

The Relationship between Exchange Rate and Inflation, the Consumer Contracts and Auditing for Development of the Albanian Economy

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Abstract

It is generally recognized that after the collapse of centralized economies, the private sector appears at an impressive speed in all transition economies and the number of small businesses grows by the day. It is also known that the growth of entrepreneurial activity is more oriented towards trade than industry. Albania is one of the transition countries where transition to the market economy is closely linked with the development of the private sector. A business can be created by anyone. In short we can say that a business can be created by any natural or legal person who has the capacity to act. In this category there are undoubtedly foreign and legal entities. In this regard, the main principle of Albanian law is the equality of Albanian citizens' rights with foreign nationals except for those rights that the law recognizes only Albanian citizens. Albania has registered a rapid growth in the number of enterprises, a fact that shows a high degree of entrepreneurial desire within the country.

Keywords: Reform process, development economy, impact, law analyze, exchange rate

1. Introduction

The competitive advantages, its export potentials and the opportunities for new markets for *Made in Albania* products will be re-evaluated. It will work to develop its full potential, benefiting from free trade agreements, mainly with the Western Balkans and the European Union. It is intended that within the year 2020, through the increase of competitiveness, diversification of export products will increase the penetration rate in these markets. The state becomes a state-regulator, indirectly intervening, in coordination with other actors and it does not do everything by itself. If every era is characterized by the dominance of a kind of public policy, it should nevertheless be noted that in practice, modern states combine different types of policies into variable proportions.

2. The Purpose of the Study

Small business is the spinal cord of the national economy, it is the basis of the economic system of the free enterprise. In the last few years, there has been a big stream of small and medium business to the developed world. Establishing a partnership between government and business related to the need to improve technology, innovation.

Promoting and supporting SME's needs to be accompanied by a more balanced sectoral development. The prevalence of trade and some sectors of traditional services need to be regulated in order to provide more investment and economic activity in the productive sector, which uses domestic raw materials to produce good for locals and to export those that will result in savings in foreign currency as a result of the substitution of imports. Successful SME-s can become exporters or preferred partners for foreign investors.

By 2020, Albania aspires to be the main investment destination in the Western Balkans as a key country for international business, at equal levels with other regional competitors. Based on the success stories of the last decade, Albania aspires to high levels of FDI flows in the region. Challenging areas will be improved as well; rule of law, enforcement of contracts, property rights, protection of intellectual property rights and enforcement of trade norms in order to absorb foreign capital both in services and in the technology sector, essential for holding in Albania an educated new elite.

The assistance to small and medium business development is an integral part of all economic reform alongside enterprise restructuring and property reform, investment promotion, and financial reform. Small business development is a key element of economic development. The strategic importance of small and medium business is well-known around the world for the following reasons:

It is the spinal cord of the market economy and for transition economies in the long term, it can secure most of the employment.

- a) Manufactures for the domestic market, mainly using national resources.
- b) The growing number of small and medium-sized businesses brings flexibility to society and economy, facilitates technological innovation provides opportunities for new ideas and new skills to implement.
- c) Uses and develops mainly technology and internal skills.
- d) The development of small and medium business is a key factor for regional development of the country.
- e) The development of small and medium business is a key factor for the development and promotion of exports.

3. Literature Review and Hypotheses

3.1 Opportunities in business development:

Collective companies are those companies in which the partners have unlimited responsibilities. This means that they respond to the obligations of society in an unlimited manner with all their possessions. Limited Partnerships, may have limited partners or unlimited partners. Limited partners are responsible for the company's liabilities within the assets with which they have contributed to the capital of the company. On the other hand, unlimited partners of the limited partnership are responsible for the obligations of society in an unlimited manner with all their possessions. Limited partnerships with sole partners or founding partners (if the company has more than one partner), are responsible for the company's obligations to a limited extent within the contribution they have in society.

- a. Economic policy and liberal legal framework
- b. Free Trade Agreements, the Stabilization and Association Agreement with the EU
- c. Projects for regional development, especially those of infrastructure
- d. Development of banking sector reform
- e. Increasing the Responsibility of Private Sector Institutions
- f. Considerable natural resources
- g. The geographical position of Albania

3.2 What are the procedures for creating a business?

Once you have created a business (you have practically started doing business), the obligation to register your business arises. The legal basis to which we refer to is the provisions of Law No. 9723 "Source: National Registration Center" (Article 22).

Regardless of the type of subject that is required to be registered, you must be drawn to the National Reconnaissance Center, located at the Registry Offices near the former Vlorë Officers' House. You can enroll your business and any other registration center, although it is not in your city. The law stipulates that the business must be registered within a specified deadline, which is 15 days. Depending on the subject, which is required to record this time is calculated in different ways. Thus for natural persons, simple companies and foreign companies representation offices, the deadline is calculated from the day of commencement of business activity (within 15 days of the beginning of the business activity) For some special cases, the law extends the deadline in 30 days. This period begins to run from the day when the factual circumstance or the act to be registered has occurred (this is the case for those entities which have a more complex form of organization in relation to the mentioned subjects).

4. Research Goal

4.1 The steps you follow after registering your business.

After you have been provided with the registration certificate issued by the NRC, you must apply to the office of work, located next to the Vlorë Court of Appeal, on the Trans Balkan Way (former oil school) to register the number of employees by defining positions relevant ones that will have them in your business. After registering your employees at the office, you should go to the Social Insurance Office located in the former rice market to open your social security and health booklets for your employees.

