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FEATURES OF THE INTRODUCTION OF DISTANCE LEARNING IN HIGHER EDUCATION INSTITUTIONS

For Kazakhstan, the large-scale introduction of highly effective distance education technologies is an urgent and urgent task, and real prerequisites have been created for its solution. This is indicated by the following facts. The development and implementation of distance learning technologies is becoming increasingly important. Progress in this area is an important factor in reforming and improving Kazakhstan's education system, bringing it in line with international requirements and integrating it into the international educational space.

Kazakhstan has enough forces, resources and highly qualified specialists to solve these problems. It is only necessary to carefully and thoroughly study them and adjust them in the course of implementation¹.

Similar problems are observed in vocational education. Organizations of technical professional education (colleges and universities) they are mainly concentrated in large cities, where there are highly qualified teaching staff. Meanwhile, there is a noticeable shortage of specialists of all categories in the periphery, which cannot be met without addressing the issue of providing the local population with the opportunity to get a full-fledged professional education.

These are significant social problems that contain an element of violation of the constitutional rights of certain categories of citizens and discrimination based on their place of residence and physical health. Understanding this, the state seeks opportunities and takes all measures to solve these problems. At the same time, the introduction of distance learning technologies is considered as a priority area.

In many countries of the world, distance learning technologies are widely used in the higher education system *дистанционные образовательные технологии*, which

¹ Tumalev V. V. Socio-economic problems of distance learning implementation. Russia in the WTO: problems, tasks, prospects. – Saint Petersburg: Institute of Business and Law, 2012. – P. 350–356.

is why the number of universities that effectively use distance learning technologies is growing¹.

They are most widely used in such countries as the USA, Great Britain, France, Spain, China, Germany, etc. Thus, more than 20 thousand students study at the Open University of Great Britain every year, more than 50 thousand students study at the Open University of Hagen (Germany), and more than 68 thousand students study at INTEC College in Cape Town (South Africa) using the distance learning system every year. The popularity of distance learning technologies in developed countries is characterized by the use of distance learning technologies in many universities. In the United States, DO is used by about 60% of universities. University distance education has been operating effectively in Spain for 30 years. Since 1970, distance learning has been actively developing throughout Europe. Open universities based on DO are also widely used.

Currently, in the UK, there are more than 50% of educational programs for obtaining a master's degree in management using DO. The leading organization in this field is the Open Business School of the Open University of Great Britain.

At the same time, it should be noted that LMS is also being intensively developed in third world countries, with its own differences in content, which is explained by the peculiarities of cultural, pedagogical and other traditions in a particular country.

Most universities in the United States, Great Britain, and other developed countries of the world offer distance learning not only in general, but also for obtaining bachelor's and master's degrees in various fields. The Open University of Great Britain offers 53 such courses of different levels in different specialties: short – term courses – to expand your own horizons or improve your skills in a particular field, full-time courses – to get a specific certificate, diploma, i.e. to get a specialty.

In the United States, Great Britain, Australia, Canada, and Germany, the development of the Internet has created conditions for organizing distance education networks. And this process is experiencing a real boom today. The most advanced distance education projects are implemented on the basis of or with the support of the largest computer companies-IBM, Apple, DEC, Sun, Novel, Microsoft, etc.

In Kazakhstan, in recent years, work has been launched to introduce technologies of electronic and virtual education. It is carried out in several relatively independent directions. These include the introduction of distance learning technologies, a testing system, the creation of internal local networks, websites, and providing Internet access. Many open universities in Europe, the United States, and Russia recruit and train specialists on the territory of the Republic through their virtual universities. Hundreds

¹ Bordiyanu I. V. Improving the organization and management of distance learning in the system of higher education of the Republic of Kazakhstan: dis. ... Doctor of Philosophy (PhD): specialty 6D050000-Business. – Almaty, 2011. – 143 p. (in Russian).

of Kazakhstan have received and are still receiving distance education at these universities, including through training programs at two universities at the same time¹.

Currently, a number of leading universities are working in this direction. These are KazNU named after Al-Farabi, KazNTU named after K. Satpayev, EKSTU named after D. Serikbayev, KarSTU, SKSU named after M. Auezov, KarSU named after E. Buketov, Karaganda Economic University of Kazpotrebsoyuz, Ryskulov KEU, Turan University, North Kazakhstan University named after M. Kozybayev, KRU, Miras University and others.

In the country's universities, more than 16 thousand computers in 700 computer classes are connected to the Internet, and more than 140 thousand students have direct access. These indicators are growing annually.

KazNTU named after K. Satpayev in recent years has increased the number of computers to 3.5 thousand, there are 97 computer classes and laboratories, 80 multimedia classrooms, several video conference rooms. All academic buildings and dormitories are connected by fiber-optic communication. 2.3 thousand computers are connected to the network, and 19.6 thousand students, teachers and employees have Internet access. The speed has increased from 2 Mbps to ten, and this figure will be doubled in the near future. Today, this is the highest level among universities in the Republic.

KazNTU's educational webportalKazHTY, which includes a variety of e-learning materials, provides opportunities for virtual communication with teachers, provides access to an electronic library and an electronic catalog of 70 thousand titles, has become very popular. Data on registration of the portal's attendance (1.03 million visits by students and teachers, 78.3 thousand employers) indicate its growing demand not only among the university staff, but also in other cities of Kazakhstan, as well as in Russia, the Netherlands, Ukraine, Kyrgyzstan, and Tajikistan.

The created Polytech corporate information system and KazNTU IT infrastructure represent the most advanced university version of the electronic university in the country².

D. Serikbayev EKSTU Серикбаева implemented the project "Virtual University". Educational process management, testing, distance learning, an educational portal, an electronic library and a whole range of other services are provided within the framework of this e-university. The accumulated experience of EKSTU shows that with the correct formulation of the case and its dynamic support, such projects can be implemented in the country at the level of modern requirements and world standards.

¹ Andreev A. A., Soldatkin V. I. Distance learning: essence, technology, organization, – Moscow: MESI Publishing House, 2009. – 196 p.

² Artykbaeva E. V. Creating digital educational resources: the beginning of a long journey // Bulletin of the Academy of Pedagogical Sciences of Kazakhstan. 2009. – No. 1. – P. 9–13.

Currently, an interuniversity electronic library is being created in the Republic. About 90 thousand electronic textbooks, about a million articles, manuals, and books on media are accumulated in the electronic libraries of the country's universities. The electronic catalog of university libraries has reached 3.3 million titles and continues to grow. The Association of Universities of Kazakhstan and Ассоциация “the Kaz-RENA Association”, with the support of the Ministry of Education and Science of the Republic of Kazakhstan, are working to combine university electronic resources.

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MAIN PRINCIPLES OF ORGANIZATION OF PRODUCTION PROCESS IN MODERN CONDITIONS IN DEVELOPING PRODUCTION ORGANIZATION

Abstract. The article deals with the main aspects of the organizational and economic organization of the production process at the enterprise. Modern production is a complex process of converting raw materials, materials, semi-finished products and other objects of labor into finished products that meet the needs of society. The totality of all the actions of people and tools carried out at the enterprise for the manufacture of specific types of products is called the production process. In Kazakhstan it is very important to improve production processes in order to increase competitive advantage in the developing competitive market conditions.

Keywords: organization of production, principles of production, production systems, production companies.

According to their purpose and role in production, processes are divided into: main, auxiliary and service and non-core facilities. The main are called production processes, during which the production of the main products manufactured by the enterprise is carried out. The timeliness and high-quality implementation of the main production largely depends on how the work of auxiliary and service production is established, which are subordinated to the task of better providing the enterprises of the main production with materials, equipment, etc. In modern conditions, especially in automated production, there is a tendency to integrate the main and service processes¹. So, in flexible automated complexes, the main, picking, warehouse and transport operations are combined into a single process.

Auxiliary production enterprises are enterprises that, not being directly related to the manufacture of the main product, serve and create conditions for the normal operation of the main production. Auxiliary production enterprises include enterprises that manufacture products consumed by the main production and thereby contribute to the production of final products, ensuring the normal operation of the main production. Service enterprises are organized to serve the main and auxiliary enterprises. A service production process is a labor process, as a result of which no product is created. Service enterprises include enterprises engaged in the supply

¹ Taschereau-Dumouchel M. Cascades and fluctuations in an economy with an endogenous production network. SSRN Electronic Journal. 2019. URL: <https://doi.org/10.2139/ssrn.3115854>

of materials and spare parts, laboratories, design and research institutes, transport enterprises, etc¹.

The organization of production processes consists in combining people, tools and objects of labor into a single process for the production of material goods, as well as in ensuring a rational combination in space and time of the main, auxiliary and service processes. The spatial combination of elements of the production process and all its varieties is implemented on the basis of the formation of the production structure of the enterprise and its constituent units². In this regard, the most important activities are the choice and justification of the production structure of the enterprise, i.e. determination of the composition and specialization of its constituent units and the establishment of rational relationships between them.

The spatial combination of elements of the production process and all its varieties is implemented on the basis of the formation of the production structure of the enterprise and its constituent units. In this regard, the most important activities are the choice and justification of the production structure of the enterprise, i.e. determination of the composition and specialization of its constituent units and the establishment of rational relationships between them. During the development of the production structure, design calculations are carried out related to determining the composition of the equipment fleet, taking into account its productivity, interchangeability, and the possibility of effective use. Rational planning of divisions, placement of equipment, jobs are also being developed. Organizational conditions are created for the smooth operation of equipment and direct participants in the production process – workers³.

One of the main aspects of the formation of the production structure is to ensure the interconnected functioning of all components of the production process: preparatory operations, basic production processes, maintenance. It is necessary to comprehensively substantiate the most rational organizational forms and methods for the implementation of certain processes for specific production and technical conditions. An important element in the organization of production processes is the organization of the labor of workers, which specifically implements the combination of labor power with the means of production. Labor organization methods are largely determined by the forms of the production process. In this regard, the focus should be on ensuring a rational division of labor and determining on this basis the professional and qualifica-

¹ Taschereau-Dumouchel M. Cascades and fluctuations in an economy with an endogenous production network. SSRN Electronic Journal. 2019. URL: <https://doi.org/10.2139/ssrn.3115854>

² Quintin E. Limited enforcement and the organization of production. *Journal of Macroeconomics*,– 30(3). 2008.– P. 1222–1245. URL: <https://doi.org/10.1016/j.jmacro.2007.05.005>

³ Mangin S. A theory of production, matching, and Distribution. *Journal of Economic Theory*,– 172. 2017.– P. 376–409. URL: <https://doi.org/10.1016/j.jet.2017.09.009>

tion composition of workers, the scientific organization and optimal maintenance of workplaces, and the all-round improvement and improvement of working conditions¹.

The organization of production processes also implies a combination of their elements in time, which determines a certain order for performing individual operations, a rational combination of the time for performing various types of work, and the determination of calendar and planning standards for the movement of objects of labor. The normal course of processes in time is also ensured by the order of launch-release of products, the creation of the necessary stocks (reserves) and production reserves, the uninterrupted supply of workplaces with tools, blanks, materials. An important direction of this activity is the organization of the rational movement of material flows. These tasks are solved on the basis of the development and implementation of systems for operational planning of production, taking into account the type of production and the technical and organizational features of production processes. Finally, in the course of organizing production processes at an enterprise, an important place is given to the development of a system for the interaction of individual production units².

