficult to define it, because it is a broad concept, and understanding *the self* is the great challenge for human beings. The term *the self* has many meanings, so, different theorists define it in different ways.

Epstein (1993) argues that the self can best be viewed as a theory that a person holds about himself as an experiencing, functioning being in interaction with the world.

A sociological approach to the self and identity begins with the assumption that there is a reciprocal relationship between the self and society (Stryker, 1980). The self influences society through the actions of individuals thereby creating groups, organizations, networks, and institutions.

According to Stets and Burke (2000: 224) the self “is reflexive in that it can take itself as an object and can categorize, classify, or name itself in particular ways in relation to other social categories or classifications” (Stets and Burke, 2003).

Because the self emerges in and is reflective of society, the sociological approach to understanding the self and its parts (identities) means that we must also understand the society in which the self is acting, and keep in mind that the self is always acting in a social context in which other selves exist (Stryker, 1980; Serpe and Stryker, 1987). The self uses social entities that it already has participated in their creation, while on the other hand, society uses the culture to help or force the self in identity formation (Stets and Burke, 2003).

Following Anderson’s (1997) point of view, the self lies at the heart of much of what we do and what we think about, including politics, religion, psychology, economics, psychotherapy, relationships, nationality, gender, and race. But in the fast-changing contemporary world, the traditional concept of the self is under siege and may well be headed for extinction sooner than any of us suspects. Anderson (1997) considers different ideas about the self that have been held by people in the past. He visits disciplines and arenas within which modern ideas of identity are being questioned and other ways of experiencing life are being invented - cognitive science, medicine, cyberspace, and political and economic globalization.

Needless to say, what emerges is an opportunity for a new vision of who and what we are.

### **Language and the self**

Nowadays, “we witness numerous linguistic and other theories that lend no support whatsoever to the idea of an essential connection between language and the self. The key notion linking language use and the self is that of self-representation and consequently, self-realization. National languages, when discussed and emphasized here, are valued solely for the authenticity of human experience they treasure and communicate” (Sidiropoulou, 2005).

It ought to be underlined that “the English language as the official language of globalization, communications and technologies, endangers the ‘small’ languages so much that the situation is actually alarming. The disappearance of each language is the loss of a unique instrument of human intellect and the authentic culture of a social group. That is a part of a larger process of reduction of differences and the impoverishment of the entire human potentials, comparable to that of the species extinction currently happening in nature” (Sidiropoulou, 2005).

Significantly, it has been noted that language contains everything within itself, and so the English expresses the entire ideology, way of life, values, in a word – the self. The problem with it is therefore, not in the language itself, but in the cultural connotations associated with it.

### **Language as the picture of the state of the consciousness of the self**

Norton (2006) claims that the relationship between identity (identity is created by the development of the self) and language learning has been drawing attention from the researchers since 1980s. Drawing upon the distinction between “social identity” and “cultural identity” (Swann & Bosson, 2008), which were seen as “the relationship between the individual and



the larger social as mediated through institutions such as families, schools, workplaces and the relationship between an individual and members of a particular ethnic group who are considered to share a common history, a common language and similar ways of understanding the world" (Swann & Bosson, 2008).

The global spread of English (Pennycook, 2003) is simply the most recent stage in the continual (sometimes more gradual, sometimes more accelerated) transformational processes that have been present throughout the history of the language (Dewey, 2007).

English as a world language (Mair, 2003) has influenced not only the globalization process, but globalization in itself has also greatly contributed to the changes in the English language (House, 2001).

In his defining the coordinates of the self in the modern world, Gadamer (1996) emphasized that all thinking originates in language as we can think only in a language. All our experience and reasoning are already pre-conceived by the linguistic presentation of the world.

The international success of a language is connected to economic, technological, and cultural power in both its rise and fall. The traditional reason for a language to become international has been namely political and military power. To maintain this position economic power is needed. In recent years, science and technology have become more internationally interdependent creating a high demand for a common international language for which English has proven to be the best candidate (Crystal, 2003).

The essence of language is its deep unconsciousness. Therefore, the forming of the term language is, according to Gadamer (1996), not accidentally a relatively recent phenomenon. It subsumes language awareness, which in turn is the result of reflection in which the thought was reflected out of the unconscious state of language and onto the awareness of its being inseparable from language (Gadamer 1996).

Culture is inseparable from language as it allows its growth, enrichment, and continuation. Calvet (1998) argues that the changes in languages are not mere linguistic phenomena, but often represent a chapter in the history of a society. Humans are historical beings, born into a surrounding already formed by numerous layers of meaning and tradition. Derrida (1998) thus points out that speaking a language does not simply mean performing the same linguistic operations. The same language implies the shared ethos, culture, belonging (Derrida, 1998).

Knowledge of history as the totality of past existence is the precondition of understanding the totality of present existence, self-awareness, both social and individual. These two types of *theself* are not hierarchically positioned, but are mutually interdependent. The individual search for individuality is a process of self-discovery, always performed in relation to one's inner life and to the community, to its collective, yet multifarious self. In that context, communication becomes a medium through which the self is realized.

## Conclusion

In view of what has so far been discussed about, it may be concluded that this era is witnessing an increasing impact of globalization on the self and identity (Hermans & Dimaggio, 2007), and it motivates individuals and groups to find local niches for identity construction. Transformations are producing a change in the dynamics of identity formation and the appearance of new forms of it.

Selfhood is universal and precultural, at least in its most basic sense: people everywhere have selves that serve some of the same basic functions. The society and culture, however, provide a context in which the self has to operate, and to do so it adapts in far-reaching, important ways (Baumeister, 1986).

Today, when English is largely considered not a foreign language, but a necessary skill (Živković, 2011, 2013), self-creation and expression certainly have different dimensions. New configurations of nationality, class, culture have been created, and all these influence the creation of the self.

Language and its role in the era of globalization is important in the process of constructing and preserving the self. Language is the picture of the state of the consciousness of oneself and of the society, the picture of the civilization which today calls itself at once both global and multicultural. Taking a general view, the awareness of language is at present an especially

demanding endeavor. In short, it means, not remaining indifferent, uncritical towards the complex, usually not obvious, phenomena of language which determine ourselves.

To sum up, a related trend is the increasing recognition that the self and its social world are reciprocally determined, an idea with both methodological and theoretical implications (Snyder, 1981). At its core the self is defined by the reflexive process, the universal human experience of self-objectification. Yet even at the level of self-meanings, self-image, and self-concept, where the historical, cultural, and political particulars of identity are exposed, the self continues to prosper as an important conceptual tool (Callero, 2003).

## References

- [1] Anderson W. T. 2007. *The Future of the Self: Inventing the Postmodern Person*. New York: Tarcher/Putnam.
- [2] Appadurai, A. 2000. Disjuncture and difference in the global cultural economy. In M. Featherstone (Ed.), *Global culture: Nationalism, globalization and modernity* (pp. 295–310). London: Sage.
- [3] Baumeister, R. F. 1986. *Identity: Cultural Change and the Struggle for Self*. New York: Oxford University Press.
- [4] Bourn, D. 2008. Education for Sustainable Development and Global Citizenship. *Theory and Research in Education*, 6: 193-206.
- [5] Callero, P. L. (2003). The sociology of the self. *Annual Review of Sociology*, 29, 115–133.
- [6] Calvet, L. J. 1998. *Language Wars and Linguistic Politics*. Oxford: Oxford University Press.
- [7] Crystal, D. 2003. *English as a Global Language*. Cambridge: Cambridge University Press.
- [8] Cummings.
- [9] Derrida, J. 1998. *Monolingualism of the other or the prosthesis of origin*. (P. Mensah Trans.). Stanford: Stanford University Press.
- [10] Dewey, M. "English as a lingua franca and globalization: an interconnected perspective." *International Journal of Applied Linguistics*. Journal compilation: Blackwell Publishing Ltd, 2007.
- [11] Epstein, S. 1993. The self-concept revisited or a theory of a theory. *Am. Psychol.* 28:404-16
- [12] Gadamer, H. G. 1996. *Truth and method* (2nd rev. ed., Joel Weinsheimer & Donald Marshall, Trans.). New York: Continuum.
- [13] Giddens, A. 1991. *Modernity and Self-Identity*. Cambridge: Polity Press.
- [14] Harvey, D. 2003. *The new imperialism*. Oxford: Oxford University Press.
- [15] Held, D. et al. 1999. *Global Transformations: Politics, Economics and Culture*. [Cambridge: Polity Press](#).
- [16] Hermans, H. J. M., & Dimaggio, G. 2007. Self, identity, and globalization in times of uncertainty: A dialogical analysis. *Review of General Psychology*, 11(1), 31-61.
- [17] Hermans, H.J. & Kempen, H.J.G. 1998. Moving cultures: The perilous problems of cultural dichotomies in a globalizing society. *Am. Psychol.* 53, 1111-20.
- [18] House, J. 2001. "Debate. Global English: The European Lessons." Wednesday 18th April 2001. Brighton Conference Centre, Brighton, UK.
- [19] Jenkins, J. 2006. Current perspectives on teaching world Englishes and English as a lingua franca. *TESOL Quarterly* 40, 157–81.
- [20] Mair, C. (ed.). 2003. *The Politics of English as a World Language*. Amsterdam: Rodopi.
- [21] McLuhan, M. & Powers, B.R. 1989. *The global village: Transformations in world life and media in the 21st century*. Oxford: Oxford University Press.

- [22] Norton, B. 2000. *Identity and language learning: Gender, ethnicity, and educational change*. Harlow, England: Longman/Pearson.
- [23] Pennycook, A. 2003. Global Englishes, Rip Slyme, and Performativity. *Journal of Sociolinguistics*, 7(4), 513-533.
- [24] Serpe, R. T. and Stryker, S. (1987). The construction of self and reconstruction of social relationships. In E. Lawler and B. Markovsky (Eds.), *Advances in group processes* (pp. 41-66). Greenwich, CT: JAI Press.
- [25] Sidiropoulou, M. (ed.) 2005. *Identity and difference*. Peter Lang AG: Bern.
- [26] Snyder, M. 1981. On the influence of individuals on situations. In *Personality, Cognition, and Social Interaction*, ed. N. Cantor, J. F. Kihlstrom. Hillsdale, NJ: Lawrence Erlbaum
- [27] Stets J. E. and Burke P. J. (2003). "A Sociological Approach to Self and Identity." in *The Handbook of Self and Identity* edited by M. R. Leary and J. P. Tangney. New York: Guilford Press
- [28] Stryker, S. 1980. *Symbolic interactionism: A social structural version*. Menlo Park: Benjamin
- [29] Swann, W.B., Jr. & Bosson, J. 2008. Identity negotiation: A Theory of Self and Social Interaction. In O. John, R. Robins, & L. Pervin (Eds.) *Handbook of Personality Psychology: Theory and Research I* (pp. 448–471). New York: Guilford.
- [30] Tomlinson, J. 1999. *Globalisation and Culture*, Cambridge: Polity Press.
- [31] Živković, S. 2011. *Modernization of English as Foreign Language Studies in University Education*. Second International Scientific Conference: University Education in Transition, Transition in University Education – Modern and Universal. Belgrade. Higher Education Institution For Applied Studies for Entrepreneurialship.
- [32] Živković, S. 2013. To Modernize or not to Modernize - There is no Question. *Academic Journal of Interdisciplinary Studies*. MCSER Publishing: Rome-Italy.

## Accountability and Transparency Challenges of Public Enterprises in Kosovo

Bahri Hyseni

PE "Ibër-Lepenc", J.S.C/European University of Tirana

### Abstract

Government of the Republic of Kosovo exercises the rights of shareholder on public enterprises in Kosovo. These public enterprises are divided into two levels: Central Public Enterprises and Regional Public Enterprises of Irrigation and Water Supply. All Publicly Owned Enterprises are organized under the Law on Business Organizations (Law No. 02 / L-123) and the Law on Public Enterprises (Law No. 03 / L-087) and Law No. 04 / L-111 on Amendments and supplementing the Law / No. 03 / L-087 on public enterprises. Therefore, the level of accountability and transparency is determined according to the mentioned laws. Besides providing high quality public services, the Government also aims to increase accountability and transparency of the public funds spending by public enterprises. Public enterprises are required to report to the Policy and Monitoring Unit of Public Enterprises, but these reports are delayed and even when the Government receives them it is too late to act. It is relevant to point out that there are still challenges in finding an acceptable reporting format for accountability and transparency of public spending. Besides government structures, civil society, research researchers, non-governmental organizations, consumer associations, etc. are increasingly interested in increasing the level of accountability and transparency in order to increase the credibility of the use of public funds for better quality public services. In this paper we will not only do an analysis of the current forms of accountability and transparency of public enterprises, but we will also give some recommendations to raise the current level of accountability and transparency.

**Keywords:** *public enterprises, board of directors, services, challenges, quality, accountability, and transparency.*

### Introduction

The concept of accountability began when people started to keep records about the expenditures that have been related to the work they have reported especially for governance. Accountability is related to the profession being exercised. In today's use we find it to be used as political, administrative, educational, etc. policies. Recently the topic of responsibility and transparency has been very important in the discussions on the responsibility of the governing structures, especially the governmental ones. Law on Public Enterprises in Kosovo Nr. 03 / L-087, which entered into force in June 2008, aimed establishing a legal framework for regulating the exercise of property rights, corporate governance of enterprises in accordance with internationally recognized principles for corporate governance of public enterprises and the creation of reporting and accountability efficiency to allow proper supervision of the activities of public enterprises. Thus, it can be observed that structures have been defined which must meet the requirements of accountability and transparency of public enterprises activities.

How will this governance be used? How will it be implemented in practice? Many years ago a representative of Economic Liberal Economy, monetarist Milton Friedman in his book "Capitalism and Freedom" states: "The problem is in the way we build institutional structures that will give the government the responsibility for the funds and at the same time limit this

power given to the government and prevent this power from being used in ways that will weaken, instead of strengthening free society" (Friedman, 1962: 44-45).

Researching the current practices of public enterprises in Kosovo, we estimate that this finding has not yet been fulfilled, and for that purpose the Republic of Kosovo implemented the Law on Publicly Owned Enterprises in Kosovo (Law No.03 / L-087).

### **Challenges of accountability and transparency in public enterprises in Kosovo**

#### **The purpose and objectives of the research**

One of the main objectives we intend to achieve by this research project is that by analyzing the factors that affect on accountability and transparency of public enterprises, to find solutions in order to increase the level of their performance. Another objective remains in identifying the challenges that arise from these factors which would be relevant in dealing with obstacles the influence public enterprise in public-service providence, revenue collection and financial performance.

#### **Methodology**

We have conducted this research based on data derived from annual reports, financial statements, ethics code requirements, and other legal requirements for publishing data. Our approach to this research was to compare the disclosure of expenses that were paid with public funds in order to ascertain the level of accountability and transparency.

The method of this paper is based on a combination of primary and secondary data. It is based on the data presented in the audited financial statements during the past three years and followed by comparative analysis of secondary data. In this research paper we focused on three public enterprises: electricity supply, water supply and waste management and collection. We have estimated that one of the ways to contribute to this issue is the analytical approach of the indicators of financial statements because we believe that financial statements besides financial performance there are presented important elements related to expenditure and revenues.

### **Challenges of accountability and transparency in public enterprises in Kosovo**

There are many challenges in terms of accountability and transparency in public enterprises in Kosovo. Those from the public enterprises mainly tend to be met at the level required by current laws in force but this fulfillment is not enough. We consider that accountability and transparency for information and publications related to the spending of public funds should be implemented according to the laws but that the management and boards of these public enterprises should increase the level accountability and transparency at least as required by current laws.

#### **Brief History of the Development of Public Enterprises**

To better understand the dynamics of the development of the public enterprises in Kosovo we will describe their development in some of the most important phases. Almost all public utilities (except Prishtina International Airport - former Pristina Airport which is administered by state structures and served mainly for military purposes) which are operational today in Kosovo existed and functioned earlier but were organized according to demands of the socialist system of the time. They functioned as social enterprises until 1999.

It should be noted that during period 1989-1999 due to the mismanagement and the economic and political crisis in the former Yugoslavia, the situation created had a negative impact on all the enterprises of that time. Since 1999 when Kosovo was administered by the United Nations Interim Administration Mission in Kosovo (UNMIK), all enterprises, as well as, the economy in general were administered by the Kosovo Trust Agency (KTA) established under UNMIK Regulation 2002/12 "On the Establishment of the Kosovo Trust Agency", which operated under UNMIK Pillar IV (UNMIK, 2005).

This way of governance, in the absence of laws continued until 2008, when the Privatization Agency of Kosovo (PAK) was formed as a successor to the Kosovo Trust Agency, which was the property guard. During this period some of the enterprises were prepared for transformation into public enterprise (UNMIK, 2005).

