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PREFACE

The transition to a new "transfer" stage of economic development in a globalized world puts society at the heart of the need to solve the problem of ensuring its effective functioning for increasing the human capital value. The current stage of world economic development is characterized by a focus on innovations that can lead to economic growth and bring the economy to a fundamentally new level. A key success factor in such conditions is the intellectual resource, i.e. knowledge that is an indivisible intangible asset of any society (its entities).

Obviously, the essential global changes taking place in all countries of the world are due to the innovative course. As a result, the landmarks of socioeconomic processes, mechanisms of their interaction, their institutional support (which actually represents the implementation of a new stage of knowledge-based economy development) are changing. The "transferring" to the knowledge-based economy takes place under the influencing growth of the role of applied knowledge and practical competences on the basis of assimilating and testing of theoretical knowledge; under an increase in the proportion of services in the context of deep structural deformations in the sphere of material production worldwide; under shifting emphasis on the investments into human capital value from resource-based ones; under the intellectualization of information in the form of obtaining a new knowledge quality; under the continuous dynamic development of the informational and communicational technology system and high-tech industries.

Globalization also led to the fact that the problem of incomplete use of existing labor and intellectual potential by each country and, as a result, volatile (unstable) employment has become threatening scale and has become a category of "urgent", adding to the list of social threats of the modern society, which, in turn, led to the chain reaction at the resources markets (financial, human, capital, intellectual, commodity, etc.), violating traditional mechanisms of their regulation and limiting the timely reaction to "unpredictability turbulent vigils" of the economic systems, which are reflected in our monograph.

The experience of the socioeconomic systems' functioning in well-developed countries convincingly suggests that economic success and stability are inextricably linked with investment in human capital, the development of science and education, the support of innovation-oriented industries' functioning. Knowledge in the modern economy becomes capital only in case, if it will be commercialized, that is in case of its transformation into innovative products. On the other hand, we can observe the intensive development of technologies and a significant reduction of life cycles, not only of individual products, but of entire product categories and related industries. All above-mentioned determines the relevance of scientific studies, which results should be presented and used worldwide.

There are many scientific publications on innovation (innovation management) having been published, but there is a need for editions that cover the knowledge management system from organizational knowledge to its commercialization, which connect the main approaches and knowledge management technologies.

Our scientific monograph "Innovations in the Modern World" differs from other scientific publications, because it embraces the diverse views of scientists from all over the world on the processes of knowledge management and innovation - they consider them from the standpoint of the economy (commercialization mechanisms of various innovative projects; development of the innovative potential at the country level; development of innovative projects in various economic areas and sectors); management (peculiarities of different organizational structures), law (legal provision for generating new knowledge and their implementation; requirements of standards and norms for innovative products), public administration (state policy on the innovative development; state system of the intellectual property protection in various sectors of the economy), social communications and digital marketing (marketing of the scientific research results, influence on the behavioral component of society), social security and food security (audit of the social security level; ensuring protection of society with healthy food), applied modeling and monitoring methods to ensure the prevention of regulatory decisions and, even humanitarian, for the formation of an innovative world outlook on the basis of historical heritage in literature, philosophy, philology, etc.

Our monograph consists of 7 chapters.

Chapter 1 "Innovations in social communications and branding" includes results of scientific researches on socioeconomic factors for Facebook usage and its impact in purchasing behavior of buyers; social media advertising in banking sector and new edges in branding. Authors from India study different interdependence between variables that influence customers' behavior according to the advertising in the social media (viz. Facebook) to justify interconnections. Authors from Georgia have studied the relation between media outlets and banking business. The present study shows that the banking advertising in media is directly proportional to the success of this type of business, since well-planned campaign and consumer awareness are prerequisites for the success of banking business. Authors from Ukraine discover new brand forms, viz. informational and organizational. Branding is recognized by them as a factor in the competitiveness management system of the national economy.

Chapter 2 "New ways for SMEs development" includes results of scientific researches on their innovative activity in the Slovak Republic and Poland. Authors from Slovakia and Poland point out that improving the innovation level and on its base the competitiveness level of the SME sector is based on the international cooperation, both vertical and horizontal.

Chapter 3 "Perspectives of financial service sector development and energy production" includes results of scientific researches on main trends of the insurance market development and Capacity Remuneration Mechanism (CRM) in response to market conditions for electricity production. Authors from Kazakhstan and Slovenia discover peculiarities of these sectors, define their perspectives. In particular, authors from Slovenia indicate that in these new circumstances CRM became one of the most important instruments for balancing and regulating the market (i.e. electricity market), which is characterized by a very rigid demand and slow response on the supply side, having limited capacities.

Chapter 4 "Innovative approaches to the social responsibility concept development" includes results of scientific researches on "input-output" scientifically based strategic audit approach and creation of a new approach to the academic education on the sustainable development and corporate social responsibility (CSR).

Chapter 5 "Innovations in the sectoral economic modelling and monitoring" includes results of scientific researches on legal regulatory aspects of land monitoring and modelling prospects of global food problem solution. Authors from Ukraine propose new approaches for the land monitoring and solution of the global food problem.

Chapter 6 "Food security" includes results of scientific researches on the food balance and using nuts and fruits for the health security. Expert in the field of food security from Latvia have proposed detailed description of some products (nuts and exotic fruit) and their composited influence on the health of human beings.

Chapter 7 "Innovations in education" includes results of scientific research on the historical novel in the literature and its role in the modern era". Author from Albania made deep literature monographic research on the influence of the typology of Albanian historical novels, its features and consideration of "time" element. A logic line has been pointed in the deep role of historical literature heritage for the next generations to create innovative outlook on the basis of historiographical literary information.

Authors of the monograph will be sincerely grateful to all interested scientists, who are concerned with solving problems of the modern world in the current and innovative branches, for the critical assessment of our scientific papers and constructive scientific cooperation.

Respectfully,
Michael Schaefer,
Doctor in Economics, Professor,
President of Scientific Association
Association 1901 "SEPIKE"

CHAPTER 1

INNOVATIONS IN SOCIAL COMMUNICATIONS AND BRANDING

1.1 ANALYSIS OF THE SOCIOECONOMIC FACTORS FOR FACEBOOK USAGE AND ITS IMPACT IN PURCHASING BEHAVIOR OF BUYERS

Introduction

Advertising is the non-personal communication of the information usually paid for and persuasive in nature about products, services or ideas by identified sponsors through the various media (Datta, 2008). The advertiser intends to spread his ideas about the products and offerings among the prospects. Popularization of products is thus the basic aim of advertising (Ramaswami & Namakumari, 2004). With advent of digital media this advertising goes to next level from mass media to social media. The social Web is changing the facets of traditional marketing communications. Traditional brand communications that were previously controlled and administered by brand and marketing managers are gradually being shaped by consumers. The rapid growth in popularity of social media platforms in recent years has raised the question of whether this phenomenon has reduced marketers' control of brand management (Berthon et al, 2007). During the social media age, knowledge of both the influence of company created communication on consumer perception of brands & the influence of consumer online content creation on brands is important (Berthon, Pitt & Campbell, 2008; Christodoulides, 2009). Social media platforms like Facebook offer an opportunity for consumers to interact with other consumers; thus, companies are no longer the sole source of brand communication (Li & Bernoff, 2011). Moreover, consumers are increasingly using social media sites to search for information and turning away from traditional media, such as TV, radio and magazines (Magold and Faulds, 2009).

Social media like Facebook are gaining popularity and are increasingly used in regular operations of many companies, ranging from start-ups and SMEs to large corporations (Lee et al, 2008; Osimo, 2008; Andriole, 2010; Bell & Loane, 2010). Despite extensive use of Facebook, little is known on the specific impact that these tools & technologies have on business process performance (Denyer et al, 2011).

This paper highlights important factors of consideration on the buying decision of consumers, who are mainly using Facebook as a tool of information for brand through advertising along with how they perceive. Our study tries to fill the gap in literatures, which are a few or absent in highlighting the importance of socioeconomic factors of Facebook users on their purchase decision. Vast Facebook use of around the globe has made it a new and important advertising platform, where businesses place their ads to reach their prospective customers. This is probably because Facebook allows businesses to target specific customer and promoting their product or services through effective advertisements. As Vahl (2011) argues, Facebook is facilitating the manufacturers and service providers to reach customers of specific age group and interest. Growing Facebook based advertising is perhaps an indication that it is becoming an important source of business presentation and the firms are taking Facebook advertisement as a useful strategy to attract customers. Just in a few years, it has

become a part of promotional mix of the firms to create awareness in target areas and influence customers mind. Because of its popularity, businesses are placing their ads on Facebook for creating awareness and influencing buying behavior. Some businesses like HP, have adopted Facebook as a crucial part of business activities to stay close with customers in competitive environment. Vahl (2011) highlights the businesses magnetism towards Facebook and mentions that Facebook revenue from businesses advertisements reached approximately \$ 5.6 billion in 2016.

Companies are spending a sizable portion of their budget on advertising their products/services. Through advertisements which accompany interesting information, firms attempt to influence customers' buying behavior favorably. Facebook is also being used for the very reason as the firms believe that their advertisement may catch customers' attention and action (favorable purchase decisions). Companies struggle to differentiate their products/services to create values for their customers. Advertising is used to create products/services differentiation in customers' mind (Hussainy et al, 2008). Advertisers are aware of the importance of brand value development strategy and the benefits it may offer by effectively influencing customers mind. This is because often customers have association with specific brands and emotional values these brands have for them. This urges the advertisers to create emotional values for their viewers through advertisement on the media like Facebook.

Literature review

Advertising is the core idea that is presented in non-personal ways to create purchase intention. Srinivasa (2008) defines advertisement as "the sharing of information about products in a non-personal way usually paid by a sponsor through different media". Similarly, Ayanwala et al (2005) define it as "a non-personal paid form of communication, where ideas, concepts, products/services and information are promoted through media (visual, verbal and text) by an identified sponsor to persuade or influence behavior". Bishnoi & Sharma (2009) emphasized the inherent characteristics of advertisement and suggested that popularity is the aim of advertisement.

Facebook is type of social media, where people with common interest shares their ideas and comments in a virtual environment (Weber, 2009). Facebook advertising enables customers to share their experience, ideas, interest and useful information about a brand. Facebook advertising is useful in the sense that it is interactively helpful in collecting feedback and demographic information of targeted customers. In current business environment, Facebook advertising is an effective source to reach targeted customers (Sendberg, 2010). Facebook advertising provides the opportunity to build up a brand and engages with customers on a large social network. Facebook advertising is done to create likeness, attraction and influence buying behavior in a positive way. Attitude-towards-the ads, is an interesting theory of advertising often used to understand the buying behavior. Effective advertisement influences the attitude towards brand and finally leads to purchase intention (Goldsmith & Lafferty, 2002). Ideally, consumers buying behavior is the products purchase decision (Adelaar et al, 2003). Social media (viz. Facebook) has become a marketing channel to reach target market. According to a study, "Expand your Brand Community Online" social media

has become a significant marketing channel to reach directly targeted customers and engages them with company brands (Hanlon et al, 2008). E.g. Audi (German auto company) and Dunkin' Donuts (American consumers' product company) are using social media for direct interactions with customers. Audi has established corporate relations with their fans on Facebook (Wasserman, 2011). Similarly, Proper Cloth (New York based company) has created its page on Facebook to post news of their business and pictures of clothes. All its Facebook fans receive their updates in seconds on their Facebook pages. These leading brands have collected consumers on a single platform (i.e. Facebook) and keep them updated at lower cost. According to Lukka and James (2014), Facebook is an effective source to market products in a personal way. Facebook has enabled marketers to customize their advertisements for a specific groups of people. Marketers target these individuals on the basis of demographic information and mutual interests. Facebook has made it possible to reach these targeted people in cost effective and interesting way instead of traditional marketing channels.