If you have a small business then taxes and taxes are paid to the City Hall. If you have a large business then you should contact the Vlorë Tax Department, located near the Vlorë Prefecture, opposite the former medical school. Once you've finished paying taxes (usually once every three months), you can keep quiet about your trading activity.

H1: What role will play the economic diplomacy, and who will be the new perspective of the international cooperation with suitable financial institutions.

5. Sample and Data Collections

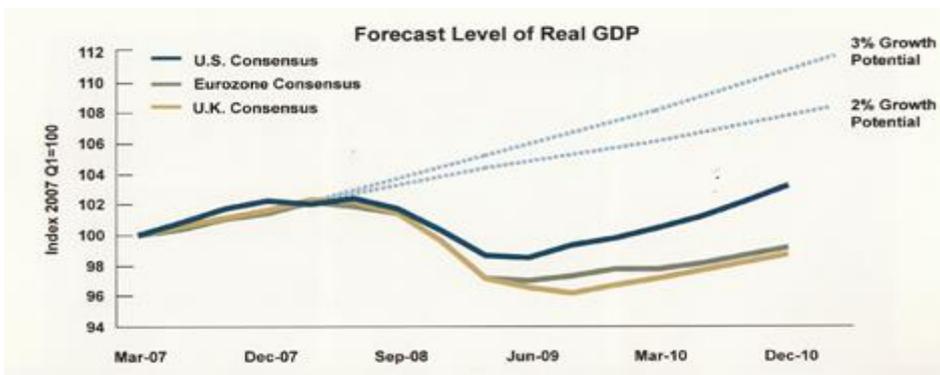


Fig.1.

Source: GDP level and Financial planning (2007-2010)

1. *Obligation element*: The state exercises the obligation. A public policy should exercise an obligation on the conduct of the actors, whatever they are, either public or private.

2. *Social Competence*: an expression that defines the entirety of public or private actors that participate more or less in the production and implementation of public policies.

5.1 *Who are the people who can register a business?*

The business can be registered by the person concerned of the person (it is about the person who started on his behalf a commercial activity), or by his authorized representative.

6. What are the Documents Required to do the Registration?

In this regard, the current law simplifies many registration procedures. Generally, you must be provided with an identification document recognized by the Albanian Legislation, the statute and the founding act (if you register a company), and the special proxy if the registration is performed by the legal

The current law stipulates that to register a subject practicing the merchant, you have to pay only 100 ALL at the NRC. Once this payment has been made, the registration process lasts only 24 hours. This means that after this deadline has passed, you can contact the NRC to withdraw the special certificate that records your registration. Note: The above steps are actually met by the NRC office in your city, but it is advisable to apply yourself to your workplace, social security, and tax office so that you do not have delays in the establishment and activity of your business .

6.1 *When can a business could be closed?*

If your business has not been going on as you wanted, or for subjective reasons you want to close it, you must unsubscribe at NRC offices by completing the relevant form.

Commercial activity is closed and if the person who has declared the bankruptcy procedure.

In all cases, the steps that are explained for registering your business are as following;

7. What is Public Policy Assessment?

Public Policy Evaluation has emerged in the United States in the 1960's before it took place in the UK, Scandinavian countries, and then in other Western democracies twenty years later. Starting from 1990, with the European Union initiative, systemic rules have been established within the funding it gives to member states. Strongly linked to the rationalization of public action, public policy assessment aims at determining to what extent a public policy has achieved the set of objectives and has produced the expected public impacts.

In Europe, assessment generally consists in analyzing the results of a public intervention to know if the set objectives are achieved. In a broader sense, the assessment aims at building a judgment on the value of public intervention, based on its "outcomes, its impacts and the needs that this intervention intends to replenish" and relying on empirical data collected and specifically analyzed for this purpose. In France, in a decree of 1990, it was stated: "to evaluate a policy means to ask whether the legal, administrative or financial means can produce the expected effects of this policy and meet the fixed objectives."

When an assessment is made by an institution, it generally answers the precise questions (for example, "In which case did X intervene allowed the unemployed to find a stable job and why?"). The recipients of the conclusions and the recommendations of the evaluation are mainly public authorities, but also democratic institutions, their public or private partners, the scientific community or more generally the citizens. Evaluation is called "ex ante" if it is performed prior to the commencement of the research intervention; intermediate or final if it is developed during or at the end of the intervention; "Ex post" when it is performed after the end of the estimated intervention. Know, describe, and measure (without judging) the reality of a program or of an intervention, how he met the need, the achievement of his objectives and their effects.

a) This is the goal of the cognitive appraisal. Judge; the assessment helps political leaders make a judgment on the achievements and failures of interventions; the evaluation is based on empirical data and explicit criteria, as well as a supported analysis (normative purpose).

b) Improve and decide what to do: Evaluation serves to help in order to make a decision, for example the strategic re-orientation or operational adaptation of public policies (instrumental purpose).

8. Conclusions and Recommendations

When economies are transferred to the efficiency stage, their competitiveness relies on low prices but in the quality of goods and services. Generally from the 12 pillars of GCR analysis, Albania ranked best in the health and primary education pillar (5.9 points), the macroeconomic environment (4.4 pts) followed by the pillars of the market efficiency of goods (4.1) and the efficiency of labor market (4.3). While in the three dimensions of development (Basic Requirements, Efficiency Promoters and Innovation and Sophistication Factors), Albania has scored the highest in the first (4.2 points) and ranks as 94-th. Albania has declined in all three dimensions and in most indicators.

The most problematic factors to do business according to the report are: access to finance, tax rates, corruption, and tax regulation.

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