Nowadays, public enterprises in Kosovo are the legacy of enterprises that have had other names according to the form of the existing organization and the activity they have performed. Some of these enterprises that have been functioning earlier have continued with the same activity but with another name or a former socially-owned enterprise after the reorganization-division two companies have been created (as is the case of KEK and the System Operator, Transmission and Market or Kosovo Railways case, from which two public enterprises are now established, NP "Trainkos" and NP "Infrakos") (Rinvest & CIPE, 2012). So they had the form of organization and form of governing of former socially owned enterprises as they

were the social property of the so-called working organizations then of the united labor organizations in the system of self-government with the economy. Only after 1999 when from UNMIK Fourth Pillar, which was responsible for Kosovo's economy, all former Socially Owned Enterprises entered into the administration of the former Kosovo Trust Agency (KTA) and since 2008 by the Privatization Agency of Kosovo (PAK) (Riinvest & CIPE, 2012).

This was the period of attempts to consolidate former socially owned enterprises in order to create a somewhat return to the continuity of providing public services that were being offered at a very low level for citizens. These enterprises faced serious problems during this period the property of which was damaged by mismanagement, dispersed workforce, displaced by the country, a part removed by labor force in the 1990s, lost markets due to discontinuation of operations, removed business-to-business partners, claims from various creditors, and many other essential problems, from the form of governance to the destruction of documentation (GAP, 2015).

The purpose of the reorganization by former KPA was to turn these businesses into function in order to provide public services that are indispensable to the citizens. Governance of these enterprises was mainly through supervisory boards composed of representatives of member states within the UNMIK mission. Until the establishment of the legal framework regulating their functioning, organization and governance were only partially regulated by UNMIK regulations which were a form of completing the lack of laws. In this period of public enterprises existence, there was a lack of legal framework regulating their reorganization, registration and governance since the previous form of organization was not recognized by the UNMIK mission structures.

The first and most important act to regulate the organization of enterprises under the administration of the KTA was the entry into force of the Law on Business Organizations No. 02 / L-123 in 2007. Only after the entry into force of the Law on public enterprises in Kosovo in 2008 (Law on Publicly Owned Enterprises in Kosovo, No. 03 / L-087) these enterprises started to function as publicly owned enterprises (Riinvest & CIPE, 2012).

### **Organizational model of public enterprises**

The development of public enterprises at different time periods has its own specifics. In general, in economic theory, a public enterprise is understood as a business organization wholly or partly owned by the state and controlled through public authorities. For social reasons, some public enterprises are under public ownership because it is thought that the product or service should be provided by a state monopoly. Examples of such public enterprises are public enterprises for supplying energy, water, postal services, telecommunications, passenger transport, and railways.

In developed European countries it is practiced by public enterprises to deal with public services whereas in US private companies are allowed to provide these kinds of services but the activity and scope is strictly regulated by law. In some countries for ideological reasons railways, coal mines, steel production, banking and insurance sectors have been nationalized whereas other industries, for strategic reasons have been introduced into the public sector such as the production of arms and aircraft.

### **Monitoring**

The Unit for the Policy and Monitoring of Public Enterprises operates in the level of the department in the Ministry of the Economic Development of the Government of the Republic of Kosovo. This unit works as special department which deals with the issues of the public enterprises and it supports the Ministry and Government in the process of supervising public enterprises (Riinvest & CIPE, 2012).

According to the Law on Publicly Owned Enterprises, Article 7 it is emphasized the supervision by the shareholder and the Policy and Monitoring Unit of public enterprises. On behalf of the shareholder, Policy and Monitoring Unit exercises continuous and rigorous supervision of the activity of the Board of Directors and the Audit Committees of the respective public enterprise. Also, if the performance of the public enterprises deviates from the targets set out in the Business Plan approved by the Board of Directors, Shareholders will ask the Board of Directors to prepare and submit to them a report explaining the reasons. However, supervisory role does not interfere with the independence of the Board of Directors or

the Audit Committee and the Policy and Monitoring Unit is required to keep confidential and not to disclose the data previously set by the Board of Directors.

Also, in Article 28.3 of the Law on Public Enterprises, it is stated that the Policy and Monitoring Unit on an annual basis assesses the effectiveness of the directors of each public enterprise and it is also specified that directors are obliged to cooperate on the occasion of carrying out this assessment (MCI, 2015).

Active monitoring of all public enterprises requires human resources that have experience and professional capacities than those that Policy and Monitoring Unit possesses. At least so far, the Policy and Monitoring Unit could not perform its function in terms of preventive action but rather served as a corrective function (corrective), as a law enforcement adviser. We believe that increasing monitoring capacities in terms of meeting legal requirements and gradual enhancement of professional capacities would help Policy and Monitoring Unit to face the challenges better. It is therefore an obligation of the Ministry of Economic Development to strengthen the role of the Policy and Monitoring Unit to increase the supervision of public enterprises (MCI, 2015).

### **Public Enterprises Reporting**

One of the purposes of the Law on Publicly-Owned Enterprises (No.03 / L-087) is also the establishment of efficient reporting and accountability structures to allow proper supervision of public enterprises activities, which involves the report and publish the data. According to this law, public enterprises are obliged to publish the report on customer satisfaction, business plan, annual report, independent external auditor's report on financial statements, public enterprise statute, public enterprise regulations, Code of Ethics and Corporate Governance, the statement on the compensation and compensation conditions for each public enterprise's director and officer, transactions with related party, all high value contracts as defined by the Law on Public Procurement, all conflicts of interest declared by directors and officials, its list of the top ten suppliers for the value of supplies, the number of employees and an overview of the monthly changes.

According to Article 14.1 of the Law on Publicly-Owned Enterprises (No.03 / L-087, dated 13 June 2008), the Public Enterprise must act in full compliance with all the conditions for financial reporting and accounting principles for joint stock companies established by the Law on Business Organizations and according to article 14.3, in accordance with the accounting principles mentioned in Article 14.1, the financial accounts of each Public Enterprise shall specifically identify all the expenses incurred and the revenue collected while exercising their activity. Thus, it is the legal obligation of the enterprise to compile financial statements in accordance with the requirements of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs) for the purposes of financial reporting during the business year. The financial statements are transparent, and provide access to financial information users, first of all to the shareholder, board of directors, employees, but also to other users outside the enterprise such as regulatory offices, potential investors, banks, statistics agencies, chambers of commerce, non-governmental organizations, etc. The Law on Accounting, Financial Reporting and Auditing (Law No. 04 / L-014) regulates the accounting and financial reporting system of commercial companies. In Chapter II, Article 3 of this law is emphasized the obligations for financial reporting.

During the analysis and comparison of the financial statements we found that the fees for the members of the public enterprise's boards are not disclosed, bonuses and rewards are also not disclosed, while other expenses are included in expenditures that participate in a very high percentage in the total of expenses but they are not presented into details.

### **Transparency**

As can be seen from the review and adoption of reports in the Assembly of Kosovo, it is noticed that some reports have been reviewed with great delay (e.g. the Performance Report of POEs during 2011 was considered at the session of the Kosovo Assembly on March 29, whereas after the vote it was approved by the deputies of the Assembly of Kosovo on 04 April, 2013). This has delayed the process of information of Government and taking any decision would have not been dynamically harmonized with current trends and developments.

Decision-making and transparency could also have had no effect as in the meantime there was a possibility that the situation from recent reports has changed. From what has been said above, we can easily conclude that the reporting process needs to be accelerated and improved.

### **Conclusion and recommendations**

Based on the research conducted we can conclude that the level of accountability and transparency of public enterprises in Kosovo should be increased because it is not enough to only complete the formal legal aspect but it should be substantial

in terms of achieving the effect on the presentation of information on the expenditures of public funds as the responsibility of management and transparency for all those interested in quality public services. Some of the recommendations that come out of this paper are listed as following:

There is room for raising the level of accountability and transparency in the public enterprises in Kosovo.

Government as the main stakeholder of the public enterprises should empower the policies and implementation of accountability and transparency.

The level of accountability and transparency should be a constant goal of the Boards of Directors, Management and other participants.

Expansion beyond the legal boundaries of accountability and transparency will have a positive impact in development of public enterprises in Kosovo.

## References

- [1] Bank, T. W. (Janary 2013). Kosovo Country Environmental Analysis. The World Bank.
- [2] Republic of Kosovo– Assembly . (n.d.). *Law No. 03/L-087 ON PUBLICLY OWNED ENTERPRISES*. Retrieved March 29, 2011, from <http://www.assembly-kosova.org>: [http://www.assembly-kosova.org/common/docs/ligjet/2008\\_03-L087\\_en.pdf](http://www.assembly-kosova.org/common/docs/ligjet/2008_03-L087_en.pdf)
- [3] Tušek, P. d. (2007). THE ROLE OF INTERNAL AUDITING IN THE INCREASE OF BUSINESS QUALITY OF ENTERPRISES IN THE REPUBLIC OF CROATIA – EMPIRICAL RESEARCH. Zagreb: Zbornik Ekonomskog fakulteta u Zagrebu.
- [4] RIINVEST INSTITUTE, T., and Pol. "QEVERISJA KORPORATIVE NË NDËRMARRJET PUBLIKE NË KOSOVË." Përmirësimi I Transparencës Dhe Qeverisjes Së Fondeve Publike Në Kosovë (n.d.): n. pag. RIINVEST
- [5] *INSTITUTE*. RIINVEST INSTITUTE FOR DEVELOPMENT RESEARCH, 2012. Web. <http://www.riinvestinstitute.org/publikimet/pdf/alb-u.pdf>.
- [6] Energjisë, Z. e. (2014). *Raporti Vjetor 2013*. Prishtine: ZRE.
- [7] Slatter, S. S., & Lovett, D. (2004). *Corporate recovery: Managing companies in distress*. Washington, DC: Beard Books.
- [8] Stiglitz, J. E. (2012). *The price of inequality*:. New York: W.W. Norton &.
- [9] Stiglitz, J. E., & Walsh, C. E. (2006). *Economics*. New York, NY: Norton.
- [10] MCI. (2015). Vleresimit te Performaces dhe Efektshmerise se Bordeve te Ndermarrjeve Publike. Prishtine: Management Consulting Institute.
- [11] QPZH & FES. (2015). Trendët zhvillimore të PTK-së dhe përpjekjet e pasuksesshme për privatizimin e saj. Prishtine: Friedrich Ebert Stiftung.
- [12] Narayan, J., & Singh, G. (2014). Public Enterprise Reforms and Financial Performance of Government Commercial Companies of Fiji. *International Journal of Public Administration*, 37(11), 756-772.
- [13] Nations, U. (2008). *Public Enterprises: Unresolved Challenges and New Opportunities*. New York: United Nations.
- [14] KUR Prishtina. (2015). Raporti i Pasqurave Financiare te Audituar: KUR Prishtina. Prishtine: KUR.
- [15] KUR Prishtina. (2015). Raporti Vjetor 2014. Prishtine: Kompania Ujesjellesit Rajonal Prishtina.
- [16] KEK. (2014). Raporti Vjetor 2013. Prishtine: Korporata Energjetike e Kosoves.
- [17] KEK. (2015). Pasqyrat Financiare dhe Raporti i Auditorëve të Pavarur për vitin 2014. Prishtine: Korporata Energjetike e Kosoves.



- [18] KEK. (2015). Raporti Vjetor 2014. Prishtine: Korporata Energjetike e Kosoves.
- [19] KFOS & RIINVEST. (2015). Koncesioni i Aeroportit . Prishtine: Riinvest Institute.
- [20] KFOS & RIINVEST. (2015). Privatizimi në Sektorin e Energjisë. Prishtine: Riinvest Institute.
- [21] GAP. (2015). Menaxhimii Ndërmarrjeve Publike. Prishtine: Instituti për Studime të Avancuara GAP.
- [22] Friedman, M. (1962). Capitalism and freedom. Chicago: University of Chicago Press.
- [23] Friedrich, P., & Wonnemann, H. (2005). Financial Effects of Establishing a Public Office or Public Enterprise. Papers in Regional Science, 56(1), 229-247.
- [24] EBRD. (2013). Strategy for Kosovo. Prishtine: European Bank for Reconstruction and Development.
- [25] Deloitte. <http://www.kek-energy.com/rapFinanca.asp>. 31 December 2012. 20 August 2013  
<<http://www.kekenegy.com/doc/publikime/Raporti%20i%20auditorit%20t%C3%AB%20pavarur%2031dhjetor%202009.pdf>>.
- [26] Popov, L. (2016, April 23). Privatizacija državnih tvrtki najbolja je stvar koja se može dogoditi hrvatskom gospodarstvu. Indexhr. Retrieved April 27, 2016, from <http://www.index.hr/vijesti/clanak/privatizacija-drzavnih-tvrtki-najbolja-je-stvar-koja-se-moze-dogoditi-hrvatskom-gospodarstvu/888994.aspx>

## How much Artistic Freedom is permitted when it comes to Language? - Analysis of a Crime Novel

**Manuela Svoboda, PhD**

Lecturer of Faculty of Humanities and Social Sciences,

**Petra Zagar-Sostaric, PhD**

Lecturer of Faculty of Humanities and Social Sciences, University of Rijeka, Croatia

### Abstract

In this article a closer look will be taken at the issue of inaccurately using a foreign language, i.e. German in this particular case, in a crime novel or thriller. Of course, in fiction the author has complete artistic freedom to invent and present things as he/she intends and it doesn't necessarily have to be realistic or legitimate. But what happens when it comes to an existing language being quoted in fiction? For this purpose David Thomas' thriller "Blood Relative – How well do you know the one you love?" is analysed regarding parts in which German quotes are used. As the plot is located partly in England and partly in former East Germany (GDR) and the protagonist's wife is of German origin, direct speech, titles and names are used in German. Subsequently, they are translated into English by the author in order to be understood by the English reader. However, there are many grammar, spelling and semantic mistakes in these German expressions and common small talk quotes. This begs the question, is it justified to disregard linguistic correctness with regards to artistic freedom given the fact that we are dealing with a fictional thriller, or is it nevertheless necessary to be precise concerning foreign language usage? How far may one "test" their artistic freedom in this particular case? In order to answer these questions a detailed analysis of the thriller is performed, concerning artistic freedom and modern literature/light fiction as well as the German language used in quotes and direct speech.

**Keywords:** artistic freedom, thriller, language quotes, linguistic correctness, fact and fiction

### 1. Introduction - Artistic freedom and Freedom of Expression or Speech

Artistic freedom is defined as "Vorrecht des Künstlers (insbesondere des Schriftstellers), vom üblichen Sprachgebrauch oder auch von der historischen, psychologischen oder dinglichen Wirklichkeit abzuweichen, wenn Geschlossenheit und künstlerische Wirkung seines Werkes dies erfordern." (wissen.de). The quote says that an artist (especially an author) may deviate from usual language usage, or historical, psychological or material reality, if coherence and artistic effect of his work requires it. Generally, artistic freedom belongs to Freedom of Speech, which is a right, *inter alia*, guaranteed by the First Amendment to the U.S. Constitution, to express beliefs and ideas without unwarranted government restriction (cf. Legal dictionary).

However, this doesn't solely apply to the USA but, in fact, to all other democratic countries. Among others, Article 19 of the Universal Declaration of Human Rights states: "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart from information and ideas through any media and regardless of frontiers".

Freedom of expression or speech is even considered the most important freedom of all. Without it, one could not spread new ideas or express themselves fully. Still, there are limitations to freedom of expression, as stated in the European Convention on Human Right, Article 10:

"1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises.

2. The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of

national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.”

Yet, it is very difficult to limit freedom of speech in a democratic country as it, when rashly executed, may undermine the entire democratic idea and structure. As a matter of fact, authors especially have the most artistic freedom. As they write fiction, they are allowed a certain freedom per se to invent things, characters, places and even languages, e.g. Klingon language in the Star Wars films. Still, is there a limit to artistic freedom? Where are boundaries to be set? Could we not argue that if it is fiction, it is not real and anything goes?

Authors surely DO have the freedom to invent their own characters, plots, languages etc., but what happens when it comes to a bona fide, existing language being incorrectly used in a fictional novel? Is this allowed or should the author be concerned about using the language appropriately?

In order to probe this subject further, the novel “Blood Relative” by David Thomas is being examined closer. Considering that this is not a famous book or bestseller and belongs to the category of light fiction, a brief explanation of why this thriller has been chosen for analysis should be given at this point: Let me put it this way: Never give a linguist a book to read just for fun, as they always find something to examine and analyse. You might also simply call it an occupational hazard. As a matter of fact, this book, bought at a local bookshop, was intended to serve as a diversion while waiting for a flight at the Frankfurt airport. However, upon reading the thriller and discussing it with my colleague from literary studies, who, just like me, also works in the field of translational studies, we came up with a joint idea for a new research article and which we bring forth to you.

