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The impact of economy on the fight against trafficking in human beings in Kosovo

Arjeta Shaqiri Latifi

PhD Cand. South- West University” Neofit Rilski” Blagoevgrad, Bulgaria

Abstract

This research is focused on the study of the phenomenon of trafficking in human beings and combating this denigrating phenomenon of society, through the development of the economic factor. The economic environment (factors; political, economic, social, technical-technological) and the development of Kosovo's economy are studied, as a development potential of standard of living, which affects the fight against trafficking in human beings in Kosovo. A special role in the study has the issue of employment, with a focus on the labor market (potential of supply and demand for work), employment opportunities, wages, and living standards, interpersonal relationships (employer-employee) as the dominant factor which affect the preservation of dignity, integrity and creating hope and perspective for a life in a healthy and sustainable society. Trafficking in human beings in Kosovo has become a major concern of Kosovar society which is developing in the form of modern slavery, through individual crime and organized crime, in order to create profitable favors for individuals or organized groups. The purpose of the research was to analyze the level of economic development in Kosovo, development trends, in order to have a clear picture of the causes and indicators that present the current economic and social situation in Kosovo, as well as the promising prospects for the younger generations. This paper presented the statistical data available from the relevant institutions, related to economic development, unemployment, living standard (poverty), etc. The thesis of this paper is: Does economic development have an impact on combating trafficking in human beings in Kosovo? For the work of this study are used the theories of various world authors, which have addressed the issue of economic development, employment, living standards and social welfare issues. This study aimed to assess the economic situation in Kosovo, economic development opportunities, employment and its consequences in combating trafficking in human beings in Kosovo. This study had identified the findings recommendations on economic factors who had a direct impact on combating trafficking in human beings and the social consequences that are reflected in society.

Keywords: economic potentials, economic development, employment, wages, welfare, trafficking

Introduction

The Republic of Kosovo has 1,782,115 inhabitants and a land area of 10,887 km², while it borders Albania to the southwest, Montenegro to the northwest, Serbia to the northeast and Macedonia to the south (Statistics, n.d.).

Kosovo has the potential of a young workforce (active working age), where two thirds of it, at the same time, are potential of the labor market (have educational qualifications), while they can not establish employment relations, due to; a) low development of the economy (as well as of the economic structure with conjuncture which does not enable high employment (electricity branch as the dominant branch in the economy of Kosovo), b) low payment of labor, c) inappropriate education and qualifications, according to the requirements of the labor market, ie the economy, d) employment trends and development of a better life abroad, etc.

The employment market in Kosovo was disordered, especially after 1999, when the Republic of Serbia destroyed the Kosovo economy through the war against the Albanians in Kosovo and as a consequence the UNMIK international protectorate was placed Kosovo, which administered and governed the economy of Kosovo.

Thus, many jobs were closed and there was a lack of vacancies, which resulted in the tendency of the population to move towards developed countries, or to find different alternatives, to make money in legal forms and non-legal (informal).

Great potential of active labor force on the one hand (supply) and the demand for employment are not in balance, because the country's economic development plan was not harmonized with demographic flows (internal and external demand) and was not created a favorable infrastructure for economic development, focusing on the potentials of natural and human resources, to create sustainable development and economic stability.

Thus, the gap between the supply of jobs by employers and the demand for employment by employees under the conditions of competition lies in the qualitative and quantitative demands of employment in the labor market¹.

Therefore, the development of the economy in Kosovo under the conditions of socio-political transition was accompanied by a high degree of informality in; a) implementation of existing laws and regulations, b) payment of taxes, b) employment, c) trade in goods, respectively services, making illegal business activities attractive.

¹ Based on the International Student Assessment Program from "PISA", Kosovo ranks third from the bottom.

Such informal actions were done due to; a) poor functioning of the respective state bodies (due to lack of human capacity in certain positions), b) technical-technological shortcomings (information management system). c) incompleteness of the respective legal framework, d) business ambitions to get rich faster, e) favorable informal conditions for business during the functioning of the market, f) the need of employees to improve their standard of living, g) etc.

In this way, the informal economy was dominant throughout the territory of Kosovo, especially in the border areas, which were frequented by marginalized society groups (who do not enjoy social protection, legal, health, physical security, etc.).

Victims of informality in the economy were groups of marginalized society, who were stigmatized by being deprived of the right to remuneration according to work (payment of labor equivalent, respectively deserved salary), as well as being mistreated or enslaved.

As a consequence of the deregulation of the economy¹, it can be marked as a tendency of a) improvement of the destroyed physical condition of the existing economic potentials, b) re-functioning of the lost markets, c) change of the structure of the economy with a more suitable conjuncture for the market, d) change of the concept of economic development (rapid transition from the concept of centralized economy, in the concept of free market economy), f) reorientation and re-education of the labor force for supply in the labor market (in Kosovo) and in western countries, etc.

This development process was accompanied by changes in the socio-economic situation in Kosovo, reflected in; a) the state of the population in the country through emigration, b) the housing structure of the population through migration from rural to urban areas².

Therefore, Kosovo as a country in transition, with low political and economic stability, is constantly faced with demographic movements and social problems, which are present phenomena, due to; a) high unemployment rate, b) high informality rate, c) inadequate social policies, which as a consequence of these socio-economic problems develop the phenomenon of trafficking in human beings, as a profitable activity.

The phenomenon of trafficking in human beings is present in the Kosovar society, which mainly attacks stigmatized persons (with family problems who are victims, of traffickers) with a low standard of well-being.

¹Deregulation refers to changes that improve regulatory quality to increase economic performance, cost-effectiveness, or the legal quality of relevant institutional rules and formalities. Its purpose is to improve the daily life of citizens in relations with employers, to reduce the degree of slavery, respectively to regulate business relations with the labor force, by deservingly financing human labor.

² According to the Kosovo Agency of Statistics in April of 2011, 61% of the population lives in rural areas.

Prerequisite for economic development and raising the standard of living (for better social welfare), the economic environment plays an important role (with factors; political, economic, social, technical-technological).

Advancing the economic environment, which includes political, economic, social and technical-technological factors, facilitates all spheres of action such as; a) rule of law (prosecutor, legislation, judiciary) b) free market economy (in investment, competitive industry, in all economic sectors, in revitalization of enterprises, c) employment (Govenment, 2016).

In Kosovo there has been a lack of satisfactory investment in the economy (low level of direct investment) as well as political instability (Kosovo has not yet managed to develop the necessary steps for integration in the regional and European market¹), so it was faced with low economic development².

Political difficulties make Kosovo's economy less competitive in the market, as it creates restrictions on equal participation with regional countries in the market.

As a result of this low state of economic development, there is dissatisfaction of the young population which is oriented to be better realized in the employment markets of European countries.

Thus, implementation of inadequate development policies in Kosovo has created an unfavorable economic environment and not so suitable, so that the economy of Kosovo is characterized with a fragile stability.

As a consequence of the low economic development, or the imbalance between the supply and demand of the labor force in the labor market, it leads to encouragement of traffickers for development of the informal market, respectively for development of slavery (which aims to exploit the most vital part of society for the purposes of trafficking through; prostitution, forced labor, performing hard labor, begging, organ trafficking, etc.).

Therefore, traffickers take advantage of the poor economic situation of job seekers, luring victims of trafficking (human beings) for a better welfare for the purpose of material gain.

¹ Kosovo needs sustainable policies, which focus on quality economic development and employment plans and objectives.

² According to the Central Bank of Kosovo, the rate of economic development of Kosovo is low and ranks among the countries with the lowest rate of economic development in the region which has an annual trade deficit (reaching the figure of over 3 billion euros) resulting in discrepancy between the value of exports and imports.

Methodology

This study, with a focus on "the impact of the economy in combating trafficking in human beings in Kosovo society", the factors were defined, which are determinants of the impact on low economic development.

As key factors are elaborated; a) Production, b) Consumption c) Financial revenues, d) Investments, e) State budget expenditures, f) Exports - Imports, g) Employment.

To study the movement of indicators, which measure; a) Economic development and b) Welfare standard, I was served with secondary data, provided by the competent institutions of Kosovo.

In order to process the relevant indicators of this paper and to make the respective scientific analysis, the following methods have been used: quantitative, qualitative, deductive, historical and comparative.

Using the mentioned methods, it has been proven which economic factors directly affect economic development, employment and living standards.

At the same time, the effects of economic factors on the development of the fight against trafficking in human beings in Kosovo, social stability and the prevention of negative phenomena in society have been studied.

Theoretical treatment of economic development

The process of economic development has been studied by many economists, who have made various theoretical descriptions related to; a) factors, b) principles, c) policies, d) methods, e) instruments-mechanisms, f) models, g) ideological philosophies, etc.

Based on the different theoretical treatments on the process of economic development by different scientists¹ and theorists, there have been given different evaluations and orientations for the organization of economic concepts.

Based on these economic principles, economic policies have been developed which have influenced the decision-making for economic development and the rational behaviors of the population (CFI, n.d.).

¹ 1)The classics of political economy (Adam Smith- health theory; Paradox of value; David Ricardo, Marshall, Pigou, Cassels, Walras- welfare theory, Taussig, Knight- Classical theory of interest (real theory of interest, John Stuart Mill.), 2) Maltusianet (Thomas Robert Malthus- Theories on human population), 3) (Karl Marx- Theory on work and value), 4) Neoclassical Economists (Alfred Marshall- T Marginal utility theory), 5) Keynesian economists (J.M.Keynes- The General Theory of Employment, Interest and Money; Investment multiplier; Marshall, Pigou, Cannan, Robertson, J.M. Keynes- The cash balance approach (Cambridge version), 6) Monetarist Economists - Chicago School Economists (Milton Friedman- Wealth theory of demand for money; Permanent income hypothesis; Ben Bernanke, 7) Economists of other schools (include the Austrian School, the Freiburg School, the School of Lausanne, post-Keynesian economics and the Stockholm school, etc.)

The focus of these theorists was on the differentiation of ideas on how the economy works under the conditions of different class systems.

It must be noted that all economic theories were preoccupied with the functioning of the market (supply, demand), because goods and services are exchanged in the market.

Thus the essence of all economic theories lay in the ratio of the use of capital (goods-money) to labor (employer-employee relations) and creation of value.

So these theories have given general explanations (through independent variables and dependent variables) on; a) capital (investments), b) production, c) employment, d) consumption, e) exchange, f) added value, respectively national income (GDP) as elements of the economic system, showing their impact in determining economic development of a country.

By presenting these economic variables as elements of economic development, it has been ascertained that from those variables (productive forces) and the relations between them (relations in production) depend on; a) the level of economic development (national income), b) the level of living standard (consumption), c) the rate of employment, d) inflation, e) state expenditures, etc., which at the same time determine the level of economic stability of a place, etc.

Thus, the fluctuations of the stability of the economic system depend on; a) the constituent components of the economic system, b) the way of governing, c) the degree of elasticity of the economic system, d) the internal and external political influences, e) the technical-technological influences, etc.

The purpose of these theories was to lead the country towards prosperity, orienting public money in the fairest way possible, which will generate development, employment, improvement of living standards, income, stability, freedom and social security (CFI, n.d.).

Thus, from the elaborated ideas and theories, the development factors, labor needs and material needs (Ritzer, 2008) have been studied, which are regulated through the application of defined economic concepts (close connection of man with nature, man with capital, man with man and the purpose (regulation of class interests).

These theories have been supported and opposed by various theorists, who have tried through philosophical concepts to distinguish or differentiate the usefulness of the use of one or the other theory, making the necessary rational comparisons (Ritzer, 2008).

As a conclusion of the review of the theoretical treatment of economic development, it can be concluded that all the theories have been focused mainly on the treatment of social classes and added value (Ritzer, 2008).

Analysis of economic development in Kosovo

Kosovo has economic potentials, which are concentrated in the main branches of the economy; a) productive branches of the economy, b) service branches of the economy, c) small economy and handicraft.

The productive branches of the economy include: 1) agriculture (orchards, vegetables, plowing, sheepbreeding, stockbreeding poultry, beekeeping, fisheries); 2) electricity (coal mining industry, energy production, energy distribution); 3) agricultural products of processing industry; 4) forestry; 5) wood processing industry; 6) mining; 7) metal processing industry; 8) textile processing industry; 9) construction industry and haberdashery, galanteria etc.

The service branches of the economy include: 1) trade; 2) hotel businesses; 3) tourism, 4) health, 5) education, 6) media arts, 7) information, 8) construction, 9) traffic (air, road, rail), 10) telecommunications (telephony, internet), etc.

The small economy and crafts include 1) services (auto mechanics, electrical, electronics, etc.), 2) handicrafts (embroidery, knitting, sewing, filigree, woodcarving, metalprocessing, etc.), 3) professional services (advocacy, expertise, consulting, etc.),

So, Kosovo is a country with a low level of development economy (GDP)¹, compared to countries in the region, because until 1999 it was a country with the status of Autonomous Province, as a constituent element of the Socialist Federal Republic of Yugoslavia, while with the dissolution SFRY in 1999 and after the war between Kosovo Albanians against the police and military forces of the RS of Serbia, the UN² protectorate was established in Kosovo (based on UN Resolution 1244) with the name UNMIK, which had the competence of administration and governance with the economy of Kosovo. Thus, since 1999, Kosovo is in the phase of transition (transition from the concept of centralized economy to the concept of free market economy).

After the destruction of Kosovo's economy by the RS (Republic of Serbia) government of Serbia during the 1999 war, as well as after the restructuring of Kosovo's economy by UNMIK, the creation of the basis for economic development began, by: 1) transformation of public property through the privatization process, 2) organization of the economy in the private sector and its empowerment.

¹GDP per capita

² United Nations Organizations

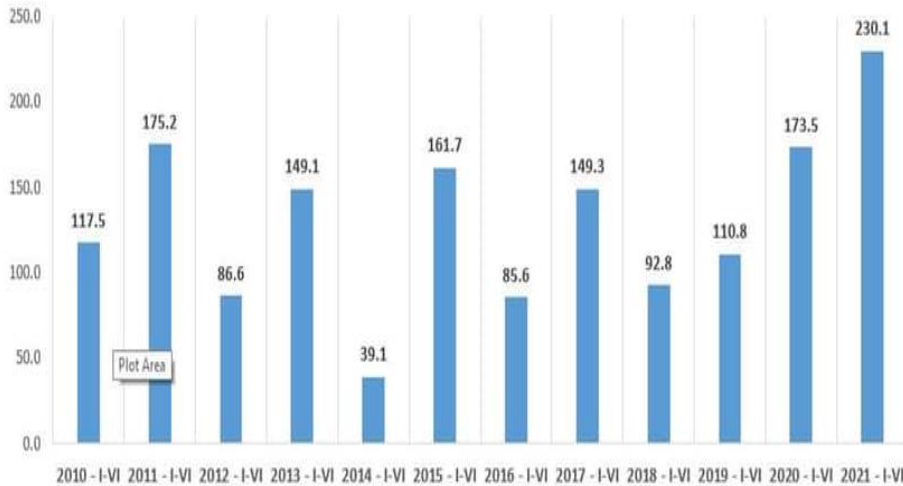


Fig. Nr.1 Situation of Foreign Direct Investment in Kosovo (FDI) during the period 2010-2021 (in the first six months of each year), (Source: [https:// www. monitor al / per-gjashte-muaj-mpi-230-milion-euro-investime-te-huaja-ne-kosove](https://www.monitor.al/per-gjashte-muaj-mpi-230-milion-euro-investime-te-huaja-ne-kosove))

The annual average of FDI (Foreign Direct Investment) in Kosovo during the period 2010-2021 was 130,941,666 Euros per year.

Viewed by sectors, FDI in Kosovo has invested in the following sectors: financial services, manufacturing, real estate, transport and telecommunications, electricity, mining, construction, manufacturing, sanitation, consulting and research operations, agriculture, commercial services and others.

Economic activities	Gross Product Participation by activities				
	2014	2015	2016	2017	2018
Agriculture, hunting, forestry and fishing	11,90	10,30	10,50	9,10	7,20
Mining and Manufacturing industry	12,40	12,80	13,30	12,12	13,5
Wholesale and retail trade	12,40	12,30	12,30	12,50	13,0

Gross added value at base price 36.70 35.40 36.10 33.72 33,7

Fig. Nr. 2. Structure of Gross Domestic Product by economic sectors during the period 2014-2018 (Source: Statistical Yearbook of the Republic of Kosovo 2020)¹.

According to the data of the Kosovo Agency of Statistics, Gross Domestic Product per capita (GDP per capita) during the period 2000-2019 had increased from \$ 1,500.00 USD / capita in 2000 to 4,000.00 \$ USD / capita, which is the main indicator and most important macroeconomic in the System of National Accounts².

Thus, national income per capita, or GDP per capita, had increased from 1,500.00 \$ USD in 2000 to 4,000.00 \$USD.

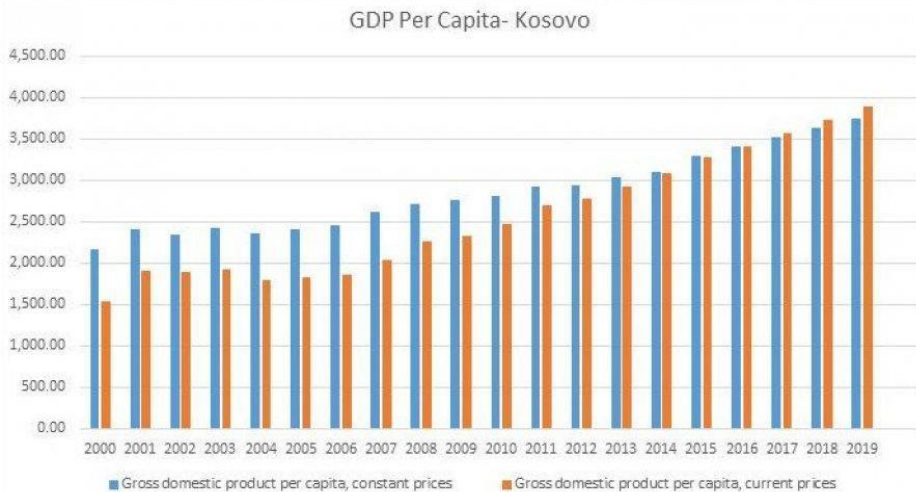


Fig.Nr.3. GDP per capita at constant and current prices in Kosovo during the period 2000-2019 (source: <https://www.google.com/search>)

So, after 1999, the economy of Kosovo has begun to recover, to increase the degree of competitiveness in the domestic market and in the foreign market, based on; a) human capacities (low level of education), b) financial capital (high interest rates on loans), c) consumer demand (living standard), d) technical-technological potential and e) organizational capacities³.

¹ Kosovo Agency of Statistics.

²GDP represents the value of market prices of all material goods and the value of services produced domestically in the period of one year, respectively is the final result of the value of production (in all activities of resident production units), deducted from value of consumption, government expenditures, investments, difference between exports and imports.

(infoplease.com/business/economy/gdp-and-players-three-all-together-now-c-i-g)

³ The average age according to the Kosovo Agency of Statistics is 30.2 years.

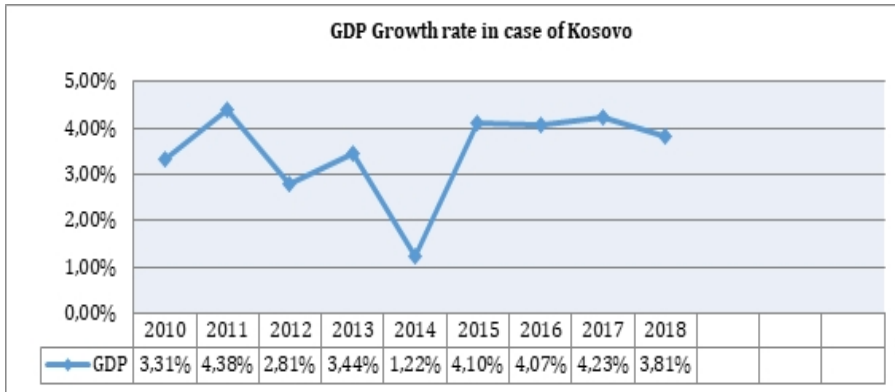


Fig. Nr.4. GDP growth rate in Kosovo during the period 2010-2018 (source: <https://www.google.com/search>)

Based on the available economic potentials as well as the used capacities of the local economy, Kosovo has realized an average GDP growth of 3.485% during the years 2010 to 2018.