There is a research gap exists, which our research tries to highlight, i.e. no study highlights the socioeconomic make up or profiles of Facebook users collectively that influence the purchasing behavior. Thus, this study will bring out more clarity to the existing literatures and help in establishing more credibility.

Research objectives and methodology

Research objectives: All objectives are based on Facebook users profile, viz. to know and to evaluate the impact of socioeconomic profile of Facebook users on: (1) mode of shopping; (2) frequency of purchase; (3) type of goods purchased; (4) amount spend for purchase of goods. The study variables are mode of shopping, frequency of purchase, type of goods purchased and amount spend for purchasing of goods.

Research methodology: The research is action-based study as such the work falls in the ambit of applied research methods. The study has two main constructs, viz. (1) *socioeconomic profile* of Facebook users and (2) *purchasing behavior*. The first construct represented by 7 variables, viz. (1) gender; (2) age; (3) education; (4) marital status; (5) residence; (6) occupation and (7) income. The second construct is influenced by 4 variables, viz. (1) mode of shopping; (2) frequency of purchase; (3) type of goods purchased and (4) amount spent on purchasing. All variables related to socioeconomic profile are independent variables and rest of the variables are study variables. For instance, 'gender' is independent variable and 'mode of shopping' dependent variable. So, the regression equation for this relation could be as (1.1.1):

$$\text{Mode of Shopping Behavior} = \alpha + \beta (\text{gender}) + e \quad (1.1.1)$$

The hypothesis for this regression equation could be H_a : *Gender influences mode of shopping*. The null hypothesis obviously turns out to be H_0 : *gender doesn't influence mode of shopping*. For a composite hypothesis, please, look at formula (7) below.

Sampling procedure: For this study a multistage sampling method was adopted. The research has comprised of four districts of Odisha, which were selected based on good Internet connectivity. For the study a comprehensive questionnaire was constructed covering 14 variables related to impact of Facebook advertising. Besides socioeconomic

variable related questions about respondents, different issues related to the purchasing decisions were also addressed. While conducting the survey, due care was given to the respondents of different walks of life, who are well versed with Facebook advertisements are targeted. A total of 1000 questionnaires (250 in each district) were administered through Facebook and WhatsApp groups. A total of 865 questionnaires were considered to be fit for the analysis.

Hypotheses: This section brings emphasis on hypothesis for the study. The *aim of the research* is to find and assess the impact of socioeconomic profile of Facebook users on various traits of purchasing behavior.

H₁: Socioeconomic profile of Facebook users impact mode of shopping.

H₂: Socioeconomic profile of Facebook users impact frequency of purchase.

H₃: Socioeconomic profile of Facebook users impact type of goods purchased.

H₄: Socioeconomic profile of Facebook users impact money spent on purchase.

Statistical techniques: Given the aim and the objectives the study needs linear regression along with *MANOVA* to test the hypotheses. Each hypothesis needs a simple linear regression in order to get tested. Whereas, to test the multivariate variance the study might need *MANOVA*. The methods could be as below.

Simple linear regression: Given a model function such as (1.1.2):

$$Y = \alpha + \beta X + e \quad (1.1.2)$$

Formula (1.1.1) is known as the classical model function for simple linear regression, whereas formula (1.1.2) is the expression for the constant. The slope or coefficient can find as (1.1.3) - (1.1.6).

$$\hat{\alpha} = \bar{Y} - \beta' \bar{X} \quad (1.1.3)$$

$$\beta' = \frac{\sum [(x_i - \bar{x}) \times (y_i - \bar{y})]}{\sum (x_i - \bar{x})^2} \quad (1.1.4)$$

$$t = (\beta' - \beta) \div S_{\beta} \sim t_{n-2}, \text{ where } S_{\beta} = (1/(n-2)) \sum \hat{e}_i^2 \div \sum (x_i - \bar{x})^2 \quad (1.1.5)$$

It might be possible to assess if the relationships between any two variables significant or not with the help of formulas (4) - (5) once upon realizing the expected values such as $\hat{\alpha}$ and β' from formulas (2) - (3). Coming to the study, the hypothesis *H₁* brings emphasis on testing the relationships between socioeconomic profile of Facebook users and mode of shopping. Both variables measured in ordinary level. The model (1.1.1) can be as (1.1.6):

$$\text{Mode of Shopping} = \alpha + \beta (\text{socioeconomic profile}) + e \quad (1.1.6)$$

It is possible to test relations with the help of *t statistic* as in formulas (1.1.4) - (1.1.5).

Statistical tools: They are important for statistical analysis. Two of the packages namely *R base* along with *diagram* were used to perform linear regression and for visualization. *R base* has sufficient mechanisms to perform linear regression analysis. However, the package *diagram* is used to plot the structure diagrams. The structure diagram is composed of set of nodes for both dependent and independent variables. The nodes were shown as rectangles and relationships were shown with single headed arrows. The color of the arrow represents significance of relationships, which are deemed to be significant, if the color of the arrow is red otherwise not.

Analysis and interpretation

The analysis is organized by the output obtained through *R* for simple linear regression. The data first verified to check normality of the data. *Shapiro-Wilk test* is chosen to test the multivariate normality of the data. Every model has two outcomes, i.e. the first is the regression output and the second is a visual. The regression output has certain important statistics along with *P Values*, which were interpreted at respective significance levels.

The following is the normality test. `shapiro.test(s.df[,2:26])`

Shapiro-Wilk normality test

data: s.df[, 2:26]

W = 0.08159, p-value < 0.02134

The following is the regression summary for Gender vs. Study variables
`summary(gend.lm)`

Call: `lm(formula = s.df[, 2] ~ s.df[, 8] + s.df[, 9] + s.df[, 10] + s.df[, 11], data = as.data.frame(s.df.ch))`

Residuals:

Min	1Q	Median	3Q	Max
-0.76527	-0.04580	0.04994	0.16844	0.44037

Coefficients:

Estimate / Std. Error / t value / Pr(> |t|)

(Intercept)	2.55467	0.07948	32.143	< 2e-16 ***
s.df[, 8]	-0.46163	0.03266	-14.133	< 2e-16 ***
s.df[, 9]	-0.52792	0.06649	-7.939	1.73e-13 ***
s.df[, 10]	0.47208	0.05361	8.806	8.02e-16 ***
s.df[, 11]	-0.10804	0.02015	-5.363	2.36e-07 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.2872 on 190 degrees of freedom

(105 observations deleted due to missingness)

Multiple R-squared: 0.6713, Adjusted R-squared: 0.6643, F-statistic: 96.99 on 4 and 190 DF, p-value: < 2.2e-16.

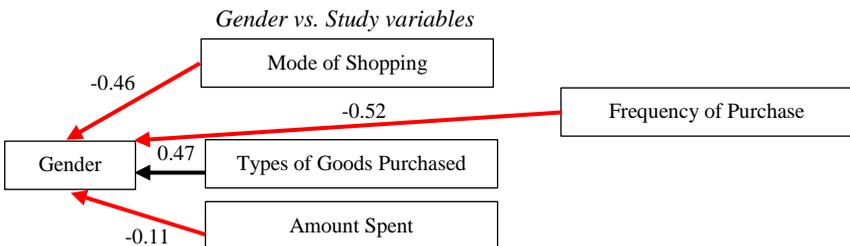


Figure 1.1.1: Structure diagram for Gender vs. Study variables

Source: calculated by authors

Gender has significant relationship with mode of shopping, frequency of purchase and amount spent (*Figure 1.1.1*).

The following is the regression summary for Age vs. Study variables
summary(age.lm)

Call: lm(formula = s.df[, 3] ~ s.df[, 8] + s.df[, 9] + s.df[, 10] + s.df[, 11],
data = as.data.frame(s.df.ch))

Residuals:

Min	1Q	Median	3Q	Max
-1.6293	-0.3226	-0.2451	0.3453	1.6619

Coefficients:

Estimate / Std. Error / t value / Pr(> t)
(Intercept) 8.49741 0.21487 39.547 < 2e-16 ***
s.df[, 8] 0.70883 0.08830 8.027 1.01e-13 ***
s.df[, 9] -0.70994 0.17977 -3.949 0.00011 ***
s.df[, 10] -1.02543 0.14493 -7.075 2.79e-11 ***
s.df[, 11] -0.90810 0.05446 -16.674 < 2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.7764 on 190 degrees of freedom

(105 observations deleted due to missingness)

Multiple R-squared: 0.8219, Adjusted R-squared: 0.8181, F-statistic: 219.1 on 4
and 190 DF, p-value: < 2.2e-16.

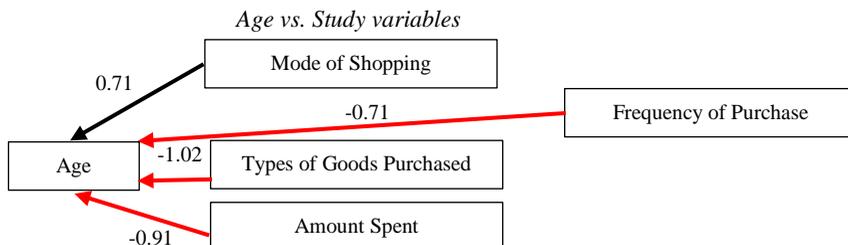


Figure 1.1.2: Structure diagram for Age vs. Study variables

Source: calculated by authors

Age has significant relationship with frequency of purchase, amount spent and types of goods purchase (Figure 1.1.2).

The following is the regression summary for Education vs. Study variables
summary(edu.lm)

Call: lm(formula = s.df.ch[, 3] ~ s.df.ch[, 8] + s.df.ch[, 9] + s.df.ch[, 10] +
s.df.ch[, 11], data = as.data.frame(s.df.ch))

Residuals:

Min	1Q	Median	3Q	Max
-1.7508	-1.0025	0.0397	0.5721	3.2070

Coefficients:

Estimate / Std. Error / t value / Pr(> t)
(Intercept) -0.375487 0.477065 -0.787 0.4323
s.df.ch[, 8] 0.854237 0.328240 2.602 0.0101 *

```

s.df.ch[, 9] 0.001174 0.273800 0.004 0.9966
s.df.ch[, 10] 0.177068 0.098723 1.794 0.0747 .
s.df.ch[, 11] 0.957771 0.167032 5.734 4.46e-08 ***
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

```

Residual standard error: 1.338 on 168 degrees of freedom Multiple R-squared: 0.2333, Adjusted R-squared: 0.215, F-statistic: 12.78 on 4 and 168 DF, p-value: 4.199e-09.

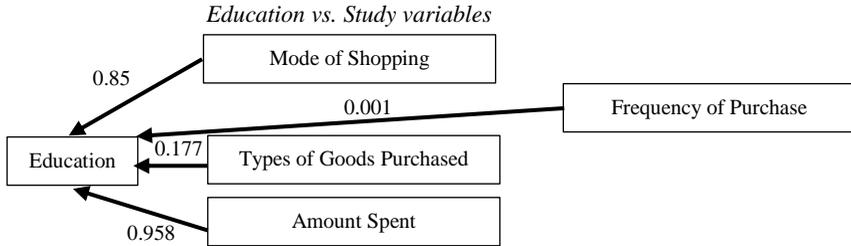


Figure 1.1.3: Structure diagram for Education vs. Study variables

Source: calculated by authors

Education has no significant relationship with mode of shopping, frequency of purchase, types of goods purchase and amount spent (*Figure 1.1.3*).