## 2. Artistic freedom in modern literature and light fiction

“Certainly, light fiction exists and encompasses mysteries or second-class romance novels, books that are read on the beach, whose only aim is to entertain. These books are not concerned with style or creativity - instead they are successful because they are repetitive and follow a template that readers enjoy.” (The Guardian)

For the purpose of making books more enjoyable to read, the author is allowed to use his/her imagination and to create fictional plots, settings and events, all the while disregarding facts and/or reality. The specific difference between (classical) literature and light fiction is its function in society, i.e. in its sociological dimension and the development of literature, light fiction is closely connected to the development of bourgeois society. (cf. Geiger et al. 1977: 23)

To start off, nowadays modern literature as opposed to (classical) literature fails to present us with a hero. Instead of an individual who stands up to everything and everyone, the “hero” in modern novels is an average person complete with their share of weaknesses and shortcomings. Modern literature narration is not chronologically organised and the plot isn’t causally linked as it is/was in the traditional novel. In modern novels, incoherence and randomness prevail. Events are narrated from the characters’ point of view and their own perception of it. There is also no longer an omniscient narrator. Narration has become more complex. For instance, there are flashbacks, recollections and associations involved and past events are often incorporated into the plot. (cf. Kurz 1979: 17)

Thomas’ thriller, of course, belongs to modern literature or, more precisely, to the genre of crime fiction which developed from detective novels emerging in England in the 19<sup>th</sup> century and becoming very popular owing to characters such as Doyle’s Sherlock Holmes or Christie’s Hercule Poirot in the 20<sup>th</sup> century. (cf. Szendi 2006: 92f.)

Crime fiction, similar to other fiction and (classical) literature, definitely encompasses literary formulas in order to distinguish it from other genres, for instance romantic novels. Although crime novels have fixed plots, characters and settings that are recognizable to readers, the author is able to enjoy artistic freedom to the fullest as he narrates from the characters’ perspective, characters who he himself has created with all their individual traits, experiences and memories. Furthermore, in modern literature it is also important to adapt narration to the recipient, especially when it comes to light fiction. Consequently, the author has to consider who he is writing for, what they expect and what they would be inclined to read. In the end, light fiction primarily serves the purpose to entertain the audience and not to present hard facts or scientifically proven evidence of what the author is writing about. I am confident that David Thomas had all this in mind when writing *Blood Relative*.

### 3. Short introduction of David Thomas aka Tom Cain

David Thomas is a journalist and writer, who already has an ongoing thriller franchise under the alias Tom Cain, published in the United Kingdom. "Blood Relative" is the first book under his real name David Thomas. (cf. Thomas 2011: 1). He was born on January 17, 1959 in Moscow, Russia and was educated at Cambridge. He lived in Moscow, London (being his hometown), Washington D.C. and Havana. Among others, he worked for the Daily Mail and The Mail on Sunday. He is an award-winning journalist with twenty-five years of experience working at Fleet Street newspapers, as well as for major magazines in Britain and the United States. (cf. goodreads)

When asked in an interview why he decided to write thrillers, Tom Cain answered: "As for thrillers, the truth is I love them, read them constantly and am far more interested in and admire professionally the best thriller-writers than 99.9 per cent of the authors who create supposedly highbrow, literary fiction. Anyone can waffle on pretentiously. But all the things that the literary elite (elite in their own minds only, I might add) profess to disdain -- plot, action, structure and so forth -- are actually the elements that are toughest to get right. So the writer in me admired the craft that goes into a thriller and wanted to see if I could do it. Turned out to be by far the hardest thing I'd ever done in my working life -- but worth it in the end." (Moore 2008)

This interview was about his novel *The Accident Man* which fictionalized Lady Diana's death in the Alma tunnel in Paris. Thus, this thriller, as well as the thriller *Blood Relative*, was created around an actual date in history. Hence, it seems to be Cain's specialty to take a real event and to build a story around it. He claims that for a journalist it is not difficult to create a book around a single, real date in history, as "it was incredibly reassuring to have a kernel of fact with which to work. It made me feel a lot more secure as I was starting out. I was heading into really unfamiliar territory. But at least there was something within my professional experience that I could hang onto as I took my baby-steps. And the other massive benefit -- which I'm really only understanding now I'm working on a sequel -- is that the universal awareness of the significance of that Paris car-crash had an amazing short-cut effect for the reader. I didn't have to explain, or play up, or invent the jeopardy that Carver finds himself in, immediately after the crash. Everybody gets it..." (Moore 2008)

Interestingly, he really uses his journalist background to closely investigate all locations and settings in order to portray them realistically in his thrillers, even though they are fictional:

"London is my hometown, so I didn't need to research that. But you're right, it was handy having Paris and Geneva relatively close at hand, and many of the locations I use in both cities are directly based on reality. For example, there's a big fight-sequence in Les Egouts -- the sewer-museum of Paris. Well, you can go to that museum and walk through the whole route of the fight, because that's what I did, taking hundreds of pictures to make sure that every single detail was accurate. Again, it really reassured the reporter in me to have all those factual supports. On the other hand, the Internet is so mind-bogglingly comprehensive these days that you can find pretty much anything you want without leaving your desk. For example, the Paris apartment and mansion that are the scenes of two big sequences were lifted directly from Internet real-estate ads. The hotel in Geneva where a seduction scene takes place is a real place, described thanks to the incredibly detailed panoramic picture-tours on its website." (Moore: 2008).

### 4. Brief summary of David Thomas' thriller "Blood Relative"

To begin with, this is what the back cover of David Thomas' thriller says:

"How well do we know our loved ones? In the wake of a brutal murder, architect Peter Crookham is forced to confront this question, launching him on a dangerous quest to uncover the truth. When Peter arrives home late for a dinner engagement with his beautiful wife, Mariana, and his journalist brother, Andy, he encounters a bloodbath: Andy has been brutally stabbed to death, and a nearly catatonic Mariana is bathed in his blood. Convinced Mariana is incapable of murder, Peter vows to clear her name. But when he discovers that Andy had been secretly investigating Mariana's past, Peter can no longer trust his instincts. Desperate for answers, he travels to Mariana's childhood home in East Berlin--and finds himself caught in a web of intrigue involving the notorious Stasi...and a terrible secret that someone will kill for in order to keep hidden." (Thomas 2011)

The protagonist in this thriller is Peter Crookham, an architect, who married a girl from East Germany called Mariana. It is interesting that the protagonist in this book introduces himself by giving his own personal description:

"My name's Peter Crookham. I'm an architect and I'm forty-two years old. If I have a distinguishing feature, it's my height. I'm tall, six-three in my stockinged feet. I played rugby at school and did a bit of rowing at university; nothing serious, just my college eight. These days I'm like every other middle-aged guy in the world, trying to get his act together to go to the

gym or to stagger off to a run, wondering why his trousers keep getting tighter. Those love-handles, where did they come from? I have pale-blue eyes and mousey-brown hair, just starting to thin. [...] As for my face, well, when women wanted to say nice things about me they never used to describe me as hunky or handsome. They told me I had a kind smile, I was never anyone's dirty weekend. I was the nice, reliable, unthreatening type of guy that a woman didn't feel embarrassed to be seen with at a party. [...] Basically, I'm Mr Average." (Thomas 2011: 8, 9)

The reader gets a pretty good vision of Peter Crookham's appearance and personality. It is evident that he is madly in love with Mariana and all the way up to the bloody deed, he is not suspicious about her in any way. In fact, he is very happy that a girl of her stature even wanted to marry him:

"My wife Mariana was the most beautiful woman I'd ever laid eyes on and yet she was so bright, so complex, so constantly capable of surprising me that her beauty was almost the least interesting thing about her. Six years we'd been together and I still couldn't believe my luck." (Thomas 2011: 7)

Although he finds her covered in blood standing in their kitchen next to his murdered brother, he still cannot reconcile the fact that she was the one who killed him. He decides to investigate the murder himself and sets off to East Berlin to finally uncover facts about Mariana's past, as she herself never revealed anything. There he meets a private detective called Haller who leads him around East and West Berlin, shows him the terrible places where the Stasi tortured and killed people until Haller himself gets killed, seeing that he revealed too much to Crookham.

During his stay in Germany, Crookham manoeuvres himself out of several dangerous situations, finds Mariana's parents who abandoned her and discovers that Mariana lived in a children's home in which two boys were murdered by the cruel home director Tretow and buried in the garden. This Tretow, also known as Mr Stinky, smelled of a distinctive after shave which was the only one available in Eastern Germany at that time. In the end, the reason for Mariana killing Peter Crookham's brother Andy becomes clear and in light of her mental condition she should bear no blame:

"But the secret shame had been planted deep inside her, covered by layer upon layer of self-protection until, one evening in Yorkshire, a man had come to her house, smelling like Tretow, like Mr Stinky, and then the whole cycle of death and blood had been played out once again. Now I realized why Mariana had said she was guilty, why it was all her fault, why she was a *böses Mädchen*. She hadn't been referring to Andy's death at all. She had no consciousness of that. It was the little girl in her talking and the two boys' deaths for which she blamed herself." (Thomas 2011: 384)

### 5. Fact or fiction in David Thomas' thriller "Blood Relative"

The plot of the thriller "Blood Relatives" is set in York, Frankfurt and Berlin (East and West). The author is well acquainted with all locations and describes them in much detail. In the authors notice at the end of the novel he states:

"Not surprisingly, this book could not have been written without the unfailing kindness, generosity and assistance of Germans: three in particular. The London-based consultant psychotherapist Bernd Leygraf, was invaluable in explaining the mechanisms by which buried childhood pain can explode into adult violence, and the passing of the burden of sin of suffering from one generation to another. In Berlin, Matthias Willenbrink, director of the AXOM group of detective agencies, was a superb guide to the city and its recent history, a fount of great stories about detective work and an insightful observer of the way in which ex-Stasi operatives have transitioned into private detectives. Further thanks go to Jochen Meismann of the Condor detective agency, in particular for his description of German bureaucracy as it applies to birth certificates" (Thomas 2011: 394)

Hence, Thomas makes a true effort to research everything in detail: locations, history and facts. His descriptions of the horrible place Hohenschönhausen, where people were imprisoned during Stasi rule and events that happened there are based on archived real testimonies of former prisoners. In addition, he read Anna Funder's book *Stasiland* to become familiar with the mind-set of the East German state at that particular time. (cf. Thomas 2011: 395)

One can preliminarily conclude that Thomas does a lot of research and bases his fictional thrillers on real events and locations which he tries to present as candidly as possible in his books. He makes use of his background in journalism which, by the way, is included in the thriller in the form of the protagonist's brother, a journalist, who is on the right track to revealing Mariana's background and secret. Moreover, as the author states in the author's note:

"It turned out that the Moscow apartment block in which we lived between 1959-61 during my father's posting to the British Embassy had been bugged by the KGB. The various international diplomats who lived there were forbidden from going into

the attic on the grounds, they presumed, that the agents listening to them were working there. Perhaps all fiction turns out to be autobiography in the end.” (Thomas 2011: 396)

As stated earlier, he recruited the assistance of a number of consultants in dealing with social structures, historic events, detective work and mental conditions. By verifying locations, medical conditions and historical facts, being taught at school (as I was born and raised in West Germany and made several trips to East Germany and Berlin) everything Thomas has written in his book is accurate, but it begs the question: Why did he fail to verify the German language he uses in his thriller?

## 6. German language used in *Blood Relative*

As the protagonist’s wife Mariana is a native German, the author incorporates German expressions into the thriller in the form of quotations, names and titles, e.g. what Mariana expresses to her husband in German. Crookham, the protagonist, says he understands what she says and is able to say a few words in German himself, but still Mariana chooses English over German:

“Apart from the odd dirty joke, we’d always spoken English. Mariana used to say she preferred it to German, which she only half-jokingly called ‘Hitler’s language’. But out of embarrassment at my own incompetence and just wanting to do something for her I’d spent a few months playing a Speak German course in the car. I’d picked up enough to get the gist of what she was saying.” (Thomas 2011: 15)

While using certain German expressions, the author produces two distinct categories of mistakes: Grammatical and semantic fails as well as spelling mistakes. The latter are less severe, as this could happen to anyone and the word remains understandable, but the former are quite serious and in some cases completely incomprehensible, at least for a German speaking person. Another concern is the name of the protagonist’s wife. The author named her *Mariana*. To start off, this is not a name Germans would normally bestow on a daughter. *Marianne* is more common in Germany, or if ending with an “a”, the name should be spelled *Marianna*, with double ‘n’. As is mentioned later on in the thriller, Mariana is of Eastern Europe origin. If so, Mariana would usually be spelled *Marijana* or *Marjana*. It is evident that the author chose an unordinary name for his female character, most likely to enhance the fact that neither she nor her character are common.

### 6.1. Grammar and semantic fails

Seemingly the most annoying expression that we came across in this thriller is the following:

“She just said, ‘Hereingekommen’, the German for ‘Come in’, turned and walked back into the house” (Thomas 2011: 13)

Is it really necessary to make this banal mistake when it comes to such an easy word? Nowadays, when nearly everything and anything is available on the internet and the assistance of Germans is capitalized on (as stated in the author’s notice), why does one not scrutinize this?

*Hereingekommen* is the past participle of the word *hereinkommen* (engl. *to come in*). Therefore, it cannot be used as the imperative. The correct form would simply be *Herein*. One doesn’t even have to use *kommen*. There are a few more possibilities, like: *komm herein*, *kommt herein*, *kommen Sie herein*, or *hereinspaziert*. The first three forms depend on whether it is one person whom we refer to with *du* or one person whom we refer to with the polite form *Sie*, or if there are more people waiting to enter the room. The latter is more of a colloquial expression.

The next bizarre expression follows a few pages later:

“Ich muss die Nudeln retten bevor sie überkochen“, she said. (Thomas 2011: 15)

Why on earth does she have to rescue the pasta? The German sentence means: I have to rescue the pasta before it boils over. Not only is the wrong word used, but there is also a punctuation mistake: as the second part of the sentence is a subordinate time clause there has to be a comma after *retten*. Therefore, the correct form would be something to the effect of: *Ich muss die Nudeln abgießen, bevor sie überkochen*.

It does not take long to notice the next fail:

“Viel von Nudeln für jeder“, she said in a cheery, almost sing-song voice: plenty of pasta for everyone. And then, more to herself, “Die Männer haben Hunger. Sie müssen genug haben, zum zu essen”: the men will be hungry; they must have enough to eat.” (Thomas 2011: 17)

Luckily, the English translation directly follows the German sentences allowing for comprehensibility. Let us start off with the first sentence *Viel von Nudeln für jeder*. Even Google translate does a better job, as it states *viel Pasta für alle*.

First of all, the English phrase *plenty of* cannot be translated word for word to German as *viel von*, because a preposition after *viel* is not required. It is just *viel* + accusative. But there is one more mistake in this tiny sentence: *für jeder*. *Jeder* is in the wrong case. Stated correctly it should be *jeden*, again the accusative. The correct German version would be: (*Es gibt*) *viele Nudeln für jeden*.

The sentence *Die Männer haben Hunger* is grammatically correct, but as it is followed by the original English sentence, it becomes clear that it is presented in the wrong tense. In English, it is shown in the future tense *the men WILL be hungry*, but in German it is implied in the present tense *Die Männer HABEN Hunger*. Described correctly it should be: *Die Männer WERDEN Hunger haben*.

The next sentence *Sie müssen genug haben, zum zu essen* is a complete mess considering that it should be: *Sie müssen genug zum Essen haben* or *Sie müssen genug zu essen haben*. It would have been better had the author translated the English sentence word for word instead of attempting to construct a German final clause with *um zu*, which then was disfigured to *zum zu* by an additional spelling mistake (hopefully).

The next page reveals another interesting sentence in German:

"Wo setzte ich der carbonara Soße?" She was wondering what she had done with the carbonara sauce. (Thomas 2011: 18)

As a matter of fact, the German-speaking reader might also wonder what Mariana had done with the carbonara sauce, as *setzen* means *to seat*. Literally translated to English it means *where have I seated the carbonara sauce?*

Still this is not the only mistake: Once more there is an issue with the accusative, as *setzen* requires the accusative and therefore it should be *die Carbonara-Soße*, as *Soße* is a female noun. Another observation is the spelling of *carbonara Soße*. It is either *Carbonara-Soße* or *Carbonara-Sauce*, i.e. capital C and a hyphen.

In the following, the attempt is made to use English swear words in German:

"I heard him mutter a curse: "*Fick mich!*" which was followed immediately by a deafening sharp crack that reverberated round the stairwell." (Thomas 2011: 311)

In a German-speakers view, this expression is more likely to be used in a porn movie rather than being applied as a curse phrase because it literally means *fuck me*. Supposedly, the author wanted to convey something to the effect of *fuck* or *fuck you* in this situation, which would be translated as *fick dich*. Although this is not an original German swear word, the Germans seem to be fond of the English expression *fuck you*, so they simply adopted it and now apply it in German translation.