Key financial figures

EUR	2019	2020	2021	2022
Real GDP (% yoy)	4.8%	(2.7)%	6.1%	5.5%
CPI Inflation (avg. % yoy)	2.70	0.20	1.70	1.90
Unemployment (avg. %)	25.7	24.5	24.0	23.5
Budget Balance (% of GDP)	(2.6)	(7.1)	(5.6)	(3.9)
Public Debt (% of GDP)	17.0	22.1	24.6	26.1
Current Account Balance (% of GDP)	(5.7)	(7.0)	(5.5)	(4.7)
Nominal GDP (EUR bn)	7.1	6.9	7.3	7.9
GDP per Capita (EUR)	3,959.4	3,896.4	4,180.0	4,529.4
Private Consumption (% yoy)	6.1	5.4	4.9	4.8
Government Consumption (% yoy)	8.9	9.6	22.6	22.3
Exports of Goods and Services (% yoy)	6.7	(29.0)	13.4	13.2
Imports of Goods and Services (% yoy)	4.2	(8.3)	17.7	18.4

Source: Company Data, RBI/Raiffeisen Research

Fig. Nr.5. Macroeconomic variables forecast for the period 2019-2022 (Source: Raiffeisen Bank- Kosovo)

According to the forecast of Reiffeisen Bank, the average growth of % of GDP in Kosovo for the years 2019-2022 is projected to be 4.77% or nominal GDP is projected to increase from 7.1 Bin Euro in 2019 to 7.9 Bin Euro in 2022, while the rate of The increase in inflation is forecasted by an average increase of 1.625%, while the unemployment rate is projected to increase on average to 24.425%.

As a result of the low economic level, Kosovo is constantly experiencing economic instability, which manifests itself through; a) high unemployment rate (24.6% of the active working population is unemployed), b) high employment informality rate, c) high poverty rate (29.7% of the population live within the borders of poverty, while 10.2% live in extreme poverty).

Based on this situation of the level of economic development, it turns out that the level of quality welfare in Kosovo is low.

Referring to these conditions of economic development, in particular the potential of the active power of workers for work, it turns out that two thirds of the population is of working age (15-64 years, respectively 60% of the population are of working age), but the current economy cannot absorb this human potential, because the employment rate in Kosovo is one of the lowest in the region.

Thus, the most favorable way for Kosovar youth to get a job, as well as to create prospects and make a better life, is to immigrate to western countries.

In the current conditions, in which is the level of economic development in Kosovo which is unfavorable for the employment of young people due to; a) informality in employment (is at a high level, especially among young people who have a low level of education) (Group, 2019), b) minimum wage which is the lowest in the region (currently it is, for employees up to 35 years old is 130 euros, while for employees over 35 years old is 170 euros), c) nepotism in employment, especially in public institutions (influenced by the dominance of political parties in power, kinship ties, ties of interest groups, etc.), d) greed for realization of higher personal income in jobs in Western countries, d) poor functioning of trade unions, f) ineffective functioning of the labor inspectorate, g) discrimination of various forms in the employment process (gender discrimination, class discrimination, etc.)

In order to regulate the employment environment in Kosovo, it is necessary to change; a) approach to integration policies, b) approach to development policies (affecting the factors that hinder the development of the economic environment which enables economic growth, improvement of living standards), c) integration of all relevant factors, which in a way commit to improving and advancing economic stability in Kosovo (Govenment, 2016), by generating jobs and reducing unemployment (reducing poverty and raising living standards) (President, 2020).

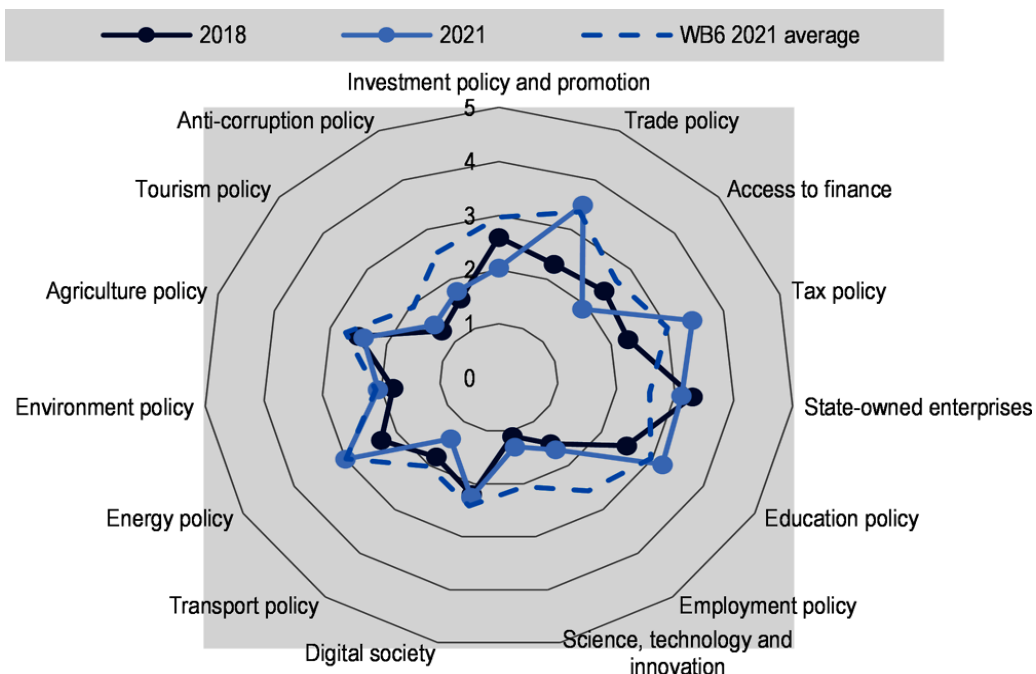


Fig. Nr.6. Impact of sectoral policies on economic development during the period 2018-2021 (Source; World Bank)

Based on the development policies of the economy during the period 2018-2021, it can be seen that the trade sector has had the greatest strengthening compared to other economic branches in Kosovo, followed by the energy, education and agriculture sectors, while the transport sector and digital economy remained in the same situation. On the other hand, there was a decline in the tourism, science and innovation sector, which were accompanied by a low increase in the employment rate or a low decrease in the unemployment rate.

Summary table of labour market indicators estimated based on the Quarterly Labour Force Survey, Q.4/17-Q.2/21

	Q.4. 2017	Q.4. 2018	Q.4. 2019	Q4.2020	Q2.2021
Nr of active people for employment 15 years old and over	1,216,59	1,236,62	1,274,85	1,231,45	1,238,04
	9	4	7	2	6

15-64 years	1,167,785	1,184,413	1,210,615	1,172,988	1,171,868
15-29 years	227,414	283,679	276,984	264,300	267,275
30-64 years	940,371	900,734	933,631	908,688	904,594
Unemployed 15 years old and over	187,789	172,792	160,030	165,485	161,927
15-64 years	184,596	172,465	159,174	164,733	161,101
15-29 years	74,255	81,327	75,203	73,195	66,281
30-64 years	110,341	91,138	83,971	91,537	94,820
Inactive 15 years old and over	971,839	953,964	934,113	970,167	962,402
15-64 years	652,768	617,340	595,998	609,349	597,875
15-29 years	349,304	330,835	329,364	323,870	309,504
30-64 years	303,465	286,505	266,633	285,479	288,372
Labour Force 15 years old and over	1,404,388	1,409,416	1,434,887	1,396,937	1,399,973
15-64 years	1,352,381	1,356,878	1,369,789	1,337,721	1,332,969
15-29 years	301,669	365,006	352,188	337,495	333,555
30-64 years	1,050,712	991,872	1,017,602	1,000,225	999,413

Fig. Nr 7. Summary of labor market indicators estimated according to the Quarterly Labor Force Survey, Q4 2017 - Q2 2021 (Source: Kosovo Agency of Statistics)

According to the statistics of the Kosovo Agency of Statistics (KAS), it results that during the period 2017 (Quartal 4) The number of unemployed was 187,789 unemployed, while in 2021 (Quartal 2) The number of unemployed has decreased to 161,927 unemployed persons, which means that on average in Kosovo 5,172 workers are employed within a year.

Factors influencing trafficking in human beings

Several factors influence the development of the phenomenon of trafficking in human beings¹, which are as follows:

1) Economic factors:

a) The level of Gross Domestic Product, or GDP (the level of national financial revenues, in particular, the level of GDP per capita,

b) Structure of the economy (branches of the economy that affect employment,

2) Political factors:

a) state policies (degree of operation of the rule of law),

b) security in all areas of social stability

3) Social factors:

a) Culture, or tradition of the population,

b) The influence of countries in the region,

c) Information, respectively social networks, etc.

5.1. Economic factors

a) The level of Gross Domestic Product, or GDP (the height of national financial revenues), in particular, the height of GDP per capita, directly affects the determination of the living standard of the country's population.

Thus, it is more important for the population to have financial income that covers the expenses of the consumer basket and covers other expenses for life.

Under the situation, when the population of the country can not cover the needed and necessary expenses for living, it is forced to look for other alternatives to obtain other financial income, in order to meet its living needs.

Thus, unemployment and low standard of living (poverty), create preconditions for incitement to delinquency, respectively for the victimization of the materially endangered population.

¹The phenomenon of trafficking in human beings refers to the process of; “recruitment, transportation, transfer, shelter or reception of persons, through the threat or use of force, or other forms of coercion, kidnapping, deception, fraud, abuse of power, or a position of vulnerability, respectively giving or receiving payments or benefits to obtain the consent of one person, having control over another person, for exploitation purposes. Exploitation includes, to a minimum, the exploitation of others for prostitution or other forms of sexual exploitation, forced labor or services, slavery or practices similar to slavery, yoke or removal of organ”

Therefore, the efforts of the Government of Kosovo are focused on regulating of a favorable environment for economic development, in order for the economy of Kosovo to become as sustainable as possible, increasing the rate of; GDP, in particular GDP per capita (investments in the economy, production of local products that gradually replace imported products), employment, raising living standards (Government, 2017), etc.

b) Structure of the economy (branches of the economy that affect employment)

Among the economic branches which have priority in economic development are infrastructural activities; 1) Energy, 2) Communication infrastructure 3) Drinking water and sewerage network infrastructure, etc., which absorb high levels of investment (these investments are directly reflected in the promotion of economic development, in the creation of financial income), while enabling low employment rates.

On the other hand, some other branches of economic development enable investments in which employment is higher, but at the same time informality in employment¹.

Informality in employment, in most cases is presented as a conditional factor of trafficking in human beings.

According to the Kosovo Center for Gender Studies in Kosovo, informal and formal businesses in which sexual exploitation takes place in Kosovo in various professions, such as masseurs and dancers. (there are 141 massages in Prishtina), while according to the Office for Protection and Assistance to Victims in Kosovo, it can be seen that within the period of 18 years, 20,659 cases have been assisted, of which 16,615 cases of domestic violence, while 14,550 cases were other forms of delinquency among women in Kosovo.

Thus, raising the rate of economic development in Kosovo, combating informality (damages, dignity, integrity, state financial revenues, and increasing the rate of crime), increasing the standard of living enable the development of the fight to prevent trafficking in human beings.

Political factors

a) State policies (degree of functioning of the rule of law

¹ Hoping for a better life with prospects, a stable salary, a better standard of living young people fall prey to traffickers

In the absence of political stability in the country, elections are organized for representatives of the people in the government and executive bodies of the state. The representatives of political parties, especially the candidates running for these positions, make public and secret promises for employment, manipulating especially persons belonging to the poor (being promised positions in power, or jobs), who exploit them to achieve political goals.

Also, civil unrest organized by the affected or dissatisfied with the government affects the exploitation of people in need to express dissatisfaction with the actions of the existing government, which some of them commit delinquent actions, which are punishable by law and in such a way actors who break the law are not punished, they are forced to leave the country, especially under conditions when Kosovo has not been granted visa liberalization to European Union countries. In this manner they fall into the hands of the traffickers.

It has been recognized that when the "rule of law" does not work, then organized crime develops which is generated by persons who are positioned in influential positions in various security sectors, or the judiciary. This form of crime includes delinquents who are in the delinquency registers in state bodies, as well as persons in need.

Thus, trafficking in human beings constitutes a violation of human dignity and fundamental freedoms and is a serious violation of human rights, which every state has an obligation to respect, fulfill and protect the Universal Charter for the Protection of Fundamental Human Rights.

If a state that fails to meet these obligations can be held liable for a violation of the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECPHRFF) ¹.

The Criminal Code of Kosovo adopted in 2012 penalises trafficking in human beings². Also, in 2013 entered into force the comprehensive law against Trafficking (Law No. 04 / L-2018), "Law on Prevention and Combating Trafficking in Human Beings and Protection of Victims of Trafficking"³.

¹ EGMATHM, Expert Group on Measures against Trafficking in Human Beings. Report on the compliance of Kosovo * with the standards of the Council of Europe Convention on Action against Trafficking in Human Beings. Approved on December 22, 2015 Published on April 12, 2016 Prishtina.

² Article 172 (concealment of identification documents of victims of slavery or trafficking in human beings),

Article 169 (slavery, conditions similar to slavery and forced labor)

³ The law defines the authorities involved in the fight against trafficking in human beings and their responsibilities, the competencies of the National Anti-Trafficking Coordinator, as well as the role of the non-governmental sector

http://www.ror-rks.net/repository/docs/2016_03_16_155340_Ligji-per-parandalimin-dhe-luftimin-e-trafikimit-me-njerez.pdf

In addition, the Council of Europe Convention¹ against Trafficking in Human Beings also defines trafficking as an act which is a violation of human rights and a violation of the dignity and integrity of human beings. The convention aims to prevent trafficking, protect victims and prosecute traffickers. This Convention covers all forms of trafficking, both national and international².

This Convention on Action against Trafficking in Human Beings requires each state to have a comprehensive framework for the prevention of trafficked persons, protection of victims and effective investigation into the prosecution of traffickers³.

b) Security in all areas of social stability,

(Property security, individual security, comfort, social stability)

Property security in Kosovo is violated in cases when property owners⁴ are threatened by abusers who are in power and persons supported by them, so under these conditions, the owners are threatened, ie it is impossible to use their property. The threatened owners are forced to leave their place of residence and, at the same time, become prey to traffickers for trafficking (the case of Roma and Ashkali displaced from their property).

In absence of visa liberalization for Kosovo by the European Union, Kosovars are forced to obtain passports, or visas of countries in the region (in most cases they are forged), or cross the border of Kosovo illegally to the countries of European Union.

Cases of kidnapping of persons or children by delinquents are a dangerous act, which violates the safety of the citizens of Kosovo.

The use of premises for prostitution and the financing of income from prostitution is an illegal act, which increases the degree of risk for the development of trafficking in human beings.

Endangering the life of persons, accompanied by severe physical or psychological suffering, beatings, sexual intercourse with violence, etc. affects the concealment of trafficking in human beings in Kosovo.

¹ Council of Europe Convention against Human Beings, 03.05.2005 Brussels.

² The Convention states that national authorities are responsible if they do not take measures to prevent trafficking in human beings, to protect victims and to effectively investigate cases of trafficking. Trafficking in human beings is a worldwide phenomenon, and as such knows no borders. The Convention is therefore valid and open to all countries in the world.

³ Psame source

⁴ Property owners who have a low level of education and as a result they do not have relevant documents to prove ownership in the state bodies of Kosovo.

Social security focuses on freedom from fear and freedom from the dependence of human beings which is based on state policies. In the absence of freedom; for biological family regeneration, national identity, religious identity, class identity, free speech, private initiative, etc. the citizen's right to a democratic life is violated, which stifles initiatives for creative and quality life. Due to the lack of complete security in the country, the citizens whose freedom is violated, they look for other alternatives for a better quality of life, but who may fall prey of deceit for the traffickers.

So, the task of policymakers is to identify state policies, which regulate the functioning of the rule of law, increase the level of security and prevent trafficking in human beings.

Social factors

a) Family culture, or tradition of the population

The population of Kosovo was organized according to the patriarchal type of life until the end of the twentieth century - young women and girls had limited freedom in the family compared to men. Thus, they have cultivated the patriarchal mentality, while over time, especially after 1999 when Kosovo was placed under the protectorate of the UN Security Council, the respective institutions have been created which empower Kosovar women, integrating them in all spheres. of political, economic and social life.

The more women or women are emancipated, the more violence is reported against them by men.

Poverty, in particular, has become the most pronounced cause of violence against women and females in general. However, unwanted marriages have also become the cause of violence which continuously reproduces domestic violence (1. physical violence 2. psychological violence 3. sexual violence 4. economic violence, etc.).

Persistent domestic violence leads to frequent divorces, which are accompanied by social problems, in particular by trafficking.

Trafficking in women includes all girls and women who are recruited for prostitution and become a source of sexual violence.

The lack of perspective of young people forces them to face difficulties in employment, survival, realization of personal freedoms in the justice system in Kosovo.

b) Impact of countries in the region

As a result of the global economy, organized crime, human rights violations are present in Kosovo as well. The influence of countries in the region in the development of trafficking in human beings in Kosovo stems from; a) Arrival of victims of trafficking from different countries of the region (trafficking of women from the countries of the region and their exploitation, trafficking of children who are used as beggars, shoplifters etc. b) from informal emigration, etc.

Kosovo has become a destination for many victims of trafficking in illegal forms, who are mainly from Albania and Eastern European countries.

c) Information, respectively social networks.

One of the causes of trafficking in human beings is the abuse of electronic means, respectively the use of social networks.

Recruiters take advantage of the victims' demand, taking advantage of their immaturity (adolescence), misery and state of mind, and so on.

The process of trafficking in human beings starts from the moment of contact, "socialization", the way of deception, building mutual trust, exploiting the victim, threatening not to recognize the family, maintaining his relations with the traffickers (with his exploiter) . As a result of the circumstances created, their choice is imposed as a painful alternative (UN, 2008).

Thus, the state security bodies have the obligation to work towards crime prevention through social networks, respectively through various forms of information.

On the other hand, it is necessary to increase the capacities for raising the awareness of persons who are potential for trafficking, by educating, informing and qualitatively integrating them in the Kosovar society (in order to have a healthy, sustainable and free society).

Results of the analysis of trafficking in human beings as a consequence of the impact of economic development

One of the most worrying phenomena in Kosovar society is trafficking in human beings, known as modern slavery. Trafficking in human beings is organized by traffickers (as individual crime, organized apocalypse), who aim to profit from the victims (recruits). These organized groups recruit people with the greatest emotional sensitivity (victims of trafficking), who can be: a) people who have domestic violence, b) stigmatized people, c) people deceived for a better life, f) unemployed persons, g) students, h) persons with special talents, who aim to be realized in the most developed countries, i) persons forced for trafficking of their own organs¹, etc.

¹ Trafficking in human beings in Kosovo mainly includes the following types of exploitation of victims of trafficking: a) exploitation of victims for prostitution, b) exploitation for begging, c) coercion for forced marriage, d) coercion to perform hard labor , f) other forms of slavery, etc.

Kosovo, as a country in transition, has made changes in the philosophy of the concept of economy, abandoning the concept of centralized economy, respectively the system of self-governing socialism and focusing on the free market economy in order to rebuild the new economic-political system.