The following is the regression summary for Marital Status vs. study variables summary(ms.lm)

```

Call: lm(formula = s.df.ch[, 4] ~ s.df.ch[, 8] + s.df.ch[, 9] + s.df.ch[, 10] +
s.df.ch[, 11], data = as.data.frame(s.df.ch))

```

Residuals:

```

  Min      1Q   Median      3Q      Max
-0.52373 -0.02706  0.04774  0.12912  0.32009

```

Coefficients:

```

Estimate / Std. Error / t value / Pr(> |t|)
(Intercept)  2.14323  0.07961 26.921 < 2e-16 ***
s.df.ch[, 8] -0.19499  0.05478 -3.560 0.000483 ***
s.df.ch[, 9] -0.08137  0.04569 -1.781 0.076734 .
s.df.ch[, 10] -0.03540  0.01647 -2.149 0.033103 *
s.df.ch[, 11]  0.15618  0.02787  5.603 8.47e-08 ***
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

```

Residual standard error: 0.2233 on 168 degrees of freedom Multiple R-squared: 0.4229, Adjusted R-squared: 0.4092, F-statistic: 30.78 on 4 and 168 DF, p-value: < 2.2e-16.

Marital status has significant relationship with mode of shopping, frequency of purchase 7 types of goods purchases (*Figure 1.1.4*).

The following is the regression summary for Residence vs. Study variables summary(res.lm)

```

Call: lm(formula = s.df.ch[, 5] ~ s.df.ch[, 8] + s.df.ch[, 9] + s.df.ch[, 10] +
s.df.ch[, 11], data = as.data.frame(s.df.ch))

```

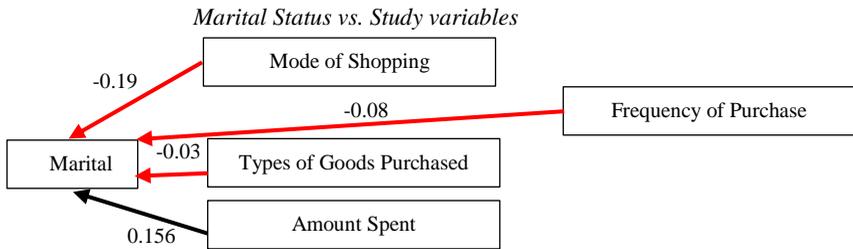


Figure 1.1.4: Structure diagram for Marital Status vs. Study variables

Source: calculated by authors

Residuals:

Min	1Q	Median	3Q	Max
-0.51990	-0.19742	-0.07527	0.26581	0.67407

Coefficients:

Estimate / Std. Error / t value / Pr(> t)				
(Intercept)	0.54832	0.13586	4.036	8.25e-05 ***
s.df.ch[, 8]	-0.13735	0.09348	-1.469	0.1436
s.df.ch[, 9]	0.17537	0.07798	2.249	0.0258 *
s.df.ch[, 10]	0.18512	0.02812	6.585	5.60e-10 ***
s.df.ch[, 11]	0.19397	0.04757	4.078	7.01e-05 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.3811 on 168 degrees of freedom Multiple R-squared: 0.4356, Adjusted R-squared: 0.4221, F-statistic: 32.41 on 4 and 168 DF, p-value: < 2.2e-16.

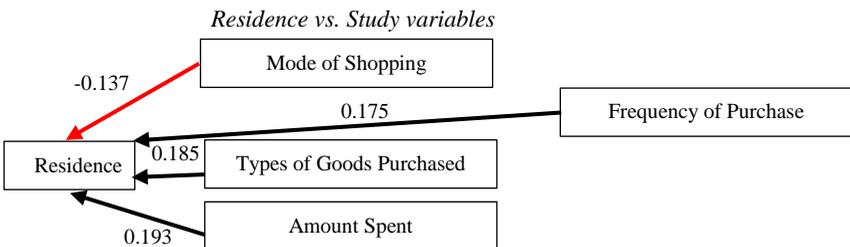


Figure 1.1.5: Structure diagram for Residence vs. Study variables

Source: calculated by authors

Residence of users has only significant relationship with mode of shopping (Figure 1.1.5).

The following is the regression summary for Occupation vs. Study variables.
summary(occ.lm)

Call: lm(formula = s.df.ch[, 6] ~ s.df.ch[, 8] + s.df.ch[, 9] + s.df.ch[, 10] + s.df.ch[, 11], data = as.data.frame(s.df.ch))

Residuals:

Min	1Q	Median	3Q	Max
-1.71580	-0.39111	0.01292	0.68477	0.97297

Coefficients:

Estimate / Std. Error / t value / Pr(> t)
(Intercept) 7.03876 0.30985 22.717 < 2e-16 ***
s.df.ch[, 8] -2.07704 0.21319 -9.743 < 2e-16 ***
s.df.ch[, 9] 0.40403 0.17783 2.272 0.0244 *
s.df.ch[, 10] 0.30279 0.06412 4.722 4.90e-06 ***
s.df.ch[, 11] -0.98424 0.10849 -9.073 3.01e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.8692 on 168 degrees of freedom Multiple R-squared: 0.6607, Adjusted R-squared: 0.6527, F-statistic: 81.79 on 4 and 168 DF, p-value: < 2.2e-16.

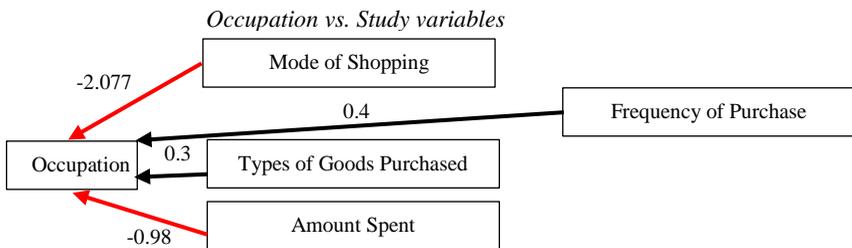


Figure 1.1.6: Structure diagram for Occupation vs. Study variables

Source: calculated by authors

Occupation of users has significant relationship with mode of shopping and amount spent (Figure 1.1.6).

The following is the regression summary for Income vs. Study variables summary(inc.lm)

Call: lm(formula = s.df.ch[, 7] ~ s.df.ch[, 8] + s.df.ch[, 9] + s.df.ch[, 10] + s.df.ch[, 11], data = as.data.frame(s.df.ch))

Residuals:

Min	1Q	Median	3Q	Max
-0.91377	-0.21138	-0.06825	0.50378	0.58087

Coefficients:

Estimate / Std. Error / t value / Pr(> t)
(Intercept) -0.63414 0.16402 -3.866 0.000158 ***
s.df.ch[, 8] 0.77326 0.11285 6.852 1.32e-10 ***
s.df.ch[, 9] -0.14313 0.09414 -1.520 0.130285
s.df.ch[, 10] 0.21259 0.03394 6.263 3.05e-09 ***
s.df.ch[, 11] 0.79021 0.05743 13.760 < 2e-16 ***

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.4601 on 168 degrees of freedom Multiple R-squared: 0.6363, Adjusted R-squared: 0.6276, F-statistic: 73.48 on 4 and 168 DF, p-value: < 2.2e-16.

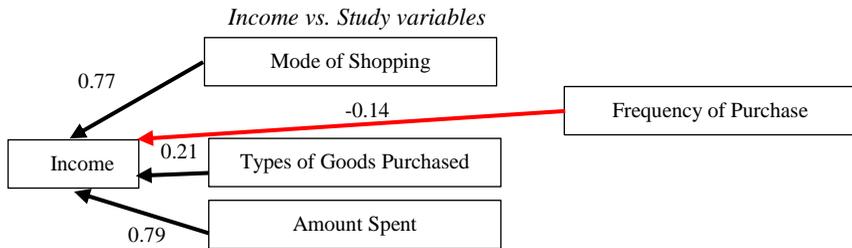


Figure 1.1.7: Structure diagram for Income vs. study variables

Source: calculated by authors

Income has significant relationship with frequency of purchase only (Figure 1.1.7).

CONCLUSION

The study suggests that gender, age and marital status are those socioeconomic profiles mostly affected by highest number of study variables. Residence and occupation are moderately affected by study variables. Income of respondents is affected by only frequency of purchase, whereas education of respondents is not affected by the study variables. This is highlighting that education has a very little influence in Facebook profiles of consumers. Facebook use is not at all affected by education. Advertisements are viewed mostly by word of mouth publicity or sharing messages.

Futuristic research direction: This study is only highlighting the socioeconomic profiles of Facebook users, so it can also have extended to other social media platforms to know the reality. Also, this study is done in a smaller geographical region. It can also be done on a larger region. Further research is needed by inclusion of all popular social media and coverage of all major dimensions of purchasing behavior.

1.2 SOCIAL MEDIA ADVERTISING IN BANKING SECTOR IN GEORGIA

Introduction

Media is influencing all sector, especially banking (Andriole, 2010). The media involvement into creation of the advertising campaign of the banking sector of Georgia, the results of cooperation and consumer reactions have been repeatedly studied. Every stage of the media development, its influence on business, advertising and social development in common requires in-depth studies and a certain analysis (Crosier, 1999). Everyday life is unimaginable without the information received through advertising, as our society constantly exists in the world of advertising (Doyle & Stern, 2006) What is advertising? How do people perceive advertising? What is its function? The answers to these and other questions define the essence and purpose of advertising. Based on a simple definition, advertising is a way of bringing a product to the society (Farese, Kimbrell & Woloszyk, 1997). American social critic Vance Packard deemed advertising as "the art of targeting at the head and hitting the wallet" (noted by Fill, 2002; Hart, 1995), Franklin and Roosevelt gave

an interesting assessment of the advertisement to the society long time ago as follow: "If I could start my life afresh, I would predominantly devote it to advertising, i.e. a purposeful effect on consumers. Advertisement is a paid form of communication, which is formulated as advertiser-media outlet-consumer (Grankvist, Kollberg & Person, 2014). Through media outlets advertising is capable to help consumers form their own opinions and make choice on this basis (Johns & Perrot, 2008). Nowadays, in the special literature, advertising is considered as an essential component of marketing and a tool of market competition (Vemuri, 2010). The advertising is the process, where an organization, product, idea and sales are promoted; it is very important tool to inform consumers about the parameters, price, usage rules and sales location of a product (Hughes & Young, 2008). Demands for technological innovations regularly increase; innovations and remote services, such as Internet banking, mobile banking, self-service machines are being introduced; the ATM system has developed. (Pry, 2010). Like the banking services worldwide, in the near future the banking business of Georgia is planning to introduce contactless payment services, which have been approved in the United States (Jashi & Khakhutaishvili, 2012). Soon the branches of banks may not exist in Georgia like in the Czech Republic and all services may be provided through the Internet. This is a difficult process. Some experts suggest that a lot of time and human as well as financial resources are needed (Mowlana & Wilson, 1990). The success of each new service is greatly dependent on the right advertising campaign, which is undoubtedly related to the correct, well-organized cooperation between the banking sector and media outlets (Narver & Slater, 1990). Advertising in media is a source of public awareness and education.