## 6.2. Spelling mistakes

At the very beginning, Mariana utters a German word while talking to her husband:

"I will stay home and cook, like a good little hausfrau." (Thomas 2011: 8)

*Hausfrau* means *housewife* in English, i.e. it is correctly used in this context, but there is a problem with the German spelling, as all nouns have to be spelled with a capital letter. Hence, *Hausfrau* should be spelled with a capital H, if used accurately.

Later on in the thriller other German nouns are placed in English sentences, lacking capital letters:

"It was surely to much of a coincidence that such a *doppelgänger* could possibly be employed at the carpet factory where, thanks to Stasi influence he has worked as a sales executive (...)" (Thomas 2011: 130)

"He pondered this as he wandered from the apartment block, one of the prefabricated *plattenbau* projects that had sprung up all over Berlin." (Thomas 2011: 131)

Both *Doppelgänger* and *Plattenbau* are written with capital letters in German.

"He was coming back from the meeting on the A9, the autobahn." (Thomas 2011: 302)

Here again, the German noun *Autobahn* is used with English spelling, i.e. no capital letter. Yet, as the author incorporates these words into the English text, it is justified to adjust these nouns to English spelling rules, as it would stick out when written with capital letters.

Additionally, the author's inconsistency comes to light when he writes the following:

"Then he will be at the Kneipe with all his cronies, like he always is, getting drunk and talking about the good old days." (Thomas 2011: 260)

Here the German word *Kneipe*, meaning *pub* or *bar*, is portrayed with an initial capital letter. One might suppose that the author assumed this was the actual name of the pub and thus wrote it as such, but later in the text he explains:

"OK... and a *Kneipe*?" – "It's the Berlin term for a bar..." (Thomas 2011: 261)

Therefore, he apparently didn't consider it the actual name and writes it with a capital letter for reasons only he himself is familiar with.

The next spelling mistake is to be found here:

"Markus Wolf was director of the Hauptverwaltung Aufklärung, or HVA, the foreign intelligence directorate of the Ministry of State Security." (Thomas 2011: 97)

*Hauptverwaltung* is spelled correctly but *Aufklärung* is not. The German umlaute ä, ö and ü can be spelled as ae, oe or ue, when using block letters, but where an ä in *Aufklärung* is present there is no need for an additional e. Accordingly, the correct spelling would be *Aufklärung*.

When considering the German school system, the author makes an interesting mistake:

"It stated that Mariana Slavik had attended a gymnasium (the German equivalent to a British grammar school) in the Bavarian city of Augsburg. She took her Abitur exams, entitling her to attend university, in 1998. There was a photocopy of her Abitur certificate attached to prove the fact." (Thomas 2011: 167)

As mentioned before, he uses the German expression for grammar school *Gymnasium* but fails to use a capital letter. However, he then writes about the certificate which students obtain upon completing the Gymnasium, which is termed *Abitur* rather than *Arbitur*. As he repeats this twice it is evident that this isn't merely a spelling mistake but instead his own incorrect memorisation of the term or inaccurate copy/paste from another source. Again, in these digital times one could have at least googled it.

The name of *Hohenschönhausen* (a prison for Stasi enemies) is used frequently in the book, but in some parts of the novel is spelled inaccurately, e.g.:

"As I walked back through the gates of Hohenschönhausen..." (Thomas 2011: 300)

When swearing again in German a spelling mistake also occurs:

"Scheisse!" (Thomas 2011: 309)

German spelling rules affirm that the letter *s* is spelled *ß* when following a long vowel or a diphthong, a gliding vowel rather (a combination of two adjacent vowel sounds within the same syllable), e.g. *ei*, *au*, *äu*, *ie*, *eu* etc., thus, it has to be spelled *Scheiße*, meaning *shit* in English.

Only when written in block letters it can be spelled *ss*. There is also one more exception: because the Swiss do not have the letter *ß*, they use *ss* instead.

### 6.3. German titles, proper names and specific terms

An interesting occurrence is the author's usage of German titles for persons the protagonist comes across in Germany. For instance, he does not write *Mr* Tretow, but instead *Herr* Tretow. This can be found throughout the whole book as is shown in these examples:

"On these occasions Frau Tretow cried, promised to better in the future (...)" (Thomas 2011: 129f.)

"Fräulein Schinckel did not simper coyly, or fain outrage (...)" (Thomas 2011: 132)



“So when you parade your criminality in front of Herr Direktor Wolf, this is the action of a man who is fully in control of his mind (...)” (Thomas 2011: 177)

The spelling in these examples is correct as Herr, Frau, Fräulein is written with capital letters which opposes the German expressions mentioned in the previous chapter that the author incorporated into the English text and did not write with capital letters. The reason might be that these are also titles (Mr, Mrs, and Miss) which are written with capital letters in the English language.

Elsewhere in the text the same title is used in its English form:

“You must speak to our director, Mr Haller”, said the girl (...) (Thomas 2011: 225)

The author is not consistent in utilizing the German titles seeing as in some parts he uses the English ones such as in this portion of text regarding Mrs König, where it is the English Mrs:

“Anyway”, said Janice, “this Mrs König had seen the story and wanted to find out what had happened to Mariana.” (Thomas 2011: 218)

But then again:

“Now, Frau König, may I ask you something?” (Thomas 2011: 220)

He definitely doesn't use the German titles consistently throughout the entire book and the reasoning for usage or non-usage is not evident. It is, in fact, completely random. In our mind, there is no significant reasoning for or against and serves no intended or specific purpose but rather represents a random choice. Nevertheless, our initial thought was that it might depend on the speaker, whether a German person or an English person was referring to these characters, but this is not the case. The title *Direktor* and *director*, for instance, are both uttered by Germans in direct speech.

Through the course of the text we find another title, which is used in its German form:

“I work with Agent Gerber”, he said. (Thomas 2011: 307)

He now uses a German word which means exactly the same in English and could have just as well been written as *agent*. Instead, the author decides to spell the word with a capital letter, thus identifying it as a German noun. Again he is inconsistent, as he wrote all the other German nouns in lowercase. Presumably, he does it precisely because it is the same word in English and in German and at this point he would like to emphasize the fact that it is a German agent who was called *Agent Gerber* by the others.

The author also uses German titles for institutions and places, e.g. for a bank, an elementary school, or a real estate agency:

“The DZ Bank building, by Frank Gehry!” (Thomas 2011: 230)

“We spent an hour or so in a nearby café while Haller's staff tracked down the address of an old state-run children's home near the Grundschule Rudower.” (Thomas 2011: 256)

“At the bottom of the poster was a company name: Tretow Immobilien GmbH.” (Thomas 2011: 259)

Interestingly, he does not clarify in this passage what *Immobilien GmbH* means or what *DZ Bank* stands for, although he has given explanations for every German word before, e.g. when quoting what Mariana says and when introducing the term *Grundschule Rudower*:

“...dedicated to a Berlin primary school called Grundschule Rudower”. (Thomas 2011: 142)

Throughout the book there are also specific terms used concerning East and West Germany, which are simply untranslatable:

“There is something we call *Ostalgie*, which means nostalgia for the East.” (Thomas 2011: 249)

“It just seemed crazy, the idea of the Wessis, of all people, selling us shredding equipment.” (Thomas 2011: 280)

Germans refer to people from East Germany as *Ossis* and people from West Germany as *Wessis*. Those terms have to be used as such because it is not possible to translate them in any other language. The same goes for the term *Ostalgie*. As

explained in the book, people tend to forget bad things from the past and simply remember what was good in the former GDR and thus reminisce with nostalgia, the so-called *Ostalgie*. Apropos GDR, throughout the book the author does not use the English abbreviation GDR for German Democratic Republic, but the German abbreviation DDR for Deutsche Demokratische Republik:

“In the DDR was very little crime.” (Thomas 2011: 225)

“That is why no one gives a shit about what happened here during the years of the DDR.” (Thomas 2011: 362)

## 7. Discussion

The author consistently makes spelling and grammar mistakes when using the German language. It is to be criticized that even the easiest expressions one could have checked by googling or using a dictionary are wrong. Throughout the thriller Thomas does not quote complex sentences or scientific details but everyday expressions like *come in* etc., so the mistakes could have been easily avoided. Even the spelling of German nouns isn't consistent, since the author at times writes them with capital letters and sometimes lowercase with no apparent reason. Another questionable custom is the usage of the German *Frau*, *Herr* and *Fräulein* in some cases, while in others he uses the English *Mr*, *Mrs* and *Miss*. In addition, there are parts where a German word is spelled incorrectly, while it is spelled correctly in other parts of the thriller. As authors have the privilege of randomly doing certain things or, more importantly, doing them on purpose, with the goal of boosting drama and making their narration more interesting for the reader, all of the above may fall in the category of artistic freedom. However, the above mentioned mistakes clearly do not fall into the category of artistic freedom.

It is confusing that Thomas himself describes in the author's notice how detailed the research he has done has been due to his background in journalism, all for the purpose of presenting a realistic setting in his fictional novel, so in this context he should have also researched the German language properly to give a true and realistic picture of it as well. One cannot discriminate language in favour of locations and settings. The wrong usage of the language is definitely an issue if certain readers memorize the German words and consider using them when visiting Germany or meeting German people.

All things considered, the German language serves primarily in order to make the plot more vivid, although it could have been left out without doing damage to the storyline. In using German expressions, the reader can probably better identify with the protagonist and is more deeply immersed in the action. Even if the reader has never heard a word of German and has never been to the country, it is possible to empathize and familiarize with the protagonist when reading those incomprehensible German words and hearing about places in East Germany with exotic names such as *Hohenschönhausen*. As the author translates and gives explanations for all of the German words and expressions, the reader has no trouble following the plot. On the other hand, if the author hadn't used German expressions he would have spared himself the translations and additional explanations as well as all the serious mistakes.

## 8. Conclusion

To sum up, David Thomas ascribes great importance to background checks and historical facts, while there is surely a great lack of research concerning the German language used in this book. Although he writes fiction and takes liberties to modify the storyline, the scenes and locations are pictured truthfully and realistically. For no obvious reason, the author definitely neglects and violates the language aspect in favour of the setting and atmosphere. If there was a purpose or reason for misspelling and misusing the German language this could have, in fact, been categorized as artistic freedom, but analysis has not shown any pattern or conscious use of language tools in order to make an impact on the reader. Quite the contrary, they do not seem to be executed on purpose but rather out of neglect and ignorance, so from a linguistic point of view it is impossible to accept the mentioned and analysed linguistic fails as artistic freedom. It is all about incompetent translations from English into German language. This impression is confirmed by the fact that the German sentences and expressions are followed by an explanation in English which makes it very easy to compare and to precisely evaluate what went awry. The spelling mistakes in particular lead to the conclusion that the author apparently does not know a word of German. What is indisputably lacking is an expert in the German language or at least an assistant to review or proof-read the text and detect the mistakes.

In our opinion, artistic freedom for authors is not limited to fictional plots, settings, characters etc. Indeed, when it comes to inventing new languages in science fiction stories, or adapting and modifying languages in order to provoke or to present things from the author's perspective, artistic freedom definitely applies. For instance, there are authors who decide to write a whole book without commas or periods or spaces, like the German author Thomas Lehr in his novel *September*. But in this case the language use, or rather abuse, is consistent and pursuing a purpose. The author's intention is to create a

piece of art in which he expresses himself and his ideology, his philosophy, his worldview and nobody objects to that. However, when it comes to an existing language being used in fiction it definitely IS necessary to pay more attention to correct language usage, if it serves the purpose to introduce the reader to the world of Germans (in this particular case) or to make the life and history of this country more understandable and vivid to readers from other countries. To disparage a language out of lack of knowledge, neglect and ignorance is definitely impermissible, regardless of the genre. Therefore, the lousy German language used in David Thomas' *Blood Relative* is to be categorized as a huge fail and not as artistic freedom.

## Bibliography

- [1] American Civil Liberties Union: Freedom of Expression in the Arts and Entertainment. [Online] Available: <https://www.aclu.org/other/freedom-expression-arts-and-entertainment> (June 12, 2018)
- [2] European Convention on Human Rights [Online] Available: [https://www.echr.coe.int/Documents/Convention\\_ENG.pdf](https://www.echr.coe.int/Documents/Convention_ENG.pdf) (June 12, 2018)
- [3] Geiger, H.; Klein, A.; Vogt, J. (1977): Trivilliteratur. In: Grundstudium Literaturwissenschaft, Band 10, Wiesbaden, Westdeutscher Verlag.
- [4] Hanschmann, F. (2011): Freiheit der Literatur und Verfassungsrecht. In: Forschung Frankfurt, Volume 3, 43-49
- [5] Human Rights. [Online] Available: [http://www.claiminghumanrights.org/udhr\\_article\\_19.html#at20](http://www.claiminghumanrights.org/udhr_article_19.html#at20) (June 12, 2018)
- [6] James, H. (1888): The Art of Fiction. Longman's magazine 4. [Online] Available: <https://public.wsu.edu/~campbell/d/amlit/artfiction.html> (June 12, 2018)
- [7] Kearns, P. (2013): Freedom of Artistic Expression – Essays on Culture and Legal Censure. Oxford. Hart Publishing.
- [8] Kurz, P. K.(1979): Der moderne Roman. In: Wagner, Rüdiger: Grundkurs Deutsch 3 B. Roman. Literarisches Leben. München, Schulbuch-Verlag, 14-21.
- [9] Legal dictionary. [Online] Available: <https://legal-dictionary.thefreedictionary.com/Artistic+freedom> (June 12, 2018)
- [10] Moore, C. (2008): An interview with Tom Cain, [Online] Available: [http://www.bookslut.com/features/2008\\_01\\_012147.php](http://www.bookslut.com/features/2008_01_012147.php) (June 12, 2018)
- [11] Sturges, P. (2006): Limits to Freedom of Expression? Considerations Arising from the Danish Cartoons Affair. In: Official Journal of the International Federation of Library Associations and Institutions, Volume 32, No. 3, SAGE publications, 181-188.
- [12] Szendi, Z. (2006): Einführung in die Trivilliteratur. Budapest, Bolczesz Konzorcium HEFOP Irod.
- [13] The Guardian: The art of creating a legend. [Online] Available: <https://www.theguardian.com/books/2002/jul/20/umbertoeco> (June 12, 2018)
- [14] Thomas, D. (2011): *Blood Relative*, London, Quercus
- [15] Tom Cain. [Online] Available: [https://www.goodreads.com/author/show/606367.Tom\\_Cain](https://www.goodreads.com/author/show/606367.Tom_Cain) (June 12, 2018)

## Diversity and uniqueness of Family business in the North of Portugal

Ana Paula Marques

Department of Sociology at the University of Minho Interdisciplinary Centre of Social Sciences (UMinho Pole)

### Abstract

Family businesses are the most omnipresent form of business organisations at the international and national levels. In Portugal, family firms account for more than 70% of all businesses, contributing with 50% in employment creation. Yet, most of the existing literature does not converge in a consensual and operative definition of what are core elements which distinguish family business from non-family business. Therefore, it is crucial to extend our knowledge on important family business topics due to the broadness, diversity, uniqueness and growth potential of family business in the whole world. In this sense, the ongoing project "Roadmap for Portuguese Family Businesses" (NORTE2020/FEDER) is focused on providing a better understanding and assessment of the impact of family businesses in the North of Portugal on the local, national and international economies. This research addresses a major problem that has been identified in Europe and consists in the lack of institutional visibility, particularly of accurate and up-to-date statistics in this sector. This paper begins by identifying some of the interesting research questions that emerge from examining the business family portraits. Then, based on some preliminary empirical findings gathered from ongoing research, first of all, we intend to identify interesting profiles of family business by mobilising some socioeconomic variables; and secondly, to point out major challenges faced by Portuguese family business.

**Keywords:** Portugal, family business, diversity and uniqueness, challenges and key factors of success

### Introduction

With a long-term vision, family businesses (FB) contribute significantly to GDP and employment, to innovation and the development of local communities, constituting one of the key pillars of the growth of any country's economy. In fact, family businesses constitute the dominant business form, their success and long-term stability being essential to the economy and society. However, one of the major problems family businesses face in Europe and in Portugal is the lack of political-institutional visibility, where there are still no precise official and updated statistics on this sector of the economy. There are only a few estimates that express the importance of this business typology on private economy overall, varying from country to country.

According to the report of the Committee on Industry, Research and Energy, which is under the purview of the European Union, 85% of all the European companies are family businesses, and these represent 60% of the jobs in the private sector<sup>1</sup>. In Spain, family businesses represent roughly 75% of the total number of companies, whereas in Portugal, it is foreseen that family businesses may represent between 70% and 80% of the national businesses, taking up 50% of the workforce and contributing to 2/3 of the GDP<sup>2</sup>. Expanding to the non-European space, we observe that the relative importance of family businesses is more significant in regions like Australia (70%), Latin America (between 65% to 90%), and the United States of America (between 90 to 95%) (International Family Enterprise Research Academy [IFERA], 2003). Therefore, it is important to make available current and reliable statistic information on family businesses, whose shortcoming is signalled for the national and European context, as attested by reference documents in which the role of small and medium family enterprises is enshrined as a substantial part of European companies - Small Business Act and of the dynamic performance of the European economy (EC, 2009).