With the change of the owner of the property, the relations of productive forces and relations in production has changed (employer-employee relations) as well as other changes;

a) the unemployment rate has increased, b) the poverty rate has increased, c) wealth has been concentrated in the hands of capital owners, d) social policies have changed (which are not balanced as the interests of employers and employees, because the collective contract signed by the partners of the three parties is not respected; Trade Unions - Government - Chambers of Commerce), e) the legal infrastructure is not completed, which as such is non-functional, etc.

Thus, macroeconomic indicators show that Kosovo's economy is permeated by the unstable economic situation, which leads to an unpromising prospect for the younger generations.

Years	Sexual Abuse	Forcing in hard work	Slavery	Begging and forced marriage	Total Nr of victims
2015	6	8	3	13	30
2016	8	11	2	15	36
2017	7	11	4	10	32
2018	4	5	2	4	15
2019	8	10	3	5	26
2020	5	5	2	5	17
Total	38	50	16	52	156

Fig. Nr.8. Data table of victims of trafficking in human beings for the period 2015-2020. (Source: Kosovo Police)

Based on the table above, it can be seen that the trend of trafficking in human beings in Kosovo during the period 2015-2020 has a decrease in the number of victims. While in 2015 there were 30 victims, in 2020 there were 17 victims. Also from the table above it can be seen that, in total, for the period 2015-2020, 156 victims were trafficked in Kosovo, of which 38 victims were sexually abused, while 50 victims were exploited for forced labor, 16 victims were used as slaves and 52 victims were forced into marriage.

Discussions and conclusions

We live in a country in transition, with low economic development which embodies the concept of social problems: unemployment, poverty, migration, negative phenomena which are reflected in society.

So, as a result of this transition, Kosovo has been continuously aggravated by economic instability, political instability and social deregulation.

From the above parameters, it results that the level of quality welfare in Kosovo is low, therefore the gaps of the economic, political and social system, address individuals towards negative phenomena towards informality.

According to the Kosovo Police for the 5-year period 2016-2020, the number of identification of business facilities in which the activity of trafficking in human beings has taken place has been a total of forty (40). While the number of facilities closed by court decision due to the suspicion that trafficking in human beings took place in them was twelve (12) in total.

Also, we possess data from the Center for the Protection of Victims and the Prevention of Trafficking in Human Beings. The number of victims of trafficking in human beings and potential victims who have been rehabilitated and returned to normal life (including the provision of medical, psychological, legal and material assistance), from 2016 to 2020 was a total of one hundred and thirty seven (137), beneficiaries (victims of trafficking and potential victims of trafficking) of which seventy-four (74) residential beneficiaries (staying 24 hours) referred by the Kosovo Police, Anti-Trafficking Unit and Centers for Social Work, as and sixty-three (63) daily beneficiaries, children at risk of being trafficked, referred by the primary schools of the Municipality of Prishtina.

While the number of victims of trafficking in human beings reintegrated after rehabilitation, in order to successfully integrate into social life (in normal and free life, providing adequate access to educational services has been seventy-four (74) in total. Forty-six (46) beneficiaries have joined the reintegration program, benefiting from vocational training, permanent and secure housing opportunities and financial independence through the provision of various (self-employment) opportunities.

Trafficking in human beings is an organized crime, which leaves consequences in many dimensions, so a greater institutional effort is needed to prevent, reintegrate victims, implement legal measures against defendants so that the consequences are smaller and the degree of recidivists to be smaller.

Recommendations

1. Improving employment policies, development policies, in order for economic growth to improve, to improve living standards and to move towards economic sustainability.
2. To reign political stability in order to exist a state with a higher degree of rule of law.
3. To function a social stability, an individual security in order to develop a creative and quality life not to violate the freedom of citizens.
4. Improving social policies (social scheme), alleviating poverty by creating better welfare so that citizens do not fall prey to other alternatives (the phenomenon of trafficking in human beings).
5. Awareness, higher sensibilisation of society through the media (social media surveillance), education, through religious actors to have their impact for the damage that comes as a result of the process of trafficking in human beings.
6. Legislation needs to work and be implemented in order to reduce the recidivism rate.
7. Greater responsible institutional efforts are needed towards the prevention, protection, reintegration of victims of trafficking in human beings.
8. Closer co-operation is needed between the main actors, between policy makers, between the first responders, the judiciary, non-governmental organizations, in order to combat human trafficking from many dimensions.

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Internet use and its importance in Kosovo

Hysni Terziu

Prof.Ass.Dr. , Universiteti Publik “UKSHIN HOTI, Kosovë

Abstract

The Internet as a communication medium, with its possibilities and its rapid development, revolutionized the way of doing business, so much so that it pushed a large number of economists to declare that, in the coming years of doing business through information technology, will be one of the most preferred opportunities for businesses and consumers across the globe. The main purpose of this paper is to identify the opportunities that businesses have to influence the economic development in the Republic of Kosovo, through their ability to generate new jobs, increase exports, and contribute to improving the living standards of the citizens of the Republic of Kosovo. Kosovo, using the Internet, as a contemporary and competitive form of business development. In order to realize such an environment, of course we have to consider two main issues, one to recognize and identify the problems that business has and another issue, how much human and material capacity Kosovo has, to provide a favorable environment. doing business online. The study realizes the first issue, which means that, in a scanned way, we tell the decision-making institutions that here are the administrative barriers that concern the business, here are the obstacles that unfairly tire the business, etc. The second issue should be asked by the relevant institutions and it should be noted that, if we want a success and sustainable economic development, then Kosovo should also provide an attractive business environment by applying the Internet. We conclude that favorable conditions must be created for the development of business and the Internet, in order for it to be efficient and sustainable, which is a necessary precondition for achieving the main goals of a sustainable economy, which contributes to the generation of countries. new jobs, improving the welfare and living standards of citizens in the Republic of Kosovo.

Keywords: Internet, development, economy, business, services, information, Kosovo.

Introduction

With the development of information technologies in general, and with the design of the first computer network in the world, through a new language of communication, both geographical barriers and time barriers in everyday digital communication were

overcome. This unlimited communication between computers directly resulted in unlimited communication between people.

The rapid development of the Internet has raised many issues that need to be addressed very seriously by companies, among them are: Internet network dependence, security and privacy, identity

individual and organizational on the Internet, individual and organizational similarity, differences and relationships with their identities in the physical-real world (Li, 2007) and others. The intensity of the impact of the above mentioned issues varies from company to company depending on their type of business and their business model. Companies grouped into three types of traders, analyzed in the article Understanding e-business, can best be presented visually as in Figure 1 where all types of companies are distributed in a bar at the ends of which are traditional pure traders, in one, and pure online traders, in the other. Thus, moving from left to right more companies activities and / or processes are concentrated on the Internet, and less in the traditional aspect. Moreover, the more a company is involved in an Internet environment, through structures and investments in technology and other elements which constitute technological-information development, the more the connection of this company with the Internet increases and, logically, also increases her internet addiction. In this view, for example, Internet-based companies use the Internet for every aspect and every process of their business including accepting purchase requests, inventory control, production planning, implementing communication plans, software development and sales activities, development of plans and activities of services and other ancillary programs. Thus, these companies support their core activities entirely online creating challenges and risks that require new ways of thinking to plan responses to potential incidents and the development of new environmentally friendly business models. (Business Roundtable, 2007)¹.

1. The importance and use of the Internet in Kosovo

Nowadays the Internet is the key technology that enables businesses, especially small and medium enterprises (these enterprises in English are known by the acronym SMEs from the words "Small and Medium-size Enterprises", to adopt it internationally to improve their performance². In this respect and in all other respects, the internet is a living system which day by day is becoming bigger, better, as well as more secure with each contribution of private persons and / or various organizations. From this last argument emerges the need of companies to consider more than just the adoption of a modern technology, but also the aspects which have

¹ Business Roundtable. (2007). Growing Business Dependence on the Internet — New Risks Require CEO Action. Business. Washington DC.

² Johnston, D. A., Wade, M., & McClean, R. (2007). Does e-Business Matter to SMEs? A Comparison of the Financial Impacts of Internet Business Solutions on European and North American SMEs. *Journal of Small Business Management*, 45(3), 354-361.

a direct impact on the vital processes of their business.

The Kosovo Information and Communication Technology Association (STIKK), supported by the Ministry of Foreign Affairs (MFA), the Norwegian Embassy in Pristina and the British Council, released a new report on Internet penetration and use in Kosovo.

The report states that internet penetration throughout the territory of Kosovo is in line with global norms. Internet penetration based on users is 76.6%, while 84.8% for households.

This report provides an update to the 2012 STIKK report providing a brief summary of internet use in Kosovo in 2013.

The main findings include: "Kosovo's internet penetration based on users is 76.6%, a percentage that is almost the same as in developed countries; in a 2013 report published by the International Telecommunication Union it was estimated that internet penetration in developed countries is 77%. If the figure is released for households, internet penetration in Kosovo is even higher, 84.4%. An assessment of the geographical penetration of the internet shows that there are, on average, 9 wireless networks per kilometer throughout the regional roads in Kosovo". "The citizens of Kosovo use the Internet at least to the same degree as the citizens of Europe, if not more. The study found that 86.8% of internet users in Kosovo use it the least on a daily basis. Almost 80% of internet users in Kosovo use the internet for communication, while Facebook is the most popular social media platform in Kosovo, while English is the main language used by new users.

According to the report, over a third of internet users in Kosovo would prefer to conduct online transactions if such a thing were possible. The report was implemented by STIKK¹, with the support of the Ministry of Foreign Affairs of the Republic of Kosovo.

Kosovo is currently ranked 32nd in Europe (95th in the world) for the level of Internet service users. Whereas, in the Balkan region it is ranked in 4th place, after Greece, Croatia (EU members), and Turkey (candidate countries for EU membership), and before Albania and Macedonia. Kosovo is currently estimated to have more than 120,000 Internet subscribers and these figures are growing day by day. The biggest Internet users are considered to be young people.

This rapid increase in Internet use by Kosovars comes as a result of the drastic fall in Internet prices, the need to communicate with relatives, and also as a result of the recently increased competition from telecommunication service providers.

Kosovo currently has the most Internet service providers in the region, otherwise

¹ The report was implemented by STIKK, with the support of the Ministry of Foreign Affairs Republic of Kosovo.

known as ISPs (Internet Service Providers). In a small country with a geographical area of only 10,887 km², Kosovo has 4 main ISPs, and about 20-30 local ISPs that mainly provide Internet services in regions and rural areas of the country. In the countries of the region we have a slightly weaker situation, they are currently ranked 42nd in Europe (instead of 107th in the world) for the level of Internet users.

While in the Balkan region is ranked penultimate for the percentage of Internet users, while only Serbia is below. However, Albania is the last in terms of the number of active Internet subscribers.

It is worth mentioning that in Kosovo access to the Internet is provided by some companies that provide services such as ISP (Internet Service Provider) and they are: "IPKO", "PTK", "Koha Net", "Kujtesa".

2. Kosovo businesses and the use of online banking services

Internet use by Kosovar businesses remains a limited tool. This is related not only to the location of businesses, or the access they have to this service, but also to the facilities that are offered. Internet banking is one of the services used by only 37% of all companies interviewed in the survey conducted in July this year, use Internet banking.

Of the 49 businesses that said they did not have internet access, 35 percent cited them as saying "they do not need internet", 18 percent said "there are no internet providers in their business location", 14 percent identified "Cost" as a reason and 31 percent mentioned other reasons.

Through the E-commerce service, ProCredit Bank Kosova becomes the first institution in Kosovo that offers businesses and traders in Kosovo the opportunity to sell their products and services on the Internet. Through this service, businesses will be able to accept payments from all VISA cards.

"E-Commerce service will open a completely new sales opportunity and will enable Kosovo businesses to place their products and services to a larger audience in the country and the region. This is a very efficient way to increase sales in a very efficient way, by promoting products or services on websites and accept online payment instantly ", announces ProCredit Bank, the first who implemented the Procredit payment platform Online banks are IPKO and SMARDONLINE.COM.

3. How much internet services are used in Kosovar businesses

The use of the Internet and other electronic services by Kosovar businesses can be considered as a stage of education of the population. The use of time equipment that more than anything cuts costs and time in the activity of a business, remains a form still very limited for many subjective reasons. This has to do not only with the location of businesses, or the access they have to various electronic services and the Internet, but also with the facilities offered and the cost of installing these services.

According to a report made by the Institute for Economic Studies¹, it turns out that the situation of businesses in Albania is still primitive and a lot of work is done by the individuals or owners who run these businesses. Thus according to the report, online bank payments is one of the services used by only 27 percent of all companies interviewed in the survey conducted in July this year. "Comparing the data of businesses surveyed in 2007 with those of large taxpayers in 2008 shows a slight change, only 4% increase, in the percentage of use of banking services through the Internet," the report states. This survey shows that internet banking services are used to the same extent by businesses located in Tirana, as well as those outside the capital.

The authors of the report point out that medium and large companies are the ones that lead more than small companies to use internet banking services. "Only 13 percent of the category of small companies with 1-5 employees use banking services through the Internet," the report states. These results are directly related to the fact that companies know the Internet, the opportunities it offers to perform services, etc.

Of the 49 businesses that said they did not have internet access, 35% cited as the reason that "they do not need internet", 18% said that "there are no internet providers in their business location", 14% identified the cost as reasons and 31% mentioned other reasons.

Business-to-business-to-consumer (B2B2C). A special case of B2B is B2B2C (business-to-business-to-consumer). With B2B2C enterprises sell to enterprises but also distribute even smaller values to individuals or small enterprises (consumers).

4. E-commerce in Kosovo

It is common to think that the Internet will increase the emerging gap between rich and poor countries. In reality, a large part of e-commerce depends more on intensive learning than on capital. We can freely say that no country or company in the world can say that it has a long experience in e-commerce. In other words everyone is almost novice in the field. Since one of the biggest expenses of an internet utilization strategy is human resources. Kosovars who are business leaders should take advantage of this free labor force and the young age of the population, here they have an advantage.

On the smardonline. Com for the first time you can order goods from the internet with moto, Be wise supply from smardonline.com.

Smardonline enables not only the purchase but also the delivery of goods at home. Shipments were made throughout Kosovo within 24 hours. The minimum condition for deliveries in Prishtina is 10.00 euros while outside Prishtina 50.00 euros. Here you can order at any time, for deliveries in Prishtina you pay for transport 1.00 while outside Prishtina 2.50 €.

¹ According to the Report from the Institute for Economic Studies

Payments can be made as follows:

- Cash
- Visa / Master from Raiffeisen Bank or Procredit Bank
- Banker transfer
- Pos terminal

To be able to place an order from this E-Shop, buyers must first be registered in the registration form where personal data must be entered, receiving a password that only the buyer must know due to non-misuse. Selected products can be placed in the basket but also the opposite are removed from the basket and choose other products. The purchase ends with sending the order.

Smardonline has a mobile version of opening on smartphones and tablets, which gives easier access to product selection for the customer. The latest version of Internet banking has been introduced, which enables the sale and purchase of products and services online in Kosovo. Through the E-commerce service, ProCredit Bank Kosova becomes the first institution in Kosovo that offers businesses and traders in Kosovo the opportunity to sell their products and services on the Internet. Through this service, businesses will be able to accept payments from all VISA cards. "E-Commerce service will open a completely new sales opportunity and will enable Kosovo businesses to place their products and services to a larger audience in the country and the region. This is a very efficient way to increase sales in a very efficient way, by promoting products or services on websites and accept online payment instantly", announces ProCredit Bank.

Any business that wants to expand its sales on the Internet through the services of ProCredit Bank has the opportunity to participate by expressing interest in business advisors dedicated to their business.

With the support of the 3-D Secure security platform¹ (Verified by VISA), ProCredit Bank creates a safe environment to launch the first steps of this activity in the Kosovo market.

From the perspective of cardholders in Kosovo, the launch of the E-commerce service means the addition of a new and very convenient way to purchase local products and services from their office or home 24 hours a day, seven days a week.

The security technologies used make it impossible for third-party card records to be stored.

ProCredit Bank will continuously make efforts in cooperation with local businesses to create as much value for the cards of citizens in Kosovo, enabling the payment of

¹ 3D secured - level of security when shopping online, provided by VISA

as many products and services from the Internet.

5. Recommendations

- > In the future all businesses that will seriously orient their business in general and the marketing factor in particular towards electronic (e-marketing) will first need to provide an efficient website which is easy to access. used by online users and an easy and secure system for in-house staff.
- > Kosovar companies must become part of this wider community, to be included in the new era of virtualization and modern technology.
- > The Internet enables us to quickly advertise worldwide to anyone who is interested in our products or services.
- > Refle to reflect our activity through electronic marketing, means to be identified faster and more, means to be more successful than others, summarizing it all in a single sentence; means we have found the gateway which enables us a wide publicity.
- > Considering the research conducted, it is recommended that businesses improve internet marketing.
- > E E-marketing oriented businesses should offer discounts on their products and services using the same purchasing motivation method as traditional marketing.
- > Electron Electronic payment to offer greater freedom to individuals in paying taxes, licenses, fees, etc.
- > Reduce deployment costs and make information dissemination easily accessible.
- > Electron E-marketing to be used with the primary purpose of reducing costs and saving time.

6. Completion

With the development of information technology and the rapid spread of social networks, businesses are selling more through the internet, albeit not in an organized form. Both market players and postal operators report an increase in the volume of deliveries. Informality and high use of cash in the economy continue to be a problem. How much do Kosovars spend to shop online and how does Kosovo rank in relation to the region and EU countries for online sales?

The internet sales market in Kosovo is continuing to grow rapidly. The growing trend of sales is confirmed by both market players and postal operators who deal with the delivery of packages by the business. However, informality and high use of cash remain the main problems. Leading market players expect the performance to continue to be positive. First, they base their sales on customers in the 17-35 age group and view them as a target group who return to their online shopping experience. Second, with the development of technology and the increasing use of smartphones, consumers are increasingly inclined towards this consumer behavior.

From Gjirafa.com, one of the online sales portals, they say that the online sales sector in Kosovo is growing. This is certainly good news for businesses operating in the market. "The bad news has to do with the increase of informality in this sector, the specificity of which creates the possibility that anyone can sell from home, without registering with KBRA, without offering any kind of guarantee for the products sold. This is also favored by some distribution companies, which operate in cash and not through banks. "As a result, businesses that are formal and taxpayers are put in difficulty, slowing down growth."

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Measurements of Organizational Excellence – Development of Holistic Excellence Practices for Free Zones in Dubai

Sharifa Aldarmaki

Kamarul Bahari Yaakub

Associate Professor Dr, Faculty of Management & Economics,
University of Pendidikan Sultan Idris, Tanjung Malim, Malaysia

Abstract

The implementation of excellence in organizations is often subjected to different evaluation when completed since organizations may decide to use different excellence model. The problem of uneven evaluation for all sectors have motivated this paper which aims to review measurements of organizational excellence in order to determine a holistic excellence practice for the Free Zones in Dubai and potentially in the UAE. In this context, organizational excellence is reviewed as a concept with different dimensions that are important for high performing organizations. A total of 50 published articles from 2014 to 2020 in journals have been collected listed on the SCOPUS database and google scholar. It aims to address the gaps regarding organizational excellence in Free Zones and to determine areas of future research that may enhance organizational excellence in Free Zones in Dubai. The study adopted the systematic literature review approach to identify articles relating to organizational excellence. The findings indicate that certain dimensions of organizational excellence such as leadership, people or staff, processes and policy, and resources may help an organization to achieve excellence. The implication of this finding is that these four dimensions may be further investigated in Dubai Free Zones to determine the status of excellence, and the impact of organizational excellence in Free Zones in Dubai may be assessed against other organizational factors.

Keywords: Organizational Excellence, Measurement, Free Zones, Dubai

Introduction

The United Arab Emirates (UAE) government has prioritized excellence, quality service and performance to ensure progress towards the vision of making the country one of the five best places to live in the world (Shayah & Qifeng, 2015). The Government Excellence program aspires to achieve this vision by implementing an internationally accredited organizational excellence framework or model and

launching a variety of initiatives to foster a culture of creativity and a drive for achievement amongst all public sector employees. The UAE also aims to be a destination for excellence, innovation, and development (Sampler & Eigner, 2008), in a bid to attract investment, grow the economy, sustain competitive advantage and reinforce the leading position of UAE (Shayah & Qifeng, 2015).