Literature review

Our research includes the views of theorists and experts, who are observing and studying banking, advertising tools and the degree of cooperation of consumers and media involvement. Information, books and research outcomes are constantly updated. Various resources have been applied for studying and analyzing the aforementioned issue. Consequently, we have got acquainted with new outcomes of the research and evaluations of Georgian (Surguladze, 2009; Todua & Mgebrishvili, 2009) and foreign experts (McLuhan & Gordon, 2003; Mitic & Kapoulas, 2012). Online resources, survey and outcomes of the previous studies and published works have been used.

Research methodology

To achieve the aim of the research and to find out, how social media advertising effect on banking business quantitative, as well as qualitative methods have been used. Due to the significance of the issue, various media outlets of Georgia including the print media, TV, radio and Internet outlets have been studied. Consequently, the received information has been summarized up on the basis of the qualitative method. Face-to-face interviews have been held with advertising agents, journalists, banking and media experts proceeding from the importance of the issue. The paper includes the analysis of their positive and negative evaluations, as well as their vision. Evaluations of banking advertisements, media outlets and consumer relations in social networks have been studied.

Research strategy

At present, due to the development of various platforms, advertising in the traditional media has been reduced. Advertising itself is vital for media outlets. We suggest to look over a graphic representation of the indicators of sponsorship and advertising of banks (*Figure 1.2.1*).

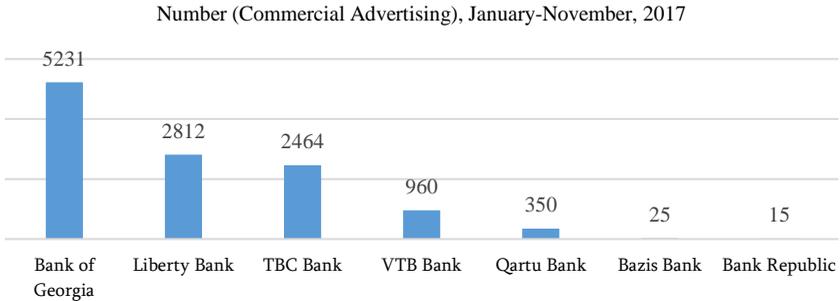


Figure 1.2.1: Analysis of Georgian banks advertising

Source: researched by authors

The former journalist and founder of an advertising agency Andrew Essex provides an excellent evaluation of the past and present of advertising in traditional media outlets in his book "The End of Advertising: Why It Had to Die, and the Creative Resurrection to Come." as follow "This is the lesson advertisers must follow to add value in the future. What we need is better content from brands, and not just product placement, which screams of inauthenticity" (cited by Surguladze, 2009).

Functioning of business-oriented media outlets does not have a long history; accordingly, the number of professional business publications or business programs is relatively small on the Georgian media market. We have made a comparison between the media outlets working on business themes in Georgia: "Banks and Finances", "National Business", "New Merchant", "Ecopalitra", "Business Resonance", "Business News", "Business and Legislation", "Business Courier", "Capital", "Radio Merchant". It is essential for people employed in the business sector to get new information regularly about the events of this area and their competitors. Information texts and news are prepared in media outlets in accordance with these demands. The demand for this type of information and subsequently for media outlets is based on the demand for business itself. Business media outlets are mainly focused on business and cover the information it needs. We can say that media outlets earn their living. Business media have occupied a special, increasingly developing segment. Today we are living in a media-centered society and the development of the business media is directly proportional to business development. The society expresses interest in the current developments and the business media are trying to satisfy this interest. According to the estimates of some experts (37%), business media are spontaneously developing (Advertising Analysis of Banks from <http://wom.ge>). The main problem is the lack of professionalism of media representatives and the business isolation.

"The level of the business media development is very low. Today there is predominantly popular business media in Georgia, i.e. publications and programs, which are understandable and acceptable to the mass society. More precisely, this is the media that works on popular business themes. In fact, deep professional interest, coverage and varied topics are not yet visible. This is also natural, because the market does not demand this product yet" (Maziashvili, editor of the newspaper "New Merchant", from <http://wom.ge>).

Innovative advertising formats such as video, paid content, natural advertising will stimulate the growth of global media advertising by 14% in 2019, as some experts (42%) predict. Based on the data of Zenith, media advertising will constitute 50.4% of expenditure on online advertisements by 2019. According to their report, video advertising will be increased by 21% annually and advertising in social networks will be increased by 20%. It is pointless for companies to plan TV and online video advertising separately, as these two types do not replace, but complement each other. In accordance with the same report, by the end of 2018, global expenditure on advertising will increase by 4.1% and total \$558 billion. In 2019, the expenditure is expected to increase by 4.2%.

The statistics of the banking advertisement (*Figure 1.2.2*) on TV has an interesting indicator. Based on the statistics of the *IPM Research*, the leader is *Bank of Georgia*, which provided 12425 advertisements in total including sponsorship and commercial advertising. Next is *Liberty Bank* with 6528 advertisements (both types) and *TBC Bank* with 4265 advertisements. In the banking category the number of sponsorship and commercial advertisements totals 27109, the chronometry for both types of advertisements is 381588 seconds. *Bank of Georgia* has occupied most time in TV advertising in terms of all types of advertisements. It is the leader with 184234 seconds and the chronometry of commercial advertisements of 118982 seconds. The chart shows the banks chronometry of advertisements for both types of advertising. During this period, according to the official prices, 8 275 557 US dollars was spent on TV advertisements by banks.

Number (Sponsorship and Commercial Advertising), January-November, 2017

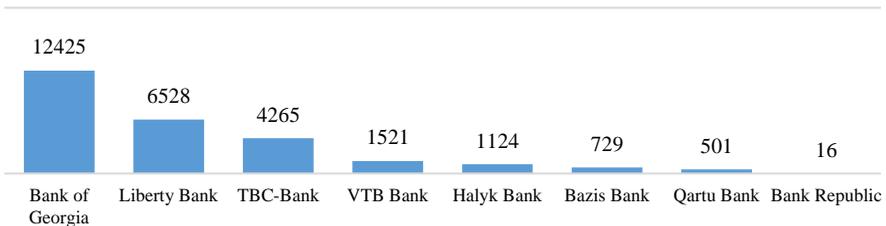


Figure 1.2.2: Analysis of TV advertising by Georgian banks

Source: researched by authors

Online advertising is becoming very popular worldwide and its market is growing day-by-day. The outcomes of the statistical and sociological studies, which carry out regularly in different countries, are quite impressive. Is this field developed in the banking sector of Georgia and do the Georgian banks prefer online advertisements?

Admittedly, the Georgian online advertising is far from the global levels. However, the studies show that in Georgia this type of advertising has great prospects for the development of the banking advertisement. Online advertising is expected to gain more popularity; it is characterized by unique effectiveness compared to other media.

Another important issue is to determine whether the information of advertisement and provided by commercial banks is relevant to the truth (*Figure 1.2.3*), and whether the information of advertisements in media and the Internet (TV, radio, print media, social media, external advertising and various Internet portals) meets the interests of consumers. As a result, a positive trend has been revealed: consumers received more information through online advertisements in comparison with previous years. A typical trend has been revealed in relation to informative advertising campaigns: banks do not offer 0% installment advertisements to the society. Now this information is spread by technology stores and, as a result, customers find themselves in the so-called credit trap. Advertisements of the banking sector may seem quite impressive at first sight, but they do not really protect the interests of consumers.

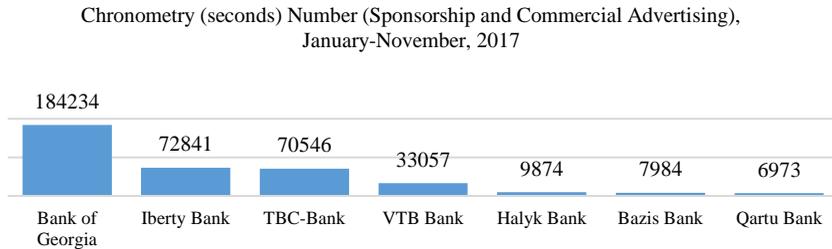


Figure 1.2.3: Analysis of advertising chronometry by Georgian banks

Source: researched by authors

Fortunately, nowadays banks spend huge resources on marketing. However, sufficient information is not provided to increase consumer awareness. It should be noted that banks keep the interest rate at a minimum level, for instance, loans from 11%, effective interest rate from 14%, it means that banks do not give loans at a lower rate. The minimum level of the loan interest rate offered by several banks does not correspond to reality, since, in fact, loans are rarely provided at this rate. Consumers feel confused, insulted and deceived when they go to the bank and find different reality (the loan with a much higher rate).

Indicators of research

The positive indicator of the research shows that through various stimulating actions commercial banks encourage consumers to use bank products more actively due to the bonus programs, gift cards and various offers. This information is quickly spread by media outlets. The active advertising campaign of installments and the easiness of providing loans have been revealed. Recently providing loans has been made more difficult by the legislation: consumers are required to confirm their income, when they ask for the loan. This has led to reduction of loans and installments from

banks (Jaser, 2010). Bank advertisements focus on 0% installment, as it were oriented to the consumers' convenience. However, it is accompanied by commission expenses which are not indicated and specified, and it increases the effective interest rate and instead of 0% loan the consumer gets one of the most expensive credit products. The consumer is disappointed by the advertisements spread in media outlets.

Another significant problem is that most journalists have empirical views on business, economics and banking sector. Almost none of the educational institutions provide future journalists with proper knowledge of this area. Furthermore, neither media nor business takes care of their professional development. Business media publishers do not invest in trainings for correspondents. We must admit that the lack of professionalism is particularly obvious in business media. Journalists are required to have a deep knowledge in the business area. In one article everything should be discussed comprehensively. Business is a field based on certain tendencies, i.e. nothing happens without a reason. Everything needs to be analyzed and discussed. In Georgian media there is a lack of such texts and plots. Media provide consumers only with information and do not offer an overview and analysis of economic sectors. Efforts are made, but there is a lack of professionalism. Journalists have no knowledge of economics, terminology and do not have statistics neither Western nor Georgian. They do not know current trends of the modern world development. None of the business publications work in this regard. Experts (33%) suggest that the business-oriented media is not interesting at this stage.

The demand for low-quality news and PR on the part of business is related to unqualified PR-specialists to a certain degree. It is known that overseas companies spend about 70% of their profit for the large-scale PR development and media strategies. This culture is at a rather low level in Georgia and companies demand to spread only image-oriented articles in media. An interesting situation is observed in the Georgian business media outlets. Some of them paint everything in dark colors, whereas the others argue that everything is fine. It is very difficult to create a realistic picture on the Georgian business development. Unfortunately, Georgian business media consumers cannot receive a realistic information about the business sector. Professional image makers and journalists read the truth between the lines, whereas ordinary consumers face with serious problems in this respect.