The principles of the organization of the production process are the starting points on the basis of which the construction, operation and development of production processes are carried out.

The principle of differentiation involves the division of the production process into separate parts (processes, operations) and their assignment to the relevant departments of the enterprise. The principle of differentiation is opposed by the principle of combination, which means the unification of all or part of the diverse processes for the manufacture of certain types of products within the same area, workshop or production. Depending on the complexity of the product, the volume of production, the nature of the equipment used, the production process can be concentrated in any one production unit (workshop, section) or dispersed over several units. The principles of differentiation and combination also apply to individual jobs. A production line, for example, is a differentiated set of jobs. In practical activities for the organization of production, priority in the use of the principles of differentiation or combination should be given to the principle that will provide the best economic and social characteristics of the production process. Thus, in-line production, which is characterized by a high degree of differentiation of the production process, makes it possible to simplify its organization, improve the skills of workers, and increase labor productivity. However, excessive differentiation increases worker fatigue, a large number of operations

¹ Quintin E. Limited enforcement and the organization of production. *Journal of Macroeconomics*,– 30(3). 2008.– P. 1222–1245. URL: <https://doi.org/10.1016/j.jmacro.2007.05.005>

² Boehm J., & Oberfield E. Misallocation in the market for inputs: Enforcement and the organization of production*. *The Quarterly Journal of Economics*,– 135(4). 2020.– P. 2007–2058. URL: <https://doi.org/10.1093/qje/qjaa020>

increases the need for equipment and production space, leads to unnecessary costs for moving parts, etc.

The principle of concentration means the concentration of certain production operations for the manufacture of technologically homogeneous products or the performance of functionally homogeneous work in separate workplaces, sections, workshops or production facilities of the enterprise. The expediency of concentrating homogeneous work in separate areas of production is due to the following factors: the commonality of technological methods that necessitate the use of the same type of equipment; equipment capabilities, such as machining centers; an increase in the output of certain types of products; the economic feasibility of concentrating the production of certain types of products or performing similar work¹.

When choosing one or another direction of concentration, it is necessary to take into account the advantages of each of them. With the concentration of technologically homogeneous work in the subdivision, a smaller amount of duplicating equipment is required, the flexibility of production increases and it becomes possible to quickly switch to the production of new products, and the load on equipment increases. With the concentration of technologically homogeneous products, the costs of transporting materials and products are reduced, the duration of the production cycle is reduced, the management of the production process is simplified, and the need for production space is reduced.

The principle of specialization is based on limiting the diversity of the elements of the production process. The implementation of this principle involves assigning to each workplace and each division a strictly limited range of works, operations, parts or products. In contrast to the principle of specialization, the principle of universalization implies such an organization of production, in which each workplace or production unit is engaged in the manufacture of parts and products of a wide range or the performance of heterogeneous production operations. The nature of the specialization of departments and jobs is largely determined by the volume of production of parts of the same name. Specialization reaches its highest level in the production of one type of product. The most typical example of highly specialized industries are factories for the production of tractors, televisions, cars. An increase in the range of production reduces the level of specialization. A high degree of specialization of departments and workplaces contributes to the growth of labor productivity due to the development of labor skills of workers, the possibility of technical equipment of labor, minimizing the cost of reconfiguring machines and lines. At the same time, narrow specialization reduces the required qualifications of

¹ Strategy switching and industrial policies. *The Process of Economic Development*, 2014.– P. 369–409. URL: <https://doi.org/10.4324/9780203080580-20>

workers, causes monotony of labor and, as a result, leads to rapid fatigue of workers, and limits their initiative¹.

Violation of the principle of proportionality leads to disproportions, the appearance of bottlenecks in production, as a result of which the use of equipment and labor is deteriorating, the duration of the production cycle increases, and the backlog increases. Proportionality in the workforce, space, equipment is already established during the design of the enterprise, and then refined during the development of annual production plans by conducting so-called volumetric calculations – when determining capacities, number of employees, and material requirements. Proportions are established on the basis of a system of norms and norms that determine the number of mutual relations between various elements of the production process. The principle of proportionality implies the simultaneous execution of individual operations or parts of the production process. It is based on the premise that the parts of a dismembered production process must be combined in time and performed simultaneously².

In modern conditions, the tendency towards the universalization of production is increasing, which is determined by the requirements of scientific and technological progress to expand the range of products, the emergence of multifunctional equipment, and the tasks of improving the organization of labor in the direction of expanding the labor functions of the worker. The principle of proportionality lies in the regular combination of individual elements of the production process, which is expressed in a certain quantitative ratio of them to each other. Thus, proportionality in terms of production capacity implies equality in the capacities of sections or equipment load factors. In this case, the throughput of the procurement shops corresponds to the need for blanks in the machine shops, and the throughput of these shops corresponds to the needs of the assembly shop for the necessary parts. This implies the requirement to have in each workshop equipment, space, and labor in such a quantity that would ensure the normal operation of all departments of the enterprise. The same ratio of throughput should exist between the main production, on the one hand, and auxiliary and service units, on the other.

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POVERTY REDUCTION METHODS IN THE CASE OF MODERN DEVELOPMENT OF KAZAKHSTANI ECONOMY

Abstract. Despite significant progress in the development of world society, the problem of poverty is not only reduced, but often aggravated. According to the existing assessment of the UN, poverty is universal, worldwide. There are rich countries, and there are poor ones, but there is a poor population in any country, and as a result, there are huge social contradictions and these contradictions are aggravated. In this article the current problem of poverty reduction in Kazakhstan is observed in the case of programs directed to struggle with the challenge of poverty and how methods of poverty reduction can be implemented in order to solve the problem.

Keywords: poverty, poverty reduction, problems of economics, economics of developing countries.

Poverty is also an economic problem. Poor people have low purchasing power and, as a rule, there are no good skilled workers among them. Indirectly, poverty is an environmental and cultural problem. The first – arises as a result of the lack of opportunities for people to live in comfortable housing. The second one comes from the cultural and aesthetic perception of the poor through the eyes of middle- and high-income people.

William Easterly is an American economist and professor of economics at New York University. In his book *In Search of Growth: The Adventures and Misadventures of Economists in the Tropics*, he examines the experience of economists in fighting poverty in the Third World¹. Of course, the economic condition of Kazakhstan is much better, however, the conducted studies have explained why the applied policy in the fight against poverty does not bring the expected results.

All measures of state financial support – raising tax rates, subsidies – in most cases are aimed at redistributing existing finances, and not at stimulating economic growth. Lump sum payments as state support, combined with growing tax rates, cannot contribute to the positive dynamics in the development of the welfare of the population.

Poverty in Kazakhstan is explained by the polarization of population groups with high and low levels of well-being. The former are interested in increasing sources of income, while the latter are interested in receiving instant support to meet short-term

¹ Easterly W., & Levine R. *The European origins of Economic Development*. 2012. URL: <https://doi.org/10.3386/w18162>

needs, investing funds in which they will not create a source of funds. In the current conditions, the population of Kazakhstan needs to change the direction of thinking about ways to improve well-being, it is necessary to strive to obtain long-term sources of income.

The state should direct measures to support existing long-term sources of income and create new ones. At the same time, funds should be directed to priority areas of the population's life that contribute to the improvement of the population's well-being – health care, education, and legislation.

The healthcare sector speaks for itself and implies the provision of medical care to all settlements. Due to the development of education, labor potential will grow and a qualified layer of the population will grow, which in the future will be able to create conditions for the growth of their own well-being and the well-being of others. Legality implies the improvement of the legislative framework, which would contribute to the creation of favorable conditions for realizing the potential for economic growth¹.

Scientists of the post-Soviet space in the field of state economics argued that there are many reasons leading to poverty – the loss of a job or a breadwinner, a large number of dependents, an obligation to relatives, but there are reasons that do not depend on the individual's behavior: social conditions and the quality of institutions, government policies lead to mass poverty². Demographics – A high proportion of young people and rapid population growth puts pressure on the labor market, which drives down nominal wages.

Polarization is a consequence of the work of institutions. As experience shows, the large-scale expropriation of wealth and its circulation in favor of the poor classes can increase their level of well-being, but to a small extent and not for long. Economists and sociologists of the United Nations and the World Bank have determined the level of poverty – \$2 per day per person, taking into account purchasing power parity. In some countries, people are considered poor if their income is less than 50% of the median income³. Thus, poverty is a political issue. The decline in the quality of education and the health of the population are derivatives of the property stratification of society.

Short-term and long-term programs, the establishment of a minimum wage level, the implementation of targeted social support can improve the well-being of the population, but not for long. Most projects in the field of demography, education,

¹ Leventi C., Sutherland H., & Tasseva I.V. Improving poverty reduction in Europe: What works best where? *Journal of European Social Policy*,– 29(1). 2018.– P. 29–43. URL: <https://doi.org/10.1177/0958928718792130>

² Popova D. 'Distributional Impacts of Cash Allowances for Children: A Microsimulation Analysis for Russia and Europe', *Journal of European Social Policy* – 26(3). 2016.– P. 248–67.

³ Bangura Y. Developmental pathways to poverty reduction. *Developmental Pathways to Poverty Reduction*, 2015.– P. 3–29. URL: https://doi.org/10.1057/9781137482549_1

healthcare, support for small and medium-sized businesses have an indirect impact on poverty reduction. To obtain a long-term effect in the fight against poverty, it is necessary to reduce inflation and accelerate economic growth. However, fiscal inflation has taken root in Kazakhstan, depending on the size of tax rates and tariffs.

In turn, the positive experience of rapid economic growth can be traced in Japan, South Korea, China and other Asian regions. In order to understand the principle of operation of the mechanism for increasing the economic power of the state, it is enough to consider the experience of Japan. Since 1962, the country has rushed towards the development of its potential. Thus, productivity growth amounted to 8% per year, which exceeded the same indicator in the United States by 4 times. Per capita income rose from 27% to 84% of the US figure¹. But one should not ignore the sharp decline in economic growth as a result of changes in the structure of exports.

Among the reasons for economic growth are: high qualification of personnel and adherence to a strict mechanism for selecting specialists; technology import; the loyalty of employees of the corporation, the creation of a career in one company; liquid wage system; awareness of the decision maker about the problem of the corporation; the desire to surpass others and win the maximum market share; a large number of small and medium-sized companies; obtaining patents for the development of innovative products; consumer commitment to new products; the state co-finances promising developments; introduction of energy-saving technologies².

Also, unlike Kazakhstan, in Japan it is very difficult to import or purchase imported technology. This is how Japan's own production was stimulated. In Kazakhstan, renewal or primary equipment (fixed capital) of the company is purchased from foreign manufacturers, which reduces the motivation to develop their own technologies and the demand for domestic products.

Thus, the opinions of experts indicate that it is possible to achieve an increase in the level of well-being and a decrease in poverty through a combination of investments in small and medium-sized businesses as a long-term source of income, as well as through a decrease in the unemployment rate with the resulting improvement in social living conditions. All these properties are combined in such a type of economic activity as social entrepreneurship.

Social enterprises can be created in various areas of the market – helping people with limited mobility, education, sports, ecology, protection and assistance to animals. Social entrepreneurship differs from the usual commercial activity in its main idea – the creation of an effective business model that gives a social return. Social entrepreneurs

¹ Oi J. C. Development strategies and poverty reduction in China. *Developmental Pathways to Poverty Reduction*, 2015. – P. 230–256. URL: https://doi.org/10.1057/9781137482549_10

² Heintz J. Employment, economic development, and poverty reduction. *Developmental Pathways to Poverty Reduction*, 2015. – P. 30–54. URL: https://doi.org/10.1057/9781137482549_2

are able to involve in labor activity not only able-bodied people, but also people with limited mobility¹.