Such ambitious vision would compel organizations to pay attention to external and internal factors that could impact productivity or organisational goals (Lasrado, 2018). This is because organizational activities can be influenced by customer views, supplier relationship, competitor action and government policy, which all subsequently impact outputs of an organization (Fourati-Jamoussi & Niamba, 2016). Impacts of these factors on organization may vary depending on organization type, size and country location (Sharma & Kodali, 2012). These factors internal and external alike, influence organizational performance positively or negatively (Gavrea, Ilies, & Stegorean, 2011). Thus, not surprising that the impact of Covid-19 appears to be threatening the investment and growth of the economy and ability of organizations including that of the Free Zones to compete and achieve its excellence goals.

Free Zones in Dubai are known as free trade zones because of their essential economic areas where services and goods are traded at preferential customs and tax rates. The purpose of Free Zones is to boost international business in Dubai by offering benefits to investors and businesses especially 100% foreign company ownership (Alhubaishi & Ahmad, 2014). It is noticed that due to Covid-19 impacts in 2020, some Dubai Free Zones were unable to deliver on their excellence goals. Realisation that external factor such as a public health emergency can significantly affect decades of hard work and investments in organizational excellence in the Free Zones have motivated a review of measurements of organizational excellence. This paper examines measurements of organizational excellence by reviewing past studies on excellence, excellence models and factors contributing to excellence. The purpose of this is to determine main measurements of organizational excellence in order to develop holistic excellence practices for the Free Zones in Dubai.

Literature Review – Excellence in Organizations

In many parts of the world, the business environment has become very competitive. It is no longer enough for an organization to be good, to survive they need to excel (Harrington, 2005). The term excellence is used to explain the context of business excellence or organizational excellence as used in this paper. In literature, these different excellence terms are used in reference to the quality of service, extraordinary operations, as well as the connection between operation and customer satisfaction (Porter & Tanner, 2013). Excellence is defined as a process that starts with the organizations' determination to provide value to the customer and other stakeholders based on a set of fundamental concepts or values (Kanji, 2012). It is the ongoing efforts to establish an internal framework of standards and processes to

achieve consistently superior performance to exceed objectives, customer needs, or expectations (ASQ, 2019).

Organizational excellence may also be defined as a set of eight organizational properties that organization must observe to have a successful business (Hussain, Khalid & Waheed, 2010). Organizational excellence refers to the identification and use of best management practices that are common to high-performing organizations that when applied successfully can generate results for the organization (Ringrose, 2016). This definition supports the use of framework or model to achieve excellence, hence the definition by Ringrose (2013). Ringrose explained that organizational excellence and its framework helps organization to integrate the best of practices and principles to enable organizations perform better (Ringrose, 2013). In this sense, organizational excellence is considered as a holistic approach applied and working within the management system of an organization or a holistic approach applied to a specific area of management (Ringrose, 2013).

Viewed from these perspectives, organizational excellence needs to encompass all aspect of the organization to the point where results are ascertained. This may be challenging for organizations to achieve. Sadeh (2017) emphasised the use of teamwork as the driving effort for achieving organizational excellence. Therefore, organizational excellence is defined as an output that can be achieved through teamwork and collaboration (Mohamed, et al. 2018). This explanation is also shared by Anthony and Bhattacharyya (2010) which defined organizational excellence as the capacity of one performance variable to influence other factors that contribute to performance of an organization. Therefore, this paper explains organizational excellence as the ability of an organization to perform extraordinarily well due to controlled, standardized, simplified and centrally managed operations that enable the organization to deliver to the customer (Porter & Tanner, 2013). This definition is adopted because it presents organizational excellence as a process that caters for quality or extraordinary, and process through which organization is able to align its processes, operation with satisfaction of customers and stakeholders. Furthermore, it alludes to organization being a process that starts with the determination of an organization to provide value to customers through design and standardized management.

The definitions of organizational excellence allure to the importance of organizational excellence to any organization. There is a sense that certain factors in the organization may contribute to, or help the organization achieve excellence. Organization culture is one of the factors identified as a critical factor that contributes to organizational improvement, organizational strategies, improvement of all levels of organization, thereby leading to organizational excellence (McMaulle, Brown & Cliffe, 2001; Hofstede, 1991; Lakhe & Mohany, 1994). Similar to this, Lasrado (2020) also identified organizational culture and transformational leadership as key factors that impact organizational excellence. Beyond these factors, top management, employees and

organizational norms and values are considered as driving factors on the path to organizational excellence (Hussain et al. 2010). However, Hussain et al (2010) identified other key factors such as employee's motivation, healthy business organization, customer satisfaction and healthy work environment to contribute to organizational excellence. More recent studies identified employee engagement as a major factor that contribute to organizational excellence because of the characteristics of employee engagement. According to Stoyanova and Iliev (2017) explained that engaged employee identified with the organization, and they can be relied on to achieve results for the organization. This argument as identified in Bulgaria by Stoyanova and Iliev (2017) positions employee engagement as central to organizational excellence.

In more recent studies by Ershadi and Dehdazzi (2019), strategic thinking is seen to influence or contribute to organizational excellence, but only when moderated by organizational forgetting. Organizational forgetting is described as learning, the inability of an organization in coding and documenting knowledge and lack of incentives to share knowledge (Ershadi & Dehdazzi, 2019). Learning is important, but only when it is well managed. According to Islam, Ashi, Reda & Zafar (2017) strategic knowledge management is a major driving factor for organizational excellence. This builds on studies by Mousakhani and Rouzbehani (2014) who found use of knowledge management practices and dedicated resources as pivotal to organizational excellence. A critical review of factors driving organizational excellence indicate that views differ on the factors that contribute to organizational excellence. Regardless, it is noted that all factors are internal factors which can be found within an organization. They can be classified as factors that management need to manage, oversee or lead, or those where employee play crucial role like employee engagement. This implies that both management and employees need to be involved for organizational excellence to be successfully achieved in an organization

Rationale for Organizational Excellence in Free Zones of Dubai

Organizational excellence has been applied to different organizations; private or public, for-profit or not-for-profit and small or large (Prashar, 2017). Free Zones have been growing around the world, largely because they compensate for the immobility of land as a factor of production which makes them a preferred platform for global trade and trading (Keshavarzian, 2010). In light of this, Free Zones are seen as key ingredient for international business in advancing them and in maximizing trade benefits (AlKhanbouli & Tsagdis, 2017). Countries around the world including the UAE have been using Free Zones to attract and achieve foreign direct investment (FDI), provide employment, increase exports, and experiment with new policy (Farole & Akinici, 2011). Free-trade zone in Dubai (FTZs) are seen as economic zones which are set up to provide tax concessions and customs duty benefits to foreign investors (Alhubaishi & Ahmad, 2014).

In Dubai, there are more than 30 Free Zones which are governed by a special rules and regulations as done for all other free zones in the UAE (Shayah & Qifeng, 2015). Free Zones are developed based on categories with the view to cater for the interest of companies within that category (Cranidge, 1998). They offer license, trading and services to foreign investors wanting to set up their business (Alhubaishi, & Ahmad, 2014). Offering such a range of services to investors who can also be called customers suggest the importance of excellence. It also implies that Free Zones need to operate through collaboration with stakeholders and commitment and hard work of their staff to provide required services to investors (Keshavarzian, 2010). When considered from this perspective, it may become challenging to manage and satisfy the needs of stakeholders, customers and staff alike.

Para-González, Jiménez-Jiménez and Martínez-Lorente (2018) highlight that non-financial performance measures are important to stakeholders because stakeholders can be involved in organizations based on their goals, expectations and commitment to excellence. An organization that has adopted organizational excellence as a core value and also prioritizes the creation and implementation of new or improved services is expected to have higher business results (Sandeh 2017). Such organization is also observed to be able to retain its stakeholders and / or customers who are involved in the organization (Para-González et al. 2018). However, service businesses often feel the pressure of higher customer expectations. Customers now want customized services with immediate results and thus services, like products need to be dynamic and appeal to the customers desires (Para-González, et al. 2018). The increasing access to mobile and self-service possibilities, the proliferation of smart devices and the use of big data and advanced analytics are also transforming the service delivery (Jian & Wang, 2013). To keep customers, stakeholders and staff engaged and satisfied, organizations ought to continuously assess their excellence activities and its effects on customer, stakeholders and staff satisfaction respectively. While organizations especially the free zones in Dubai may say their commitment to excellence remains unchanged, overall performance and customer results tend to be lower compared to its key performance results (AlKhanbouli & Tsagdis, 2017).

Dwindling customer results and inconsistent key performance results are further linked to challenges associated with excellence commitment or implementation of excellence models (Mendes & Lourenco, 2014). Directly linked to be hindering organizational quality and performance in many organisations, Mendes and Lourenco (2014) identified internal factors such as management, lack of resources, organizational culture among other as factors as those hinder program implementation and overall organizational performance. Similar internal problems have been identified in Asia and Pacific, Africa and Middle East by authors such as Venkatraman and Fahd (2016); Sahoo and Yadav (2018); Belhadi, Touriki and El Fezazi (2018); Kim and Park (2020) and Kaur, Singh and Singh (2020). These problems or lapses in organizations committed to excellence provide learning opportunities for UAE Free Zones especially those in Dubai. Following the global

pandemic impact on economic activities around the world, it is pertinent to revisit the measurements of organizational excellence in order to propose holistic organizational excellence practices for organizations to better manage their commitments to organizational excellence. The UAE Free Zones, especially those in Dubai which is the economic hub would benefit from such proposal and better empirical-based explanations on how to move forward.

Organizations are constantly seeking to balance higher levels of quality and excellence with reducing cost, reducing waste and reducing time so they can remain in business by satisfying clients (Evans & Lindsay, 2013). The expectation is that an organization that provides 'excellent' services will outperform its competitors. This is the premise for several organizational excellence awards found all around the globe (Oakland & Tanner, 2008). Excellence awards focus on continuous process improvement efforts by organizations to provide superior customer value and meet customer needs (Oakland & Tanner, 2008). This premise led to the development of different excellence awards and frameworks to guide organizations that are interested in evaluating their performance or sustaining excellence (Lasrado & Pereira, 2018). Studies have argued that the rates of failure, and obstacles to organizational excellence implementation are similar to those of other business strategies (Cândido & Santos, 2011). This have been experienced in UAE Free Zones where there is fierce competition between the free zones in Dubai and this makes it challenging for staff to cope with, and meet the demands of customers (AlKhanbouli & Tsagdis, 2017).

For example, processes put in place in the Free Zone are continuously competing with lower cost of operating business in the mainland of Dubai (Shayah & Qifeng, 2015). Fierce competition and continuous demands of clients are just some of the factors that limit leadership and organizational goals in the Free Zones despite their commitment to excellence awards (Alhubaishi & Ahmad, 2014). For example, in some Free Zones in UAE people or staff performance in the organization and customer results tend to be lower compared to its key performance results (AlKhanbouli & Tsagdis, 2017). Problems highlight the importance and need for organizational excellence in UAE Free Zones. The influence of organizational excellence in organizations especially on performance is mentioned in literature but not clearly defined and empirically supported in the UAE (Lasrado, 2018), nor in Free Zones. Therefore, organizational excellence is important for organizations especially those committed to excellence goal such as Dubai Free Zones. But how should organizational excellence be measured or assessed? This question is answered by comparing measurements used by different authors over the past few years.

Methodology

A systematic review approach was adopted as the methodology for this paper. Given the aim of this study is to review concept of organizational excellence with different dimensions that are important for high performing organizations, searches of

published articles between 2014 and 2020 were critically reviewed. Keywords such as ‘excellence’, ‘organizational excellence’, ‘business excellence’ were searched for using SCOPUS database and google scholar. Articles from all types of journal ranking were reviewed since Free Zones are not commonly researched sector as discovered during this systematic review. Therefore, no sorting process was used to eliminate any journal type. Over 50 articles published over six years were systematically reviewed to select those that focused on certain criteria for measuring organizational excellence or excellence outcomes. While other published materials were used throughout this paper, seven were selected based on their focus on two or more criteria for assessing organizational excellence. The rationale for selecting these seven publications is based on the understanding that organizational excellence is not assessed using one criterion. Using seven publications to determine dimensions of organizational excellence may be considered as limitation of this study, they provide benchmark for building future studies. The next section presents and discusses the study findings.

Findings and Discussion

Organizational excellence is reviewed as a concept that has different dimensions that are important for high performing organizations. But this is only possible when excellence is well utilized to enhance organizational performance. An overview of excellence concepts and organizational excellence indicate that elements such as leadership, people, processes, policy and strategy as well as partnership and resources are common measures of organizational excellence. Leadership and people were acknowledged by Afshinpour (2014) and Bell, Chan, and Nel (2014) as an important factor in organizational performance especially in the employee satisfaction. Katou (2015) further explained that specific leadership such as transformational leadership strongly influence performance of an organization, thereby alluring to the link between leadership, people and partnerships and resources. Hsiao and Wu (2020) as well as Hutahayan (2020) explained the role of policy and strategy, as well as process in organisation aiming for excellence and success. Therefore, organizational excellence is observed in literature to have dimensions such as leadership, people (staff), processes and policy and resources which may be challenging to manage by organizations regardless of commitment to excellence (Afshinpour, 2014; Bell et al. 2014; Katou, 2015). Table 1 presents an analysis of the recent studies between 2000 and 2019 that have explored the five measures of organizational excellence for their studies. These measures also viewed as enablers; are leadership, people, policy and strategy, partnership and resources and processes.

Authors	Organizational Excellence Measurement				
	1 <i>Leadership</i>	2 <i>People</i>	3 <i>Policy & strategy</i>	4 <i>Partnership & resources</i>	5 <i>Processes</i>
<i>Calvo-Mora, Picón-Berjoyo, Ruiz-Moreno and Cauzo-Bottala (2015)</i>		√			√
<i>Hemsworth (2016)</i>	√	√	√	√	√
<i>Nwachukwu, Chladkova and Zufan, (2017)</i>	√	√	√	√	√
<i>Sadeh (2017)</i>		√		√	
<i>Sharifi Moghaddam, Rashidzadeh Davan, Musakhani, and Gholamzadeh (2017)</i>	√	√			√
<i>Para-González, Jiménez-Jiménez, and Martínez-Lorente (2018)</i>	√		√		
<i>Rodríguez-González et al. (2019)</i>	√	√	√	√	√

It is noticed in Table 1 that out of the nine publications reviewed, five used all five measures to assess organizational excellence in different organisations. Publications in 2016, 2017 and 2019 all used the five measurements to assess organizational excellence in health, manufacturing and banking sectors. These are organizations that provide goods and services that involve dealing with clients / customers and stakeholders alike. Table 1 also shows gaps that exist in organizational studies. Measurement criteria like people, leadership and processes appear to be consistently researched since 2016 till date. Policy and strategy as well as partnership and resources tend not to be used as measurement criteria as much as others. This review bridges the gap by combining all measurements as a holistic measurement for excellence practice in Dubai Free Zones.

In spite of the positive view of excellence, many organizations are not able to fully embed excellence factors nor models in their organizational practices (Dahlgard et al. 2013). Though this may be due to both internal and external reasons. It can also be challenging for organizations to turn its excellence vision into reality (Gómez, Martínez Costa & Martínez Lorente, 2017) especially when external factors such as a global pandemic affects the ability of organizations to operate. Barriers may be due to organizational size, organizational culture and level of commitment (Corbett & Angell, 2011). However, the motivation of the management, the number of people involved, the organizational structure and system infrastructure, and degree of quality maturity of the organization can enable excellence (Para-González et al., 2013). Such barriers and challenges implementing and embedding organizational excellence all support arguments for developing and applying organizational excellence as a holistic

practice in organizations especially in Dubai Free Zones which have been affected by the pandemic.

Organizational excellence is important to organizations with vision to achieve its goal amidst ongoing global problem impact the ability of organizations to operate effectively and excellently. However, it can be challenging to implement or achieve without a good understanding of how to maximise the potentials of all five measures in Table 1, hence the need for a holistic practice going forward. It is rational to imply that an organization with strong leadership and clear strategic direction would retain and develop its people, partnerships and processes to deliver quality products and services to their customers (Hemsworth, 2016). A combination of strong leadership, clear strategic direction, developed people, partnerships and processes that deliver quality products and services help to achieve intended results of an organization and its stakeholders (Gómez et al. 2017; Rodríguez-González et al. 2019). In time past, attention is often focused on the role of strong leadership in achieving excellence goal without commitments to other dimensions presented in Table 1. Strong leadership only may be insufficient for organizations especially Dubai Free Zones in the pandemic recovery period.

Recommendations for Holistic Excellence Practices in Dubai Free Zones

Al-Din and Abouzid (2016) researched on the relevance of effective leadership, fact-based decisions, strategic planning, participation and teamwork, focus on the satisfaction of the beneficiary, continuous improvement and excellence all contribute to organizational excellence. Strengthening the arguments for holistic excellence practice, Dubai Free Zones may need to innovate themselves to develop and practice organizational excellence with a focus on incorporating all five dimensions of organizational excellence. Hedao and Sangode (2019) argue for having working teams, employee involvements, relationship with clients and recognition of employees to excellence to ensure appropriate results. While committed leadership is identified as part of the process, emphasises were equally placed on other factors which can be classified as people; policy and strategy; partnership and resources; and processes (Nwachukwu, Chladkova & Zufan, 2017). Using committed leadership (Hedao & Sangode, 2019), Dubai Free Zones may need to measure its organizational excellence outcomes by revisiting status of people; policy and strategy; partnership and resources; and processes. Therefore, it is recommended that, the practice of excellence in Free Zones especially Dubai Free Zones apply performance management process that focuses on links between organisational strategy and excellence outcomes. This recommendation aims to motivate holistic excellence practices that may help to objectively determine the direct impact of excellence on intended, yet measurable outcomes.

However, it is acknowledged that such a recommendation may be challenging to implement without support or leadership of management. Tricker (2014) explained responsibility of management, resource management, product realization,

improvement and measurement analysis are essential for quality and excellence in service organizations. In service organizations; large or small, achieving excellence is more important than retaining customers and / or client base (Tricker, 2014). With innovation playing important role in helping to achieve this (AlKhanbouli & Tsagdis, 2017), Mohammed, Tibek and Endot (2013) further revealed that factual approach to decision making, results and analysis are needed for leadership of an organization to ensure that they remain customer focused, involve staff and use process approach to ensure continual improvement. Tricker (2014) and Mohammed et al. (2013) have reinforced the need for, and importance of what is called holistic excellence practice in this paper. While more literature may be used to support arguments for holistic excellence practice through measurement of organizational excellence dimensions, Yousif, Najm and Al-Ensour (2017) reveal that quality and excellence is possible through engagement of staff, relationship with customer and relationships with suppliers and continuous improvement. It is therefore recommended that management commit resources to holistic excellence practice with the view to achieve better outcomes with customer or client retention. A goal that would align with organisational objectives of any service organisation including the Free Zones in Dubai.

It is then recommended that Dubai Free Zones revisit their relationship status with staff, customers, clients and other stakeholders to determine how organizational excellence may be continuously improve as the Free Zones and other organizations begin their pandemic recovery activities. Such recommendation and those discussed in this section may also motivate future studies. Free Zones are scarcely researched. Therefore, it is recommended that future studies may investigate factors that may influence organizational excellence in Free Zones. This paper suggests that there is need for better understanding of how organizational excellence works in Free Zones context when five dimensions are measured against their overall performance. Combined measurement criteria reviewed in this paper provide a defined set of parameters for deciding the requirements for organization to achieve excellence. This means that the leadership, people, policy and strategy, processes and partnerships and resources can be used to determine the strengths and areas for improvement in Dubai Free Zones in their commitment to achieving organizational excellence. Future studies may assess the direct and indirect impacts of the dimensions mentioned in this paper on performance of Dubai Free Zones or any Free Zones.