Naturally, the decrease or increase of advertising revenue has a relevant effect on the business media development, as it depends on advertising revenue. Throughout the world, the main media income comes from advertising. In the countries, where the free press has a great tradition and better developed, 70-80% of media revenue comes from advertising. The only way to develop the Georgian business media is to improve the investment environment. Another problem of business media and general media is the failure of the marketing service. Success is based on good marketing. Good media products are expensive and the purchasing culture of such products has not developed in Georgia yet. Media are developing at the expense of business in Georgia. This is usual phenomenon. Naturally, high quality media are not cheap. In the media space there is the biggest demand for the electronic media, specifically TV, on the part of business. Consequently, business spends more money in this

direction. In this case, emphasis is placed on the plots for advertisements and money is spent on TV commercials. According to *Sarke PR* research, 80% of advertising share is linked to the TV, 15% to the print media (10%) and radio (5%); and only 5% to the external advertising (*Figure 1.2.4*).

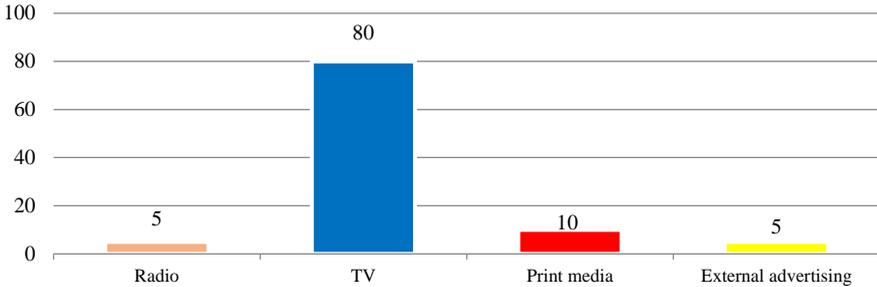


Figure 1.2.4: Share of advertising in media outlets

Source: researched by authors

Conclusion

According to the results obtained, the international business media experience dictates new trends to the doing business. It should be specified that there is no serious business media market in Georgia. It exists as a supplement to business only. Georgian business itself is isolated and finds it difficult to provide real information and figures. The banking and insurance sectors are comparatively transparent. However, there is a certain limit to receive information from these sectors as well although they are obliged by law to publish financial reports. Such culture has been developed gradually: companies believe that it is necessary to provide information for media. This issue is particularly discussed by the companies, which are going to operate on the stock exchange. In this case, the company's financial report is supposed to be transparent and available to media.

In 1999, Georgian companies had a debate about whether advertising is needed. It took them 5 years to be convinced on the advertising necessity. At the present stage, they know that the marketing process should be managed not by them, but by others, more specified, professional and powerful advertising companies.

1.3 NEW EDGES OF THE BRAND

Introduction

Worldwide examples of commercial brands' success have proven branding ability to increase the efficiency of managing development of individual products, services, companies. Conceptually, capabilities of commercial brands were studied by well-known American scholars Aaker (2003), Kapferer (2006), Keller (2005). Aaker (2003) explores the brand in 4 perspectives: as an external attribute of a product; an element of visualization; a communicator with a consumer; a metaphorical symbol of continuity and quality. Brand identification concept of Kapferer (2006) views the

brand as a strategic management tool, analyzes the components of brand equity and their valuation (assets, strength and brand value). Keller's "Customer-based Brand equity" concept (*CBBE*) relies on the study of associative perception of the brand by consumers and involves modeling competitive advantages in the consumers' minds, creating consumer loyalty to the brand, assessing the brand value. Each of these concepts is based on the brand functions consideration, the study of its architecture, the analysis of brand promotion tools, brand modeling and its economic efficiency. At the same time, in scientific studies of well-known scientists, there are aspects that require in-depth consideration, further development and improvement.

Materials and methods

Principles of systemic communications and development allowed to reveal the dialectics of the relations between individual forms of the brand, as well as establish the system-generating branding nature in the system of competitiveness management of the national economy. The convergence principle from the abstract to the concrete, comparison and analogy, analysis and synthesis, combination of form and essence, extrapolation of the previous results of the brand theory have allowed to summarize results and to offer a new brand concept, which involves the formation of a brand-oriented national economy (the purposeful development of the system of commercial and non-commercial brands).

The object of research is the brand as a tool for economic development managing of the national economy at all its levels. *The purpose of research* is to demonstrate edges in the development of a brand-oriented national economy as a mechanism for increasing the national economy competitiveness.

Research results

The polemic in various theoretical and practical approaches is a brand creating product, its modeling. Anholt (2004) started territorial branding, Balashov (2004) conceptually explored the process of creating a company brand through an analysis of its internal (back-office) and external (front-office) components; Vasilieva & Nadein (2004) fundamentally developed the idea of Aaker (2003) on the analogy between the identity of the goods brand and personality brand and embodied it in the concept of the system of concentric circles personality brand identity, which deepened its theoretical foundations.

Aaker (2003) was the first, who has recognized that the brand is a strategic asset that needs management and explores it as a management tool for the company; we note that this definition concerns the product brand, but harmoniously touches upon the higher level of brand theory (company); Kapferer (2006) emphasized that brands are the company's intangible assets, which give the business additional benefits and name that affects customers. Let's add that this definition is formed at the micro-level, but outlines are consumers that can be represented by both individuals and legal entities. Keller (2005) defined the brand as a set of associations that arise in the consumers' minds. We should note that the associations versatility in relation to all brand forms we have used as an effective mechanism for implementing the model of brand-oriented development of the national economy. The foregoing covers the main

brand characteristics: the associativity of brand perception, its economic content and the ability of brand use as a managing tool. The combination of these three aspects is important in the study of brand creation, development, evaluation, management and gave us possibility to define brand as *an effective tool for the economic development of the national economy, which establishes the connection between branding objects and their consumers, ensures achievement of the owners' goals due to satisfaction of consumer expectations through the mechanism of stable associative perception of the set of its values.*

A high profitability of the brand is stated by all brand theorists, however, the economic nature of this phenomenon is unsolved still. The study found that the first source of increased brand profitability is additional work for creating the brand, and the second source is its exclusivity, which is the result of intelligent search implemented in the brand and provides increased revenue to owners and employees at the product level; increase of taxes in budgets, market capitalization and liquidity of assets of economic objects at the company's level; an increase in investments, exports and a qualitative change in its structure at the level of the region and the country; GDP growth of the country at the international level. The internal brand to increase the value added is indirectly attributable to the management entities, i.e. state authorities and local governments, whose competence is to create favorable conditions for the business and customers' confidence, which promotes the activation of the financial and credit system. Our research has established the possibility of applying branding to various *objects* of the national economy as phenomena, which are targeted actions to create a brand on. The theory considers various forms of brand, but does not define the term "brands form", system forms, their hierarchy, even the "brand objects" are uncertain. Therefore, the novelty of our study is to solve these issues.

Varieties of branding objects distinguished by certain properties, features and characteristics are defined as a *brand form*. Thus, the brand objects or brand forms may be goods, services, network, event, persons, community, organization, territory, national economy. This list was outlined by us and supplemented at the time of its implementation. Subsequent studies have provided grounds for recognizing the polarization of brands for commercial and non-commercial ones, where the first are defined as a unique form of presentation of goods, services, events that are produced, provided, conducted in the country for the purpose of profit, as well as a companies' list that can become the "sales-purchase" object; the second is determined as a collection of uniquely represented non-profit organizations, individuals, separate territories, countries (national brand). Such systematization of brand forms proposed by us substantially expands the theoretical knowledge about the brand and reveals new directions of research. It is clear, the great attention of scientists and practitioners is given to commercial brands (goods, services, companies). The territorial branding concept was further developed and used that is confirmed by the positive dynamics of the commercial world brands value and the cost of their national brands.

Abovementioned brand forms are quite learned; they are traditional ones. As a result of the study on the correct understanding of the *brand concept* in the widest sense, we concluded that there are fundamentally new brand forms, viz. informational

and organizational, due to the brand evolution, the growing needs of modern society in qualitative information, the minimum terms of its receipt through overcoming existing time, language, geographical barriers to communication. Regarding the organizational form of the brand represented by the brand-communities, the following is established: (1) communication between the members of the brand-community is virtual; (2) the brand-community has no legal status; it is chaotic; (3) the main aim of the brand-community is the information exchange (personal or collective) that distinguishes this brand from, i.e. brand-organization. The effective functioning of each brand-community (permanent communication, speed of downloading social networking site pages, simplicity and transparency of information, etc.) is provided by brand networks that represent a brand new information form that has certain differences from the traditional brand-service. The use of the social network is free, the social brand-network creates multidirectional communications and it is built on communications between individuals, although further development doesn't exclude the use of traditional communication "company-consumer". Directions of the brand as an instrument for the national economy development by classification features are given in *Table 1.3.1*.

Table 1.3.1

Brand as a tool for managing the development of the national economy

<i>Classification characteristics</i>	<i>The brand's direction of action</i>
1. A way of taking into account interests	- Economic incentive for owners, employees;
2. By the degree of novelty	- Innovation;
3. By the nature of the formation	- Investment;
4. By effectiveness	- Optimizing the use of resources;
5. By duration of influence	- Tactical and strategic;
6. By the direction of action	- Multivector

Source: proposed by authors

Integration of the purposeful development of all brand forms of the national economy contributes to obtaining a synergistic effect from their mutual influence and the formation of a brand-oriented national economy ensuring competitiveness and efficiency of both individual brand forms and the national economy as a whole.

Brand-oriented national economy that we defined as an organizational system of economic activity structured in the sectoral and territorial space, aimed at creating a set of competitive commercial and non-profit brands, which is regulated by relevant institutional environment and ensures its efficiency. Directions of realization of the capabilities of the brand-oriented national economy are described by Studinska (2017).

A significant new feature of the abovementioned concept is a combination of studies on the competitiveness of individual national economy objects and branding of these objects. Competitiveness and branding as management objects are still being researched by scientists, mostly isolated from each other. Aspects of integrated management of the competitiveness of the national economy at all its levels in the brand-oriented format are almost not considered in the management theory of the national economy. Combining the potential of both competitiveness and branding theories into a single concept of a brand-oriented national economy reveals new opportunities for economic development of all national economy' objects.

The basic principles of research and definition of branding as a system-forming factor of the competitiveness of the national economy helped to reveal our scientific assumptions and to design the results of the research of the brand-product on other brand forms. Viz. the principle of integrity contributed to the rational combination of interdisciplinary knowledge concepts, their integration and allowed formulating the concept of forming a brand-oriented national economy through diversification of all brand forms. The systemic principle allowed to consider branding as a complex dynamic "producer-consumer" system, where elements are in certain relations and form a connection between themselves, support the cyclical development of all brand forms of the national economy. The principle of self-organization has determined the immanent property of brands in each form (company, personality, territory) to self-reproduction of its own image in the subconscious of people because of a stable associative perception. The principle of the relations between the brand owner and its consumers has helped establish the existence of adequate consumer perception of the dynamic changes of the brand during its life cycle, and for the owner – the ability to respond in a timely manner to the consumers' needs through the adoption of a logical system of timely managing decisions. The principle of purposefulness has provided owners of all brand forms with the achievement of economic goals and meeting the consumers' expectations. Due to the use of these principles, a specific role is established for each brand form as it is depicted in *Table 1.3.2*.