However, the issue of development and improvement of social entrepreneurship in Kazakhstan remains unfinished. As practice has shown, the state has not worked out the legislative framework for the functioning of the institution of social entrepreneurship, there is no effective financial support for social entrepreneurs, the entire information base about this type of business is located on the official websites of administrative bodies, which makes it difficult to disseminate the opportunities and advantages of social entrepreneurship. In turn, world practice shows that there are countries with a successful developed economy and a high level of well-being of the population, such as the UK, USA, Italy, Korea, Africa, India, which are leaders in the development of social entrepreneurship.

There is no legal definition of poverty in Kazakhstan. Therefore, the measurement of the number, proportion of the poor and their composition is carried out by calculation on the basis of proven mathematical formulas, an analysis of the dynamics of socio-economic processes, and the current social legislation. The latter provides for the definition of the subsistence minimum, which is the main measure of poverty in the Kazakhstani system of government.

Such a measurement of poverty is in demand, as a rule, when designing and implementing large-scale management measures in the social sphere, especially in the format of Kazakhstani state programs for program-targeted planning and budgeting. Meanwhile, there is another aspect of the demand for poverty measures – in the relationship of each person with a state body, since the criterion of poverty is taken into account by the systems of wages, pensions, social insurance, social assistance, etc. Moreover, this or that social measure has a declarative nature, requires, in order to make a decision, specific information about the composition of the beneficiary's family, his state of health, the amount of income received, and since 2017, also property. It turns out that, in practice, the social management system, in addition to aggregated indicators determined by government agencies, needs a large amount of additional information about poverty. In this work, the study of poverty was carried out in Kazakhstan on the basis of available information: data from a sample survey of family budgets, as well as other materials of state statistics.

The areas of activity and concrete measures to eliminate economic poverty as the main direction of the social policy of the city authorities may include:

- Development of a new methodology for calculating the food basket, taking into account actual data on the consumption of food and non-food products, the

¹ Barrientos A. Anti-poverty transfers and poverty reduction. Oxford Handbooks Online. 2018. URL: <https://doi.org/10.1093/oxfordhb/9780190499983.013.26>

list of services provided. In this methodology, it is also necessary to provide for an increase in the number of recipient groups (to develop, for example, a living wage for the disabled, a living wage wage for children aged 0–6 years, a living wage for children aged 6–15, etc.). The more this standard is differentiated, the more effective its use will be.

- The maximum reduction in the income deficit of the low-income population (for the group of the poor with incomes up to 100–150 thousand tenge / month).

- Setting the task of providing the population of Kazakhstan with a certain “standard of well-being” in terms of social security – an irreducible level of quality of life for citizens, which should be based on social standards approved by the state.

To reduce demographic poverty, it seems appropriate:

- Creation of a unified system of unified registration of low-income families with children 16. Moreover, specialized accounting is also needed for those who, being poor, do not receive social support in the region.

- As part of strengthening targeting and applying the principle of need in the social assistance system, adopt a regulation that determines how the released funds should be redistributed to social support for citizens who really need it. This is in line with the recommendations of the Ministry of Labor of the Republic of Kazakhstan to the executive authorities of the subjects of the Republic of Kazakhstan: to improve the mechanisms for recording families belonging to low-income families; increase the preventive focus and targeting of assistance provided to low-income families; provide mechanisms for assessing the social and economic effectiveness of the measures provided.

- Introduce a valuation of the property complex of families with children and a new methodology for determining households in need of social support. This will make it possible to determine for those who applied for social support the standard of necessary property at a cost depending on the composition of the family. The calculation of such a standard of necessary property, understandable for people, prolonged for a long period, will form a new approach to the definition of poverty (minimum income + cost of necessary property) and, thus, to measures of social protection against it.

The result of the poverty reduction policy should be an increase in the share of moderately well-off population of Kazakhstan and the achievement of living standards based on material wealth instead of the current social security standard in the form of a living wage.

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ASSESSMENT OF THE NEED TO USE DATA-DRIVEN APPROACH IN KAZAKHSTAN BUSINESS

Abstract. The article discusses the main conditions for the development of entrepreneurship in the Republic of Kazakhstan. The author focuses on the need to use a data-driven approach in the activities of Kazakhstani companies, substantiates this with the help of statistical data and the development of a SWOT analysis, which examines in detail the strengths and weaknesses of this issue through the prism of opportunities and threats.

Keywords. Entrepreneurship, data-driven approach, activity, necessity, optimization.

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ОЦЕНКА НЕОБХОДИМОСТИ ИСПОЛЬЗОВАНИЯ DATA-DRIVEN ПОДХОДА В КАЗАХСТАНСКОМ ПРЕДПРИНИМАТЕЛЬСТВЕ

Аннотация. В статье рассматриваются основные условия развития предпринимательства в Республике Казахстан. Автор акцентирует внимание на необходимости использования data-driven подхода в деятельности казахстанских компаний, обосновывает это при помощи статистических данных и разработки SWOT-анализа, в котором подробно рассматриваются сильные и слабые стороны данного вопроса через призму возможностей и угроз.

Ключевые слова. Предпринимательство, data-driven подход, деятельность, необходимость, оптимизация.

Экономика Казахстана занимает определенное место в мировой экономике, которое обеспечивается деятельностью казахстанского предпринимательства.

Бизнес-среда в Республике Казахстан начала свое развитие с обретением страны независимости в 1991 году и началом перехода от плановой к рыночной экономике. Установление частной собственности, приватизация и разгосударствление экономики стали основой для инициации предпринимательства в Казахстане. Государственное регулирование бизнес-среды за 30-летний период привело предпринимательство к текущему состоянию, которое позволяет раскрыть качественный и количественный анализ.

Правовой основой существования предпринимательства является Конституция Республики Казахстан. Наиболее важные сферы регулируется государством посредством предпринимательского, гражданского, налогового, и трудового законодательства. Отдельные виды деятельности находятся под особым вниманием государства, и, в связи с этим, они лицензируются. Государство всеми возможными средствами создает благоприятный инвестиционный климат для инвесторов, чтобы казахстанское предпринимательство развивалось. Для развития, которого есть все основные условия: население (рабочая сила), богатые природные ресурсы, энергетика, развитая транспортная инфраструктура, система образования и здравоохранения и, наконец, имеющиеся производственные мощности (предприятия).

Основным выражением развития предпринимательства является экономический рост или ВВП страны. Этот показатель показывает, во-первых, сколько было произведено, а, во-вторых, наблюдается ли положительные изменения в сравнении с предыдущими периодами. Если экономика растет, то соответственно процветает и предпринимательство.

Таблица 1. – Динамика роста количества зарегистрированных юридических лиц в РК

Параметр	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Республика Казахстан	317926	338981	353833	360287	383850	412677	433774	446687	461983	481732	507238
малые	309499	330435	344994	351229	374912	403862	424796	437988	453343	472777	497995
средние	6095	6113	6364	6572	6502	6432	6490	6297	6235	6494	6685
крупные	2332	2433	2475	2486	2436	2383	2488	2402	2405	2461	2558

Примечание: составлено автором на основе данных источника¹

Количество зарегистрированных юридических лиц каждый год увеличивается на 5% (усредненный показатель). Учитывая это, можно заметить, что произошел рост в течение последних десяти лет с 317926 до 507238 (очевидно увеличение на 189312 единиц или 59,5%). Важно заметить, что драйвером роста выступает малое предпринимательство: количество малых юридических лиц меняется в сторону увеличения на 4,9%. В отличие от них, среднее и крупное предпринимательство не может показать аналогичную стабильную динамику. Так, за период с 2012 по 2022 годы несмотря на ежегодное увеличение числа средних и крупных

¹ Данные сайта Бюро национальной статистики Агентства по стратегическому планированию и реформам Республики Казахстан / URL: <https://new.stat.gov.kz>

юридических лиц, тем не менее, в 2016, 2017 и 2019 годах произошло небольшое снижение (на 1,3%, 1,4% и 3,1%).

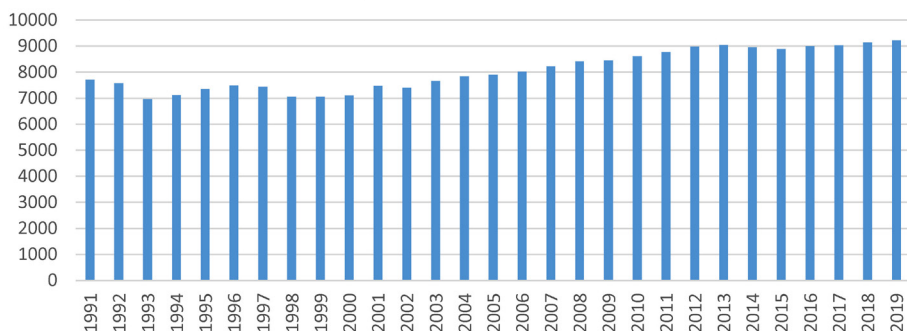


Рисунок 1 – Движение величины рабочей силы (в возрасте 15 лет и старше) в Республике Казахстан, тыс. человек

Примечание: составлено автором на основе данных источника¹

Рисунок 1 демонстрирует рост величины рабочей силы в Республике Казахстан, что благоприятно влияет на развитие предпринимательства и в некоторой степени способствует организации предпринимательского дела. За 30 лет независимости количество рабочей силы в РК увеличилось в общем более, чем на 1 миллион человек.

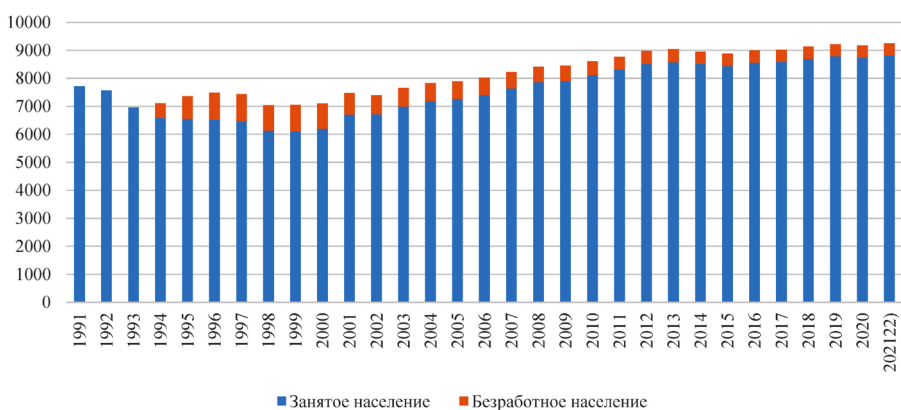


Рисунок 2 – Движение величины занятого и безработного населения в Республике Казахстан, тыс. человек

Примечание: составлено автором на основе данных источника²

¹ Данные сайта Бюро национальной статистики Агентства по стратегическому планированию и реформам Республики Казахстан / URL: <https://new.stat.gov.kz>

² Там же.