Conclusion

The study provides insights into measurements of organizational excellence in general with the view to determine appropriate measures for Dubai Free Zones to revisit their commitments to excellence goal. Combining the least and most researched organizational excellence measurement criteria position this study to contribute to knowledge. First contribution is that it identifies and discusses concepts of organizational excellence in order to make an argument for a revisit of

organizational excellence in Dubai Free Zones. No research on Dubai or UAE Free Zones is included in Table 1. Therefore, investigating the impact of people (staff), leadership, policy and strategy, partnership and resources, and processes as measurement of organizational excellence in Dubai free zones will be filling current gap in studies on organizational excellence. Table 1 also highlights the second contribution of this paper to knowledge. Measurements like policy and strategy and partnership and resources are not as researched as other three measurements. Including them in the measurements of organizational excellence in Dubai Free Zones will be addressing gaps in organizational excellence studies as well as in the UAE. In applied sense, this paper provides arguments for and rationale for organizations especially Free Zones to revisit their concepts and measurements of organizational excellence in light of the pandemic impacts. While it is naïve to imply that explanations in this paper are ready-made solutions, they provide context for how organizational excellence may be approached by organizations going forward.

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Factors Influencing Tax Evasion of Businesses: The Case of Albania

Meleq Hoxhaj

MSc. Economics, Researcher Scholar, Albanian
Customs Administration, Albania

Erjus Kamolli

MSc. Finance, Researcher Scholar, Albanian
Customs Administration, Albania

Abstract

The aim of this paper is to analyse factors affecting tax evasion of businesses in Albania. Business tax evasion is a phenomenon that has to do with people trying not to pay the level of taxes they owe, as such it is understood to be as old a phenomenon as taxation. Factors affecting tax evasion vary from country to country, although they can be grouped into economic, psychological and social factors. Nowadays tax evasion has become an increasingly worrying phenomenon so it is important to analyse the factors that make people have an unethical attitude towards taxes, in order to identify the policies needed to mitigate this phenomenon. In our paper we initially made a description of this phenomenon and the main influencing factors. Following the data collected through a questionnaire in some businesses in Albania we have made an analysis to find the relationship between the tendency for business evasion and demographic factors such as age and gender of the person as well as factors such as the period of operation of the firm in the market, the size of the firm and the perception of the level of fines. The results show that young people, men, new firms in the market, large firms and when the perception of the level of fines is low there is a greater tendency for evasion.

Keywords: tax evasion, taxation, Albania, tax avoidance

JEL Classification: H26, H25, H71

Introduction

This paper aims to make a more detailed presentation of tax evasion of businesses in Albania, its causes, characteristics and consequences. Fiscal evasion of businesses is a new phenomenon, from the moment that businesses in their form have started to pay taxes, people have found ways to avoid paying these taxes and to evade. The idea

of this paper came that this phenomenon is very widespread in Albania, a very problematic phenomenon and at the same time little discussed and analysed. It is necessary to identify the extent to which this phenomenon is and what are the reasons that cause businesses to commit tax evasion, to give the necessary suggestions. To make a more complete analysis, a study has been done, completing a questionnaire with business representatives to see their opinion on the causes of evasion in Albania and to understand the characteristics of this phenomenon. To gain a better understanding of tax evasion in Albania, it is important to examine the structure of enterprises as well as the taxation system. In the last part of the paper we have analysed the primary data collected with questionnaires in various businesses, for their opinion on the tax system, business evasion and their evasive tendencies.

Literature review

Several writers and academics have developed their own working definition of tax avoidance. Tax evasion is described as deliberate and criminal non-compliance with tax obligations Bhuiyan (2012). Tax avoidance is an attempt to decrease the amount of taxes owed, by taking advantages of the weaknesses, loopholes or ambiguities in the tax legislation (GIZ, 2010, p.9). Tax avoidance, according to OECD is a tax-saving plan in which a taxpayer arranges his affairs in order to decrease his tax burden. Tax avoidance is the deliberate act of lowering one's taxes using legal ways Bhuiyan (2012). GIZ (2010) groups factors of tax evasion in four groups: low tax morale, high compliance costs, insufficient tax collection capacity, and inefficiency in tax collection. Among the most significant in the first category are: tax system fairness, low transparency and accountability of public institutions, low quality public services, corruption, absence of rule of law, and weak fiscal jurisdiction; the questions that might be asked as a justification for not paying taxes could be: why pay taxes if they are stolen by corrupted government officials, if government is not transparent to public or government doesn't deliver good services for the public, or is the tax system regarded to be unfair?

Literature about tax evasion is broad, but researchers have not yet reached at a unique conclusion about the set of common tax evasion factors, Marandu, E.E., et al (2014). Kanybek, Nur-Tegin, (2008) analyzed data from 4538 firms from 23 countries and found that together with corruption, high tax rates, low discovery likelihood, low faith in government, high compliance costs tend to stimulate tax evasion. Oz Yalama, Gumus, (2013), Feld, Torgler and Dong (2008) used factor analysis and regression techniques and found that major determinants of tax evasion are high tax rates, heavy tax burden, income level, tax audits, tax morale, education and bureaucracy. Bismark identifies reduction of tax rates and conferring penalties on tax payers as major factors to reducing tax evasion. Crane and Nourzad, (1986) also say that penalty rates seem to negatively effect tax evasion. Another study done by Seidu., et al. (2015) examined the reasons of tax delinquency among Small and Medium Enterprises (SMEs) in Ghana's Tamale Metropolis. They found that tax evasion is

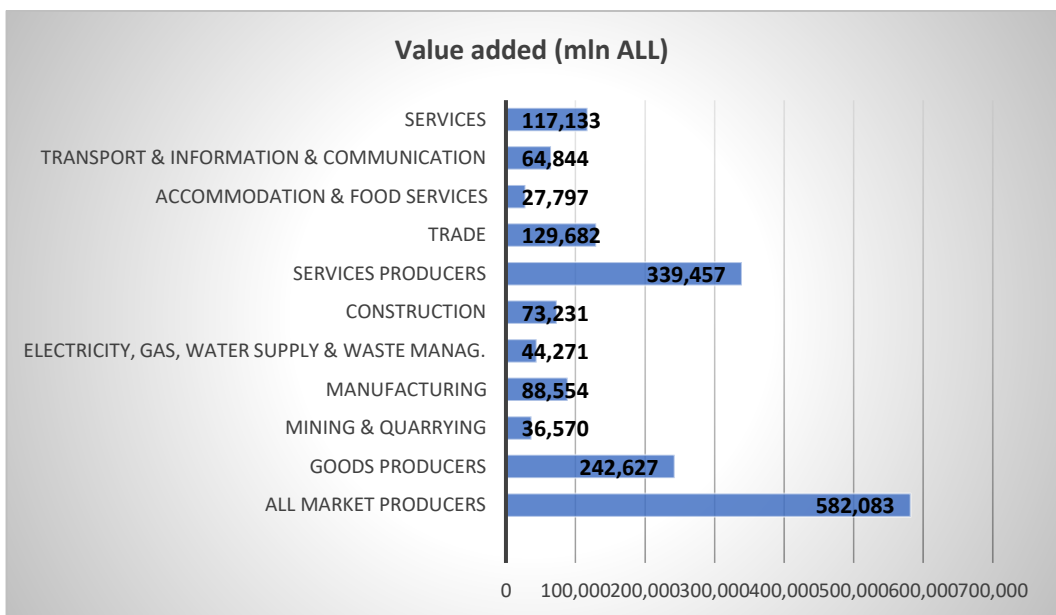
caused by low level of tax education among SMEs, nature of business and multiple taxation.

Information about Albania

Albania, with a population of 2,829,741 people, is a small state¹, the economy based until recent years mainly on remittances and dominated mainly by small family businesses in the services and trade sector (166,386 enterprises in total in 2020²). Until the 90s, the Albanian economy was a centralized economy and there was no free market and private property, with the advent of capitalism, the first businesses began to be created. Currently Albania is a market economy with a large number of mostly family businesses. In the figure below is presented value added in 2019 in total from enterprises in Albania is 582083 ml ALL³, the largest contributor is the services producers enterprises with a value of 339,457 ml ALL or about 58.3% of total and contributed by +3.6 point percent in annual turnover.

Producers of goods, manufacturing, power, gas, water supply and construction enterprises make up nearly 41.7 percent of total turnover realized.

Figure 1 Value added of Albanian Enterprise in 2019 (ml ALL)



Source: http://databaza.instat.gov.al/pxweb/sq/DST/START_EE/

In figure below is presented number of enterprises in 2019 in total and number in each sector of economy. We see that in 2019 in Albania are 104,090 enterprises in

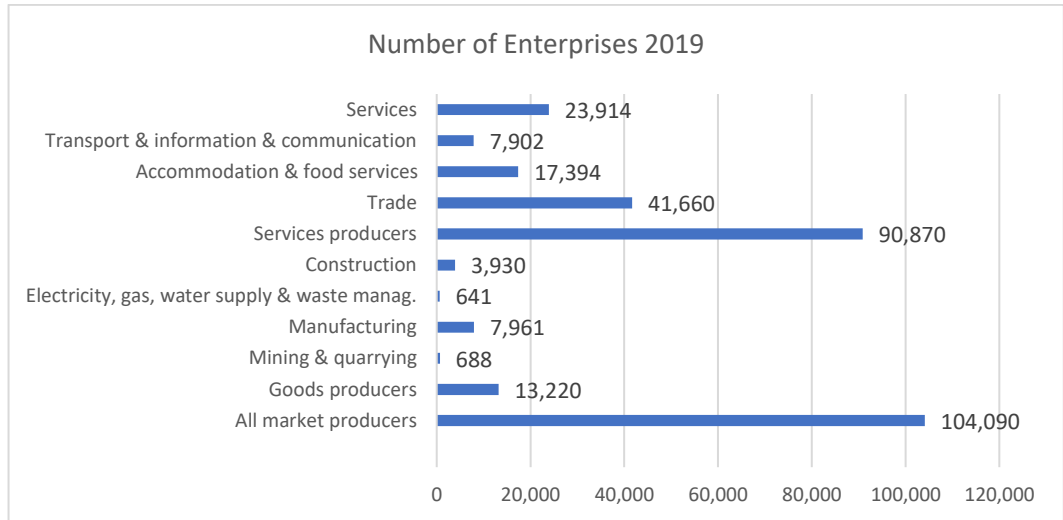
¹ <http://www.instat.gov.al/al/statistika/t%C3%AB-dh%C3%ABna-ky%C3%A7e/>

² <http://www.instat.gov.al/al/statistika/t%C3%AB-dh%C3%ABna-ky%C3%A7e/>

³ http://databaza.instat.gov.al/pxweb/sq/DST/START_EE/

total which decrease by 3.1 % compared to 2018, 90,870 or 87.2% of which are services producers enterprises and only 13,220 or 12.8% are good producers enterprises. Enterprises operating in trade sector comprise 40.0 %¹. In this group of enterprises, trade of vehicles, wholesale and retail trade has the largest share of services producers. In trade sector operates 40.02 % of enterprises which constitute 22.3 % of total annual turnover realized. Trade sector contributed by +2.7 point percent in the total turnover increase (3.8 %).

Figure 2 Number of Enterprises in Albania in 2019

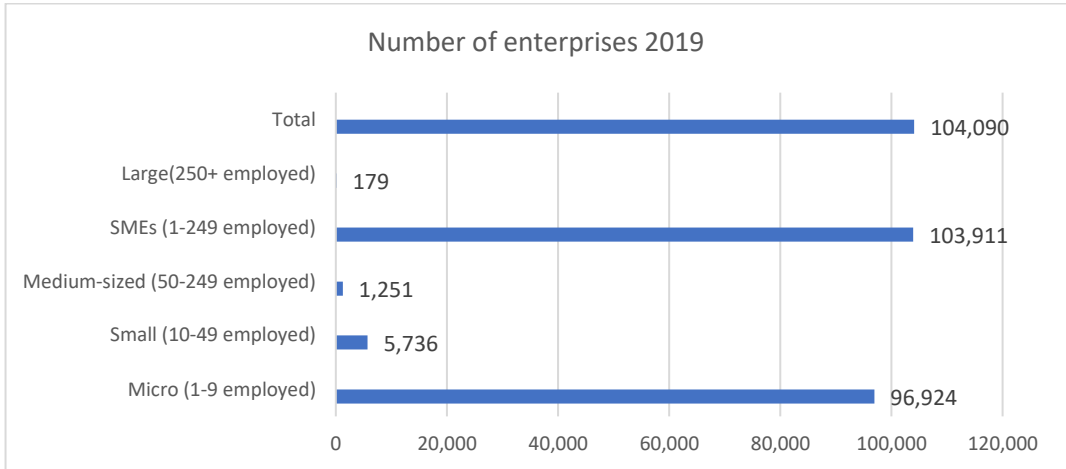


Source: http://databaza.instat.gov.al/pxweb/sq/DST/START_EE/

If we see number of enterprises by size (number of persons employed) we can say that 96,924 enterprises (93.1%) are micro (1-9 employed) that show again that economy of Albania is dominated mostly from micro family enterprises.

¹ http://mail.instat.gov.al/media/8365/materiali-shkrimor-asn-2019_11022021_last.pdf

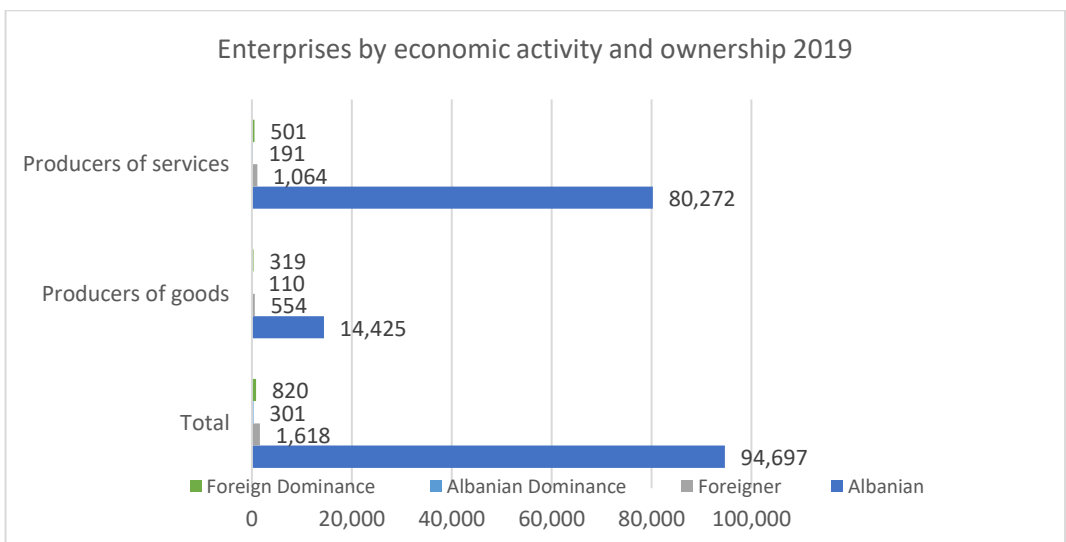
Figure 3 Number of Enterprises for each category (small, micro, big) in Albania in 2019



Source: http://databaza.instat.gov.al/pxweb/sq/DST/START_EE/

In this figure is presented number of enterprises by economic activity and ownership. Albania own 80,272 or 97.8% of enterprises in services sectors and 14,425 or 93.6% of enterprises in producers of good sector. In total 94,697 or 97.1% of enterprises are own by Albanian, 1,618 or 1.6% are own by Foreigner and 1,121 or 1.3% are own by Albanian and Foreign shareholders.

Figure 4 Number of Enterprises by activity and ownership in 2019 in Albania



Source: http://databaza.instat.gov.al/pxweb/sq/DST/START_EE/

It is necessary to emphasize that the data obtained to analyse the structure of businesses as above are from 2019 for two reasons, the first reason is that the data for 2020 are still not fully published and the second reason because there was a year affected by the pandemic and would not accurately show the normal progress and situation as it was until 2019. Secondly it is worth noting that as we see from the above figures businesses in Albania are mainly small family businesses in trade and services sector. This finding will be useful for us to better understand the situation of tax evasion in Albania by looking at evasive behaviours according to relevant factors.

Table 1 Albanian tax rates for the main categories

Type of Tax	Tax rate
<i>Profit Tax</i>	
0%	For revenue up to 14,000,000 ALL
5%	For legal entities, to exercise their activity for e-software. 2. For legal entities, to develop economic activities according to law no. 38/2012, "On the agricultural ability society". For legal entities, to exercise economic activity in the automotive industry.
15%	For revenue over 14,000,000 ALL
<i>Dividend Tax</i>	
8%	On the profit distributed to the owners
<i>Personal Income Tax</i>	
0%	for monthly income up to 30,000 ALL
13%	for monthly income over 30,000 ALL up to 150,000 ALL
23%	for monthly income over 150,000 ALL
<i>Source Tax</i>	
15%	for rent of the building where the activity of business is performed
<i>Vat Tax</i>	
0%	Some specific goods or services Import of live calves and lambs for fattening Supply and import of gold for investments Supply of postal service Supply of medicines Supply of human organs, blood and milk Some other category
6%	for price of services for accommodation structure
20%	for price of almost all goods or services

Source: Tax procedures in the Republic of Albania Law No. 9920/2008.

As we can see from the above we can say that the tax system in Albania is generally simple and not overly categorized. Also tax burden in Albania is low compared to the region. This is useful for us to better understand what factors motivate businesses to commit tax evasion.

The state of tax evasion in Albania is difficult to assess, owing to a lack of precise statistics and reports from the competent agencies. It is challenging to collect the necessary data due to the increasing bureaucracy and huge number of money transactions. The International Monetary Fund considers the VAT mismatch caused

by efficiency to be an approximation to tax evasion. They estimate a possible VAT compliance gap of 34-39 percent, which is somewhat higher than the regional norm and has been increasing since 2008. Albania's black economy is projected to account for 33 percent of GDP in 2014, which is much higher than the European average of 18.6 percent.

Methodology

The primary goal of this paper is to identify the elements that influence company tax avoidance in Albania. All respondents are responsible for tax of company that they are working. The auxiliary hypotheses are as below:

H1. Gender affects tax evasion. Women have more ethical behaviour in terms of tax evasion.

H2. Age impacts tax evasion behaviour. Older individuals are more ethical in terms of tax payments.

H3. The period of operation of a firm in the market affects the tendency for tax evasion. A firm that has been operating in the market for many years has a low tendency for tax evasion.

H4. The size of the firm influences the tendency for tax evasion. Larger firms have a greater tendency to avoid taxes and commit tax evasion.

H5. The level of fines affects the tendency of businesses for tax evasion. A high level and heavy fines make businesses have a more ethical behaviour regarding the payment of taxes.

H6. The level of corruption in the administration affects the tendency for tax evasion. A corrupt administration leads to tax evasion by businesses.

H7. Unfair competition affects tax evasion. Unfair competition at high levels encourages businesses to avoid paying taxes and make tax evasion.

H8. The constant change of rules and norms affects the tendency of businesses for tax evasion. The more frequent these changes, the higher the tendency of businesses to avoid paying taxes and to evade.

The questionnaire is completed in some cities and villages of the country (Tirana, Fier and some respective villages) during January 2021. We created survey in google forms and by sharing link to some devices, completed them going in random businesses. The respondents selected fulfilled the requirement for receiving answers from businesses in different sectors, different size and different age, gender and education levels of respondents.