Table 1.3.2

The role of different brand forms in raising the national economy competitiveness

<i>Brand form</i>	<i>Results</i>
1. Product brands	Increase the value added of products creating conditions for increasing wages, taxes in budgets of all levels; consumer's market expansion
2. Travel service brands	Promote the SMEs development in related industries
3. Medical service brands	Define the equilibrium in society; quality assurance and long-term life of the population
4. Telecommunication service brands	Ensure informational society and create conditions for the effective tangible and intangible production development
5. Educational service brands	Facilitate the growth of the intellectual potential of the country
6. Company's brands	Increase capitalization, liquidity of assets activating the financial and credit system; help to solve socioeconomic, environmental and demographic problems of the regions
7. Brand identity	Improves the image of regions, countries, increasing investment
8. Territorial brands	Promote territorial development, increase tourist flows and gross regional product, improve ecological and socioeconomic conditions of living, welfare of the population
9. Brand events	The source of significant revenues of the national economy; they influence the effectiveness of the development and promotion of territorial, national and country brands, and national economy as well
10. Brand of public authorities	Create favorable conditions for managing and investing; improving socioeconomic, ecological and demographic conditions
11. Brand-oriented economy	Brand-potential synergy, improving the investment climate, increasing the efficiency of the national economy

Source: proposed by authors

Our branding research in the system of competitiveness management of the national economy has established its systemically-forming character of communication

with all the factors of this system and integrative opportunities regarding the economic potential of various brand forms at all levels of the national economy.

The whole list of factors influencing the competitiveness of the national economy is distributed by us to the internal and external ones, among which a group of factors that can belong to both groups is distinguished, as can be seen from the *Figure 1.3.1*.

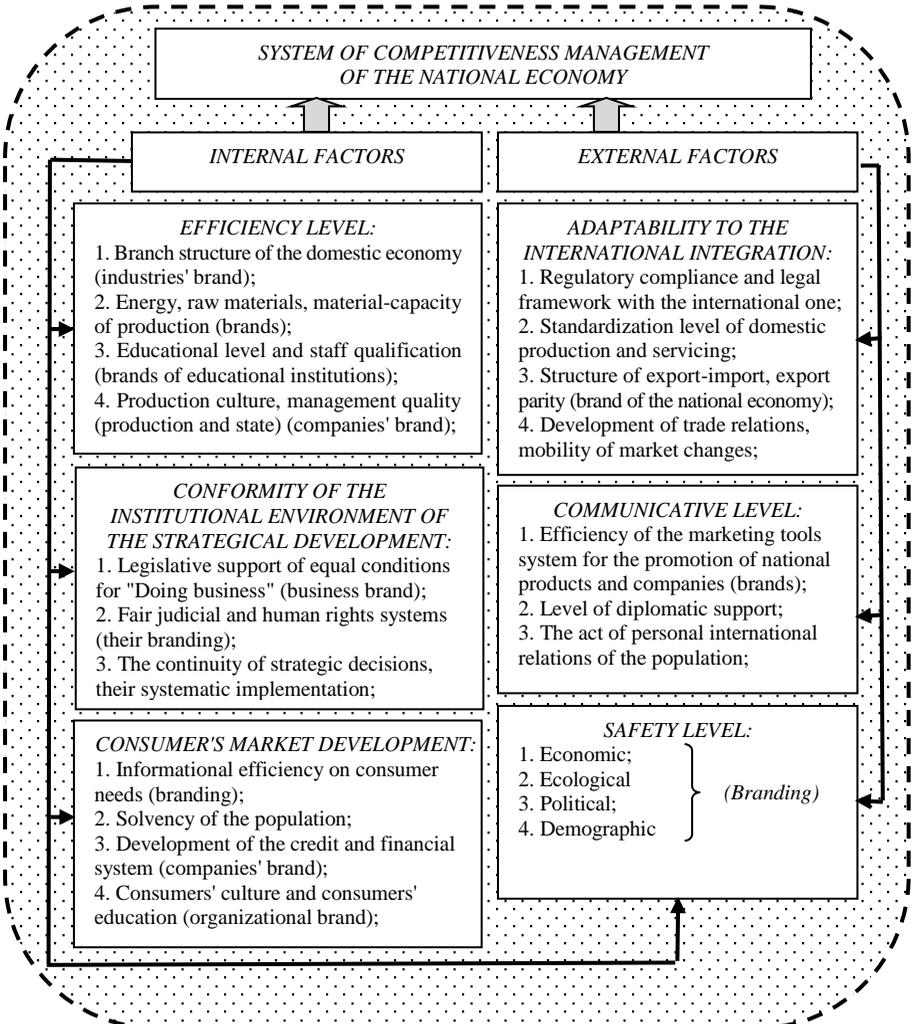


Figure 1.3.1: The competitiveness management system of the brand-oriented national economy

Source: proposed by authors

The general purpose of branding (regardless of the object) is to create a clear brand image, to form the directions of communications, its identity through positioning,

i.e. to ensure the brand in every form (company, events, personality, community, territory etc.) of desired place on the market and in the minds of potential consumers, which demonstrates its uniqueness, which is different from its competitors and useful to consumers. Therefore, potential consumers for brand-personality are the surrounding community, the company where the workplaces are, the country where the person lives; for brand territory consumers are both citizens and the international community.

Positioning brands of each form helps to understand its essence. In particular, an understanding the brand essence in the country makes possible to determine the primary benefits or values that the brand holds for every citizen: high social standards (wages, pensions, medical care, education); integration into the international community; reliable defense capability of the country; harmony in society and peaceful life; spiritual unity of the nation; cultural development, national traditions; the advantages that country has in the world; geographical location and market size; high intellectual potential; availability of natural resources for the agricultural development and various sectors of the national economy. Let's consider each group of factors and give a description of the place and role of branding in the formation of competitiveness at all levels of the hierarchy of the national economy. Detailed branding competence in the system of competitiveness management of the national economy is considered by Studynska (2017). In this context, we will focus on the individual branding competences. The following four are attributed to the most powerful internal factors that shape the national economy competitiveness: (1) Branch structure of the domestic economy (brand-industry); (2) Energy, raw materials, material-capacity of production (brands); (3) Educational level and staff qualification (brands of educational institutions); (4) Production culture, management quality (production and state) (companies' brands).

Each factor corresponds to a certain hierarchy level of the national economy. The brand-branch formation today reflects the modern sectoral structure of the world economy and the changes that are inherent to it: the growth rates decline and the share of the primary sector; the tertiary sector growth and the quaternary sector, especially in high-tech brands. In particular, 8 out of 10 brand-name brands TOP-10 under *BrandFinance* are IT and telecommunication brands that demonstrate the competitiveness of the US and South Korea, as can be seen from *Table 1.3.3*:

Table 1.3.3

TOP-10 brands of the world in 2018 according to BrandFinance

Rank 2018	Brand name	Country	Value (USD mln) 2018	Area	Value (USD mln) 2017
1	Amazon	United States	150,811	IT	106,396
2	Apple	United States	146,311	IT	107,141
3	Google	United States	120,911	IT	109,470
4	Samsung	South Korea	92,289	IT	66,218
5	Facebook	United States	89,684	IT	61,998
6	AT&T	United States	82,422	Telecom	87,016
7	Microsoft	United States	81,163	IT	76,265
8	Verizon	United States	62,826	Telecom	65,875
9	Walmart	United States	61,480	Retail	62,211
10	ICBC	China	59,189	Bank	47,832

Source: compiled by authors according to *BrandFinance* [www.brandfinance.com]

Sectoral structure TOP-500 brands according to *BrandFinance*, shown in *Table 1.3.4*, brings a thesis on the branding influence the national economy competitiveness. The rapid growth of both the number of product brands and value also indicates certain competitive advantages of individual national economies, viz. in the ranking.

Table 1.3.4

Sectoral structure of TOR-500 brands, 2018

<i>Sector</i>	<i>Brand Value (USD bln)</i>	<i>% of total</i>
Technology	1,350.6	23%
Banks	839.8	14%
Telecoms	620.6	11%
Retail	353.8	6%
Automobiles	347.5	6%
Oil & Gas	289.0	5%
Others	2,102.8	36%
<i>Total</i>	<i>5,904.2</i>	<i>100%</i>

Source: compiled by authors according to *BrandFinance* [www.brandfinance.com]

Table 1.3.5

TOP-10 universities of the world by Webometric version

University	Country	Presence Rank	Impact Rank	Openness Rank	Excellence Rank
Harvard University	USA	1	2	1	1
Stanford University	USA	6	3	2	2
Massachusetts Institute of Technology	USA	4	1	4	11
University of California Berkeley	USA	9	4	3	16
University of Michigan	USA	8	8	9	4
University of Washington	USA	22	5	46	7
University of Oxford	UK	14	14	11	3
Cornell University	USA	2	6	37	22
Columbia University New York	USA	23	9	15	13
University of Cambridge	UK	28	17	6	10

Source: compiled by authors according to *Webometrics* [<http://www.webometrics.info>]

The educational system of the country has an important role into competitiveness shaping of the national economy, which is an important element of higher education institutions (universities, colleges, academies). The brands rating of the educational institutions in the world demonstrates their influence on the country's development level, which is determined by its national economy competitiveness. Comparing data *Tables 1.3.3-1.3.5*, it is evident that the TOP-10 is composed of the US and UK universities. Brand companies has an important role in shaping the country's competitiveness. The first five of the most expensive companies, according to *Forbes*, consist entirely of IT industry representatives, i.e. *Apple* (\$ 182,8 billion); *Google* (\$ 132,1 billion); *Microsoft* (\$ 104,9 billion), *Facebook* (\$ 94,8 billion) and *Amazon* (\$ 70,9 billion). All listed companies are well-known brands. Further reflections on the role of various brand forms in increasing the national economy competitiveness are consistent with the abovementioned logic.

CONCLUSIONS

Branding research as a tool for managing the competitiveness of the national economy has led to the following conclusions:

1. It is proposed to jointly study the national economy competitiveness and the branding theory, as a result, it was established that branding is an effective economic tool for increasing the national economy competitiveness at all its levels; determining factor in its competitiveness management system, which has close functional links with other factors of this system and integrates its economic potential, which forms its systemically-forming character of the activity, the kinship of the list of features of competitiveness and branding, their strategic goals and the vectors of the influence of managerial decisions.

2. The nature of the brand action as an instrument of economic development has been determined: for the influence and way of taking into account interests the brand is an economic incentive for owners and employees; brand is innovation by degree of novelty; by the nature of formation it is an investment; on the effectiveness of the action the brand optimizes labor, financial, material and time resources; the brand is a tactical and strategic tool for the duration of the action; the direction of action is multivector tool.

3. The sources of added value of the brand are the work of transforming the goods into a brand and its exclusivity, which is the result of intelligent search, embodied in the brand, and provides increased revenue for owners and employees at the product level; growth of taxes in budgets, market capitalization and liquidity of assets of economic objects at company's level; an increase in investments, exports and a qualitative change in its structure at the level of the region and the country; GDP growth of the country on the international level.

4. Effective development, the competitiveness of the brand-oriented national economy is ensured by the diversification of all forms of the brand, the unification of the organizational efforts of brand management in the commodity and communicative planes by creating an established architecture, choosing the optimal distribution system, forming efficient brand communication system that provides brand transformation into global ones.

5. The result of the brands evaluation of the national economy is an increase in market capitalization of companies, liquidity of assets, activation of the financial and credit system, increase its efficiency and competitiveness at the national level.

6. Each of the brand forms solves specific problems in increasing competitiveness of the brand-oriented national economy, i.e. brand-services act as a driver for the SMEs development; brand-persons affect the development and promotion of individuals, companies where they work, the countries where they live; brand-events provide a positive image of the country and serve its strategic source of income; brand-companies have an impact on geopolitical decisions and the overall image of the country.