The present article is based on the ongoing project "Roadmap for Portuguese Family-Owned Businesses" (NORTE-02-0853-FEDER-000018), in co-promotion with the Portuguese Entrepreneurial Association [Associação Empresarial de Portugal (AEP)], and funded by Norte 2020 and FEDER- Fundo Europeu de Desenvolvimento Regional, (European

<sup>1</sup> Online information: <http://www.europarl.europa.eu/oeil/popups/printsummary.pdf?id=1395260&l=en&t=D> accessed on 4.4.18].

<sup>2</sup> Online information: <http://www.empresasfamiliares.pt/quem-somos> accessed on 4.4.2018].

Regional Development Fund). This project pursues a double strategic goal: (1) to map family businesses of the North Region, whether small, medium or large; (2) to assess their impact on local, national and international economy, taking into account the dynamics of job creation, internationalisation and investment innovation, on the one hand and, on the other hand, the professionalisation of the management and governance of family companies. This is a project which aims to map this dominant business typology in the Portuguese economic fabric, characterising and identifying the main challenges and emerging trends. It will generate accurate and reliable statistical data as well as knowledge which could assist political stakeholders in decision-making, securing greater visibility for the issue of family businesses

This paper begins by identifying some of the interesting research questions that emerge from examining the business family portraits. Then, based on some preliminary empirical findings gathered from ongoing research, firstly, we intend to identify interesting profiles of family business by mobilising some socioeconomic variables; and secondly, point out major challenges faced by Portuguese family business.

### **Singularities of family business**

The family businesses are cross-sectional in the economy. They exist in all activity sectors, and are not restricted to small and medium businesses, even if this is the dominant form. Similarly, family businesses maintain an emotional tie with the place they originated from, where they started their activity in the first place, and they tend to contribute to local development, not only directly through the creation of jobs, but also through regional promotional initiatives. By the influence of the founder's values, the importance of family reputation and the concern in maintaining family leadership, these businesses tend to display equally a greater willingness towards social responsibility, translated in a sense of family duty in serving society (Jayantital, 2016; Botero, De Massias, Nordqvist, 2015; Liyz, 2008). Given their national and international relevance (Graves, Thomas 2008, 2004; Gallo, GarcíaPont, 1996), three arguments are brought forward which support the diagnosis of the current reality of family businesses.

First of all, one of the greatest problems that businesses face in Portugal (and in Europe) is the lack of institutional visibility, where there are still no precise and updated official statistics about this sector of the economy. The European Commission (EC, 2009) indicates that family businesses represent more than 65% of the business fabric and 40 to 50% of employment in the European Union. In Portugal, those numbers are substantially higher, however, specific information about those companies is scarce. In Portugal, it is estimated that family businesses may represent between 70% to 80% of the national companies, taking up 50% of the workforce and contributing to 2/3 of the GDP. Nonetheless, it is still difficult to give an accurate number of how many Small and Medium Enterprises may be family businesses, and if they are, we still need to ascertain their dynamics in the (potential) contribution they can make to the national and international markets. Consequently, the mapping of this dominant business typology in the Portuguese economic fabric and their characteristics/profiles, is essential as support to the future development of public policies aimed at the support of family businesses.

Secondly, it is important to emphasise the internal heterogeneity and the specific challenges that characterise this business typology. In effect, family businesses constitute the predominant basis of the entrepreneurial fabric of most countries, and the representativeness of this company form is therefore undeniable, notwithstanding the fact that the weight varies from economy to economy. At the European level (Botero, De Massias, Nordqvist, 2015), small and medium family businesses constitute a substantial part of the European companies and of the vigour of the European economy, representing 60% of that business sector. In Portugal, this reality seems more specific since, besides integrating big businesses, it is mainly the Small and Medium Enterprises, particularly the micro-companies (comprising up to 9 workers) that have greater relevance in the economy. Family businesses are distributed by different activity sectors, such as wholesale and retail trade, accommodation and catering industry, education, human health and social assistance, fishery sector, building industry, among others. In turn, under the same designation of "family business", two distinctive realities may be included in terms of dimension, professional degree, management and government, organisational structures, including, at times, complex subcontracting networks or outsourcing to boost emerging value-added niche markets, or to externalise production chain activities. In this context, we may include not only family businesses that survived to uphold the family "trade" but also, in the opposite direction, they include economic agents of significant importance quoted on the stock market, constituting large economic groups. They may include businesses with significant levels of innovation and professionalisation, however, the significant deficits are more meaningful concerning the digital economy and innovation in the industry framework 4.0 and of trade professionalisation (governance), managers and HR. On this last item, the lower attention and/or preparation of the family businesses for succession planning takes on a critical dimension for the sustainability of the family business (Costa, Negreiro, Negreiro, 2011; Habbershon, Williams, 2002, 1999; Gersick, Davis, Hampton, Lansberg, 1997). According to a recent study directed towards the importance of corporate succession in Portugal (AEP, 2011), 50% of

family businesses are not transferred to the second generation, and only 20% reach the third generation, which explains, to a great extent, that only 11% of the surveyed companies have attributed great importance to the planning of their business succession. When we discuss this business reality, it is important to bear in mind that there is no consensual definition among the governmental entities, the economic agents and the different scientists devoted to this topic. Nonetheless, by family business we understand the company controlled by the family, in terms of appointing management positions, and some of its members participate and work in the company.

Thirdly, these family businesses adopt a certain invisibility/depreciation of their potential in the transformation of the pattern of industrial specialisation and innovation, and of transfer of technology and knowledge. Still unknown are the effects of the Family Businesses (FB) regarding: i) their economic contribution in the production chain of wealth creation and added value, especially as regards the intake of technology and knowledge transfer (mainly via start-ups and entrepreneurial initiatives linked to R&D sectors and innovation), and also via accession to the digital economy; ii) the volume of employment created and consolidated over the cycle of economic activity, particularly absorbing skilled labour; iii) the capacity for innovation at the level of processes, materials and goods/services which, produced locally, has come to win over international and globalised markets; iv) the professionalisation and leadership models, taking into account their specificities, including at this stage the most critical factors of conflict management of family business and emotional intelligence; v) the capacity to organise into networks and partnerships, sharing the available resources via the use of collaborative online platform of different social and economic agents (from R&D centres, universities, professional schools for clients and suppliers); vi) concerning the development potential of territorial cohesion for the ability to attract and set human resources locally, highlighting the role of this kind of businesses in terms of their long-run stability and the special bond they develop with local communities.

## 2. Roadmap for family business: some empirical findings

### 2.1. Methodological notes

An (online/ on-site) survey circumscribed to the North region of Portugal, was applied to a previously selected database from a systematic collection of companies that corresponded to the family business profile. From the universe of more than 41 thousand businesses that were part of the databank, a sampling plan followed, which was based on the representativeness of the distribution of family businesses per NUT III (North sub-regional divisions), and per dimension of the business defined by number of workers. For ease of reference of the collection process, only three groups of business were considered, according to the number of workers: smaller businesses (up to 10 workers), intermediate dimension businesses (from 10 to 49 workers) and larger-scale (with 50 or more workers). Bearing in mind our study goals, it was possible to ensure the constitution of a sample of 1148 family businesses, considered as robust in terms of representation of the target-universe, ensuring a trust level of 95%, with a maximum error of 3% (cf. Table 1).

Table 1 – Distribution of the final sample by NUT III (North sub-regional divisions) and size

NUT III	Size (number of workers)				Total
	Micro ≤ 3	Micro (4 – 9)	Small (10 – 49)	Medium and Large Company (≥ 50)	
Alto Minho	10	28	20	9	67
	14.9	41.8	29.9	3.4	5.8
Alto Tâmega	2	10	6	3	21
	9.5	47.6	28.6	14.3	1.8
Área Metropolitana do Porto	200	146	142	55	543
	36.8	26.9	26.2	10.1	47.3
Ave	25	40	45	28	138
	18.1	29.0	32.6	20.3	12.0

Cávado	45	56	59	29	189
	23.8	29.6	31.2	15.3	16.5
Douro	16	18	13	6	53
	30.2	34.0	24.5	11.3	4.6
Tâmega e Sousa	25	28	34	23	110
	22.7	25.5	30.9	20.9	9.6
Terras de Trás-os-Montes	3	14	8	2	27
	11.1	51.9	29.6	7.4	2.4
Total	326	340	327	155	1148
	28.4	29.6	28.5	13.5	

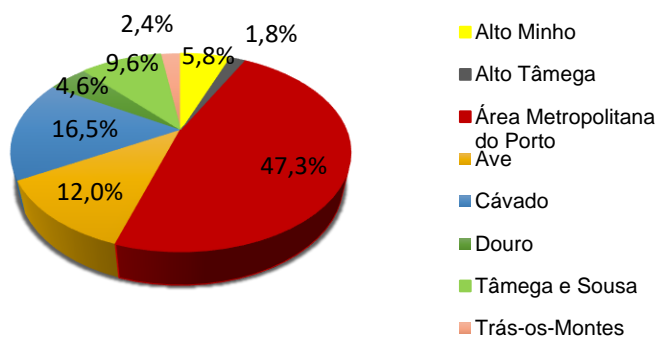
Source: FB Survey

To administer the questionnaire, platform *LimeSurvey* was used (June and July 2017) and an on-site application of the questionnaires to the family businesses (October 2017 to February 2018), preceded by a pre-test.

The information gathered by the family businesses in the North region via the questionnaire was geared towards the most relevant dimensions and indicators, namely: i) company identification; ii) generic characterisation of the entrepreneurial activity; iii) family structure and governance; iv) Professionalisation of the business families; v) Socio-biographical characterisation of the survey respondent, who may have been the founder himself/herself or the family business CEO, knowledgeable of the family business itself.

## 2.2. Profiles of family business

Through the intersection of some indicators such as dimension and seniority of the participating family businesses of the study, the distinguishing characteristics are listed below. These are mainly located in the metropolitan area of Porto, which is separated by a considerable percentage differential from the following: Cávado, Ave and Tâmega, and Sousa regions (cf. Graph 1).



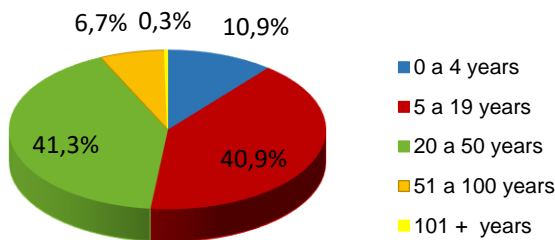
Graph 1 – Participant family businesses by NUT III (North sub-regional divisions)

Source: FB Survey

According to the three-circle model (Tagiuri, Davis, 1992, 1982), family businesses undergo an evolution cycle that goes from birth to the growth phase of both business and family all the way to their implosion. This coincides with the expansion of markets, products and services as well as with a tendentially more complex governance structure, due to the emergence

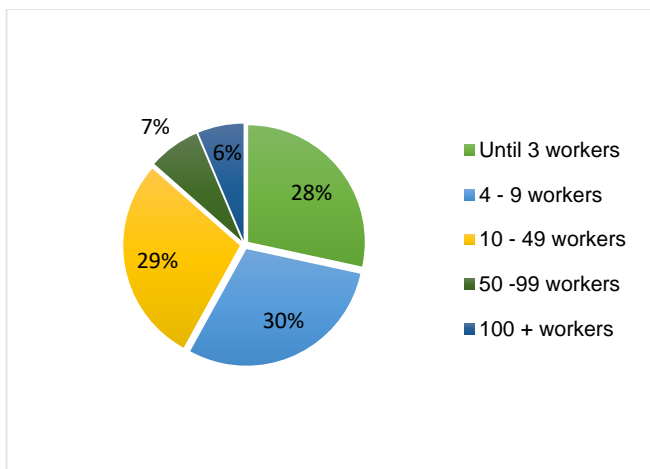
of spouses and of the third generation, which fosters the emergence of family clusters. According to our results, more than half of participating businesses have up to 20 years of operation (51.8%), although the 20 to 49-year range boasts a highly significant percentage (41.3%). Businesses with 50+ years correspond to 6.7% of the sample, and only 0.3% declare to have been in operation for more than 100 years (cf. Graph 2).

We are dealing with family businesses in the phase of business and family growth, although many are already at a stage of consolidation and constitution of several family clusters. Issues pertaining to the professionalisation and growth of the business activity, on the one hand, and the constitution of households and their descendants, on the other, are the most critical challenges faced by these businesses. The most common legal form is that of limited company (71%), followed by public limited company, with equal percentage, and sole proprietorship (10.5%). As for the size of the participating family businesses, micro businesses predominate, with 58%, followed by small businesses (between 10 and 49 workers), with 28.5%. Businesses with 100+ workers are also represented in the sample, and their relative weight (6%) is significant, considering the low percentage of such businesses in the North (cf. Graph 3).



Graph 2 – Participating family businesses by seniority

Source: FB Survey

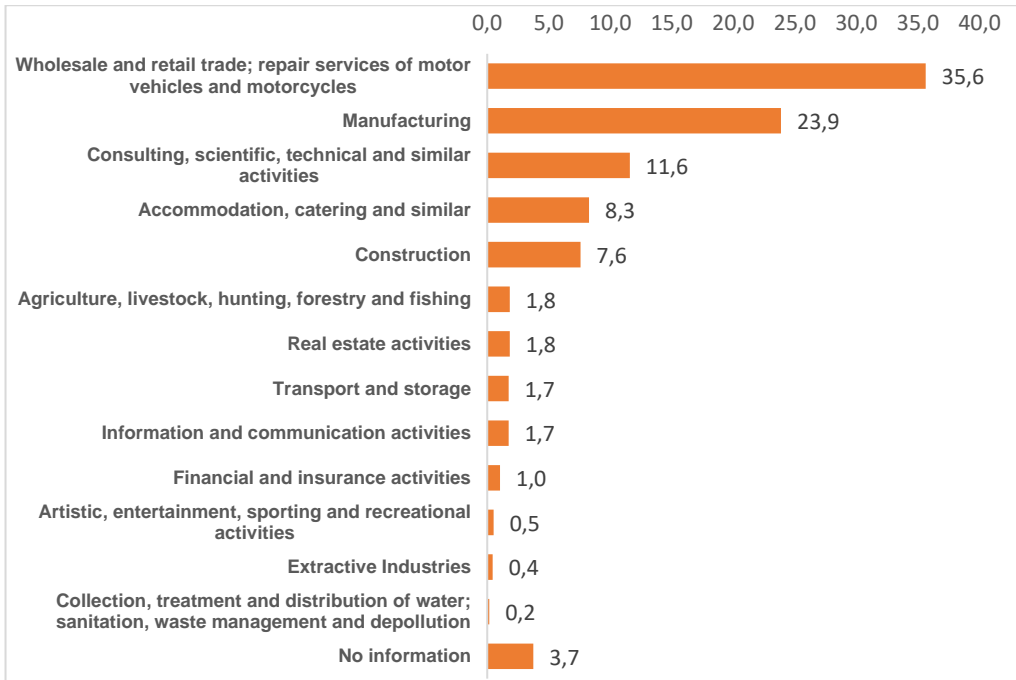


Graph 3 – Participating family businesses by size (year of 2016 as reference)

Source: FB Survey

The sectors of wholesale and retail trade, manufacturing industry and consulting, scientific and technical activities are of particular importance, as well as accommodation and catering and the building sector (cf. Graph 4).



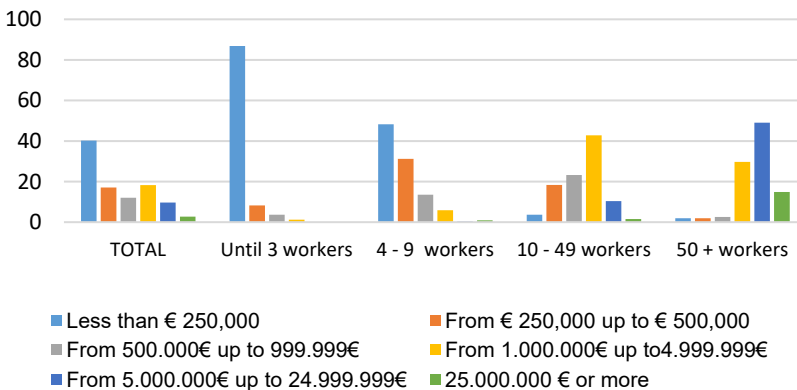


Graph 4 – Classification of economic activity of family business

Source: FB Survey

The analysis of economic activity shows a greater number of family businesses (40.2%) had a total turnover – which includes sales of products, goods and provision of services – below 250,000 euros. However, 30.7% surpassed one million euros and 12.4% exceeded five million euros (only 2.7% were over 25 million). A large majority (86.8%) of micro businesses with up to three workers had a total turnover below 250,000 euros. As for micro businesses with four to nine workers, 48.2% did not reach 250,000 euros, 13.5% had a total turnover between 250,000 and 500,000 euros, and 7.1% exceeded 500,000 euros. The main share of total turnover of small businesses was between one and five million euros (42.8%), with 11.9% going over five million euros. Lastly, in medium and large businesses the main share of total turnover was between five and 25 million euros (49%), with 14.8% surpassing 25 million euros (cf. Graph 5).