Данные рисунка 2 показывают, что в основном в экономике занято все население страны, и только незначительная его часть является безработным населением. Только в первые годы независимости страны наблюдалось полное отсутствие безработного населения. В это же время осуществлялись первые шаги предпринимательства, сформированного за счет приватизации общественных фондов, в результате чего и появились первые безработные. Возникает конкурентная среда в экономике и начинает действовать конкуренция не только среди предприятий, а также среди работников.

Что касается возраста действующих юридических лиц, то он имеет значение с качественной стороны анализа состояния развития предпринимательства РК. Чем старше предприятие, тем в большей степени оно доказывает свою эффективность действия на рынке Казахстана.

Таблица 2 – Возраст действующих юридических лиц
(по состоянию на 1 марта 2023 г., единиц)

	Всего	Возраст, лет														
		до 1	1	2	3	4	5	6	7	8	9	10	11–15	16–20	21–25	свыше 25
Республика Казахстан	410744	53293	38783	29848	28026	27176	26136	19890	16842	16538	15467	12675	50198	39731	25306	10835
Малые	401746	53073	38656	29649	27829	26894	25936	19693	16629	16315	15231	12409	48864	38330	22587	9651
Средние	6538	157	91	139	144	187	137	148	149	160	166	181	828	994	2122	935
Крупные	2460	63	36	60	53	95	63	49	64	63	70	85	506	407	597	249

Примечание: составлено автором на основе данных источника¹

Кроме возраста имеет значение величина предприятия для внедрения способа управления на основе DATA-Driven, а также и другие факторы, и параметры. Так, для оценки необходимости использования data-driven подхода в деятельности казахстанских компаний) был проведен SWOT-анализ, а также для лучшего понимания запросов и возможностей основного потребителя data-driven подхода – субъектов среднего и крупного предпринимательства. Почему субъектов среднего и крупного предпринимательства? Потому что величина капитала данного сектора экономики требует от них принятия более масштабных управленческих решений с риском для большей величины финансовых ресурсов.

¹ Данные сайта Бюро национальной статистики Агентства по стратегическому планированию и реформам Республики Казахстан / URL: <https://new.stat.gov.kz>

Таблица 3. – SWOT-анализ использования data-driven подхода в управлении деятельностью казахстанских компаний

	Сильные стороны	Слабые стороны
1	2	3
	<ul style="list-style-type: none"> – Снижение управленческих ошибок; – повышение предсказуемости в деятельности компаний; – снижение затрат в деятельности компаний в связи с повышением качества управленческих решений; – снижение ответственности кадров с правом принятия управленческих решений; – повышение эффективности деятельности предприятия; – повышение рентабельности; – увеличение прибыли; – оптимизация бизнес-процессов; 	<ul style="list-style-type: none"> – остается вероятность совершения управленческой ошибки; – лишение самостоятельности в принятии решений управляющего персонала; – снижение квалификации руководящего состава компаний; – необходимость затрат на внедрение данного способа; – необходимость повышать квалификацию отдельных работников, а, следовательно, повышать затраты на заработную плату; – повышается риск переманивания квалифицированных работников в другие компании, внедряющие данный инновационный способ.
<p style="text-align: center;">Угрозы</p> <ul style="list-style-type: none"> – повышение риска внедрения данного способа компаниям-конкурентам; – утрата конкурентного преимущества со временем; – снижение квалификации руководящего состава; – повышение заработной платы, вызванное необходимостью повышения квалификации; – обострение конкуренции на рынке; – повышение затрат на поддержание 	<p>Преодоление угроз с помощью сильных сторон возможно, но необходимо быть готовым к изменениям, которые несет рынок. Следует иметь в виду, что с одной стороны data-driven подход обосновывает все перечисленные сильные стороны, в тоже время не снимает в полной мере вероятности реализации перечисленных угроз. Поэтому необходимо быть готовым к действию какой-нибудь угрозы и для этого принять соответствующие меры.</p>	<p>Угрозы со стороны рынка при применении нового data-driven подхода усиливаются слабыми сторонами.</p> <p>Основными угрозами при применении data-driven подхода являются сочетание снижения квалификации работников и применения данного подхода конкурентами, что в конечном счете, еще сильнее обостряет конкуренцию. При этом новые технологии потребуют и изменение заработной плат работников.</p>

1	2	3
конкурентоспособности; – проигрыш в конкурентной борьбе и банкротство.		
Возможности – повышение доли присутствия на рынке; – увеличение выпуска продукции; – снижение отпускных цен; – повышение конкурентоспособности; – снижение затрат; – оптимизация бизнес-процессов; – повышение прибыли;	Реализация возможностей с использованием сильных сторон позволяет: – повысить долю присутствия на рынке; – увеличить выпуск продукции; – снизить отпускные цены на продукцию компании; – повысить конкурентоспособность; – снизить затраты; – оптимизировать бизнес-процессы; – повысить прибыль.	Слабые стороны, наоборот, могут или затормозить реализацию возможностей, либо вообще не дать им реализоваться вообще. При реализации возможностей, естественно, обостряется конкурентная борьба и квалифицированные работники могут переманить другие компании. При обострении конкуренции повышается риск управленческих ошибок, которые могут нивелировать все или большинство достижений в том числе и достигнутых с помощью data-driven.

Примечание: составлено автором

Использование data-driven подхода в казахстанских компаниях позволит расширить возможности применения данных. А налаженное управление ими даст возможность предприятиям лучше понимать особенности всех тех, с кем они осуществляют взаимодействие (поставщики, заказчики, клиенты и т.д.)¹.

Таким образом, необходимость использования data-driven подхода в казахстанском предпринимательстве назрела. Это поможет компаниям, которые заинтересованы в повышении доли присутствия на рынке, увеличении выпуска продукции, повышении конкурентоспособности, оптимизация бизнес-процессов, снижении затрат.

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¹ Кузнецов С. Ценность ваших данных.– М.: Альпина ППО, 2022.– 574 с.

Section 2. Finance, monetary circulation and credit

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REVIEW OF EMPIRICAL LITERATURE: THE RELATIONSHIP BETWEEN BANK CREDIT RISK MANAGEMENT INDICATORS AND BANK PROFITABILITY INDICATORS

Abstract: The profitability of the banking sector has received more and more attention in recent years. Nowadays there is an extensive empirical literature which has examined the relationship between credit risk management and bank profitability. Most studies in this field have concluded that credit risk management is the main contributor to the profitability of commercial banks. But there are also studies that have proven that the impact of credit risk management on bank profitability is negligible. The purpose of this paper is to make a summary of the empirical studies that have been carried out by different researchers in different countries and an analysis will be made of the results that have been achieved from each study.

Keywords: bank, credit risk, credit risk management indicators, profitability indicators, non-performing loans.

1. Introduction:

Banks, as institutions of financial intermediation, are defined as businesses that take and manage various risks. Banking risks are numerous, where each of these risks can have its own impact on the profitability of financial institutions. Credit risk has been defined by most researchers as the biggest risk among all other risks that affects the financial performance of a bank. Several studies in recent years have shown that excessive credit expansion, poor credit quality and inadequate credit risk management are the main reasons for the recent global financial crisis. Techniques for credit risk management are generally known in the world because the banking sector has had a long history of experience in this field, but nevertheless credit quality problems in commercial banks are one of the most important causes affecting failure.

Many researchers in their studies have shown that credit risk management in financial institutions has become crucial for the survival and growth of these institutions. Credit risk management is important for both banks and policy makers because a strong banking system can promote a country's financial stability as well as increase the economy's resilience to withstand economic crises. For the banks operating in Albania, credit risk and its management is one of the most important issues as long as lending is the main activity through which the Albanian economy is financed.

On the other hand, profitability is the main concern for all banks. The main objective of every bank is the maximization of shareholder value, therefore we found it important to treat a general framework and an empirical analysis of the relationship that exists between some of the most important indicators of credit risk management and the two indicators of bank profitability ROE and ROA.

2. Empirical studies related to the impact of credit risk management on bank profitability

There are numerous empirical studies on the impact of credit risk management on bank profitability and how effective credit risk management can help reduce the probability of failure and limit uncertainty to achieve the required level of bank profitability. Most of these studies support the idea that there is an impact of credit risk management on bank profitability, but there are also studies that have produced opposite results.

Berger and DeYoung¹ surprisingly find a strong positive relationship between the capital adequacy ratio and bank profitability in the US during the 1980s, but he finds that the relationship should be negative in certain situations. In another study, Kosmidou et al² also found similar results for commercial banks in the United Kingdom during the period 2000–2005.

Ahmed et al³ in their study found that bad loans have a significant positive impact on provisions for bad loans. Therefore, an increase in bad loans leads to an increase in provisions for bad loans, which indicates an increase in credit risk and a deterioration in the quality of loans, thereby negatively affecting the bank's performance.

¹ Berger A. N., & DeYoung R. "Problem loans and cost efficiency in commercial banks". *Journal of Banking & Finance*,– 21(6). 1997.– P. 849–870.

² Kosmidou K., Tanna S., Pasiouras F. "Determinants of profitability of UK domestic banks: panel evidence from the period 1995–2002". In: *Proceedings of the 37th Annual Conference of the Money Macro and Finance (MMF) Research Group*, Rethymno, Greece, September 1–3, 2005.

³ Ahmed A. S., Takeda C. and Shawn T. "Bank Loan Loss Provision: A Reexamination of Capital Management and Signaling Effects". Working Paper, Department of Accounting, Syracuse University, 1998.– P. 1–37.

In another study, Ruziqa¹ investigates the joint effect of credit risk and liquidity risk on the profitability of the largest Indonesian banks and finds a negative effect of credit risk and a positive effect of liquidity risk on profitability.

Goddard et al² studied the factors affecting the profitability of banks in Europe. They found a positive relationship between capital adequacy ratio and profitability.

Authors Ben-Naceur and Omran³ in an attempt to examine the impact of banking regulations, concentration, financial and institutional development on commercial bank margins and profitability in Middle Eastern and North African countries from 1989–2005, found that bank capitalization and credit risk have a positive and significant impact on banks' net interest margin, cost efficiency and profitability.

Kargi⁴ assessed the impact of credit risk on the profitability of Nigerian banks. Financial reports as a measure of bank performance and credit risk were collected from the annual reports and relations of the banks selected as samples for the period 2004–2008, using descriptive analysis, regression and correlation techniques. The findings revealed that credit risk management has a significant impact on the profitability of Nigerian banks. He concluded that banks' profitability is negatively affected by the levels of loans and advances, non-performing loans and deposits, exposing them to a high risk of illiquidity and distress.

Felix and Claudine⁵ investigated the relationship between bank performance and credit risk management. Their findings concluded that return on capital and return on assets, both indicators used to measure profitability, were inversely related to the ratio of non-performing loans to total loans of financial institutions, leading to a decline in profitability.

Haslem⁶ identified that bank management; timing, location and size affect bank profitability. This remains of great interest to researchers to investigate the effect of credit risk on bank profitability.

¹ Ruziqa A. "The impact of credit and liquidity risk on bank financial performance: the case of Indonesian Conventional Bank with total asset above 10 trillion Rupiah". *International Journal of Economic Policy in Emerging Economies*,– 6(2). 2013.– P. 93–106.

² Goddard J., Molyneux P., & Wilson J. O. "The profitability of European banks: A cross-sectional and dynamic panel analysis". *The Manchester School*,– Vol. 72. 2004.– P. 363–381.