7. Branding should be determining for all components of the management system (objects, subjects and process) that will ensure their compliance with world quality standards.

8. The national brand of the country is an instrument of integration of the brand-oriented national economy, which: (a) reveals its brand-potential through the self-determination of the vector of economic development of regions, creation of investment conditions, support of priority and sensitive sectors, diversification of brands of the

national economy; (b) provides an effective back-environment of the brand country through the understanding of national identity, the formation of a system of national values, the creation transparent legal base and appropriate institutional environment, equal protection and social responsibility, raising social and environmental standards; (c) creates an effective interface (front-environment) of the brand country as a whole through the development of the country's political platform for brand and the choice of brand communication for its broadcast to both its own population and international community.

9. Branding establishes the highest status level of equivalent commodity exchange in the international market that in modern conditions forms parity foreign economic relations with technologically developed countries.

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CHAPTER 2

NEW WAYS FOR SMEs DEVELOPMENT

2.1 SMEs IN THE SLOVAK REPUBLIC AND THEIR INNOVATIVE ACTIVITY

It is generally acknowledged, that small and medium-sized enterprises (SMEs) are the basics of all economies, as well as a key source of the economic growth, dynamism and flexibility. SMEs are important for bringing innovative products and techniques to the market. However, theory small business is poor. Business theorists have paid attention to the prosperity of large enterprises. Until 1990, in the Slovak Republic, 'small enterprise' category didn't exist. In terms of development, particular attention was paid to SMEs in 1971, when so-called Bolton's report (Great Britain) came into being. It changed the attitude towards SMEs. According to Bolton's report: (1) SMEs have a relatively small market share and cannot significantly affect the market; (2) SMEs are managed by owners-entrepreneurs, owners' families, co-owners and they are not mediated through the formal managing structure; (3) SMEs are independent enterprises; they are not a part of another larger enterprise. The viability of SMEs has steadily grown and significant features were attributed to them, as they have become the most powerful engine of any market economy due to their flexibility.

The rapid growth of SMEs and their importance worldwide has been caused by the unemployment growth, which averaged around 5-6% in the second half of the 1970s and reached 10% to the mid of 1980s. In the 1980s, increased attention was paid to this issue. Job creation programs were justified through the direct and indirect support for SMEs development. In 1990, both transformation of the economy and privatization processes in Slovakia have raised the importance of SMEs. The rapid growth of SMEs has been observed in 1991-1992 and has been conditioned by a number of factors, viz. (1) the gradual disintegration of large state-owned enterprises in the process of the first wave of large privatization and the emergence of a larger number of SMEs; (2) return of property to citizens as part of restitution; (3) liberalization of business relations and the emergence of a larger number of SMEs with foreign ownership.

World financial crisis has influenced the development of SMEs in the Slovak Republic, as well as in other EU countries. The number of SMEs still remains below the level of 2008. In 2016, it reached only 43% of the number achieved in pre-crisis 2008. However, in 2016, for the first time since 2008, number of individual entrepreneurs increased, not only the legal entities. Thus, in 2016, the trend of declining of SMEs was halted. In comparison with 2015, the number of established SMEs has increased by 11.8% (or by 6,192) to 58,838.

SMEs in the Slovak Republic are defined according to the European Commission Recommendation 2003/361, which sets out the main factors for determining whether a company is a SME; number of employees and either turnover or balance sheet total. We can classify three categories of enterprises: Micro (less than 10 employees, turnover or balance sheet total \leq 2 million EUR), Small (less than 50 employees, turnover or

balance sheet total \leq 10 million EUR), Medium-sized (less than 250 employees, turnover \leq 50 million EUR or balance sheet total \leq 43 million EUR).

This categorization makes possible to compare the situation of SMEs in the Slovak Republic with the state of the business sector in the European Union.

It is important to consider SMEs on a uniform definition in order to ensure the comparability of data on SME development within the EU as a single market without national borders.

Research methodology

The bases of the study on SMEs in the Slovak Republic and their innovative activity are legal acts of the EU, the Slovak Republic and statistic data. The methods of theoretical generalization, analysis and synthesis, analogies method, statistical analysis, abstraction and concretization have been used that enabled to conduct a comprehensive research.

Environment of SMEs

An appropriate business environment creation is an important factor for SMEs (as well as in the corporate) development. To get an idea on the development, where SMEs operate, we describe the state and ongoing trends within the environment of SMEs in Slovakia. Regarding the indicators of production and employment, we observe the obvious development. Before the financial crisis onset, Slovakia reached accelerating growth pace. In 2007 Slovakia had the highest GDP growth in the EU. The intensity of the decline in 2009 is caused by openness of the economy, i.e. its dependence on the foreign trade. In 2016, the growth pace has exceeded not only the average of the EU-countries despite a slight slowdown compared to the previous years, but it also belonged to the highest among the neighboring countries (viz. euro-area countries). The high unemployment rate has been one of the most serious problems of the Slovak economy. After a gradual decline since 2004, the crisis caused a turning point. In 2016, there was historically the highest employment rate. In the SMEs category (including individual entrepreneurs), employment increased by 3.5% (by 46.4 thousand persons) year-on-year to 1,368,782 persons employed. Employment growth in the SMEs sector was the most significant since the pre-crisis 2008. As the number of economically active population did not decrease, the increase in employment has been also reflected in a decline of the unemployment rate, which has fallen to one-digit levels after ten years.

The growth rate of consumer price levels had a downward trend in the long term (from 2000) with fluctuations in separated years. Concerning the regulatory environment, there are various international rankings for its evaluation. They are good indicators for investments and they are developed by different stakeholders (international institutions, credit rating agencies etc.). We show the position of Slovakia in one of the most important ones, Doing Business, which is elaborated by the World Bank.

In Doing Business 2018 overall rating, Slovakia has dropped from 33rd to 39th position. The spot rating deteriorated from 75.15 to 74.90 points. An interesting fact is that Slovakia has only worsened in the area of "Resolving Insolvency" from 70.53

to 66.08 points. Thus, the main factor behind the downfall was overlapping with other countries that means a relative deterioration in the business environment.

An appropriate tool for the business environment evaluation in the EU policy is Small Business Act (SBA) implemented in 2008. It is a follow-up of the European Charter for Small Enterprises (2000). The aim of SBA is to ensure the SMEs achieve revenue growth and competitiveness and manage to successfully assert themselves in the global market. It would promote the overall economic development of the EU what would contribute to the Europe Strategy 2020.

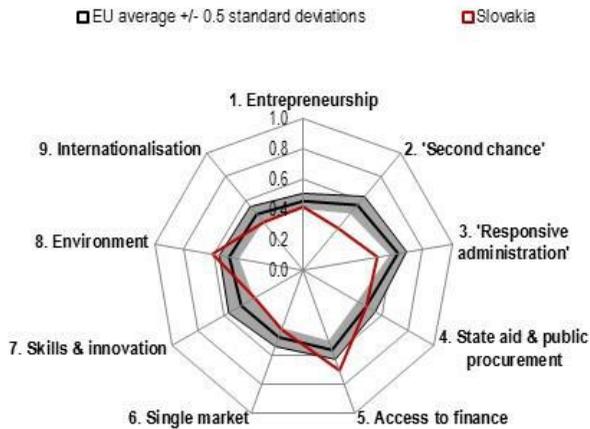


Figure 2.1.1: Evaluation of the application of the SBA in Slovakia in 2017

Source: European Commission / SBA Factsheet

Slovakia's SBA profile (*Figure 2.1.1*) is a mixed picture that combines areas, where performance in implementing SBA principles is strong (access to the finance and an environment) with areas where it is lagging behind ("second chance", "responsive administration", "skills & innovations" and "internationalization"). Overall, the recent policy progress in SBA implementing has been patchy, with improvements in some areas (access to the finance) and stagnation in others ("skills & innovation"). During the period (2016 – March, 31, 2017), the most relevant SBA measures have been implemented under the "Think Small First" and "responsive administration" headings.

Development of SMEs

To improve the business environment for SMEs development, it is necessary to assess their position and monitor development. A deeper analysis of the SME sector in the time context allows identifying existing trends, expecting future developments and preparing measures to ensure the optimal development.

Based on the data of the Statistical Office of the Slovak Republic, there were 557,758 active entities in 2016, including 557,122 SMEs (i.e. they accounted for 99.9% of the total number of business entities). In comparison with 2015, the total number of active SMEs increased by 4.9%. The development of active SMEs is positive. Even the number of SMEs-individual entrepreneurs, which declined in 2009-2015, increased by 2.5% in 2016, same as SMEs-legal entities (by 9.1%). Out of the total number of entities, 97.1% were micro enterprises (541,719), 2.3% (12,662) small enterprises and 0.5% (2,741) medium enterprises. There were 636 large enterprises, which accounted for 0.1%. Natural entities-entrepreneurs comprised nearly two thirds (62.3%) from the total number of active SMEs in Slovakia.

Women in Slovakia account for more than half of the total number of inhabitants, but the dominant position of men persists in the entrepreneurial activity. Slovakia is ranked as a country with under-paid entrepreneurial activity of women. According to Eurostat, the share of women in the total number of entrepreneurs under the age of 74 reached 32.3% in the EU in 2016 (0.3 percentage points (hereinafter pp.) higher than 2015). We assess positively the approach of women in Slovakia to the entrepreneurship. While in 2011 the difference between the representation of women in Slovakia and the EU was 3.8 pp., it declined to 1.7 pp. in 2016.

The EU countries, such as Italy (30.5%), Slovenia (29.9%), Denmark (28.8%), Sweden (28.7%), Romania (27.8%), Ireland (21.3%) and Malta (17.4%), were placed behind Slovakia. Countries with the highest proportion of women on the total number of entrepreneurs are Lithuania (39.1%), Luxembourg (37.1%) and Latvia (38.1%). Within the V4 countries, the highest proportion of women in the total number of entrepreneurs in 2016 has been in Hungary (34.1%). The share of women-entrepreneurs represented 32.3% in Poland and 32.5% in the Czech Republic. Comparing the age structure of Slovak entrepreneurs with selected EU countries, Slovakia is characterized by higher representation of entrepreneurs in younger age groups. According to Eurostat data in 2016, there was 12.8% out of the total number of inhabitants doing business in Slovakia aged from 15 to 29; 27.3% (6.7 pp. more than in the EU) aged from 30 to 39 and 30.8% (2.0 pp. more than in the EU) aged from 40 to 49. However, Slovakia has the lowest representation of entrepreneurs aged over 50 compared to the EU countries. 22.6% of entrepreneurs in Slovakia aged from 50 to 59 (4.6 pp. less than in the EU) and 6.4% of entrepreneurs aged from 60 to 74 (8.9 pp. less than in the EU).

The size structure of the business sector in the Slovak Republic is similar to size structure of enterprises in other EU Member States. A feature of Slovakia is a higher representation of microenterprises. A comparison of the size structure of the business sector in the Slovak Republic and in the EU-28 countries is presented in the *Table 2.1.1* Presented data show some methodological differences that need to be taken into account in mutual comparison. EU-28 data are compiled according to Eurostat's Structural Business Methodology Statistics and cover the non-financial business economy. Data show that SMEs accounted for 99.8% out of a total of 23 million business entities in non-financial enterprises in the EU-28. Representation of microenterprises has been achieved 93.0%, small businesses 5.9% and medium-sized businesses 0.9%. The number of business entities in the Slovak Republic represents the entire

economy. The source of these data is the Register of Organizations of the Statistical Office of the Slovak Republic. According to these data, SMEs in the Slovakia represent 99.9% out of the total number of enterprises, while microenterprises represent 97.1%, i.e. 4.1 pp. more than in the EU countries.