The survey included 9 demographic questions, 10 questions about opinion for tax system in Albania, 6 questions about tendency for tax evasion and 7 questions about factors that effect decision of businesses for tax evasion. Several questions of survey

are original created by us and others have been used in prior studies about tax evasion. Some of questions used before are “Corruption of the tax administration”, “I am confident that the government is fighting and punishing people who avoid tax evasion” (Masarirambi 2013), “Your education”, “Sector where the company operates”, “How many years has the company been operating in the market?”, “Tasks you perform in the company?”, “How is your business classified according to annual turnover”, “How is your business classified according to the number of employees?” (Tusubira 2018). Responses are on Linear scale ranking from 1=Totally Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Totally Agree. The survey is presented in Appendix.

Results

Table 2 Frequency of demographic characteristics

<i>Demographic Attribute</i>	<i>Sample Frame</i>	<i>Frequencies</i>	<i>%</i>
<i>Age</i>	<i>18-30</i>	<i>27</i>	<i>11.06</i>
	<i>31-45</i>	<i>113</i>	<i>46.31</i>
	<i>46-60</i>	<i>92</i>	<i>37.7</i>
	<i>Over 60</i>	<i>12</i>	<i>4.91</i>
<i>Gender</i>	<i>Male</i>	<i>150</i>	<i>61.48</i>
	<i>Female</i>	<i>94</i>	<i>38.52</i>
<i>Education Level</i>	<i>Primary</i>	<i>7</i>	<i>2.87</i>
	<i>Secondary</i>	<i>138</i>	<i>56.56</i>
	<i>University</i>	<i>88</i>	<i>36.06</i>
	<i>Postgraduate</i>	<i>11</i>	<i>4.51</i>
<i>Urban/Rural</i>	<i>Urban</i>	<i>160</i>	<i>65.57</i>
	<i>Rural</i>	<i>26</i>	<i>10.66</i>
	<i>Both</i>	<i>58</i>	<i>23.77</i>
<i>Task perform in company</i>	<i>Owner/Shareholder</i>	<i>177</i>	<i>72.54</i>
	<i>Accountant</i>	<i>56</i>	<i>22.95</i>
	<i>Manager</i>	<i>5</i>	<i>2.05</i>
	<i>Other</i>	<i>6</i>	<i>2.46</i>
<i>Sector of economy</i>	<i>Services</i>	<i>69</i>	<i>28.28</i>
	<i>Hotels</i>	<i>3</i>	<i>1.23</i>
	<i>Transport</i>	<i>2</i>	<i>0.82</i>
	<i>Production</i>	<i>17</i>	<i>6.97</i>
	<i>Telecommunication</i>	<i>7</i>	<i>2.86</i>
	<i>Trade</i>	<i>114</i>	<i>46.72</i>
	<i>Real Estate</i>	<i>2</i>	<i>0.82</i>
	<i>Construction</i>	<i>20</i>	<i>8.2</i>
	<i>Financial activities</i>	<i>2</i>	<i>0.82</i>
	<i>Free Professional</i>	<i>5</i>	<i>2.05</i>
<i>Other</i>	<i>3</i>	<i>1.22</i>	

Source: Authors’ elaboration

H1 is true

Gender affects tax evasion. Women have more ethical behaviour in terms of tax evasion.

Questions that: “It is normal for a business to find ways to avoid paying taxes” 3.19% of woman say that agree and 4.25% say that totally agree while 10% of man say that agree and 4.67% say that totally agree. Also questions that: “We are likely to hide income to pay less taxes” 25.5% of woman say that agree and 7.44% say that totally agree while 27.33% of man say that agree and 11.33% say that totally agree. Even for questions that “Likely to collaborate with another firm to take action in order to evade taxes” 20.21% of woman say that agree and 5.31% say that totally agree, while 24% of man say that agree and 6% of man say that totally agree. As we see for each of questions above man are more likely to agree with evasive behaviour.

H2 is true

Age impacts tax evasion behaviour. Older individuals are more ethical in terms of tax payments.

Questions that: “It is normal for a business to find ways to avoid paying taxes” 7.4% of people at age 18-30 say that totally agree, 3.53% of people 31-45 years old say that totally agree, 5.43% of people 46-60 years old say that totally agree and no one at age over 60 say that agree or totally agree. Also questions that: “We are likely to hide income to pay less taxes” 29.62% of people at age 18-30 say that totally agree, 8.85% of people 31-45 years old say that totally agree, 6.52% of people 46-60 years old say that totally agree and no one at age over 60 say that totally agree. Even for questions that: “Likely to collaborate with another firm to take action in order to evade taxes” 18.52 % of people 18-30 years old say that totally agree, 5.31% of people at age 31-45 say that totally agree, 3.26% of people 46-60 years old say that totally agree and no one say that totally agree.

H3 is true

The period of operation of a firm in the market affects the tendency for tax evasion. A firm that has been operating in the market for many years has a low tendency for tax evasion.

Questions that: “We are likely to hide income to pay less taxes” 44.44% of people in firms with 0-2 years of operating say that totally agree, 16.13% of people in firms with 2-5 years of operating say that totally agree, 8.33% of people in firms with 6-10 years of operating say that totally agree and only 6.94% of people in firms with more than 10 years of operating say that totally agree. Also question that: “Likely to collaborate with another firm to take action in order to evade taxes” 22.22% of people in firms with 0-2 years of operating say that totally agree, 6.45% of people in firms with 2-5 years of operating say that totally agree, 6.66% of people in firms with 6-10 years of operating say that totally agree and only 4.16% of people in firms with more that 10 years of operating say that totally agree.

H4 is true

The size of the firm influences the tendency for tax evasion. Larger firms have a greater tendency to avoid taxes and commit tax evasion.

Questions that: “We are likely to hide income to pay less taxes” no one at firms with turnover below 2 million ALL say that totally agree, 4.38% of people in firms with turnover 2-8 million ALL say that totally agree, 17.95% of people in firms with turnover 8-15 million ALL say that totally agree and 18.64% of people in firms with turnover above 15 million ALL say that totally agree. Also question that: “Likely to collaborate with another firm to take action in order to evade taxes” no one at firms with turnover below 2 million ALL say that totally agree, 2.18% of people in firms with turnover 2-8 million ALL say that totally agree, 12.82% of people in firms with turnover 8-15 million ALL say that totally agree and 10.17% of people in firms with turnover above 15 million ALL say that totally agree.

H5 is true

The level of fines affects the tendency of businesses for tax evasion. A high level and heavy fines make businesses have a more ethical behaviour regarding the payment of taxes and tax evasion.

From 75 people that totally disagree question that “The consequences of catching for tax evasion (measures, penalties, fines) are not very serious” only 4% (3 people) say that totally agree for question that “We are likely to hide income to pay less taxes”. From 54 people that disagree question that “The consequences of catching for tax evasion (measures, penalties, fines) are not very serious” only 3.7% (2 people) say that totally agree for question that “We are likely to hide income to pay less taxes”. From 40 people that say neutral to question “The consequences of catching for tax evasion (measures, penalties, fines) are not very serious” 12.5 % (5 people) say that totally agree to question “We are likely to hide income to pay less taxes”. From 36 people that say agree to question “The consequences of catching for tax evasion (measures, penalties, fines) are not very serious” 16.7% (6 people) say that totally agree to question “We are likely to hide income to pay less taxes”. From 39 people that totally agree that “The consequences of catching for tax evasion (measures, penalties, fines) are not very serious” 20.51% (8 people) say that totally agree to question “We are likely to hide income to pay less taxes”. So we see that people who totally agree that fines and penalties are not so serious tend more to say that agree for hiding income to pay less taxes, showing us that fines and penalties effect behaviour of people regarding tax evasion.

H6 is true

The level of corruption in the administration affects the tendency for tax evasion. A corrupt administration leads to tax evasion by businesses.

Only 3.27% (8 people) answer totally disagree to question that “Corruption of the tax administration affect tax evasion”, 4.09% (10 people) answer disagree, 5.33% (13 people) answer neutral, 30.73 % (75 people) agree with this question and 56.58% (138 people) say that totally agree that level of corruption affect tax evasion.

H7 is true

Unfair competition affects tax evasion. Unfair competition at high levels encourages businesses to avoid paying taxes and make tax evasion.

Question that “Unfair competition affect tax evasion” 4.92% (12 people) say that totally disagree, 6.55% (16 people) say that disagree, 7.79% (19 people) say that think neutral, 34.43% (84 people) say that agree and 46.31% (113 people) sat that totally agree.

H8 is not true

The constant change of rules and norms does not affect the tendency of businesses for tax evasion.

Question that “Constant changes in the rules and the level of taxes affect tax evasion” 31.1% (76 people) say that totally disagree, 22.95% (56 people) say that disagree, 24.18% (59 people) say that they think neutral, 14.34% (35 people) say that agree and only 7.38% (18 people) say that totally agree.

Linear Regressions analysis

As depended variable we used results of questions “We are likely to hide income to pay less taxes” and independent variable we used results of questions “Age”, “Gender” “Size of firms” “Periods of operations” and “Level of fines”.

$LIKELYTOHIDEINCOME = 1.67 - 0.574 * AGE - 0.361 * GENDER + 0.549 * SIZEOFFIRMS - 0.052 * YEARSOFOPERATIONS - 0.186 * LEVELOFFINES + \epsilon$

$R^2 = 0.736$

Stand.Dev	0.549	0.143	0.169	0.1	0.117	0.057
T-Stat	3.04	-2.615	-0.362	-5.491	0.271	-2.765

Results of regression analysis

The linear model is important $F = 14.723 > 3$.

Individual connections turn out to be some important:

$$|t_1| = |3.04| > 2 \quad |t_2| = |2.615| > 2 \quad |t_3| = |0.362| < 2 \quad |t_4| = |5.491| > 2 \\ |t_5| = |0.271| < 2 \quad |t_6| = |2.765| > 2$$

Explanatory is high is $R^2 = 0.736$

There is no autocorrelation (Durbin Watson $d = 1.17 \approx 2$).

There is no multicollinearity,

$$VIF_1=1.746<5; VIF_2=1.044<5; VIF_3=1.232<5; VIF_4=1.519<5; VIF_5=1.041<5.$$

There is negative relationship between age evasion. The older are getting the less is tendency of people for evasion.

The negative relationship between gender and evasion it means that female have less tendency for evasion (value 1 for male and 2 for female, 1 is totally disagree with evasion and 5 totally agree so switching from 1 to 2 it means switching in different direction from 5 to 1 direction, that's why it shows negative relationship).

There is a positive relationship between size of firms and evasion, so the large is a firm the higher is tendency for evasion.

There is a negative relationship between years of operations and evasion.

The firms with so many years of operations have less tendency for evasion.

There is a negative relationship between level of fines and evasion.

The higher are fines for evasion the lower is tendency for evasion.

Many studies have found that higher-educated individuals comprehend the meaning of tax responsibilities and the purpose of government programs better, and as a result, they comply more (Schmölders, 1960; Song and Yarbrough, 1978; Spicer and Lundstedt, 1976). Allingham and Sandmo (1972) conclude that increasing the penalty rate promotes compliance behaviour. Friedland, Maital, and Retenberg (1987) investigated tax evasion in 15 different disciplines. According to the study's findings, a large penalty is a more effective deterrent to tax cheating than regular auditing. Noncompliance behaviour differs from individual to person.

The findings on the level of education and tax evasion and tax avoidance are consistent with the findings of Kasipillai et al (2006), Ahmed et al (2007), also Houston and Tran (2001), and Devos (2005), both from Australia, that indicate a significantly positive connection of educational attainment and taxpayers' perception to taxation.

Discussion

This research is an approach to analyse the tax evasion of businesses in Albania. From our analysis we see that evasion is a complex phenomenon, difficult to measure and influenced at the same time by several factors. Some factors such as the level of fines, unfair competition and corruption of the tax administration can be avoided to reduce the level of evasion, while some other factors such as age and gender are personal factors and can not be avoided. From the linear regression analysis it is noticed that the age of the person and the size of the firm are the factors that influence to the greatest extent the decision for tax evasion.

Conclusions

Tax evasion is illegal and means actions or omissions made by businesses to not pay taxes or to pay a lower value than the actual liability. The importance of studying tax evasion lies in the effects it brings to the economy, a drop in state budget revenues. The main factors influencing tax evasion are the group into 3 groups called fiscal evasion theories, economic theories that include various economic factors (taxation level, corruption of the tax administration, complex tax system, etc.) as causes of tax evasion, psychological theories that include the behaviour of people and the tendency for evasion and social theories that look at the cause of the behaviours and tendencies that society has for a certain action.

The structure of businesses in Albania shows that mainly in Albania we have small family businesses, in the sector of services. From the analysis of primary data collected through a questionnaire in 244 randomly selected businesses it results that woman have more ethical behaviours than man. Also older people have more ethical behaviour than younger ages. The period of operation of a firm in the market affects the tendency for tax evasion, a firm that has been operating in the market for many years has a low tendency for tax evasion. The size of the firm influences the tendency for tax evasion, larger firms have a greater tendency to avoid taxes and commit tax evasion. The level of fines affects the tendency of businesses for tax evasion, a high level and heavy fines make businesses have a more ethical behaviour regarding the payment of taxes and tax evasion. The level of corruption in the administration affects the tendency for tax evasion, a corrupt administration leads to tax evasion by businesses. Unfair competition affects tax evasion. Unfair competition at high levels encourages businesses to avoid paying taxes and make tax evasion.

The constant change of rules and norms does not seem to have significant effects on the tendency of businesses for tax evasion. The more frequent these changes, does not mean that the tendency of businesses to avoid paying taxes and to evade will be higher.

Further research can be done on Factors Influencing Tax evasion of Businesses in Albania.

It would be especially interesting to study and analyse to what extent tax evasion is in Albania and what is the tendency for evasion in recent years, increasing or decreasing.

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Appendix

Questionnaire

Your Age 18-30 years old 31-45 years old 46-60 years old Over 60 years old

Gender Male Female

Your Education Primary Secondary University Postgraduate

Tasks you perform in the company?

Owner / Shareholder Director / Manager
 Accountant Other (Specify)

How many years has the company been operating in the market?

0-2 2-5 6-10 Over 10 years

Sector where the company operates

Services Production Trade Construction
 Hotels Telecommunications Real estate Financial activities
 Transport Free professional Other

How is your business classified according to annual turnover

Up to 2 million ALL 2 million to 8 million ALL

- 8 million to 15 million ALL Over 15 million ALL

How is your business classified according to the number of employees?

- Up to 5 employees From 6 to 20 employees
 From 21 to 100 employees Over 100 employees

Your opinion regarding the assessment of the tax system in the country.

	Question	Totally Disagree			Totally Agree	
		1	2	3	4	5
1	<i>The VAT rate is appropriate</i>					
2	<i>Advance payment of VAT does not bring problems for the business</i>					
3	<i>VAT refund is fair and appropriate</i>					
4	<i>The profit tax rate is appropriate</i>					
5	<i>The tax rate on personal income is appropriate</i>					
6	<i>The progressive income tax system is equitable.</i>					
7	<i>The contribution rate for social and health insurance is acceptable.</i>					
8	<i>The taxable base is set at an acceptable level</i>					
9	<i>Everyone is treated fairly under the tax system</i>					
10	<i>The tax system is simple to understand and implement</i>					
11	<i>Businesses have good knowledge of how the taxes and levies collected by them are used by the government</i>					

Your opinion on the tendency of businesses to avoid paying taxes and their trust in the government

	Question	Totally Disagree			Totally Agree	
		1	2	3	4	5
1	<i>Albania has a broad culture of tax evasion and avoidance.</i>					
2	<i>It is normal for a business to find ways to avoid paying taxes</i>					
3	<i>We are likely to hide income to pay less taxes</i>					
4	<i>Likely to collaborate with another firm to take action in order to evade taxes</i>					
5	<i>I am convinced that the government is combating and prosecuting tax avoidance.</i>					
6	<i>Fines and penalty for tax evasion are not very serious</i>					

Your opinion on the factors that influence business decision-making regarding tax evasion

	<i>Questions</i>	<i>Totally Disagree</i>			<i>Totally Agree</i>	
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<i>1</i>	<i>Low business income</i>					
<i>2</i>	<i>Desire for greater profits</i>					
<i>3</i>	<i>Constant changes in the rules and the level of taxes</i>					
<i>4</i>	<i>Corruption of the tax administration</i>					
<i>5</i>	<i>Lack of transparency regarding fiscal changes and reforms</i>					
<i>6</i>	<i>High tax rates</i>					
<i>7</i>	<i>Unfair competition</i>					

The “Sustainable Destination Structure” for Sustainable Tourist Demand - Selective Marketing for Sustainable Tourism Demand for Unpolluted Areas

Ines Ana Maria Jaho

PHD Candidate, “Aleksander Moisiu” University” Faculty of Business

Osman Metalla

Associated Professor, “Aleksander Moisiu” University”
Faculty of Professional Studies

Abstract

Observing the recent developments of the demand for tourist products, we notice some very important changes in the tourists’ preferences of consumption toward a different sense of quality, asking for new quality models based on virginity, pure nature, highly maintained clean spaces, authenticity, cultural heritage and high responsibility and consciousness on sustainability. The natural environment represents the main resource to this demand on many tourism destinations. This is related to the fact that tourists increasingly are interested in spending their holidays in unspoiled natural territories. To this end, destination managers recently are under increased pressure to improve their eco-quality, maximize the hygiene, as well as to implement ecologically sustainable practices and systems. Based and stimulated by this evidence, a process of selective targeting/segmentation of tourist market could be an approach to sustainable destination management, both generally in the international market, but very promising to the Albanian case of the tourist sector future development, focusing at the region of Elbasan. Considering and analyzing the ecological footprint of Albania, and particularly that of Elbasan region, this paper will try to test these possibilities. To observe the feasibility of this approach, the study will be focused on tourists, between Albanians and foreign visitors, regarding their main reasons of returning in the same destinations. The questions to be treated will be mainly focused on the quality of the tourist services, the environmentally friendly behavior, as well as psychographic, behavioral, and socio-demographic personal characteristics of the tourists. Focusing and deepening in sustainable tourism destinations’ management could foster the increase in the number of day-vacations for one year, strongly also influencing the normal

development of the supporting industries. This asks for techniques which focus on eco-tourism and sustainability at the destinations, even why the tourist himself generally may not necessarily be interested in protecting and caring to the local environment. In conclusion, the study confirms the increasing trend of the orientation of the tourist demand toward unpolluted destinations and attractions, as well as the tendency to safeguard the environment and to use sustainable tourist resources

Keywords: Sustainability, Ecological Footprint, Tourism

Introduction

Literature review

According to the World Travel and Tourism Council (2019), world tourism contribution to the gross domestic product (GDP) is about \$ 2.9 trillion generating more than 334 million jobs, almost 10.6% of the total employment and \$642¹ billion of new capital investment invested only by 10 countries (USA, China, India, France, Japan, Germany, UK, Saudi Arabia, Spain, and Brazil)². These figures give us a clear picture about the significance and the ability of tourism industry to contribute in the change of the worlds' and regional economy.

However, this enormous contribution and unplanned growth of tourism has its own impact to the recent changes of the world environment which is directly affected by the policies of tourism businesses and tourist managers. These undesirable effects toward environment and the tourism destinations have increased the concern of people involved in it about preservation of the natural resources and long-term preservation of tourism destinations.

The World Commission on Environment and Development (WCED) issued the first report on sustainability which defined the sustainable development as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs”. (Choi, Sirakaya, 2005, p.1275). After this report the concept of sustainability was internationalized and universally asked to be applied in all levels of tourism business. But experience has showed that it has not been fully adapted in local levels and that many countries have not clearly implemented policies to support and monitor it.

A special focus is placed upon the sustainable development for the community tourism which according to Choi and Sirakya (2005) is evaluated to be a long- term economic linkage between destination communities and industries and of great importance in improving the lives of the residents and minimizing the negative

¹ WTTC March 2021

² Travel, Tourism and Hospitality - Capital investment in leading countries worldwide on 2019

effects of tourism on the natural environment. It is of crucial importance in this point, the role of the community managers whose responsibility is to provide information and organize programs for the community stakeholders to raise the awareness on the importance of conservation of the community tourism resources. The last ones should be very actively involved and participate directly in the decision-making process.