³ Ben-Naceur S. and Omran M. "The Effects of Bank Regulations, Competition and Financial Reforms on MENA Banks' Profitability". *Economic Research Forum Working Paper* – No. 44. 2008.

⁴ Kargi H. S. "Credit Risk and the Performance of Nigerian Banks". AhmaduBello University, Zaria. 2011.

⁵ Felix A.T and Claudine T.N. "Bank Performance and Credit Risk Management". Unpublished Masters Dissertation in Finance, University of Skovde. 2008.

⁶ Haslem J.A. "A statistical analysis of the relative probability of commercial banks". *Journal Of Finance*,– 23(1). 1968.– P. 167–176.

Gremi¹ found that indicators such as the rate of non-performing loans, the rate of provisions for non-performing loans, the ratio of deposits to assets and the inflation rate have a direct negative impact on profitability, while the capital ratio, the loan-deposit ratio, the size of banks, the GDP rate and the loan interest rate have a direct positive impact on banking profitability in Albania measured by the ROE indicator. All the variables taken in the study with the exception of the capital adequacy rate and the GDP rate were statistically significant in the econometric model. We must emphasize that the author Gremi in her paper also tested the impact of these specific banking and macroeconomic indicators on profitability, specifically according to the group of banks G1, G2 and G3, from which she obtained different results according to the respective groups.

The scope of research does not reach convincing data regarding the effect of credit risk on bank profitability, which further motivates us to test the effect of credit risk on bank profitability in our country.

Hosna et al.² in their study had the main purpose of determining the impact of credit risk management on the profitability of four commercial banks in Sweden. They used regression model to do the empirical analysis. In this model they took ROE as an indicator of profitability and NPLR and CAR as indicators of credit risk management. The data were collected from the annual reports of the banks included in the study for the period 2000–2008. Findings and analysis showed that credit risk management has an effect on profitability in the four banks included in the study. Among the two obtained indicators of credit risk management, they found that NPLR has a more significant effect than capital adequacy ratio, CAR on the profitability indicator ROE. Analyses in each bank studied showed that the impact of credit risk management on profitability is not the same. The results obtained from the regression model showed that there is an impact of credit risk management on profitability at a reasonable level of 25.1%.

Kithinji³ in her study evaluated the effect of credit risk management on the profitability of commercial banks in Kenya. ROA was used as the dependent variable representing bank profitability, while the ratio of loans and advances/total assets and the ratio of problem loans/total loans were used as independent variables representing credit risk management. The data were collected from the banks' annual reports for

¹ Eliona Gremi. "Ndikimi i faktorëve specifikë bankarë dhe i atyre makroekonomikë në përfitueshmërinë e bankave shqiptare". 2014.

² Hosna A., Manzura B., & Juanjuan S. "Credit Risk Management and Profitability in Commercial Banks in Sweden". Master of Science in Accounting. 2009.

³ Kithinji A. M. "Credit risk management and profitability of commercial banks in Kenya". Working paper, School of Business University of Nairobi, – Kenya. 2010. Available at: URL: <http://erepository.uonbi.ac.ke>

the period 2004–2008. The findings revealed that the majority of commercial banks' profits are not affected by the amount of loans and non-performing loans, suggesting other variables besides loans and NPLs. which should affect bank profits.

J. Aduda and J. Gitonga¹ in their study aimed to determine the relationship between credit risk management and profitability in commercial banks in Kenya. The data for the banks were obtained from the annual reports of the banks and their financial statements for a period of ten years 2000–2009. ROE was used as an indicator of profitability and NPLR as an indicator of credit risk management. The findings revealed that NPLR as an independent variable is positively related to the dependent variable ROE, so simple linear regression model can be used to predict ROE for commercial banks. They emphasized that despite this, care should be taken in using the model, because other independent variables should be included in the model when necessary.

Funso et al² in their study aimed to conduct an empirical investigation on the quantitative effect of credit risk on the performance of commercial banks in Nigeria over a period of 11 years (2000–2010). They selected five commercial banks out of twenty existing commercial banks in Nigeria. The model they used in this study was based on the model of Kargi³ in his study "Credit Risk and Performance of Nigerian Banks" which measures profitability with ROA as a function of NPL ratio and total advances and ratio of total loans and advances / total deposits, which are used as indicators of credit risk. However, they improved the model in this study by including the provision ratio for bad loans/classified assets as a measure of credit risk. The results were such that a 100% increase in bad loans reduces profitability (ROA) by about 6.2%. A 100% increase in provisions for bad loans also reduces profitability by about 0.65%, while a 100% increase in total loans and advances increases profitability by about 9.6%

Li and Zou⁴ in their study had the main purpose of investigating whether there is a relationship between credit risk management and profitability of commercial banks in Europe, as well as investigating whether this relationship is stable or fluctuating. In the research model, they defined ROE and ROA as representatives of profitability, while NPLR and CAR defined them as representatives of credit risk management. The study collects data from the 47 largest commercial banks in Europe for the period

¹ Aduda J. dhe Gitonga J. "The Relationship Between Credit Risk Management and Profitability Among the Commercial Banks in Kenya". 2011. Funso et al (2012), shih "Credit risk ..."

² Ibid.

³ Kargi H. S. "Credit Risk and the Performance of Nigerian Banks". AhmaduBello University, Zaria. 2011.

⁴ Fan Li dhe Yijun Zou. "The Impact of Credit Risk Management on Profitability of Commercial Banks: A Study of Europe". 2014.

2007–2012. The findings showed that credit risk management has positive effects on the profitability of commercial banks. Among the two representatives of credit risk management, NPLR has a more significant impact on both ROE and ROA indicators. However, during the period under study, the relations between all the representatives were not stable but fluctuating.

Abiola and Olausi¹ (2014) in their study aimed to investigate the impact of credit risk management on the performance of commercial banks in Nigeria.

The financial reports of seven commercial banks in the country were used in the analysis for a period of seven years (2005–2011). The regression model was used for analysis. In the model, ROE and ROA were used as performance indicators, while NPLR and CAR were used as indicators of credit risk management. The findings revealed that credit risk management has a significant impact on the profitability of commercial banks in Nigeria. Surprisingly, in this study NPL is positive and statistically significant at the 1% significance level. This finding was unusual because theoretically NPLs are expected to have a negative effect on a bank's profitability. The results of this study showed a strong positive relationship between NPLs and the performance of commercial banks. We believe that an argument that supports this result is the possibility that banks in Nigeria, even though they have a high rate of non-performing loans, have given very risky loans with high interest rates and this has led to an increase in their profitability. So, the rate of increase in profitability is higher than the rate of increase in risk. On the other hand, it is theoretically acceptable that banks with a high capital adequacy ratio have a better profitability. The results in this study showed that although the capital adequacy ratio is positive, it is not significant.

Noman et al² in their study aimed to find out the impact of credit risk on profitability in the banking sector of Bangladesh. In this study, data was collected from 18 private commercial banks for the period 2003–2013. They used NPLR, provision ratio for bad loans/total loans, provision ratio for bad loans/problem loans and CAR as risk indicators. of credit and ROAA (return on average assets), ROAE (return on average equity) and NIM (net interest margin) as indicators of profitability. The results revealed a significant negative relationship between NPLR and the ratio of provision for bad loans/total loans and all profitability indicators of commercial banks in Bangladesh. Specifically, it was found that a one-unit increase in NPLR decreases ROAA by 0.05 units, ROAE by 0.54 units and NIM by 0.12 units, respectively, keeping the other variables in the regression unchanged, as well as a one-unit increase in the provisioning ratio for loans losses/total loans, decreases ROAA by 0.1 units, ROAE by 1.25 units,

¹ Abiola I., & Olausi A. S. "The Impact of Credit Risk Management on the Commercial Banks Performance in Nigeria". *International Journal of Management and Sustainability*, – 3(5). 2014. – 295, 306 p.

² Noman et al. "The Effect of Credit Risk on the Banking Profitability: A Case on Bangladesh". 2015.

and NIM by 0.02 units holding other explanatory variables constant. Other results showed that the effect of NPL ratio on profitability is mixed. It is worth noting that the results of the study highlighted that the impact of the ratio of provisions for bad loans/non-performing loans on the various proxies of profitability is very small, despite the negative and significant finding in NIM and the positive and insignificant one in the other two indicators ROAA and ROAE. It was also found that the impact of CAR on ROAE is negative and significant, but its impact on NIM is significant and positive, while on ROAA it affects positively and significantly. Further results showed that the implementation of Basel II agreement increases commercial bank's NIM significantly but decreases ROAE significantly. In conclusion, this study revealed that credit risk negatively affects the profitability of commercial banks. Therefore, banks should use prudent credit risk management procedures in order to ensure higher profitability and safety while protecting banks from crises.

S. Kodithuwakku¹ in his study aimed to identify the impact of credit risk management on the performance of commercial banks in Sri Lanka. 8 banks out of 24 commercial banks in Sri Lanka were studied for the period 2009–2013. Data were collected from various sources such as the annual reports of the commercial banks studied, various articles, books, scientific journals, etc. ROA was used as a performance indicator and the ratio of provision for bad loans/total loans (LP/TL), provision for bad loans/total assets (LP/TA), provision for bad loans/total non-performing loans (LP/NPL) and the ratio of non-performing loans/total loans (NPL/TL) were used as indicators of credit risk. The multiple linear regression model was used for analysis and the results showed that all independent variables except LP/TL have a negative impact on profitability. Banks' NPL/TL, LP/NPL and LP/TA have significant negative relationship with ROA. The results showed that 1% increase in NPL decreases ROA by 13.7587% and 1% increase in provision for bad loans decreases ROA by 1.0139%. Also 1% increase in LP/NPL decreases ROA by 0.0792%. The regression results showed that banks' LP/TA is significantly positively related to ROA. The model found that a 1% increase in the provision for bad loans increases ROA by 0.1035%. The results found proved the objective of the study that a better credit risk management leads to a better banking performance. The findings of the study indicated that banks need to ensure that they have put in place a strengthened framework for credit risk management.

Gizaw et al.² in their study aimed to empirically investigate the impact of credit risk on the profitability of commercial banks in Ethiopia. The data were collected from

¹ Kodithuwakku. "Impact of Credit Risk Management on the Performance of Commercial Banks in Sri Lanka". 2015.

² Gizaw et al. "The impact of credit risk on profitability performance of commercial banks in

eight selected commercial banks for a period of 12 years (2003–2014), which were collected from the annual reports of the respective banks and state-owned banks in Ethiopia. The data were analyzed using a descriptive analysis and regression model for the data. The dependent variables in this study that measured profitability were specifically ROA and ROE. The independent variables that measured credit risk were specifically NPLR, the ratio of provisions for bad loans/total loans (LLPR), capital adequacy ratio (CAR) and the loan/deposit ratio (LTDR). The results showed that non-performing loans, provisions for bad loans and capital adequacy have a significant impact on the profitability of commercial banks in Ethiopia. LTDR has no significant impact on bank profitability.