Graph 5 – Total turnover of family businesses (on 31/12/2016)

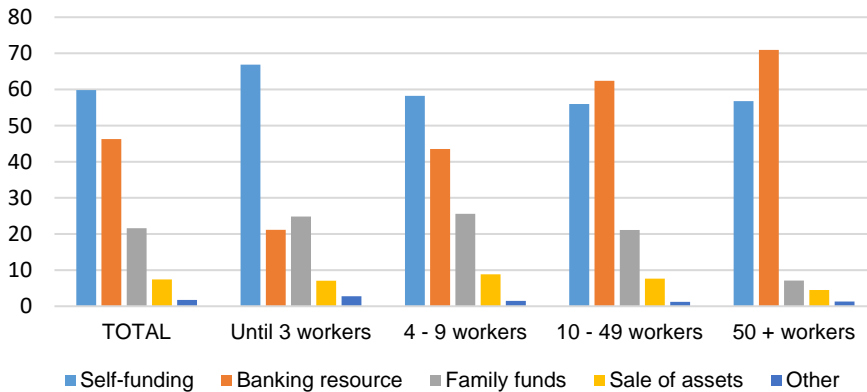


Source: FB Survey

As a rule, family businesses are characterised by low levels of risk propensity, opting for own funds and thus keeping their long-term levels of indebtedness at a minimum. This type of behavior also allows businesses to defend themselves against a possible loss of control. It should also be noted that many family businesses use their own funds because they are unable to access other forms of funding.

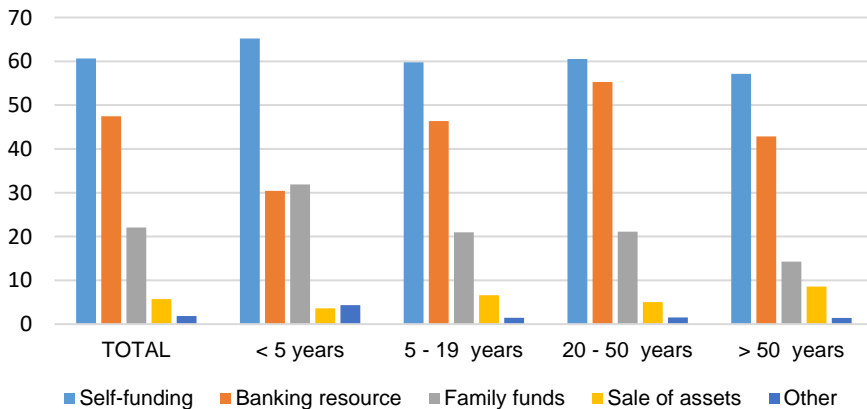
The results of the questionnaire given to family businesses show that self-funding (59.8%) and banks (46.3%) are the main funding sources of family businesses. However, 21.6% have to resort to family funds and 7.4% to the sale of assets. In the case of micro businesses, mostly those with up to three workers, 66.9% must use own funds, whereas small businesses mainly resort to banks (71.0% and 62.4%, respectively). The largest businesses have the least need to use family funds (7.1%) (cf. Graph 6). There is also a tendency, even if it is not very pronounced, for more recent businesses to resort proportionally to self-funding and family funds, whereas businesses with more years of existence tend to rely on banks (cf. Graph 7).

Graph 6 – Main funding sources by size



Source: FB Survey

Graph 7 – Main funding sources by seniority



Source: FB Survey

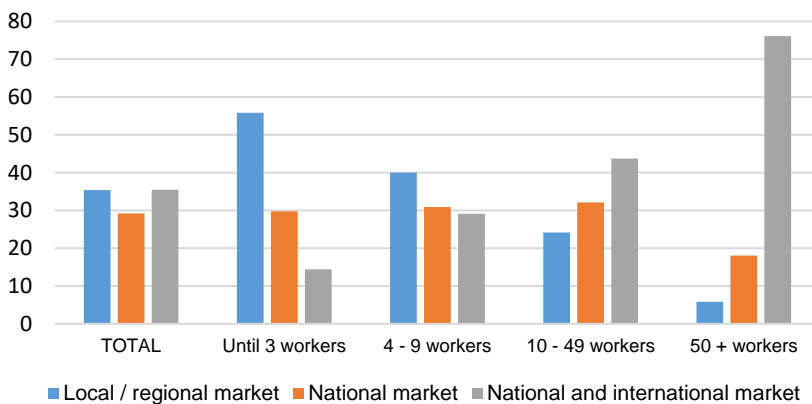
It would appear that one of the specificities of family businesses, particularly small ones and recent ones, lies in the importance of family funds to support/implement a business or entrepreneurial endeavour, which could otherwise be unfeasible (they often serve as lenders of last resource). Nevertheless, while the family role can be crucial to the

entrepreneurial endeavour and business growth, the management strategy is not always aligned with that of the family, which may raise obstacles to funding the business. For example, such options as going public (via capital market) or establishing other types of strategic partnerships (for instance, joint ventures) to elicit changes in the business may not be accepted by the family and/or property, limiting access to those means of funding.

In turn, self-funding could prove restrictive for the business, as it reduces its ability to invest and grow. But this problem becomes even more serious as the business absorbs more generations. This is because, on the one hand, some family members may withdraw from business management, demanding rewards in the form of higher dividends and, on the other hand, there is a steady increase of family members joining the business. Hence, there is inevitable pressure on the liquidity of the family business, which reduces its ability to self-fund.

The products and services of family businesses are intended for all kinds of market – the local/regional market (35.4%), the national market (29.2%) or the national market combined with the international market (35.5%). However, the type of market towards which business are geared is mostly associated with business size. The larger businesses are simultaneously geared towards the national and international markets (76.1%), whereas businesses with up to three workers are more geared towards the local/regional market (55.8%). It should further be noted that 43.7% of small businesses extend into the international market (cf. Graph 8).

Graph 8 – Main market of products or services by business size

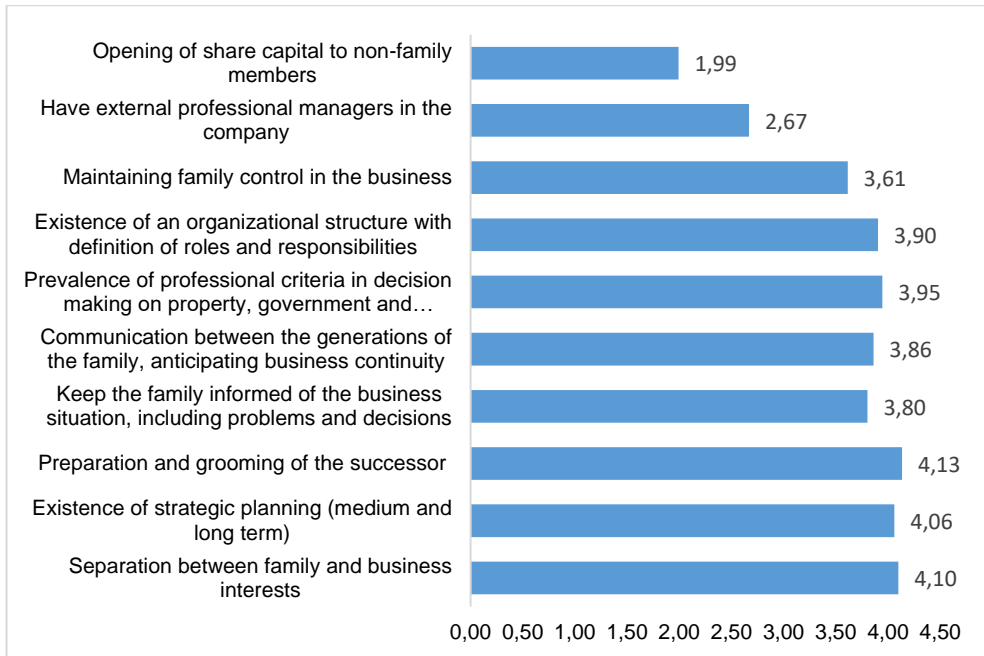


Source: FB Survey

### Key challenges faced by Portuguese family business

Family businesses were asked to assess the importance of a set of indicators to the success of their businesses. Ten indicators were selected, and their importance was rated on a scale of 1 = Not important to 5 = Extremely important (2 = Not very important, 3 = Important and 4 = Very important) (cf. Graph 9).

On average, seven indicators were rated Very important (4), with particular relevance to the following: preparation and grooming of the successor before taking up any duties (4.13), separation between family interests and business interests (4.10) and existence of medium and long-term strategic planning (4.06). In contrast, the aspects rated the lowest by family businesses (i.e., 3 or lower) are: opening up capital to non-family members (1.99) and hiring external professional managers to run the business (2.67). Notwithstanding the fact that they display slightly different levels of importance, these indicators are not specific to a particular business size (cf. Graph 9).



Graph 9 – Level of importance (average value) of requirements for the success of the family business

Source: FB Survey

If we sort this analysis by size and seniority of the business, the results are quite similar, which attests to the cross-cut of the three main challenges faced by family businesses: 1) preparation and grooming of the successor before taking on any duties, 2) separation between family and business interests, and 3) existence of strategic planning (medium and long term). Furthermore, in order to maintain power and control over the business in the hands of the family, there is a tendency to avoid opening up capital to non-family members and hiring external professional managers to run the business.

### Final remarks

Family businesses are generically defined by the intrinsic involvement of family members in the management and administration boards. As such, they have interesting and unique features which set them apart from other businesses, highlighting their importance in market economies worldwide. It is acknowledged that family businesses have greater resilience and longevity when compared to other businesses, as they are characterized by the preservation of values and traditions by future generations. This helps forge a bond between the business and the family, ensuring that control over the business remains in the family.

In view of this reality, it becomes clear that the long-term strategic vision for family businesses has little interest in the possibility of opening to third parties (i.e., non-family members). Considering that business performance tends to be influenced by size and seniority: we observe that larger business with more years of existence not only have less need for self-funding and family funds, but they have a higher share of exports in total turnover.

Pursuing the effort to map the predominant business typology in the Portuguese economic sector and pinpointing its main trends and emerging profiles is key to support the future development of public policies aimed at providing support to family business.

### References

- [1] AEP (2011). *Livro branco da sucessão empresarial. O desafio da sucessão empresarial em Portugal*. APE.
- [2] Botero, I. C., Cruz, C., De Massis, A., & Nordqvist, M. (2015). Family business research in the European context. *European Journal of International Management*, 9(2), 139-159. DOI: 10.1504/EJIM.2015.067858

- [3] Costa, António N.; Negreira, F.; Negreira, J. (2011). *50 Perguntas Essenciais sobre Empresas Familiares*. Porto, Vida Económica.
- [4] European Commission (2009). *Final report of the expert group. Overview of the family-business-relevant issues: research, networks, policy measures and existing studies*. <http://ec.europa.eu/DocsRoom/documents/10388>
- [5] Gallo, M. A. & GarciaPont, C. (1996). Important factors in family business internationalization. *Family Business Review*, 9 (1), 45-59.
- [6] Gersick, Kelin, E.; Davis, John A.; Hampton, Marion M.; Lansberg, Ivan (1997). *Generation to Generation. Life Cycles of the Family Business*. Boston, Massachusetts, Harvard Business School Press.
- [7] Graves, C. & Thomas, J. (2004). Internationalisation of the family business: A longitudinal perspective. *International Journal of Globalisation and Small Business*, 1(1), 7-27
- [8] Graves, C. & Thomas, J. (2008). Determinants of the internationalization pathways of family firms: An examination of family influence. *Family Business Review*, 21 (2), 151-167.
- [9] Habbershon, T. G. & Pistrui, J. (2002). Enterprising families domain: Family-Influenced ownership groups in pursuit of transgenerational wealth. *Family Business Review*, 15(3), 223-237.
- [10] Habbershon, T.G.; Williams, M.L. (1999). A Resource-Based Framework for Assessing the Strategic Advantage of Family Firms. *Family Business Review*, 12 (1), 1-26,
- [11] IFFERA (2003). Family businesses dominate. *Family Business Review*, 16(4), 235-240.
- [12] Jayantilal, S. (2016). *Game Theory and Family Firm Succession*. Universidade de Extremadura. Tese de Doutoramento, <http://dehesa.unex.es/xmlui/handle/10662/4117>
- [13] Litz, R. A. (2008). Two sides of a one-sided phenomenon: Conceptualizing the family business and business family as a Mobius Strip. *Family Business Review*, 21(3), 217-236.
- [14] Tagiuri, R. e Davis, J. (1982). Bivalent attributes of the family business. *Working Paper*, Cambridge, Massachusetts, Harvard Business School (Reprinted 1996, *Family Business Review*, IX (2), 199-208)
- [15] Tagiuri, R. e Davis, J. (1992). On the goals of successful family companies. *Family Business Review*, 5(1), 43-62.

## Impact of Unemployment on Economic Growth: Evidence from Western Balkans

Dielliza Kukaj, MSc

### Abstract

The main purpose of this paper is to investigate the relationship between unemployment and GDP growth in 7 countries of Western Balkan; precisely it studies the relationship of GDP-growth as a dependent variable with unemployment, foreign direct investment, and remittances as independent variables. The high unemployment rate in the Western Balkans is one of the main challenges those countries face, whereas unemployment together with GDP-growth represents the fundamental indicators of the level of capacity utilization and economic development. Those problems reflect economic stagnation and the inability to utilize available production capacities, causing a decline in the standard of living for the population. The paper studies the unemployment problem during 2001-2015 as a base study and the labor market of the Western Balkans, as a comparative model between these countries. The data have been processed in the STATA 12 program and these tests were applied: Effective Effect Model, Random Effects Pattern, Hausman Taylor Recording. The study also comprises secondary data gathered from official institutions of local and international statistics. Based on the empirical results it is found out that there exists a trade-off between unemployment and economic growth in Western Balkan countries, meanwhile, the model suggests that an increase by one percent point of unemployment will reduce GDP-growth by 0.5 percent points.

**Keywords:** unemployment, economic growth, Western Balkans, OLS method, STATA12

### Introduction

The problem of economic growth and unemployment is certainly one of the most important issues in the world that constitutes an essential study sphere in the field of macroeconomics and econometric research. If the level of production drops, its effect will be sequential in some indicators ranging from rising unemployment, low level of income, low level of consumption, and consequently an additional decrease in output. Therefore, the main scope of the legislators from around the world is to keep the unemployment rate within the lowest possible limits because it represents one of the key indicators of success or failure of socio-economic policies.

For the very first time, the relationship between unemployment and GDP growth has been examined and considered by Okun(1962) suggesting that there is a negative relationship among these variables, such as real productions and level of unemployment, later on, known as Okun's law in the economy. (Fischer, 2000) Okun Law presumes that in periods when economic growth is above 2.5%, for every 1% increase in output level, it causes a drop in unemployment by 0.5%. (Guisinger, 2018) The main intention of this research is the review of the relationship between unemployment and GDP growth, and other indicators that are part of the model, besides this the results of the test show the impact of each variable to see the power of their effect on GDP on Western Balkans. To answer the research question there are submitted two hypotheses: H1-There is an inverse relationship between unemployment and economic development, reduction of unemployment rate affects economic growth and H2-There is a positive relationship between GDP, remittances, and FDI. To determine the validity of the hypotheses presented it will be implemented the method of ordinary least squares OLS respectively the regression analysis, within which hypotheses submitted will be confirmed or rejected.

### Literature Review

Gross Domestic Product known as GDP is one of the main concepts of macroeconomics, that determines and measure the ultimate value of goods and services produced within a year or quarterly in a country precisely in the economy of it. (Rudiger Dornbusch) Researchers attest that in order to make a real comparison of real GDP it must be adjusted to inflation and this indicator is also included in this research as a macroeconomic indicator in order to accomplish this alignment. The correlation between unemployment and economic growth has been documented enough, both in the local and world

literature. Unemployment is known as a negative phenomenon that shows the different economic and social dimensions of a country. Many articles, scientific publications, and other publication of science character were published by various authors who tested the effects of unemployment on economic development. Literature is progressively developing over macroeconomics assumptions that unemployment respectively unemployment crisis has a negative impact on the economy, among others; numerous of the authors studies unemployment effects on society. Therefore, the economic and social dimensions resulting from unemployment make it more complex and consequently lead us to investigate some factors to understand its nature and its influence on economic growth. Theoretical analysis of unemployment represents the level of employment as a workforce associated with the degree of success, which together is linked to economic growth. (Al-Hamdi, Mohaned and Alawin, Mohammad, 2016) Unemployment is categorized as one of the most serious barriers to prevent economic progress. (Akinboyo, 1987) and (Raheem, Mufutau Iyiola, 1993) explained that besides the fact that unemployment encourages livelihood in the street, an area in which individuals are inclined to commit criminal offenses against the law, it represents a huge loss of labour force of a country; it produces poverty in the sense that the lowest the output will be, the lower the revenue and the poorer the welfare will be.