According to the literature and recent debates the sustainable tourism involves different dimensions such as ecological, economic, social political technological at the international, national regional and local community levels. It is obvious that these dimensions are interdependent and each of them has its own role to the tourism development.

“Tourism is now so pervasive in modern society that, rather than conceiving tourism as a “departure” from the routines and practices of everyday life, tourism has become an established part of everyday life culture and consumption” (McCabe, 2002:63). Following the above logic, it is evident that tourism is an integral part of the modern life of our society. Moreover, consumer patterns and decision making are very important and has been subject of changes recently. It has been affected considerably from the environment footprint of the tourists themselves too when we find a very important trade-off regarding their preference for unpolluted preserved ecologically areas and destination and its high preference for entertainment and fun at the destination increasing its footprint to these destinations.

Ecological footprint analysis (EF) is evaluated to be a key environmental and effective aggregate indicator of sustainable tourism (ST) that uses gha as the common currency to express impact magnitude across all its components (Hunter and Shaw, 2007, p.46).

First provided in the early to the mid-1990s the EF analysis was first defined from their authors as “an accounting tool that enables us to estimate the resource consumption and waste assimilation requirements of a defined human population or economy in terms of a corresponding productive land area” (Hunter and Shaw, 2007, p.46).

The main attribute of ecological footprint is to provide a powerful educational tool by expressing the demand of natural resources in terms of an equivalent land/sea area by facilitating comprehension of environmental impact. According to Hunter and Shaw, following this logic, it is obvious that EF conceptualizes a population or economy as having “industrial metabolism” which consumes resources and produces wastes to sustain itself by appropriating in this way a portion of the planetary biosphere.

The applications of ecological footprint in tourism are analyzed in the context of environmental impacts on tourist travel mainly and demand upon natural resources to destination areas recently, by attempting to calculate the so called according to

Hunter (2002), tourism – related EF.

By methodology the net tourism EF is the sum of the components in the transit and destination area less the source country EF for the period away from home generated by the tourist when away from home by leaving on some heating or security lighting¹.

The discussion naturally is not limited only to the ecological footprint, even to the total of sustainable tourist indicators, local and global. Here after we shall see an analysis on some factors considered for the pro environmental behavior of the tourists related to their past experiences at the destinations.

Discussion

The discussion on marketing for quality in tourism, recently has widely taken the route of sustainability, focusing on the modern tourist demand for unpolluted tourist areas and destinations, as well as cultural and historical tourism. We can hold on to this perspective and measure the trend on this regard, finding out the possibility to design the product according to this demand.

The factors possibly affecting this demand and the product design for sustainability and environment preservation and care could be:

- Luxury request of the tourist
- Sports preference during the vacation
- Leisure measured through preferences for fun and entertainment
- Good company at the destination
- The intense experience with the nature at the destination
- The familiar atmosphere at the destination
- Customer's altruist attitude toward environment
- Romantic and nostalgic atmosphere at the destination
- Population density at the destination in top season periods
- Relax space at the destination hotel structure
- Transport pollution (Ecologic footprint)
- Level of acoustic pollution
- Services on site
- Typology of accommodation

¹ The procedure for calculating net per capita EF includes five steps in which we must come across the estimates for each indicative (Hunter and Shaw, 2007, p.49).

- Relationship status of the tourist
- Attractions at the destinations
- Seasonality
- Local community hospitality
- Safeness at the destination
- Obligation and state of order
- Education level
- Gender of the tourist

These factors have a different weight on the customer preferences for tourist products, as well as in their behavior at the destination and their relations to the destination. We can then run a linear multiple regressions on these explanatory variables to measure customers' preference for environmentally sustainable tourist structures and destination using demand for unpolluted tourist areas and destinations or pro-environmental behavior as a dependent variable.

We designed a questionnaire with questions regarding the above listed factors using a Likert scale of five classifications as it is shown in the table below:

The Question	Agreement on a five-point-scale					Not applicable
	5	4	3	2	1	
I am interested on luxury rather than taking care on the environment pollution						99
I like unpolluted surroundings at the destinations						
I care about hygiene at the destination						
I like sports						
I like entertainment and fun						

I like doing friendship at the destination

I like of road and nature experiences

I like familiar treatment at the destination

I have the habit to take care on the tourist
environment

I chose romantic destinations

I enjoy high population at the destination
during top season

I like to relax in peaceful places at
destination

I like transport traffic at the destination

I like noisy vacations

I like tourist structures with the largest set
of services on site

I like vacation in family

I lonely individual vacations

I like culture offers at destinations

I like moving during all years to the tourist
destinations

I like moving at the top seasons at the
tourist destinations

I like hospitality communities at the
destinations

I like feeling safe during the holidays at
tourist destination

I like obligation, control and state of order
at destinations

I am educated

Gender of tourists counts at environment
preservation

Monthly income in 000 ALL	>100	70-	50-	30-	>30
	100	70	50		

We introduced a question on the income level to see the effect of this factor on the total quality of the vacation.

Based on the previous experiences of the interviewed persons at the region of Elbasan during the holiday of the Summer Day on 14th of March 2018, between residents and visitors in sample sizes of 100 people each, many explanatory variables were not significant. We used the backward model selection using the Akaike information criterion (AIC) to eliminate non-significant variables. We resulted at a sample regression model of 7 explanatory variables.

The resulting final model with seven explanatory variables, resulted with a determination coefficient of 0.56 (R^2), not very strong but still explaining most of the tourist behavior pro-environment preservation and care. (F-statistic: 8.13 on $k=7$ and $df=192$, p-value 0.05), we tested the variables for significance to receive the final sample regression model. It resulted that not all the variables have a strong significance on the dependent variable. This also explains the value of R^2 . The final regression we run has five principal explanatory variables once tested for significance testifying that their results explained better the friendly pro environmental behavior at the destination. These variables are:

1. I am interested on luxury rather than taking care on the environment pollution (coefficient negative)
2. I like entertainment and fun (negative)
3. I like of road and nature experiences (positive)
4. I like culture offers at destinations (positive)
5. I like unpolluted surroundings at the destinations (positive)

We also analyzed the data on these factors first classifying the customers in three large groups:

1. Small environmental footprint tourists
2. Medium environmental footprint tourists
3. Large environmental footprint tourists

It resulted that male tourist have a larger ecologic footprint and the first group has a significant share of 38%. Considering the simple moving average method and comparing the data with the international statistics on this regard, we can say that it will result in an increasing trend for unpolluted areas measuring a small environmental footprint in the future.

Target marketing for quality tourism

This segmentation gives us the possibility to improve the tourist products, as well as to design new tourist products for the future tourist demand in a differentiated way, having differentiated mix for each of the three segments analyzed.

As for the model of tourism to answer to the tourist demand for unpolluted tourist areas and products we chose to use QFD (quality function deployment). It can make possible to deploy tourist product especially those already existing in the market, even in the Albanian market, and chose e part mix of these products to find the ways of improving those by maximization of their effect to the customers related to their pro environmental behavior and perception.

This is an analysis based on performance maximization of the tourist products. To deploy and create the part mix of the tourist product we can use a four-step technique, called HOQ (House of Quality) used by George L. Vairaktarakis¹ creating four matrices (HOQ) on each step:

1. Voice of the customers to a product's technical requirements - quality deployment based on engineering characteristics and customer requirements
2. Component requirements - parts' deployment based on parts' characteristics and engineering characteristics
3. Manufacturing operations - process planning based on process operations and parts' characteristics
4. Quality control plans - production planning based on quality control and process operations (application of the new standard for competitive advantage)
5. The process is deeply customer oriented and focuses on a customer ranking

¹ George L. Vairaktarakis, Optimization tools for design and marketing of new / improved products using the house of quality, *Journal of Operations Management* 17, 1999. pp 645–663

based on the preferences on the part mix of the presumed tourist product to improve it for a higher performance.

The model used on customer ranking could be:

$$\text{Customer preferences} = \sum_{k=1}^n W_k P_{klk}(C_{klk}) \quad (1)$$

and its costs on part mix improvement are $\sum_{k=1}^n (C_{klk})$

Where:

W_k – weights of the k^{th} part improvement

$P_k(C_{kl})$ – performance rating of p_{kl} under C_{kl} costs

p_{kl} – k^{th} part of the product

n – Number of parts in a tourist product

k – Number of parts in a part mix of tourist product

l – l^{th} alternative part choice for p_{kl}

Solving the equation using Linear Programming we rank the customers on their preferences to the different alternative part mixes.

While we can model for performance maximization of the tourist product still using QFD adding to the equation a dummy variable (binary one), For $1 \leq k \leq n_0$ and $1 \leq l_k \leq n_k$

introducing it to the model:

$$X_{klk} = \begin{cases} 1, & \text{if } p_{klk} \text{ is selected among the alternatives for } p_k \\ 0, & \text{otherwise} \end{cases}$$

and

$$\text{Best-of-class part mix} = (P) \max \sum_{k=1}^{n_0} \sum_{t=1}^{n_k} W_k P_{klk}(C_{klk}) X_{klk} \quad (2)$$

with these constraints:

$$\sum_{i=0}^n X_{kl} = 1 \text{ for } k = 1, 2, \dots, n_o \quad (1)$$

$$\sum_{k=1}^{n_o} \sum_{t=1}^{n_k} C_{klk} X_{kl} \leq W \quad (2)$$

$$X_{klk} \in \{0, 1\} \text{ for } 1 \leq k \leq n_o \text{ and } 1 \leq l_k \leq n_k \quad (3)$$

the constraints (1) correspond to the assignment of the part options in the parts' mix, constraint (2) are budget constraints and constraint (3) corresponds to the integrality constraints. The model of performance (P) maximization is widely acceptable even we introduce a set of parameters which are already calculated and bring to the model the risk of stereotyping of the customer preferences.

The second expression (equation) introduces the probability that the improvement in a specific part increase the performance, giving estimation to each alternative due to relevance of the improvement in a specific part of the product.

Important remarks on the proposed model of performance maximization based on QFD:

- The model used is not very often used
- It concerns both to new product and improved products, but mostly with the second ones
- Gives integrated results on the performance
- Combined effect of the factors considered
- Since we introduce cost constraints, elasticity of demand weights on the deployment process
- The model uses linear programming which is easy to solve but stereotypes costumers increasing ranking and rating errors.

Conclusions

The study confirms the increasing trend of the orientation of the tourist demand toward unpolluted destinations and attractions, as well as the tendency to safeguard the environment and to use sustainable tourist resources.

It also confirms that the tourists have a strong attraction to turn back to those destinations where their recent or last experience was based on more sustainable

tourist activities, both environmental and cultural care based.

It states that a lot of the demand for unsplit tourist destinations is determined considerably by factors related to the total quality of the tourist product, compound by the set of quality services and the destination management in terms of environment care and hygiene and safety at the tourist destination, where the landscape and wildlife play an important role. There are very much appreciated the nature sports too.

The orientation on leisure time is not totally dependent on fun and entertainment, but toward local community life and culture too.

The segmentation of the market due to these important changes on the modern tourist demand recently, ask for selective marketing and product design according to the customer preferences. The model used to optimize and maximize the parts' mix of the tourist product through QFD is a widely good effort and approach to this end.

The model should consider the competition rating too, to design the tourist product, but it belongs to another study and research.

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Community Enterprises: Snapshots from Italy

Massimo Albanese

Department of Economics and Business Studies,
University of Genoa

Abstract

Community enterprises are not a new type of organisation, but in recent years they have attracted increasing interest for their role in various areas, particularly in depleted contexts. Numerous studies analysed these enterprises in their natural context, but national and international overviews are lacking. We, therefore, do not know how many community enterprises there are, in which sectors they predominantly operate, and so on. Due to the scarcity of data, it is very difficult to provide a picture of community enterprises at the international level, whereas it is more feasible to represent these realities at the national level. Although Italian community enterprises are organisations that are not easily identifiable in the available databases, this paper aims to provide some snapshots to sketch the phenomenon in Italy. The work has a heterogeneous audience because it is of interest to scholars, practitioners, and policymakers. It has implications from a research and practical point of view, as it develops a way to identify Italian community enterprises and provides valuable elements for understanding the efficacy of specific policies and actions, and a piece of knowledge to build a picture of community enterprises.

Keywords: community enterprise, community cooperative, Italy, active citizenship, secondary data analysis

Introduction

In recent decades, economic and energy crises, pandemic, reduced public spending, fewer job opportunities, a lack of services, the rising cost of living, etc., have worsened the living conditions of large sections of the population, even in developed countries and cities (De Muro *et al.*, 2011; Dueilla and Turrini, 2014; Perez and Matsaganis, 2018; Harari *et al.*, 2022). Consequently, the rate of population at risk of poverty and social exclusion has increased in several countries. For example, in 2017, Eurostat (2019) estimated it to be around 113 million people in the EU-28 who lived in households at risk of poverty or social exclusion, equivalent to 22.4% of the population (Appendix A). As Bernaschi (2020) notes, Europe is facing serious

inequalities and is struggling to preserve social cohesion, economic efficiency, and political freedoms.

Unfortunately, our institutions, which are often set up to deal with single issues (sometimes in limited scopes), are not always suited to address problems that need to be tackled from different angles (Linhart and Papp, 2010). Therefore, to reverse the deterioration in living conditions and revitalise depleted contexts, initiatives are developed where citizens and authorities work together as equal partners, as well as bottom-up initiatives inspired by the motivation of individuals, small collectives, or communities (active citizenship), and characterised by varying degrees of autonomy (Olsson *et al.*, 2004; Van der Jagt *et al.*, 20016). Active citizenship initiatives can take place at various levels (small and large-scale projects) and involve people in various modes and activities. The collective action of these initiatives (e.g., community enterprises, social cooperatives, or farmers' groups) plays an important role in improving living conditions. Therefore, it deserves the attention of scholars and practitioners.

In particular, small-scale projects include community enterprises (CEs), which are a peculiar entrepreneurial form of active citizenship providing jobs, services, and other benefits to the population of the target community (Somerville and McElwee, 2011; Bailey, 2012; Utaranakorn and Kiatmanaroach, 2021). As pointed out by Buratti *et al.* (2022b) community enterprises are a social phenomenon that can take different forms, depending on the community involvement, geographical area of origin, local culture, types of activities implemented, etc. Unfortunately, they are not easily identifiable by a specific type of enterprise (e.g., in Italy CEs take the form of cooperatives, but elsewhere this is not the case). For these reasons, CEs are difficult to analyse as a group of enterprises. In fact, as highlighted in a recent literature review (Buratti *et al.*, 2022b) quantitative studies are lacking and the readership has qualitative knowledge derived mainly from case studies.

The collection and processing of data on CEs and conversion into knowledge represent crucial tasks, as the use of this knowledge can support the decision-making processes of institutions and community entrepreneurs. Performing an analysis on an international level is almost impossible in a study developed by one or a few researchers. However, national scale analyses can represent a starting point or a piece of the puzzle and are therefore of interest, especially where there is a lack of overview on CEs, as in the Italian case. This is the goal of this paper, as it aims to provide a series of snapshots on Italian CEs, thus expanding the few data available today. The work is organized as follows: the second section presents the literature background and focuses on some key elements. In the third section, I summarise the method of analysis. Then I provide and describe a series of snapshots of Italian community enterprises. Finally, I comment on the empirical evidence and conclude the paper.

Literature background

Community enterprises or community institutions do not represent a new type of organisation, neither in Italy nor abroad. In fact, studying the literature on the subject, several experiences emerge (Peredo and Chrisman, 2006; Del Baldo, 2014), such as the “Magnifica Comunità di Fiemme”¹, founded in the 12th century (Duinker and Pulkki, 1998), the electric cooperatives born in the Alps at the end of the 19th century, such as the “Società cooperativa per l’illuminazione elettrica”, founded in Chiavenna in 1894 (Mori, 2015; Mori and Sforzi, 2018), the “Mondragon Co-operative Corporation”, which was created in Spain in 1956 (Macleod *et al.*, 1997), the “Community of Chaquicocha Trade Fair” (Peredo, 2003) or “Floriculture Using Hotsprings Energy” (OECD, 1995), created in Peru and Japan respectively in the 1970s.

Although many studies on community enterprises are available, there is no broad convergence on the definition and the type of entrepreneurship that characterises them (Buratti *et al.*, 2022b). Frequently, CEs are intended as a particular category of social enterprise due to the social nature of their aims (Pearce, 2003; Tracey *et al.*, 2005). However, CEs may take various forms, depending on the type of stakeholder involvement, the features of the target area, and the type of activities carried out. Therefore, different definitions can be found in the literature. This leads to diversity in definitions to the extent that Albanese (2021) and Buratti *et al.* (2022b) view CE as a fuzzy concept. Johannisson and Nilsson (1989) described CEs as enterprises aimed at both business venturing and community revitalization. In defining CEs, Peredo and Chrisman (2006) focused on the community, which acts collectively as an entrepreneur and enterprise for the common good. This view of the community as a unified body of individuals has not always been shared, as there may be CEs that involve only part of the target community (Somerville and McElwee, 2011). Following the Development Trusts Association (2000), CEs work for sustainable regeneration in a specific community developing a mix of economic, environmental, cultural, and social activities. They are independent, not-for-profit organizations and involve local people. Considering this, some authors view CEs as hybrid organisations (Tracey *et al.*, 2011).

Following Buratti *et al.* (2022b), several distinguishing features are useful in identifying CEs. They are usually bottom-up collective entrepreneurial initiatives. CEs aim to achieve economic, social and environmental goals for the well-being of the target community and carry out a mixture of activities (economic, environmental, cultural and social) (Albanese, 2021 and 2022). CEs, therefore, pursue multiple logics (profitability and social goals) and are locally accountable (Van Meerkerk *et al.*, 2018; Kleinhans *et al.*, 2019). Furthermore, they usually grow in depleted contexts, namely in areas characterised by depopulation, low-income levels, lack of services, and job

¹ Details are available at the following link: <https://www.mcfiemme.eu/>.

opportunities (Buratti *et al.*, 2021; Albanese, 2022). Given all this, a suitable definition is that provided by Buratti *et al.* (2022b, p.20), which consider CE as “*an organization established by people living and/or working in a spatially defined community, that engages in commercial activity. By leveraging local resources and social capital, it operates for the development of the local community, by bringing economic, social and/or environmental benefits. It is locally accountable and involves local people in its activities and governance*”.

In the vast majority of cases, Italian CEs are cooperatives (Mori and Sforzi, 2018; Buratti *et al.*, 2022a). This feature probably stems from the long cooperative tradition of Italy (Bernardi, 2007), the mutualism at the heart of these initiatives and the advantages that the cooperative form offers in terms of democratic governance and interrelations between the enterprise and the target community (Buratti *et al.*, 2022a). As shown in many studies (Euricse, 2016; IRECOOP, 2016; Me.Co., 2019), Italian community cooperatives (CCs) may differ, even considerably, and it is not easy to identify the determinants. However, the specificities of the areas where CCs are born (Buratti *et al.*, 2022a), such as inner areas (UVAL, 2014), and the regulatory variable play an important role. In particular, Italian CCs may differ as there are different regional laws governing community cooperatives in Italian regions¹. In addition, at the national level, there is no law recognising CCs as a type of enterprise or a cooperative category. Therefore, the label community cooperative indicates status and is not a recognised type of enterprise (Alleanza delle Cooperative Italiane, 2018).

As pointed out by Interreg Me.Co. Project (2019) and Buratti *et al.* (2022b), the literature essentially offers qualitative knowledge on CEs and a mapping of these companies and quantitative analyses would be necessary. In the Italian case, no consolidated data on CCs are available. A survey was recently conducted by Venturi and Miccolis (2021), but only an executive summary is available (released after filling in a form). The purpose of this paper is to support the development of an overview of Italian CCs and to identify a method to map and regularly analyse these organisations.