Alshatti¹ aimed to investigate the impact of credit risk management on the financial performance of commercial banks in Jordan. The data were collected from the annual reports of Jordanian commercial banks for the period 2005–2013. To make the analysis, the regression model was used, where as representatives of profitability, that is, the dependent variables were ROA and ROE. While as representatives of credit risk management, as independent variables, CAR, CI/CF, FL/NF, leverage ratio (LR) and NPLR were used. The researcher indicated that the NPLR ratio was used to evaluate the effectiveness and adequacy of a bank's credit risk management. Surprisingly, this ratio was found to have a positive effect on profitability. This result shows that despite the large number of outstanding loans, the NPL ratio has a positive impact on profitability. This means that Jordanian banks must create efficient arrangements to deal with credit risk management. The results also revealed that CAR, loan-to-collateral value ratio and leverage ratio do not affect Jordanian commercial banks' profits as measured by ROE, suggesting that variables other than these affect banks' profitability. The researcher found that the leverage ratio contributes negatively to the profitability of banks, and so companies should not be financed with too much debt, because a greater financial leverage will lead to an increase in the company's debt and thus their liabilities, which can negatively affect the company's performance.

Bayyoud and Sayyad² in their study aimed to investigate the relationship between credit risk management and profitability in commercial and investment banks in Palestine. The regression model was used to analyze the quantitative data. Findings from this model confirmed that there is no impact of credit risk on the profitability of investment and commercial banks in Palestine. Also, it was found that there are no differences between Palestinian investment and commercial banks regarding the

Ethiopia". 2015.

¹ Alshatti. "The effect of credit risk management on financial performance of the Jordanian commercial banks". 2015.

² Bayyoud dhe Sayyad. "The relationship between credit risk management and profitability between investment and commercial banks in Palestine". 2015.

relationship. ROE was used as an indicator of profitability in the model and NPLR was used as an indicator of credit risk. The empirical results in this study revealed that there is no relationship between credit risk and profitability in commercial and investment banks in the country.

Chin'anga¹ aimed to investigate whether credit risk management had an impact on the profitability of four major South African banks. A quantitative approach was used to prove the relationship between profitability, represented by ROE, and credit risk management, represented by two variables, CAR and NPLR. Data for the period 2002–2013 were analyzed using regression modeling and the study concluded that not only does credit risk management have an impact on the profitability of banks in South Africa, but that bank size, operating expenses and economic growth also affect the profitability of banks in South Africa. The study concluded that credit risk management has an effect on profitability and can be used to enhance profitability. This means that by increasing capital requirements to appropriate levels and reducing NPL, banks in South Africa are able to increase profitability as shown by the positive relationship between CAR and ROE as well as the negative relationship between NPLR and ROE. It has also been established that CAR and NPLR are the most appropriate representatives of credit risk management, as they were both found to be significant at the 1% level. The study also concluded that controllable variables such as bank size, operating expenses and economic growth also affect profitability.

3. Conclusions from the empirical literature review

- Numerous empirical studies have been done regarding the impact of credit risk management on bank profitability and how effective credit risk management can help reduce the probability of failure and limit the uncertainty to achieve the level required bank profitability;
- Most of these studies support the idea that there is an impact of credit risk management on bank profitability, but there are also studies that have produced opposite results. The scope of research does not reach convincing data regarding the effect of credit risk on bank profitability, which further motivates us to test the effect of credit risk on bank profitability in our country;
- Banks that are mainly exposed to credit risk result in reduced profitability. Profitability indicators (ROE and ROA) are two indicators of the effectiveness of management to generate income, both from the money invested by shareholders and from the total investments made in the form of assets. The reason these two indicators complement each other is that while ROE does

¹ Chin'anga. "The effect of credit risk management on the profitability of the four major south African banks". 2015.

not indicate anything about the debt financing situation, ROA does, so both are taken in our study as proxies of bank profitability;

- All empirical analysis helped us to become familiar with the most used credit risk management indicators and bank profitability indicators. Having as the purpose of our work to determine the empirical relationship that exists between credit risk management and bank profitability, we managed to determine not only the indicators but also saw what impact each credit risk management indicator has on the profitability indicators;
- All the empirical studies we saw regarding this phenomenon used the multiple linear regression model as a model for data analysis, where they took as dependent variables indicators of bank profitability and as independent variables indicators of risk management of the loan;
- Most of the above empirical studies have concluded that there is a strong and stable relationship between credit risk management and bank profitability. But there were also studies that claimed the opposite. Based on these results, we look with great interest at testing the effect of credit risk management on bank profitability for the Albanian banking system.

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Section 3. Economics of population and demography

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POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK OF AGRICULTURE VOCATIONAL EDUCATION IN ALBANIA

Abstract

The purpose of the study is to shed some light on the current situation and needs for agriculture vocational education in Albania. Youth in Albania represents the greatest employment potential considering that the country has the second youngest population in Europe. Yet, agriculture remains a non-attractive business for young people; even though the sector employs almost half of the population. The Albanian youth considers agriculture as “old fashion” and has steadily been migrating to urban centers for more opportunities. New funding availabilities and a shift in government strategic priorities have put a focus on a sector with increasing potential. This study complied with a pre-approved methodology that combined one hand desk research of national and international legislation, institutional and policy framework on agriculture and VET, and the other data collected on the main actors related to agriculture vocational education and training.

Keywords: Policy, agriculture, education in Albania.

Introduction

Youth in Albania represents the greatest employment potential considering that the country has the second youngest population in Europe. The Albanian youth considers agriculture as “old fashion” and has steadily been migrating to urban centers for more opportunities. New funding availabilities and a shift in government strategic priorities have put a focus into a sector with increasing potential. In Albania, agriculture remains the main sector in terms of employment and contribution to the overall Gross Domestic Product (GDP). Agriculture accounts for 18% of the national GDP, and about 48% of the workforce is employed in this sector. According to INSTAT

official data in Albania, there are approx. 355,000 farms of which about 300,000 are mixed with crops and livestock production. Farm size has increased from 1.14 ha to 1.20 ha, while parcel size has maintained the same level, about 0.27 ha, implying not only small farm size but also high level of fragmentation, which characterizes the agriculture sector in Albania.

According to the official Labour Force Survey over the year 2018, the estimated labour force was 1,222,594 persons of which 37.4% were employed in the agriculture sector. Meanwhile, the official employment rate for the age-group 15–29 years old, in 2018 was 50.1%. This situation remained equal in the second quarter of 2019.

In annual terms, employment increased in services by 5.7%, in the industry by 4.4%, and in the agriculture sector by 2.2%. Still, further total employment was dominated by this sector, being clear the high potential and impact that Albanian agriculture has. For the year 2018 according to the same source “Employment by sex and economic activity” shows over total employment that 42.3% of agriculture employees are women and 33.5% men. The large employment share of the Agriculture sector and the major need for the upgrade of older technologies toward European standards, calls for new technical skills to manage the transition.

The strong and positive relationship between individuals’ education and skills level toward labour market outcomes shows that a focus shall be paid to ameliorating education opportunities and skills in this field. Guidance for youth toward VET plays an important role in orienting them toward employment options and decreasing irregular migration. According to the official Labor Force Survey for the academic year 2017–2018, the vocational education students as% of all students in secondary education is 20.6% compared to 79.4% in general education. Further improvement and development of vocational education and training system will enable the country to achieve its full growth potential.

Taking into account the above-mentioned situation is intervention aims to make a screening of the overall situation, problems, and needs on agricultural vocational education in Albania in the cities of Shkodra, Fieri, Korça, Kavaja, Cërrik, Pogradec, Kamza, and Tirana. Furthermore, this study aims to propose concrete actions for the upcoming years. Particular attention will be given to the challenges for conceptualizing the areas of intervention and raising questions for policy development as to how, when, and the means that needed to be used by the Albanian government and all the other relevant actors, with the main aim to find a solution for the skills gap.

The finalization of this study would not have been possible without the collaboration and contribution of all relevant actors in the field, such as the Ministry of Agricultural and Rural Development, Ministry of Finance and Economy, National Agency of Employment and Skills, Regional Employment Offices, National Agency of Vocational Education, Training and Qualifications, all the Municipalities of the

project area, Agricultural Vocational Schools, international partners and businesses operating in this field.

Methods and results of the study

This research complied with a pre-approved methodology that combined one hand desk research of national and international legislation, institutional and policy framework on agriculture and VET, and the other data collected on the main actors related to agriculture vocational education and training.

As core elements, it contains a summary of all existing advising documents in the field, with data and statistics on this issue as well as other relevant materials; a list of providers of professional training and education in agriculture, as well as the list of donors that are involved. In order to make an appropriate assessment four tailored questionnaires were prepared, which included closed, semi-closed, and open-ended questions, in order to entail data on the socio-economic background of students, reasons why they choose to follow this sector, future professional plans, teacher qualification, and curricula needs, and if these qualifications/needs are aligned with labor market demands.

Importance of agriculture in the Albanian economy

Agriculture remains one of the main important sectors in the development of the Albanian economy, with a 17% of share the national GDP, and about 48% of the workforce employed in this sector¹. Based on INSTAT official data there are approx. 355,000 farms in Albania, of which about 300,000 are mixed with crops and livestock production. Farm size has increased from 1.14 ha to 1.20 ha, while parcel size has maintained the same level, about 0.27 ha, implying not only small farm size but also a high level of fragmentation, which characterizes the agriculture sector at the domestic level².

According to the official Labor Force Survey over the year 2018, the estimated labor force was 1,222,594 persons of which 37.4% were employed in the agriculture sector. Meanwhile, the official employment rate for the age-group 15–29 years old, in 2018 was 50.1%³. This situation remained equal in the second quarter of 2019⁴.

According to World Bank data of 2017 agriculture share in the Albanian economy is the highest of the region and the second ranked in Europe. If we refer to the same data agriculture share in the total GDP of Northern Macedonia was 7.9%, 6.8% in Montenegro, 6.1% in Turkey, 6% in Serbia, 5.6% in Bosnia and Herzegovina, and 9.1%

¹ INSTAT. Gross Domestic Product 2017. URL: http://www.instat.gov.al/media/5404/produkti-i-brendsh%C3%ABm-bruto-final-2016-gjysm%C3%AB-final-2017_final.pdf/ (consulted on 25.10.2019).

² INSTAT. Statistical database. URL: http://databaza.instat.gov.al/pxweb/sq/DST/START__BU/BU0003/?rxid=064b9ffa-365f-4748-8d23-6c4a9fde9fdf/ (consulted on 25.10.2019).

³ INSTAT. Labour Force Survey 2018. URL: <http://www.instat.gov.al/media/5305/atfp-t4-2018.pdf/> (consulted on 25.10.2019).

⁴ URL: <http://www.instat.gov.al/media/6210/atfp-t2-2019.pdf/> (consulted on 25.10.2019).

in Kosovo¹. This trend remained more or less stable vary between 19.85% (2016) to 17% (2017), with an average share of 18% for the years 2010–2018².