Human capital influence productivity and profitability, and it explain the scope and changes in earnings between individuals. In this way, the human capital is the one that influences the opportunity of being employed or not. Despite the opinion that countries in transition have a high level of dominance, evidence has shown that those countries are worse in terms of the quality of labor force. (Hoti, 2003)

Estimation of the impact of FDI on the unemployment rate in Malaysia during 2009, ascertained that in economic growth contribute the level of foreign direct investment. (Irpan, 2016) The author has aligned all the macroeconomic variables of which he came to the conclusion that the growth of FDI contributes on employment rate, which increases the output and so that indicates in GDP growth of a country. (Stephen, 2012) also investigated the impact of unemployment on economic growth in Nigeria during the period 1980-2008. To develop his model, the author applied the Cobb-Douglas production function, by using ordinary least squares (OLS). He found that the unemployment rate varies significantly and vice versa during economic growth. Moreover, the results showed that some macroeconomics indicators contribute on in economic growth of Nigeria whereas some of them do not. In simple terms, he has shown that money supply growth mobilizes savings, increases capital formation and consequently causes the increase on domestic production

However, the high level of unemployment and the prolongation of the unemployment crisis proved to have had a negative impact on the economy, which means that unemployment crises do not favor economic growth. World Bank in its report regarding unemployment crises for Western Balkans, conducted by regression, assessed the relationship between unemployment and economic growth, and based on empirical results came to the conclusion that an increase of 1% of GDP is associated with 0.37% decline in the unemployment rate in the Western Balkans and 0.25% in the developed countries of Europe thus, suggesting the negative relationship between economic growth and unemployment. (World Bank, 2017)

## **Data and Methodology**

### **Evidence of macroeconomics indicators in Western Balkan states**

Western Balkans countries are situated in the southeastern part of Europe, and consist of seven states Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia. As a consequence of a non-stable situation, shifting from one form of government to another, respectively socialism to capitalism and democracy, aiming integration and convergence with merging states of UE, made those countries to face many difficulties during state reconstruction. (Murgasova, 2015) The early wish for the embracing of European economy made many reforms that came as basic conditions for achieving the convergence, initiated by transforming on labor economy, liberalization of prices, privatization of state and socially owned enterprises, and the construction of institutions that support the market Economy. The unstable situation in the country, many factors as political, social and cultural, made the process of transformation and integration not uniform for all states.

Those all resulted in destabilization of macroeconomic indicators, among others, the World Bank estimated that large amounts of physical capital destroyed and the Yugoslav federation's market collapsed. Most of the economies between 1991 and 1993 experienced high-level recessions, which has provided negative double-digit ratios of economic growth indicators (Murgasova, 2015), among them Albania has recorded a negative GDP rate of -28%, Serbia -11% in 1999 and Macedonia -8% in 1993, the data for other years are given in Table 1. However, the latest IMF report on the Western Balkans shows that the last decade these states have made progress, which has contributed to raising the standard of living for the residents of these countries. (Bakker, 2015). However, this increase for many global organizations, among

them World Bank considered that it has been able to be as a result of global liquidity (large capital incomes entered from abroad), rather than the real progress of economic reform. Evidence for this was the consistently high double-digit unemployment rate, which the same has also been during the peak of economic expansion, indicating that the rate of productivity in those places were quite low.

Economic growth is presented of GDP often conceptualized as the increase in output or as an increase in the capacity of the economy to produce goods and services that are needed to decrease the rate of poverty. GDP is monitored by policymakers and public too, moreover, it is seen as a stable process that involves the growth of good and services in an economy. (Ahmet Manchellari, 2007) Today more than ever economic security is one of the most challenges that the Western Balkans faces. Poverty together with the continuous high unemployment rate has threatened till now everyday economics security of countries in the region. The minor number of workplaces and high rate of unemployment are main concerns almost of all Balkan countries. The socio-economic perspective of these countries with a rate of employment of 50% and a double-digit unemployment rate leads to a number of challenges that hamper growth, economic growth, and long-term EU integration goals. (IMF, 2011). The table below shows that until 2009 Albania, Croatia and Serbia marked the greatest progress of economic development. Furthermore, Albania and Kosovo were the only countries that have not felt the impact of the crisis, without having very large fluctuations in the GDP indicator due to the low exposure of Kosovo and Albanian's economy to global markets. However, this trend doesn't seem to last long, IMF considered that this process has started to serve only for personal interests and that the economic growth of Western Balkans was a result of wide global liquidation and unstable capital incomes rather than economic growth as a result of the transformation of the economy. (IMF, 2016) Besides the fact that century-old disagreements between states and transition process that all those countries have gone through caused negative changes on those countries, it is also said that the geographic position away from the EU core countries, is preventing the access to the supply chain of the German economy. (Bakker, 2015).

As it mentioned earlier, Western Balkans constantly has been characterized by a low rate of employment and double-digit rate of unemployment. The high and continuous rate of unemployment has become an obvious feature of the labor market in the region. Regarding this, another feature of these countries is the large size of the informal sector. (WorldBank, 2017)

The World Bank in co-operation with the Vienna Institute for Economic Studies estimated that the high rate of international migration plays an important role in mitigating the unemployment problem and is considered to be an important source of incomes. However, in addition, almost the whole region is threatened by a decline in the population resulting from low birth rates and high-rate emigration. (The Vienna Institute for International Economic Studies, Labor Market Trends) According to the economic report of the Western Balkans, the regional economic growth of 2.8% in 2016 and 3.2% in 2017 has contributed to the increase in creating job places and consequently the reduction of the poverty. The World Bank report (2016), shows that the rate of poverty in these countries has fallen 2 percentage points of each state. (WorldBank, April 6, 2017) World Bank also have reported that Western Balkan countries have increased employment by creating roughly 300,000 jobs since 2010 to 2016 (from 5.5 million in 2010 to 5.8 million in 2016) which means a 6% increase on employment rate in Western Balkan in general. Evidence shows that although with the reduction in the unemployment rate, the high rate of inactivity especially among women, young people, and individuals with low education, remains a top priority concern for these countries. (WorldBank, April 6, 2017)

Table 1: Western Balkan's macroeconomic indicators through 2001-2015

country	Kosovo														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	26.9	-0.8	5.9	2.5	6	3.7	6.4	1.8	2.5	2.5	3.7	2	2.7	1.5	4.8
unemp								47.5	45.4	46.7	45.3	30.9	30	35.3	32.9
inf			-1.1	-1	-1.4	0.6	4.3	9.3	-2.4	3.5	7.3	2.5	1.8	0.4	-0.5
fdi				1.5	3.6	9.1	12.5	9.4	7.2	8.3	8.2	4.5	4.9	2.7	5.6
rem				17	18.8	18.9	19	18.3	18.7	17.1	16.8	16.3	15.9	16.1	16.7
country	Albania														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	9	4.5	6.2	6.2	6.3	6.1	6.7	8.4	4	4.2	2.8	1.6	1.2	1.9	3
unemp	22.7	13.4	12.7	12.6	12.5	12.4	13.5	13	13.8	14.2	14	13.9	16	16.1	



inf	3.1	7.8	0.5	2.2	2.4	2.4	2.9	3.3	2.3	3.6	3.4	2	1.9	1.6	1.9
fdi	5.1	3	3.1	4.7	3.2	3.6	6.1	9.6	11.2	9.1	8.1	7.5	9.8	8.7	8.7
rem	17.2	16.5	15.5	15.9	15.8	15.1	13.7	11.6	10.9	9.7	8.7	8.3	8.55	8.6	9.2
country	Bosnia														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	4.2	-5.1	3.8	5.9	8.5	5.2	5.7	5.5	-2.8	0.8	1	-0.8	2.5	1.2	3.2
unemp	27.6	24.6	26	28.3	26	31.8	29.7	23.9	24.1	27.2	27.6	28.1	27.4	27.9	
inf						6.1	1.5	7.4	-0.4	2.2	3.7	2	-0.1	-0.9	
fdi	2.1	4	4.6	8.9	5.6	6.6	11.7	5.3	0.8	2.6	2.5	2.3	1.7	2.8	1.8
rem	26.1	22.5	20.8	20.5	18.1	16.7	17	14.2	12.1	10.6	10.5	10.7	10.8	11.4	11.1
country	Croatia														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	3.1	5.2	5.6	4.1	4.1	4.8	5.2	2.1	-7.3	-1.4	2.9	-1.9	-0.8	0	2
unemp	20.5	15.1	13.9	13.7	12.6	11.1	9.6	8.4	9.1	11.8	13.4	15.8	17.3	16.7	
inf	3.8	1.7	1.8	2	3.3	3.2	2.9	6.1	2.4	1	2.3	3.4	2.2	-0.2	-0.5
fdi	4.2	3.5	5.3	3.1	4	6.5	7.6	7.4	5.1	2.4	2.3	2.6	1.6	6.9	0.3
rem	4	4.1	3.8	3.7	3.4	3.1	3.1	2.9	3	3.2	3.4	3.7	3.8	3.8	4.3
country	Macedonia														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	-3.5	1.1	2	4.4	4.5	4.9	6.3	5.3	-0.5	3.2	2.2	-0.6	2.8	3.4	3.5
unemp	30.5	31.9	36.7	37.2	37.3	36	34.9	33.8	32.2	32	31.4	31	29	27.9	
inf	5.2	2.3	1.1	0.9	0.2	3.2	2.2	8.3	-0.7	1.5	3.9	3.3	2.8	-0.3	-0.3
fdi	12.7	2.8	2.4	5.4	2.3	6.2	8.8	6.2	2.8	3.2	4.8	3.5	3.7	0.5	2.9
rem	2	2.6	3.5	3.7	3.6	3.8	4.1	4.1	4	4.1	4.1	4	3.5	3.2	3
country	Montenegro														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	0.7	1.5	2.1	4.2	4	8.4	10.5	6.7	-5.9	2.3	3.1	-2.8	3.4	1.7	3.1
unemp	21	21	21.1	19.3	19.5	18.2	19.4	16.8	19.1	19.7	19.7	19.6	19.5	19.1	
inf						2.9	4.3	8.7	3.5	0.6	3.4	4.1	2.2	-0.7	1.5
fdi		5.6	2.9	3.2	22.2	23.1	25.6	21.6	37.4	18.3	12.3	15.1	10	10.8	17.6
rem							5.3	6.6	7.3	7.3	7.6	8.1	9.5	9.4	9.6
country	Serbia														
year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
gdp/cap	5.2	7.2	4.6	9.3	5.9	5.3	6.3	5.8	-2.7	1	2.2	-0.5	3.1	-1.4	1.2
unemp	12.8	13.8	15.2	18.5	20.8	20.8	18.1	13.6	16.6	19.2	23	23.9	22.1	22.2	
inf	95	19.5	9.9	11	16.1	11.7	6.4	12.4	8.1	6.1	11.1	7.3	7.7	2.1	1.4
fdi	1.4	3	6.9	3.9	6	13.9	11	8.2	6.9	4.3	10.6	3.1	4.5	4.5	6.3
rem						9.3	7.2	10.9	10.4	8.5	8.7	8.8	8.3	9.1	

Source: World Bank national accounts data, and OECD National Accounts data files-  
<https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG>

## Methodology

The ratio between these variables was calculated by Stata12 a software program that does the econometric analysis. The study includes the quantitative approach to testing hypotheses and theories; while the research structure incorporates: Data collection - the data used for this study were obtained from International Monetary Fund (IMF) and the World Bank for the period 2001-2015. The research was conducted by calculating the regression respectively the method of Ordinary Least Squares, as one of the most powerful methods for calculating the regression analysis. In order, the analysis to be more meaningful and more fulfilled, in the study were involved three other important and influential indicators in economic development such as inflation, foreign direct investment, and remittances. The study includes a total of 7 Western Balkan countries over the period 2001 -2015. The countries participating in the analysis are Kosovo, Albania, Bosnia, Croatia, Montenegro, Macedonia, and Serbia. First, there is tested the unemployment effect on GDP separated from other parameters through linear regression, meanwhile, in the second part, used models of evaluation: Random and Fixed, in context of the dependent variable analysis it is GDP, while independent variables are unemployment, foreign direct investment, and remittances.

## Regression terminology

On the left side of the equation, there are submitted dependent variable, predicted or the clarified variable, whereas, on the right side of the equation the independent variable is represented or explanatory. In our case the dependent variable is GDP/cap, meanwhile, dependent variables are indicators such as unemployment, inflation, foreign direct investments, and remittances.

$$Y = \beta_1 + \beta_2 X + u$$

y- Is variable by random selection or random two components

Deterministic:  $E(Y) = \beta_1 + \beta_2 X$  (known as **y** average)

Random:  $u = Y - E(Y) \Rightarrow u = Y - \beta_1 - \beta_2 X$  (known as the stochastic error and shows that there are other factors too that affect the dependent variable, in our case GDP is affected by other indicators besides unemployment rate).

To test the variables there are applied some of the statistical tests are applied such as Fixed effect model, random effects model, and Hausman Taylor regression. The purpose of the tests is to compare the results that are approximately the same. And finally, based on the outcome, it is specified which model is best and should be used for research.

## 4. Empirical Results and Interpretations

The following equation shows the estimated results that are presented further in tabular form. Regression analysis made it possible to check the validity of the hypothesis: H1-There is an inverse relationship between unemployment and economic development, reduction of unemployment rate affects economic growth and H2-There is a positive relationship between GDP, unemployment, remittances, and FDI submitted at the beginning of the paper. Since transformed coefficients in a logarithm can easily be interpreted, variables have been converted into a logarithm form. Results from the linear regression that initially have been estimated through statistics program are presented below.

Figure 1. Regression of GDP/cap and unemployment

```
. regress lngdp lnppap
```

Source	SS	df	MS	Number of obs = 76		
Model	1.93062514	1	1.93062514	F( 1, 74) =	5.24	
Residual	27.2749728	74	.368580714	Prob > F =	0.0250	
				R-squared =	0.0661	
				Adj R-squared =	0.0535	
Total	29.205598	75	.389407973	Root MSE =	.60711	

lngdp	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
lnppap	-.3897828	.1703099	-2.29	0.025	-.7291327	-.0504328
_cons	2.446342	.5233767	4.67	0.000	1.403491	3.489193

$$\ln \text{GDP/cap} = B_1 + B_2 \ln(\text{unemployment}) + u$$

$y$ - Represent GDP/cap,  $B_1$ - constant coefficient,  $B_2$  – partial coefficient of estimation and  $u$  – standard error. The result in the form of equation can be written as:

$$\ln \text{GDPcap} = 2.446342 - 0.3897826 \text{ unemployment}$$

Table2. Impact of unemployment on economic growth in Western Balkans.

Linear Regression - GDP/cap , Unemployment	
Number of obs	76
F( 1, 74)	5.24
Prob > F	0.025
R-squared	0.0661
B1	B2
2.446342	-0.3897826
p> t	p> t
0	0.025

Note: In the model of dynamic panel - one step difference GMM tests the relationship between GDP/cap, unemployment, FDI and remittances.

In this part was calculated only the effect of unemployment in the GDP in Western Balkan. Referring to (Table2.) prob > F = 0.0250 represents the value of P model. From the gained result ( $P < 0.05$ ), can be concluded that there exists a relationship statistically significant between unemployment and economic growth. R-square= 0.061, shows that 6% of variation is explained by unemployment having in consideration that in the level of GDP affect a large number of other macroeconomic factors who do not participate in the model, so that the low degree of explanation of variation in the model is due to the lack of other key factors.

The result of empiric research suggests that unemployment has a negative impact on economic growth in Western Balkan countries, which implies that the increase in the unemployment rate affects the decline in the level of gross domestic product. Hence in figures, an eventual increase in unemployment of 1% will cause a decrease in the level of GDP/cap for 0.38978 %. Whereas, the constant  $B_1 = 2.446342$  shows the level of the GDP/cap when the other parameters, in our case unemployment, is at zero level.

From the regression result it is found that the coefficient  $p > |t| = 0.02$  being below the level 0.05, conclude that the model has large significance so that we drop the zero hypothesis and admit submitted hypothesis  $H_1$ ; which admit that there is an inverse relationship among unemployment and economic development, reducing the unemployment rate affects economic growth. This implies that a healthy economy requires the creation of new jobs to meet the growing economy, always paying close attention to inflation risk. Further on in the second model, since more models are included, the model represents the most realistic state of the Western Balkan economy.