Methodology

As pointed out in previous work (Albanese, 2022), Italian CCs are elusive organisations as they are difficult to detect in databases as community enterprises. This is an obstacle and prevents the development of periodic analyses. To this end, the only certainty available is that Italian CEs are cooperatives in the vast majority of cases (Euricse, 2016; IRECOOP, 2016; Me.Co., 2019). To tackle the most challenging task, namely the identification of Italian CEs, I relied on this feature. In Italy, there is in fact a register of cooperatives² in which active cooperatives and winding up

¹ An overview of the main features of the laws of some Italian regions can be found at the following link: <https://www.legacoop.coop/cooperativedicomunita/sintesi-delle-leggi-regionali/>.

² The register can be consulted at the following link: <https://dati.mise.gov.it/index.php/lista-cooperative>.

cooperatives (not those that have been discontinued) are listed. Therefore, this register contains the Italian CEs. The problem is that the register permanently contains more than 100,000 records. Since the community cooperative is not a recognised category of enterprise, it is not possible to filter the register and identify Italian CCs. However, by applying a few keyword queries, it was possible to considerably reduce the number of database records. After this, searches were conducted on all cooperatives in the subset to recognise Italian CCs. In particular, searches were conducted on the web and the main social networks (Facebook and Instagram). This demanding activity allowed for not only the exclusion of enterprises that are not CCs but also the identification of cooperatives that were excluded from the filters initially applied. A typical case is when, while searching for information on community cooperative A, it was discovered that the latter received funding together with community cooperatives B and C. Furthermore, by searching the web and literature analysis, additional CCs and some discontinued CCs were identified. The latter are few in number, but their study can be very interesting in understanding the weaknesses of Italian CCs. This time-consuming activity was completed in early 2021 and resulted in the selection of 229 Italian CCs founded before 2021. Based on this sample, I developed a secondary data analysis (Johnston, 2014) by exploiting data available in different databases such as Bureau van Dijk's AIDA and MISE's database on cooperative companies.

Main results

In Italy, the phenomenon of community cooperation has accelerated significantly since 2015. In fact, considering the year of the foundation of the selected CCs, one can see that the areas assigned to the last years fill a large part of the treemap visualisation (see Figure 1). As noted by Buratti *et al.* (2021) through the analysis of an exemplary case, among Italian community cooperatives some enterprises were not born as community cooperatives but have become CCs. This trend is difficult to analyse by studying such a large sample since specific in-depth studies and interviews would have to be conducted. However, some signs may come from the cooperatives in the sample that changed their name by including the term “community”. In about 4% of the cases, this modification occurred, and it is interesting to note that these companies were established before 2012. Therefore, this seems to be a way for existing enterprises to identify themselves as community cooperatives.

But where are community cooperatives located? Figure 2 shows how the sample is spread across the Italian regions. The highest density is in Tuscany and Emilia Romagna, followed by Abruzzo, Apulia, Liguria, and Campania. Taking into account the year of foundation and location, Figure 3 offers some heatmaps showing where community cooperatives have grown in Italy. Until 2010 these enterprises were mainly present in specific areas of northern and central Italy. Subsequently, the number of CCs grew in neighbouring areas, probably in the wake of some successful

experiences. In the last five years, the phenomenon has grown noticeably and has affected a large part of Italy.

However, it should be noted that, while there are many positive experiences, there are also community cooperatives that have faced difficulties and have gone out of business. These cooperatives account for almost 10% of the sample (Figure 4). CCs operate in most cases (more than 80%) in economic sectors related to the service macro sector, namely social assistance, commerce, landscape maintenance and care, tourism and cultural heritage management. The form of the social cooperative is quite widespread (about 23% of the sample), although other categories of cooperatives are very common among Italian CCs (Figure 4), such as production and work cooperatives or cooperatives belonging to the residual class of “other cooperatives”. The latter class assumes a significant weight within the sample.

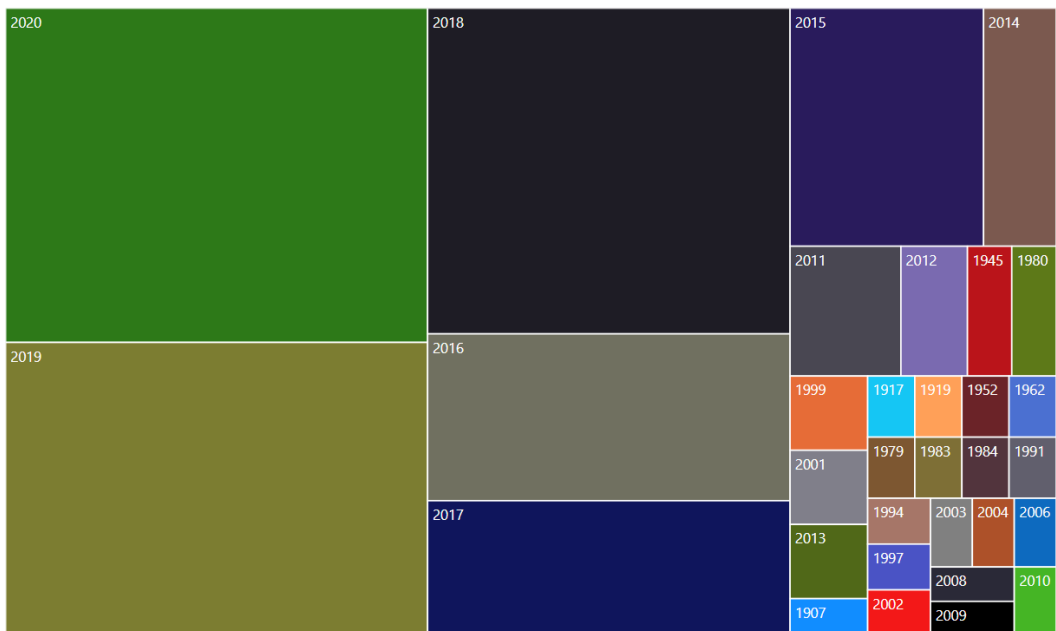


Figure 1 – Italian community cooperatives by year of foundation
 Source: elaboration on AIDA data (Bureau van Dijk)

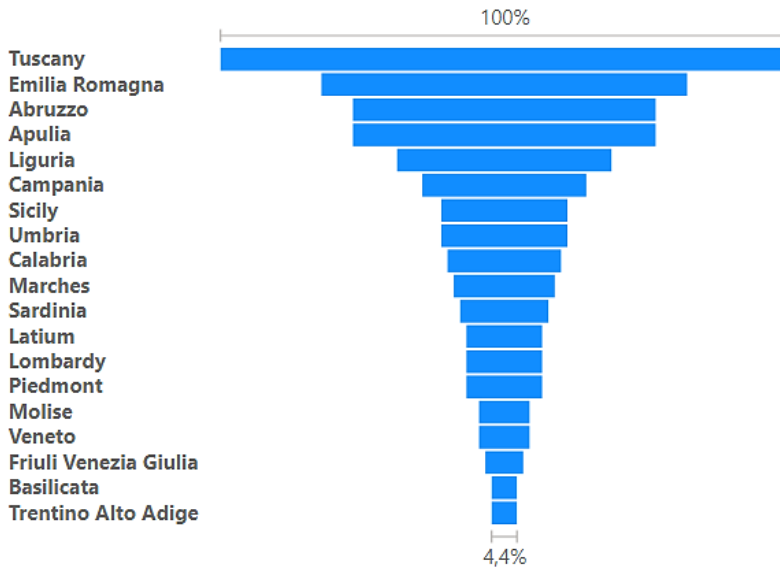
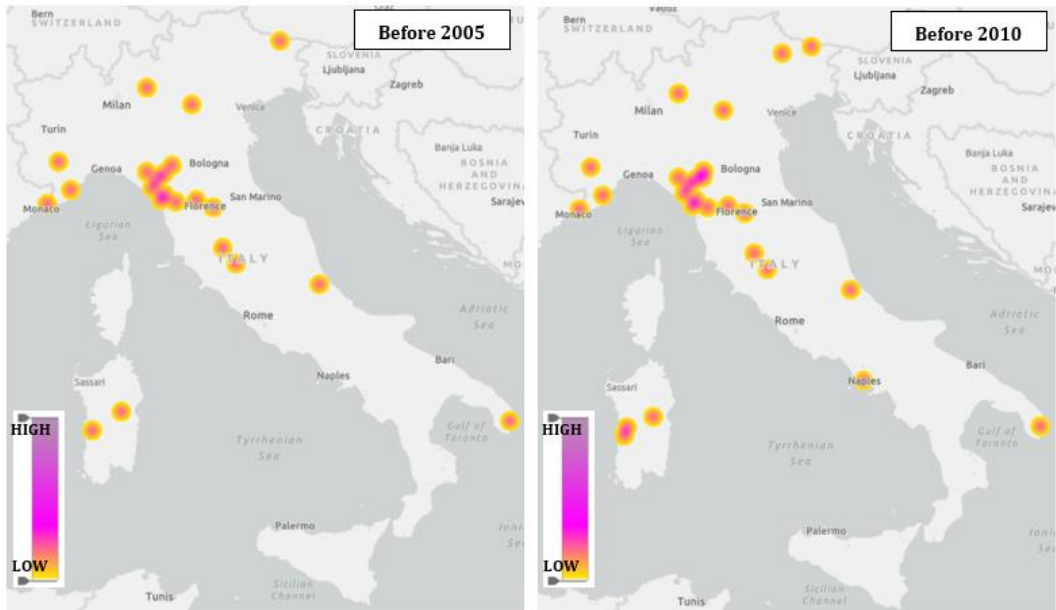


Figure 2 – Italian community cooperatives by region. Source: elaboration on AIDA data (Bureau van Dijk)



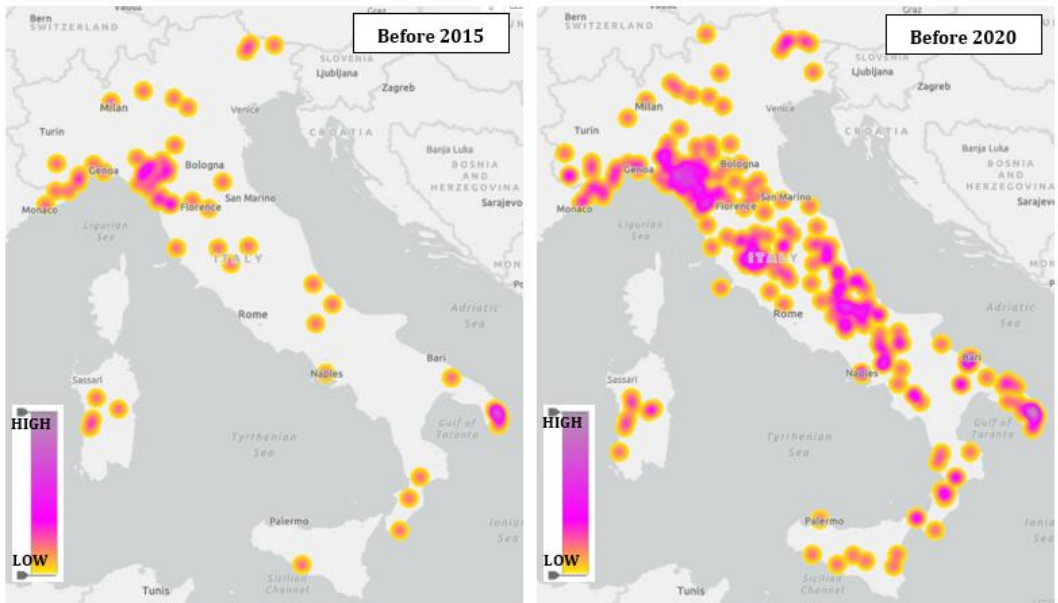


Figure 3 – Locations of Italian community cooperatives

Notes: the heatmaps consider enterprises born as CC and become CC and include some discontinued CCs.

Source: elaboration on AIDA data (Bureau van Dijk)

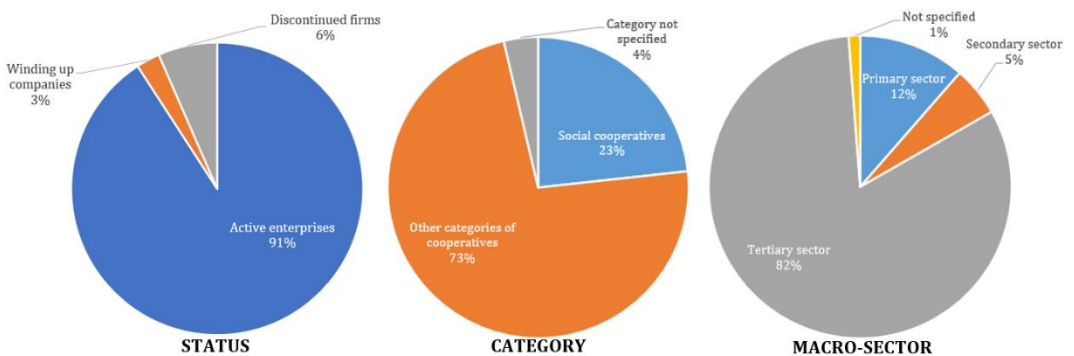


Figure 4 - The status, category, and macro-sectors of the selected CCs

Notes: The class “Other categories of cooperatives” includes the categories of cooperatives that are not social enterprises. The class “Category not specified” includes cooperatives with missing data.

Source: elaboration on AIDA data (Bureau van Dijk)

Discussion

The method used to identify the sample appears to be effective, as the number of CCs identified is higher than the sample of the analysis developed by Venturi and Miccolis (2021), who mapped 188 CCs at the end of June 2021. Since no one can currently be certain about the total number of Italian CCs, it is not possible to indicate the level of representativeness of the sample. However, considering the only analysis available to date, I believe that the level of representativeness of this work is good and that its results expand knowledge of Italian CCs. Unfortunately, the method used has some limitations in terms of efficiency, since the activities for the identification of CCs started in June 2019. However, the heaviest work has been done, and updates can now be carried out on a six-monthly or annual basis to have an up-to-date picture.

As Figures 1 and 2 as well as Venturi and Miccolis (2021) show, community cooperation is growing in Italy and some Italian regions include a high number of CCs. Different factors may have contributed to this feature. Certainly, the presence of disadvantaged areas is an important factor. However, inner areas exist in many Italian regions. Therefore, other determinants are proposed. Regions with a high ranking have issued regional laws defining community cooperatives and recognising their role in terms of economic and social development and territorial cohesion. In particular, some regions have implemented policies and actions and provided funding to support community cooperatives. For example, Tuscany went on to offer new funding and in 2022 published a call aimed at facilitating the creation, development, and consolidation of CCs. Through this call, nonrepayable contributions are provided equally to 80% of the amount of the admitted project (for a value from a minimum of 20,000 euros to a maximum of 100,000 euros). Therefore, to support community entrepreneurship, it is not enough to issue a law, but financial support must also be provided since in most cases community enterprises operate where traditional enterprises have previously failed. Another factor that seems to favour the birth of community enterprises is the attitude towards cooperation. Emilia Romagna has long traditions in cooperative enterprises (Degl'Innocenti, 1990; Bartlett and Pridham, 1991), so there is *humus* in this region that favours the creation of CCs. This is combined with the imitation effect (Santarelli and Tran, 2021) since Emilia Romagna has two of the most famous Italian CCs, which are internationally successful cases, namely “Valle dei Cavalieri” and “I Briganti di Cerreto” (Buratti *et al.*, 2022a). These considerations are confirmed by some evidence from a case study developed in Interreg Me.Co. Project (2019). In an interview, in fact, one of the representatives of the community cooperative “Impossible” (located in Reggio Emilia) stated that the cooperative was born in the wake of the successful experiences of the CCs “Valle dei Cavalieri” and “I Briganti di Cerreto”. Consistent results come from Figure 3, which shows that the areas with the highest density of CCs are located on the border between Tuscany and Emilia Romagna, especially in the province of Reggio Emilia and neighbouring areas.

Although the literature emphasises the resilience of CEs (Somerville and McElwee, 2011; Depedri and Turri, 2015), they are often small organisations that may encounter difficulties that jeopardise the enterprise lifecycle. In the sample, the mortality rate of CCs is around 10% (Figure 4). However, this percentage is expected to increase due to the impact of the pandemic on a large part of Italian companies, especially SMEs. In fact, looking at the 2019 annual reports of the sample, the average size in terms of employees is less than 6 and the average revenue is around 240,000 euros. The literature analysed qualifies CEs as a sub-species of social enterprises. The available evidence partly confirms this, as around 23% of the sample takes the form of social cooperatives (Figure 4). However, it would be interesting to understand why numerous CCs fall into the residual class “other cooperatives”.

Finally, given the places where CCs are usually born and their purposes, it is not surprising that the sectors where they operate are predominantly the tertiary and primary macro sectors. In this regard, it must be specified that the data refer to the sector in which CC mainly operates, but since CCs are in most cases multibusiness (Buratti *et al.*, 2021), the results of Figure 4 have some limitations.

Conclusion

Community enterprises are important because they generate social, environmental, and economic benefits. Therefore, having an overview of these organisations (places of birth, activities, main issues, etc.) is useful for scholars, policymakers, and practitioners. In terms of suggestions for future research, the study calls for more in-depth and updated analyses. From this perspective, it is recommended that quantitative research be advanced on a national and international scale. Whether on a national level, these projects can be carried out by small groups of researchers. However, as Buratti *et al.* (2022b) note, the development of an international picture must necessarily involve institutional actors (e.g., the European Social Enterprise Network or EMES).

This paper seeks to expand knowledge of Italian CCs. The empirical results partly confirm and partly complement the findings of the only available survey on Italian CCs (Venturi and Miccolis, 2021). The study defined a method for the identification of Italian CCs that will allow the picture to be updated periodically. This is a significant achievement considering that CCs are companies that are difficult to identify in the available databases.

In addition, considering that CEs are multipurpose enterprises (Calouste Gulbenkian Foundation, 1982), they should invest in reporting and disclosing their achievements to different stakeholders. This is not an easy task because CEs are often small enterprises, which may therefore lack suitable expertise. However, support could come from future studies which should develop a flexible and easily applicable approach to periodically communicate the results of these organisations.

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<https://www.aiccon.it/economie-di-luogo-fotografia-e-dimensioni-qualitative-delle-cooperative-di-comunita/>.

Appendix A

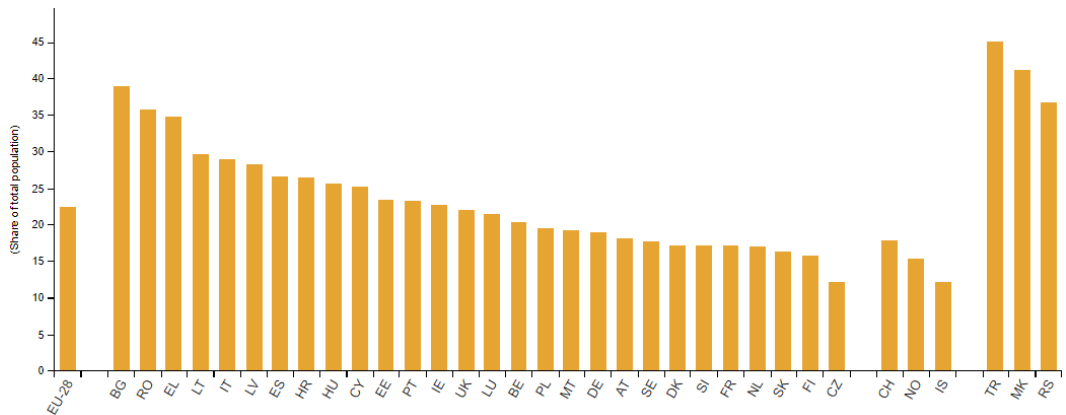


Figure A1 – EU population at risk of poverty of social exclusion (rate, 2017)

Notes: Switzerland, Norway, Iceland, Turkey, North Macedonia: 2016 data instead of 2017

Source: Eurostat (2019)