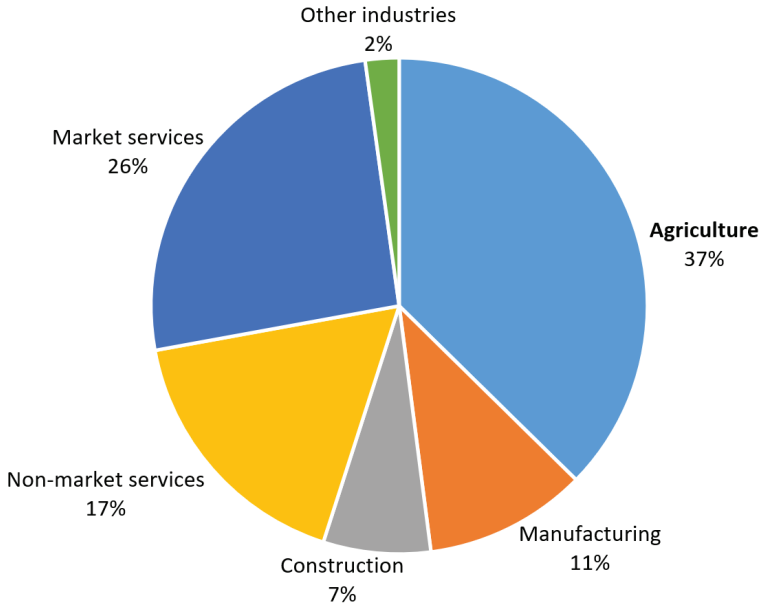


Figure 1. Employment by economic activity

Source: INSTAT

Referring these figures and the macro-economic changes occurred after the fall of the communist regime in the early 1990, the Albanian Government tried to focus its policies to make a further progress in the sector. However, the progress made according to European Commission yearly reports (The European Commission yearly Progress Reports for Western Balkan countries who aspire to join the union starting from the opening of the negotiations for the Stabilization and Association Agreements, for Albania 2003), was moderate compared to needs and standards of the EU common market, principally handling only horizontal issues³.

The principal governing law no. 9817 “For Agricultural and rural development”⁴ was adopted in 2007, after the entry into force of the Stabilisation and Association

¹ URL: <https://www.monitor.al/ekonomia-e-shqiperise-primitive-bujqesia-dominon-19-te-pbb-se-me-e-larta-ne-europe/> (consulted on 25.10.2019).

² URL: <http://wdi.worldbank.org/table/4.2#> (consulted on 25.10.2019).

³ URL: <http://www.europarl.europa.eu/document/activities/cont/201311/20131105ATT7395/20131105ATT73959EN.pdf/> (consulted on 25.10.2019).

⁴ Law no. 9817 dated 22.10.2007 “For Agricultural and rural development”.

Agreement and was not amended since then. It implies the objectives, measures and policies in agriculture and rural development. The law is accompanied with a set of other legal acts such as those regulating the implementation of the foreign assistance under the Instruments of Pre-Accession (IPA)¹ with the European Union, and the sectorial assistance Programmes for Agriculture and Rural Development (IPARD)², accompanied with by-laws.

Albanian agriculture and rural areas entered a new stage of development with the country's application for EU membership in 2010³. In order to fulfil its strategic objective of EU integration, and to meet the Commission requirements in line with obligations entailed by the candidate status since 2014, specifically regarding Chapter 11 on *Agriculture and rural development*, the Albanian Government adopted the Inter Sectorial Agricultural and Rural Development Strategy 2014–2020⁴ (ISARDS). Its main objective is to define the strategic framework to treat the challenges faced by the agriculture and agro-processing sector, as well as the development of rural areas in a sustainable economic, environmental and social manner, proposing similar policy instruments to the Common Agricultural Policy (CAP), in order to achieve economically viable farming, improved food security and sustainable rural development⁵. ISARDS is based in three main pillars: (a) policy framework on rural development; (b) national budgetary support schemes, (c) institutional and legal development, and implementation of the new framework⁶. The strategic approach of the government to meet EU standards and *aquis* requirement in this field was pointed out again in the reviewed National Strategy for Development and Integration (NSDI II) 2015–2020⁷, which together with National Programme for European Integration (NPEI) and the Action Plan for the alignment toward Agenda 2030 of Sustainable Development Goals (SDGs), support the sustainable socio-economic

¹ Law no. 37/2015 “For the ratification of the Framework Agreement between Albania and the European Commission”.

² Low no. 30/2016 “For the ratification of the sectorial agreement”.

³ URL: <http://www.fao.org/partnerships/resource-partners/investing-for-results/news-article/en/c/1132980/> (consulted on 25.10.2019).

⁴ Council of Ministers Decision no. 709 dated 29.10.2014 “The Inter Sectorial Agricultural and Rural Development Strategy 2014–2020”.

⁵ Zhllima E. & Gjeci, G. Research Project – National Policy Instrument and EU Approximation proces: Effects on Farms Holdings in the Western Balkan Countries “Albania: Agricultural Policy Development and Assessment”. – P. 2.

⁶ Official Gazette no. 169/2014. Council of Ministers Decision no. 709 dated 29.10.2014 “The Inter Sectorial Agricultural and Rural Development Strategy 2014–2020”. – P. 8485.

⁷ Official Gazette no. 86/2016. Council of Ministers Decision no. 348 dated 11.5.2016. “The National Strategy for Development and Integration 2015–2020”.

development of Albania and the EU integration process by reasserting the vision of ISARDS2014–2020¹.

The Albanian Government budgetary support for agriculture during the period 2008–2017, has been fluctuating, yet with an increasing trend. During a decade the average support value has reached 25 million of euro, or 1.4% of the gross value added². In the Medium Term Budgetary Programme 2020–2022 recently adopted by the Council of Ministers the estimated³, from which approximately 8.9 million euro are foreseen for the fiscal year 2020 in the draft law presented to the Albanian Assembly for approval⁴.

As regards the yearly review of the progress made, the European Commission emphasized that has some level of preparation in agriculture and rural development, especially regarding the establishment of structures for the pre-accession assistance (IPARD II)⁵.

Even though the entire policy framework related with agriculture, and the specific provisions of the ISARDS underline the importance of vocational education, technical programmes, and graduates for further development of the sector, they do not foresee any specific measures to improve the current situation in agriculture vocational schools⁶. It may be considered that this scenario is a consequence of the fact that ISARDS was not followed by a public Action Plan, and neither has a mid-term review.

Conclusions and Recommendations

As a result of the analysis, we present a number of considerations that may serve to promote the development of agricultural vocational secondary education in the area under study and beyond. The three questionnaires were designed to reflect the current situation in the vocational secondary education sector in the agricultural sector, the willingness to invest in the further development of agricultural vocational education, the business climate, the assessment of barriers, factors and policies in favor. to increase the flow of secondary education development in the agricultural sector.

- Concentration of educational institutions in the territory, poor accessibility of institutions leads to the recommendation that the possibility of opening vocational classes in agriculture in general secondary schools should be considered. Due to the fact that mainstream secondary schools enjoy a high reach

¹ IMAMI. – P. 9–10.

² IMAMI. Cited above, – P. 11.

³ PBA 2020–2022. NEXT WEEK FINAL.

⁴ Reference projekt ligji buxhetit.

⁵ SWDC. 215 final. Commission working document Albania 2019. Report, 2019.– P. 66–67.

⁶ Idem. – 8512 p.

in the territory and a higher accessibility, the offer of education is closer to the demand;

- It is recommended to increase business-school-student cooperation in the context of exchange of experiences and implementation of practices. This collaboration should be based on a legal and the regulatory framework that facilitates and facilitates interactions between the three actors (examples of business-school partnership contracts, Business-school Practices Contracts);
- In the context of strengthening the vocational education system in agriculture, it is recommended to provide scholarships to students in difficult socio-economic situations, with a view to their formation and integration into the labor market;
- It is recommended to evaluate the possibility of opening part-time education so that agricultural vocational education can reach a wider population, enabling the formation of people who are integrated into the labor market;
- It is recommended to develop courses, specific and thematic trainings, based on a collaboration with the National Employment Service (providing training and vocational training);
- It is recommended to re-evaluate the profiles of agricultural education management in order to increase profiles and market orientation;
- It is recommended to establish guidance, clarification and advisory structures in the lower cycle in order to introduce and absorb a high number of students in vocational agricultural high schools.

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Section 4. Economics of recreation and tourism

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COVID-19 IMPACT IN THE TOURISM INDUSTRY OF GJIROKASTRA

Abstract: The tourism industry takes a key place in the economy and is an important source for the development of the country. Tourism has also become more varied in the last couple of years and now is made out of 3 main product areas; coastal tourism, cultural tourism and ecotourism. The impact of the pandemic on the world, and Albania is inevitable, impacting the long and short terms in the development of the country. Albania with an open and small economy is touched mainly by the decrease in tourist flow. The recovery of the country depends on the strength and sustainability that local institutions have drafted and implemented, to mitigate the negative effects of the pandemic on the economy. Through the review of the literature and through the analysis of official data, we have drawn some conclusions to support the exit of businesses from the effects of the post-pandemic.

Keywords: tourism, development, pandemic effects, accommodation, economic impact.

1. Introduction

Albania has excellent tourism potential. This has to do with the strategic position in which it is located, rich natural and cultural values, and diverse demographic heritage. Tourism represents one of the most meaningful alternatives for sustainable and long-term uses of these values and generally in the social-economic development of the region. This is needed especially in adverse economic times. The tourism industry takes a key place in the economy and is an important source for the development of the country. The important contribution of tourism to sustainable development consists in:

- Creating workplaces;
- Generating market opportunities for knowing the needs and for supporting tourism activities;
- Creating important capacity which promotes the priority to protect the environment and cultural diversity.

Albania as an evolving country is counting on tourism development because tourism must transform its economy from a traditional agricultural economy to an industrial economy, and this development process has begun since 2000. Tourism has also become more varied in the last couple of years and now is made out of 3 main product areas:

- Coastal tourism is developed as the main product which tourism is focused “beach and sun”;
- Cultural tourism, even though it was not the main focus, Albanian sources and history in archeology, culture, and inheritance, offers considerable potential;
- Natural-rural-ecotourism. Natural, and rural areas in Albania offer opportunities for rural, and ecotourism development, based on natural activities such as rafting, paragliding, cycling, fishing, trekking, hiking, walking, horse riding, etc.

The impact of the pandemic on the world, and Albania is inevitable, impacting the long and short terms in the development of the country. Albania with an open and small economy is touched mainly by the decrease in tourist flow. The recovery of the country depends on the strength and sustainability that local institutions have drafted and implemented, to mitigate the negative effects of the pandemic on the economy.

Known as “The City of Stones”, located in the south of Albania, Gjirokastra is today a key center in the development of cultural heritage tourism in Albania. Gjirokastra is protected under the UNESCO heritage program since 2005, as a unique example of heritage preservation in the Balkan, as an Ottoman marketplace. This patronage has increased the interest in historical and cultural values overseas (Tase & Xhaferri)¹.

2. Literature review

The pandemic changed drastically the structure of the tourism industry worldwide. Many countries experienced an important statistical decrease in their income in this sector. The most affected country was mainly the countries that are dependent on the tourism industry. To have a better understanding of Albania’s dependency on this sector, we must know that 25% of Albania’s economy is connected to this sector. Tourism is identified as one of the economic motors of Albanian development. The economic activity continued to profit from the increase in private consumption and the fast enlargement of tourism (Papajorgji et al.)².

¹ Tase M., & Xhaferri M. COVID- 19: Challenges and Prospects for the Future in the Tourism Industry. Case Study Albania. Reviving Tourism, in the Post-Pandemic Era, 2022.– P. 195–200.

² Papajorgji P, Ilollari O, Civici A., & Moskowitz H. A mind genomics-based cartography to assess

It is important to mention that tourism was one of the most affected sectors during the pandemic, and for this reason, the interference of public and private politics is needed for building sustainable capacity in this sector. With the spread of COVID-19, global tourism decreased by 7%, just by the isolation of China, meanwhile, the isolation of other countries decreased global tourism by 23% (Alshiqi & Sahiti)¹.