Table3. Random and Fixed effect tests results (Impact of unemployment, foreign direct investment, and remittances on Western Balkans economy).

	Random Effect	Fixed Effect
	Model (1)	Model (2)
GDP/cap	1.738 (0.03)	-0.9205 (0.4)
FDI	1.796 (0.1)	0.3776 (0.002)

UNEMPLOYMENT	-0.318	(0.06)	-0.5794 (0.001)
REM	0.082	(0.4)	1.5523 (0.000)

Note: In the model of dynamic panel - one step difference GMM tests the relationship between GDP/cap, unemployment, FDI and remittances.

Referring to (Table3.) the Dynamic panel – one step difference GMM model tested the relationship between GDP/cap, unemployment, FDI, and remittances.

Figure2. Fixed-effects (within regression).

```
. xtreg lngdp lnihd lninp lnrem, fe
Fixed-effects (within) regression
Group variable: code
Number of obs = 65
Number of groups = 7
R-sq: within = 0.3896
between = 0.0316
overall = 0.0348
Obs per group: min = 6
avg = 9.3
max = 14
corr(u_i, Xb) = -0.9309
F(3, 55) = 11.70
Prob > F = 0.0000
```

	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
lnihd	-.377648	.1175028	3.21	0.002	-.1421671 .6131289
lninp	-.579413	.4014156	-1.44	0.155	-1.383868 .225042
lnrem	1.552312	.2972669	5.22	0.000	.9565759 2.148048
_cons	-.9205191	1.310542	-0.70	0.485	-3.546905 1.705867
sigma_u	1.063902				
sigma_e	.48435846				
rho	.82831706				(fraction of variance due to u_i)

```
F test that all u_i=0: F(6, 55) = 5.23 Prob > F = 0.0003
. estimate store fixed
```

As (Figure2.) shows the model's proof that these three variables represent a small part of the general level of GDP; nevertheless, as the macroeconomic theory explains, the model shows that there exists significance between the three parameters. Hausman test attests which hypothesis stands, so that based on the results the coefficient chi (2) = -43.74 indicate that fixed model is more appropriate than random one which is also shown both on the regression model in the appendix. The Fixed model made also presented on the appendix, explain precisely the relation between GDP, unemployment, FDI and as such confirms the hypothesis presented in the beginning H2/1 which imply a positive relationship between GDP, remittances, and FDI that is also in compliance with the theory and so that we drop zero hypothesis.

Referring (Table3.) respectively model 2, B2 coefficient shows that for every increase for 1% of FDI, GDP/cap will increase on average from 0.037% (B2) presuming that there is a positive relationship between GDP and FDI in the Western Balkan countries. Results show that in the Western Balkans foreign direct investments are a contributor to economic growth, by expanding productivity growth; it is therefore suggested to create favorable conditions for the promotion of foreign direct investments. Countries with faster economic growth increase demand for foreign direct investment also create space for more profits, also resulting in the increase of jobs places.

The coefficient B3 = -.579413 shows that every increase of unemployment level of 1%, will cause averagely 0.5% the decrease of GDP/cap. And the last one, B4=1.5523 shows that every increase of 1% in the remittance level affect approximately 1.5% on the GDP growth, which implies that there is a positive relationship between remittances and unemployment. As Table1. shows that the remittance rates in the Western Balkan countries are not in a low rate, also the regression analysis suggests that the growth rate of remittances increases consumption and as a result affects the GDP growth rate. However, the Western Balkans regular economic report shows that high remittance rates may also have an impact on the growth of individuals' incomes that may cause lack of motivation to work; therefore, there should be a mature caution for the damage which may occur in the labor market.

**Conclusion**

The purpose of every economy is to build strong macroeconomic policies aimed at full employment, price stability, and usage of capacity of production that will generate a high level of economic growth. Regarding the relationship between unemployment and economic growth, precisely, the relationship between unemployment per capita in the Western Balkans results of testing found out that there is a statistically significant relationship between unemployment and economic growth.

The result of the empirical research suggests that unemployment has a negative impact on the economic growth. From the research it is found that six Western Balkan countries face many difficulties in trying to preserve the macroeconomic stability of the country and the model suggests that an increase by one percentage point of unemployment will reduce GDP-growth by 0.5 percent points. However, because the model strength and variables interaction are greater if the study includes more components, there was also analyzed the effects of remittances and foreign direct investment in GDP/cap. The results show that for any 1% increase of FDI, the GDP ratio will increase on average by 0.037%, which means that there is a positive relationship between GDP and foreign direct investment. Results have also shown that every increase of 1% in the remittance level affect approximately 1.5% in the GDP growth, which implies that there is a positive relationship between remittances and unemployment.

### Bibliography

- [1] Ahmet Manchellari, S. H. (2007). *Hyrje në Ekonomi*. Tiranë: Shtëpia Botuese Pegi.
- [2] Akinboyo, G. (1987). Job creation as a productivity measure for employment problems in developing countries: The Nigeria and Holland experienc. *Increasing Productivity in Nigeria*, 404–411}.
- [3] Al-Hamdi, Mohaned and Alawin, Mohammad. (2016). The Relationship Between Military Expenditure and Economic Growth in Some Middle Eastern Countries: What Is the Story? *Asian Social Science*, 45.
- [4] Bakker, M. B. (2015). How Emerging Europe Came Through the 2008/09 Crisis: An Account by the Staff of the IMF's European Department. *International Monetary Fund*.
- [5] Fischer, R. D. (2000). *Makro Ekonomia*. Tiranë : DITURIA.
- [6] Guisinger, A. Y.-M. (2018). A state-level analysis of Okun's Law. *Regional Science and Urban Economics*, 68, 239--248.
- [7] Hoti, A. (2003). international conference of the faculty of Economics of Sarajevo, From Transition to Development: Globalisation and the Political Economy of Development in Transition Economic. Sarajevo.
- [8] IMF. (2011). *World economic outlook*. Recuperado de <http://www.imf.org/external/pubs/ft/weo/2017/01>.
- [9] IMF. (2016). *Symptoms and Remedies*. *World Economic Outlook*, 1.
- [10] Irpan, H. M. (2016). Impact of foreign direct investment on the unemployment rate in Malaysia (Vëll. i 710).
- [11] Murgasova, Z. a. (2015). *The Western Balkans: 15 years of economic transition*. *International Monetary Fund*.
- [12] Owyang, M. T. (2012). Okun's law over the business cycle: was the great recession all that different? *Federal Reserve Bank of St. Louis Review*.
- [13] R. Dornbusch. (a.d.).
- [14] Raheem, Mufutau Iyiola. (1993). *Nigeria for Africa: A case for labour export*. *Applied Economics and Economic Policy-In Honour of Emmanuel C. Edozien*, Ibadan University Press, Ibadan.
- [15] Rudiger Dornbusch, D. S. (2000). *Macroeconomics (bot. i 13, illustrated)*. McGraw-Hill Education, 2017.
- [16] Stephen, B. A. (2012). Stabilization policy, Unemployment Crises and Economic Growth in Nigeria. *Universal Journal of Management and Social Sciences*, 55–63.
- [17] Studies, W. B. (2017). *Wordl Bank. Gjetur në Western Balkans Labor Market Trends 2017*.
- [18] WorldBank. (2017). *Jobs Gateway Database*.
- [19] WorldBank. (2017). *Western Balkans Labor Market and Trends 2017*.
- [20] WorldBank. (April 6, 2017). *Faster Growth Brings More Jobs to the Western Balkans*. Skopje.

## Appendix

```
. hausman random fixed
```

	Coefficients		(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
	(b) random	(B) fixed		
lnihd	.1796837	.377648	-.1979643	.
lnpap	-.3180261	-.579413	.2613869	.
lnrem	.0820759	1.552312	-1.470236	.

b = consistent under Ho and Ha; obtained from xtreg  
B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

```
chi2(3) = (b-B)'[(V_b-V_B)^(-1)](b-B)
         =  -43.74   chi2<0 ==> model fitted on these
                   data fails to meet the asymptotic
                   assumptions of the Hausman test;
                   see suest for a generalized test
```

## Relationship Between Social Support, Cultural Values, Family-Friendly Organizations and Psychological Well-Being Among Turkish and the Dutch Nurses: The Role of Recovery

**Hatem Öcel**

Maastricht University

**Fred R. H. Zijlstra**

Maastricht University

### Abstract

The study aims to investigate the role of recovery after work in moderating the relationships between social support, cultural values, organizational characteristics, and psychological well-being. Data was collected from Turkish and Dutch nurses (Turkish N = 333, Dutch N = 323). The t test results showed the mean score of psychological well-being of Dutch participants ( $t = 3.07$ ;  $p < .002$ ); and that the mean score on recovery were significantly higher than those of Turkish participants ( $t = 3.90$ ;  $p < .001$ ). Results also showed that social support had an interaction effect with psychological detachment and relaxation on psychological well-being in the Turkish nurses; whereas in the Dutch nurses only social support and mastery experiences interacted on psychological well-being. On the basis of our findings, it is advisable to focus interventions on enhancing using recovery strategies and well-being. Specific interventions should be directed at training in relaxation detachment from the work in free time.

**Keywords:** Social support, Cultural values, Family-friendly organizations and Psychological well-being

## Discourses and Genre around Kindergarten Outdoor Activities

**Dr. Warda Sada Gerges**

Kaye College of Education

### **Abstract**

Optimal climate in kindergarten means a safe, supportive, egalitarian and aesthetic learning environment that promotes the development of the child. Outdoor activities is an important part of an optimal kindergarten climate, encourages children involvement and inspire children's open talks on various social issues (Appleby, 1978). According to Zeltzen (2000), a discourse is created when there is a spark between two minds. Investigation of Children discourses enables a rich learning about children habits, culture, customs, etc. This research, aims to investigate Bedouin kindergarten children discourses during and following outdoor activities. For this aim, 72 children's discourses were collected by observations and recordings. Analyzing the findings, led to three main genres: narrative, explaining and scientific discourses (Bloom Kulka & Hamo, 2010). Narrative or story discourses were dominant (48%). Children brought stories of family life and their daily life to connect with peers. The study also shows that children (36%) tend to give an explaining discourse to compose a talk with their peers. Only 18% of children discourses were classified as scientific discussions, which include also narrative and explaining discourse characters in which children developed on mutual ongoing discourses.

**Keywords:** Outdoor activities, Optimal kindergarten climate, Children discourse, Narrative discourse



## Navigating Violence in the Face of Vulnerability: Women in the Villas of Buenos Aires

**MSc Maral Shafafy**

University of Amsterdam

### Abstract

Greater Buenos Aires is one of the most unequal cities in the world. The prevalence of violence, both urban and gender-based, is concentrated in the most vulnerable parts of the city. Women who live in poorer neighbourhoods experience poverty in more durable ways than men, but also face violence of different forms and extremities than women in wealthier neighbourhoods. In the Villas of Buenos Aires – informal settlements marked by poverty and violence - women are nevertheless actively engaged in determining their future in the face of this violence and conditions of constraint. Yet little is known about how they do this and how meaningful their actions are in terms of challenging the social structure and moving on to a better social position. Using six biographical accounts of violence, this research sought to answer the question, “what are the different forms of social navigation women in Villas resort to, to mitigate violence in the face of structural vulnerability?” The research was carried out over a period of four months in the southern zone of Buenos Aires and emerged as part of inductive ethnographic fieldwork in the Villa. The research demonstrates that the Villa is a distinct social space, one in which experiences are shaped by both external and internal hierarchies of power. The biographical accounts of these six women show the different ways in which the Villa can be lived in. To mitigate violence, each woman, enacts a form of navigation that moves in line with her social position in the Villa and the particular characteristics of society there. In this light, the research illustrates that women who have greater social and economic means have greater ability to make more meaningful challenges to violence. The results nevertheless also demonstrate that the forms of navigation women make to mitigate violence are more often the product of contingent moments of opportunity, rather than being planned or orientated towards a long-term idea of the future. The research therefore challenges the notion of a ‘relational’ form of agency, by emphasizing the inevitable impact of women’s social position in shaping their actions. In constructing this nuanced and structurally orientated account of violence, the research hopes to answer to “de-politicised” narratives of gender and violence in the mainstream domain of development studies. Keywords: Women, Violence, Social Navigation, Agency

**Keywords:** navigating, violence, vulnerability, women, villas, Buenos Aires

## The Opinions of Non-ELT Pre-Service English Teachers on Teaching Practice

Yelda Orhon

Pamukkale University

### Abstract

The purpose of this qualitative research study is to reveal the opinions of non-ELT pre-service teachers about their teaching practice. In an attempt to expand our knowledge about the current teaching practice course for the students of English Language and Literature (ELL) departments, the opinions and the needs of non-ELT pre-service teachers of English were investigated in this study. Participants included a total of 12 pre-service teachers, 8 female and 4 male, studying at the ELL department of a state university in Turkey. Participants took part in the study voluntarily. In order to collect data, an online open-ended questionnaire consisting of 10 questions was developed. The questionnaire aimed to gather information on the following specific issues regarding the teaching practicum: the areas they need the guidance of their mentor, the areas which they are good at, the areas in which they need improvement as a prospective teacher, the most effective courses they took for their teaching practicum, the courses they wished they had taken beforehand, and their suggestions for improving the teaching practicum. Data analysis was done through content analysis and two other researchers were consulted to achieve 90% intercoder reliability. The results revealed that non-ELT pre-service teachers mostly needed guidance in lesson planning and instructional methods and techniques; and most of them wanted to improve their class management skills as prospective teachers. Many of the participants felt they were most effective in areas like interaction with the students and teaching skills. In addition, most of the participants believed that for their teaching practicum the most effective course they had taken during their pedagogical formation was material design, and they wished they had taken courses related to young learners, technology use, teaching culture, and effective speaking skills. Also, they suggested the duration of the practicum be expanded. Based on these ideas, suggestions were put forward to improve the existing teaching practicum for the students of ELL departments.

**Keywords:** teaching practicum, non-ELT pre-service teachers, teacher education, teaching practice evaluation

## All Too Human: Recontextualizing Deleuze and Levinas on Art

Professor Tina Chanter

Kingston University

### Abstract

Although they elaborate it differently, both Levinas and Deleuze appeal to the notion of rhythm as decisive for understanding art. Drawing on their analyses I discuss the work of several artists featured in a current exhibit showing at the Tate Britain, *All Too Human: Bacon, Freud and a Century of Painting Life*. In addition to Francis Bacon and Lucian Freud, I discuss the work of Paula Rego and Lynette Lydiam-Boakye. Vlad Ionescu suggests that a productive approach to writing about art after Deleuze and Guattari would be to inquire into 'how *constellations of sensation* modify our perceptions of the world' (Ionescu, 2017). I take up Ionescu's suggestion, but also recontextualize it in order to offer a politicized account of how the exhibit is framed. At the same time I draw on feminist and race theory to discuss the work of Rego and Lydiam-Boakye, thus also recontextualizing Levinas's and Deleuze's analyses of art. The questions this paper addresses include: What makes these paintings work, and how do they function? How do their aspects and rubrics operate? What creates their rhythms? How do they operate as an assemblage?

**Keywords:** Art, Philosophy, Rhythm, Francis Bacon, Lucian Freud, Paula Rego, Lynette Lydiam-Boakye, Levinas, Deleuze, feminist & race theory

## Some Protolinguistic Aspects of the East Slavic Students Studying Spanish as a Second Language

**N.Lukashenko**

University of Valladolid

### Abstract

The main aim of this paper is to present the results of the research into the main errors and protolinguistic aspects of the interlanguage used by L2 Russian, Ukrainian and Byelorussian university students acquiring Spanish in spoken and written performance. This study allows teachers to design pedagogical activities to improve the linguistic skills of students. The methodology was focused on Error Analysis, Protolinguistic aspects and qualitative data analysis. Protolinguistic features, as established by D. Bickerton, are studied on the basis of the most common errors committed in oral and written performance to identify what are the main problematic issues and how to predict and avoid them. The main results show that common errors among L2 East Slavic students acquiring Spanish in second and third years belong to grammatical categories, semantic structures and spelling in written performance. In comparison with the second year, the errors decreased in the third year – from 49.8% to 28 % in grammatical errors, from 10% to 2.8% in errors relating to semantic structures and from 10.2% to 8% in spelling errors. The solution is not easy but it is necessary that the teacher must be attentive not to use or not to provoke reductionism or give too much information to students. On the one hand, you need to focus on real problems, the most common structures and create situations in which the language is developed in a dynamic process. It is also very useful to invite native speakers. On the other hand, protolanguage is an incomplete individual system, that is why every student should be treated individually.

**The most common strategies used by students during the acquisition of Spanish as a L2 are:** interference created by the L1, creativity learning a new concept, the generalization of studied rules by analogy, hypercorrection because of the most useful language pattern, the absence of the necessary form in L1, interlanguage fossilization and self-correction.