Of this situation formed in 2020–2021, many people who worked in the tourism sector became unemployed, because of the isolation. This reduction in the Balkan countries, especially in Albania and Kosovo, has affected drastically because it depends significantly on the stability of the remittances, which makes up 10% of the PPSs of these countries. This pandemic situation has created another economic crisis, which is considered one of the largest economic crises in the world after the Big Depression in 1929 (Alshiqi & Sahiti)².

The tourism industry is one of the most affected industries because of the travel prohibitions and the closure of the air, sea, and land borders. That brought a drastic decrease in the incomes of this industry, and workplaces, and also failed and closed many businesses. (Leka, 2020)

(Wren-Lewis)³, suggested that Covid-19 predicted a decrease in economic growth because of the decrease in the supply of the workforce, higher cost of production, temporary inflation increase, and reduction of social consumption.

3. Methods and procedures

The data of these studies are found mainly in the official institution, specifically by the Gjirokastra hall, INSTAT, General Directorate of Taxes, Finance Ministry, and also by local and foreign literature.

Definitions:

Tourism is the visitors' activity, undertaking a trip to a location out of their settlement, for less than 1 year, for whatever reason, including business, free time, or other personal reasons.

A visitor is classified as a tourist (or visitor for one or more nights) if her/his trip includes sleeping and accommodation.

Local tourism: includes the activities of a resident visitor within his/her country.

External tourism: includes the activities of a resident visitor outside his/her country.

the effects of the covid19 pandemic in the tourism industry. *ËSEAS Transactions on Environment and Development*, – 17. 2021.1. – P. 021–1029. URL: <https://doi.org/10.37394/232015.2021.17.94>

¹ Alshiqi S., & Sahiti A. The Impact of COVID-19 on Albanian Tourism. *Emerging Science Journal*, (Special Issue), 2022. – P. 33–41. URL: <https://doi.org/10.28991/esj-2022-SPER-03>

² Ibid.

³ Wren-Lewis. *The Economic effects of a pandemic*. London: Center for Economics, Policy Research. 2020.

Travel for personal purposes: Trips for personal purposes are those trips outside the individual's usual residence, which include at least one or more nights and do not exceed 12 months.

Travel for business or work purposes: Trips for business purposes are those trips outside the individual's habitual residence, which include at least one or more nights and do not exceed 12 months (conventions and conferences, fairs and exhibitions, business talks and missions (sales or purchases), professional trips (undertaken by representatives of culture or religion, etc.) training, accompanying other people, etc.).

Main destination: in the case of a trip abroad, the individual declares where he stayed. If the traveler is unable to decide, the traveler will choose as the main destination the place where he has spent most of the nights of stay; if there are many places with the same number of overnight stays, then the farthest destination or the place where the traveler has spent the most money will be decided.

Night of stay: are the nights of stay in a hotel or similar environment, in a private apartment for rent or not for rent (friends or relatives provide accommodation), or in nature (camping). The nights spent in the means of travel (on the train, bus) are also included in the nights of stay.

Travel time: the number of nights spent.

Entries: include all entries of persons at border points (by air, sea, and land). Arrival is a concept that refers to all arrivals. A person who visits several countries simultaneously during a year is counted as a new entry each time (INSTAT, 2022)¹.

4. Results

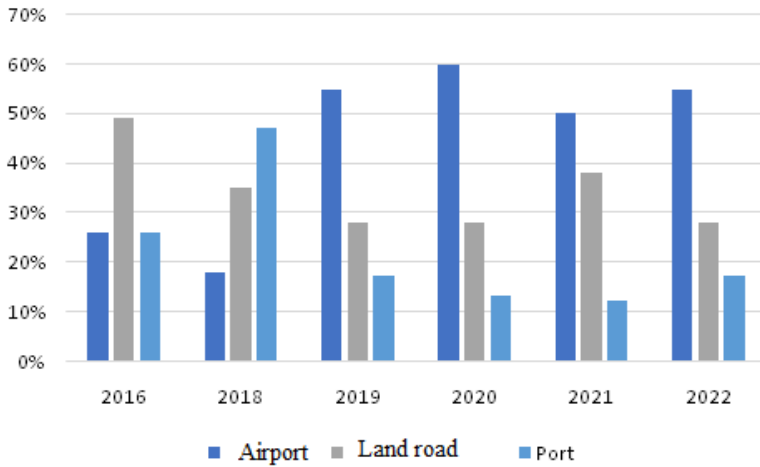
Demographic data

More than 2/5 of tourists (40%) are international, where 97% of tourists (Albanian or foreign) come from Europe (mainly Greece, Italy, and Germany) and 3% of them come from Australia, America, Canada, etc. 32.3% of tourists were tourists residing in Albania and 67.7% of tourists were living outside Albania. This year there is a significant decrease in domestic tourists (from 45% to 32.3% for the current year, 2022). 49% of the tourists interviewed were male and 51% were female. Regarding the age of tourists, the most representative age group is 26–35 years old (33% of tourists), followed by the 36–45 age group (23%). Meanwhile, the least representative age group is the age group of 65 years and older (4%). The same trend was presented in the surveys of the past years (2021, 2020, 2019, 2018, and 2016) (INSTAT, 2021)².

In 2022, 55% of tourists entered the Albanian territory through the airport, compared to 2021 (50%); 2020 (60%); 2019 (55%); 2018 (47%), and with a base study where only 25% of tourists used this entry point.

¹ INSTAT. (2022). strukturat-akomoduese-janar-2022

² INSTAT. (2021). Vjetari Rajonal Statistikor.



Graphic 1. Ways of entering the territory of Albania. Source: ACER, ADF

The second most frequented way was land routes, accepted by 28% of tourists against 38% of tourists in 2021, 28% of tourists in 2020 and 2019, 35% of tourists in 2018, and 48% four years before.

It's obvious a reduction in the entries into Albanian territory from Albanians, and from tourists as well. The year 2020 expresses the lowest levels of entries, where from 2019 to 2020 we have a difference of 1% between Albanians and tourists. This came as a result of travel limitations, and preventive measures imposed by the government. Such a reduction might look small in numbers but has a considerable affection. It is obvious that since 2020, into the following year, we have had a considerable growth of tourist entries in Albanian territories, because of the reduction of the limitations, and the change of measures imposed by the government, for helping the tourism industry of Albania. (INSTAT, 2021)¹

Table 1. – The period of stay in Albanian territories.

	2016	2018	2019	2020	2021	2022
1–3 days	4%	2%	3%	10%	83%	100%↑
4–7 days	24%	21%	57%	57%	16%	0%↓
>= 8 days	72%	77%	38%	33%	1%	0%↓

Sources: ACER, ADF, and INSTAT

The majority of tourists (65%) stay an average of eight or more days in Albania. We have a significant decrease in tourists, who stayed an average of one to three days in Albania compared to last year. Most of the tourists stay mainly for 1–3 days in the

¹ INSTAT. (2021). Vjetari Rajonal Statistikor.

city of Gjirokastra. It is seen an increase from 2020 to 2021 of 73% of tourists staying in Gjirokastra from 1–3 days. Regardless of these data, it should be noted that in 2020, the accommodation structures were not functional for a period of 2 months (March-May) due to the measures taken by the government. During the summer period (June-September) these measures were reduced in order to facilitate local businesses (Boboli & Dashi)¹.

Table 2. – Average daily expenses of tourists

	Avg. 2016	Avg. 2018	Avg. 2019	Avg. 2020	Avg. 2021	Avg. 2022
Gjirokastra	36	71.1	49.3	42.4	59.2	49.42↓
The general average	44.5	53.1	47.3	46.7	55.9	85.07↑

Source: ACER, ADF

The analysis of the monetary value spent was done through the financial calculation of the average tourist expenses, including the cost of the tourist package, accommodation, food, transportation, and other activities.

In 2020, a tourist spent an average of 42.4 Euros/day, which compared to 2019; saw a decrease of 6.9 Euros/day in average daily expenses. In 2021, we have an increase in the average daily expenses of tourists in the city of Gjirokastra of 16.6 Euro/day of average daily expenses. This automatically translates into an increase in the income of local businesses.

In Gjirokastra, tourists for the year 2022 have spent the daily amount of 49.42 Euro/day.

Meanwhile, for the same tourist area, the local tourists interviewed stated that they spent an average of 55 Euro/day, i.e. approximately 27% more than the international tourists (40.26 Euro/day).

The data received from the Gjirokastër Municipality clearly show the change in the number of tourists for the period 2019–2021 as well as the income obtained from businesses in this period.

With the change in the number of tourists, the change in the income received by businesses is clearly noticed. A drastic decrease in the number of tourists from 2019 to 2020 is observed, which consequently brings a decrease in the income received by businesses. In 2020 we have the lowest number of tourists in the city, as well as the

¹ Boboli I., & Dashi E. M. Exploring Tourist Expenditures of the Gjirokastra District in Albania: A cluster analysis. *Acta Scientiarum Polonorum. Oeconomia*, – 20(2), 2022. – P. 13–20. URL: <https://doi.org/10.22630/asp.2021.20.2.11>

lowest income recorded in the last 10 years obtained by businesses. Even after the measures taken by the government to ease the restrictions as well as economic aid, such as war pay, and the forgiveness of local fees for two months, businesses again encountered economic difficulties (Zenker & Kock)¹.

5. Conclusions

The Covid-19 pandemic caused a negative effect on the tourism industry. This is due to the restrictions and measures taken by governments and various departments to protect the health of the population.

A category affected by this crisis is self-employed, which mainly in Albania corresponds to micro and small businesses, which means mainly family businesses.

The low number of tourists in the country brought a decrease in the income of businesses, mainly accommodation structures.

The closing of the borders, as well as the restriction of entry and exit of the Albanian population, made it impossible for immigrants to come, which led to a decrease in remittances.

In addition to family businesses, even large businesses, due to high costs during the pandemic period, were forced to lay off a significant number of workers in order to reduce costs.

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Contents

Section 1. Management	3
<i>Boltayev Didar Baqytuly</i> FEATURES OF THE INTRODUCTION OF DISTANCE LEARNING IN HIGHER EDUCATION INSTITUTIONS.....	3
<i>Adil Indira</i> MAIN PRINCIPLES OF ORGANIZATION OF PRODUCTION PROCESS IN MODERN CONDITIONS IN DEVELOPING PRODUCTION ORGANIZATION	7
<i>Kurmanova Ayzada Amangeldinovna</i> POVERTY REDUCTION METHODS IN THE CASE OF MODERN DEVELOPMENT OF KAZAKHSTANI ECONOMY.....	13
<i>Tsoy D. V.</i> ASSESSMENT OF THE NEED TO USE DATA-DRIVEN APPROACH IN KAZAKHSTAN BUSINESS.....	19
Section 2. Finance, monetary circulation and credit	25
<i>Dr. Veizi Zamira</i> REVIEW OF EMPIRICAL LITERATURE: THE RELATIONSHIP BETWEEN BANK CREDIT RISK MANAGEMENT INDICATORS AND BANK PROFITABILITY INDICATORS.....	25
Section 3. Economics of population and demography	36
<i>Dr. Noçka Eralda</i> POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK OF AGRICULTURE VOCATIONAL EDUCATION IN ALBANIA.....	36
Section 4. Economics of recreation and tourism	44
<i>Dr. Çelo Robert, MSc. Imeraj Klaudio</i> COVID-19 IMPACT IN THE TOURISM INDUSTRY OF GJIROKASTRA.....	44