Table 2.1.1

Size structure of the business sector in the Slovak Republic and in the EU

Compared		Size of the company					Total
		Micro	Small	Medium	Large	SMEs	
Indicators		(0 – 9)	(10 – 49)	(50 – 249)	(250 +)		
EU – 28 (2014)	Number of companies in non-financial economy	21,736	1,374	222	44	23,332	23,376
	Share in number of enterprises	93.0%	5.9%	0.9%	0.2%	99.8%	100.0%
Slovakia (2016)	Number of enterprises	541,719	12,662	2,741	636	557,122	557,758
	Share in enterprises	97.1%	2.3%	0.5%	0.1%	99.9%	100.0%

Source: own elaboration according to Statistical Office of the Slovak Republic, Eurostat

Based on the data of the Statistical Office of the Slovak Republic, the number of newly established SMEs in 2016 were 58,838 increasing by 11.8% compared to 2015. In 2016, the number of closed SMEs increased by 20.5% to 53,878 compared to 2015, four-fifths (80.7%) of which were NP-entrepreneurs. Every fifth (22.0%) active SMEs (including NP-entrepreneurs) operates in the Bratislava region. Other regions are presented in the total number of SMEs ranging from 9.6% (Trenčiansky region) to 13.5% (Žilinský region). In 2016, SMEs represented 74.1% in the business economy employment and 59.3% in the total Slovak economy employment. Compared to 2015, the share of SMEs in the corporate economy employment increased by 0.5 pp. Share of SMEs in the business economy employment increased since 2006 to 2015 by 2.6 pp. In 2014, SMEs accounted for 66.8% of the total number of employed in the non-financial business economy in the EU–28, with a share of microenterprises of 29.9%, small enterprises of 20.1% and medium-sized enterprises 16.8%. Achieved share of SMEs in the business economy employment in Slovakia in 2016 is 7.3 pp. higher than in the countries EU–28. Microenterprises in Slovakia have the dominant position compared to EU–28 countries within each category (a share higher by 15.4 pp). This trend is shown in *Table 2.1.2*.

The main economic indicators characterizing the SMEs development increased in 2016. The increase in the added value of SMEs was 4.3%. In absolute terms, gross production (2.2%) and pre-tax profit for SMEs (3.3%) also increased. In the foreign-trade exchange of goods, the dominant position is maintained by large companies. From a territorial point of view, SMEs cannot reduce dependence on EU demand. Exports of SMEs to non-EU countries is 8.7% of the total exports and Slovak SMEs compared with other EU countries are characterized by the lowest intensity of exports on the markets of third countries (*Figure 2.1.2*).

There were 4.4% of SMEs active in the high-tech sectors at the end of 2016.

In the long run, the development of both the number and activities of SMEs in high-tech industries are characterized by increasing dynamism.

Table 2.1.2

Comparison of employed in the Slovak Republic and in the EU

		Size of the company					Total
		Micro	Small	Medium	Large	SMEs	
		(0 – 9)	(10 – 49)	(50 – 249)	(250+)		
EU – 28 (2014)	Number of employed in non-financial economy, ths.	40,491.2	27,225.1	22,800	45,065.9	90,516.3	135,582.2
	Share in employment	29.9%	20.1%	16.8%	33.2%	66.8%	100.0%
Slovakia (2016)	Number of employed in the business economy, ths.	836.6	249.5	282.6	477.2	1,368.7	1,845.9
	Share in employment	45.3%	13.5%	15.3%	25.9%	74.1%	100.0%

Source: own elaboration according to Statistical Office of the Slovak Republic, Eurostat

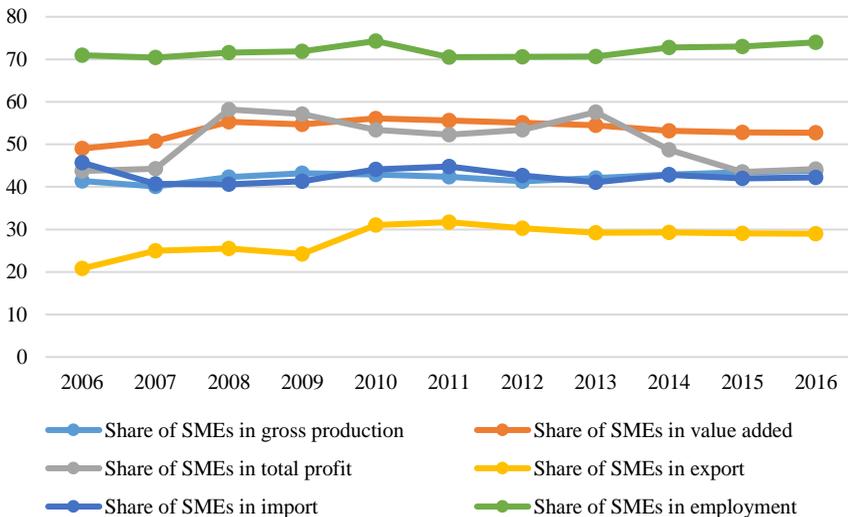


Figure 2.1.2: Share of SMEs in selected indicators

Source: own elaboration according to Statistical Office of the Slovak Republic, Eurostat

There is rule valid within the use of information and communication technologies in the SME sector, i.e. the larger the enterprise, the higher the PC and the Internet usage. Compared to other EU countries, Slovak SMEs with 11% share of enterprises, which receive at least 1% of revenues from online sales, are ranked among the countries with below-average results in this area.

SMEs finance in the Slovak Republic

In Slovakia, SMEs are primarily financed from their own sources, respectively from loans and leasing. According to Majkova (2011), these are sources they know

and therefore they most often use them. This fact is confirmed by the results of the survey on the SMEs access to the external financial sources hold by Slovak Business Agency in 2015 (SBA, 2016). The survey included 1,000 respondents with an aim to find out opinions and views of SMEs toward the exploitation of external finance. According to research, the most frequent source of the external financing is a bank loan (28%) and a leasing (15%). Based on the available financial reports of business entities, the state of bank loans granted to SMEs in 2016 (December, 31, 2016) was EUR 14,729 million (preliminary figure). Compared to 2015, the state of bank loans granted to SMEs has increased by 11.7%. The share of long-term bank loans on the total amount of bank loans for SMEs is 57.4%. In 2015, the increase of the bank loans rate for SMEs (the share of SMEs-entrepreneurs on the bank loans) was raised to 18.2%. The increase of the business entities' shares, which use bank loans was 0.5 pp. for microenterprises and 0.8 pp. for small enterprises. However, a decrease of 0.8 pp. has been observed for the medium enterprises. The highest share of business entities using bank loans is the medium enterprises (52.0%), whereas only 42.8% of small enterprises and 15.7% of microenterprises use bank loans.

The state-guaranteed loans are provided by the Slovak guarantee and development bank (SZRB), primarily to those SMEs, which does not possess sufficient credit security or are considered unreliable for commercial banks. The basic principle of providing guarantees for loans relies on the breakdown of risks between SZRB, the client and the partner subject. In 2016, the total sum of bank guarantee portfolio of SMEs was EUR 104 million (inter-annual decrease of 4.5%). State-provided guarantees for SMEs decreased in the inter-annual comparison to EUR 34 million (SZRB, Eximbank). The average interest rate of provided bank credits for SMEs in 2016 decreased to 3.1% in accordance with NBS data (*Table 2.1.3*).

Financial support of SMEs

Despite the inconsistency of the economic and social importance of the SME sector, SMEs are often underestimated (*viz.* in the finance area). This has led to wide-ranging discussions on what measures should be taken to help SMEs. Statistics say that SME support has become an important part of the overall economic strategy of developed countries over the past 30 years.

The EU is aware of the importance of SMEs. In the Slovak Republic the forms of the financial support provided to SMEs can be divided into two groups: (1) direct forms (grants, additional charges, export premiums, financial means from European funds, etc.); (2) indirect forms (advantageous credits, provision of financial guarantees, interest reduction, tax allowances, state orders, consultations and supply of information, etc.).

State supporting policy of SMEs

According to Meheš (2012), several basic groups belong to the institutions providing support to SMEs at the level of national economy: (1) state administration bodies; (2) specialized agencies; (3) banks, funds and other supporting organizations; (4) other stakeholders.

Table 2.1.3
Funding of SMEs development in 2008-2015

Indicator	Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Provided business loans to SMEs, in mln. EUR	12,092	12,032	12,046	10,600	11,038	10,734	11,902	14,729
Total provided business loans, in mln. EUR	15,679	15,156	15,174	16,117	15,523	15,102	14,837	16,943
Short-term loans granted to SMEs, in mln. EUR	4,797	4,981	4,987	4,188	4,481	4,532	5,385	6,277
Long-term loans to SMEs, in mln. EUR	7,295	7,051	7,059	6,412	6,557	6,202	6,517	8,453
The share of SMEs (corporate) bank loan, %	16.0%	18.2%	17.7%	16.5%	16.3%	16.4%	17.7%	
State guarantees granted to SMEs, in mln. EUR	99	81	70	84	87	38	26	34
State-guaranteed loans for SMEs, in mln. EUR	157	143	139	167	136	157	113	104
Interest rate for SMEs, %	4.6	3	3.2	3.2	3.8	3.6	3.8	3.1

Source: SBA, State on SMEs in 2016

Note: provided business loans to SMEs in 2016 are preliminary data

At present, there exists a wide network of organizations in the Slovak Republic, which help to develop the small business at the state, regional and individual levels. A guarantor for the coordination programs to help SMEs is the Ministry of Economy of the Slovak Republic. In Slovakia, the most important institutions supporting the small business are: Ministry of Economy, Ministry of Finance, Slovak Guarantee and Development Bank, EXIM Bank, Ministry of Labor, Social Affairs and Family, Slovak Business Agency (former National Agency for Development of the Small and Medium Business), Funds of the Risk Capital, National Website for the Small and Medium Business, etc. It can be said that the current support system in Slovakia is quite unclear and it is characterized by complex links. Attention is concentrated to central government authorities dealing with the policy making and resource acquisition (to specialized agencies), banking institutions and funds that serve implementation of these policies.

Regarding the SMEs support, it is necessary to accept the legal definition of state SMEs aid. The first attempts of the Slovak Republic for the legal definition of state SMEs aid belong to 1995, when the Law on the state support for small and medium-sized enterprises was adopted. The aim of this law was modifying the state support for small and medium-sized enterprises and making such entrepreneurship a firm part of the structure of the national economy.

The adoption of Law No. 290/2016 "On the Support of Small and Medium-Sized Enterprises" acting from January, 01, 2017, was a significant step in determination of forms of the state SMEs aid. This law defines so-called "Better Regulation". Better regulation means a set of activities aimed at reducing the disproportionate regulatory burden on businesses and improving the business environment in the Slovak Republic with an emphasis on micro, small and medium-sized enterprises. Referring to this law, state support of SMEs is provided in: (1) direct forms (non-repayable financial contribution under a special regulation, grant, financial instrument under a special regulation); (2) indirect forms (information and guidance for the business, business education, support voucher related to the acceptance of supporting services, organizing and supporting of participation in traineeships, competitions, exhibitions and/or other business events, targeted reinforcement of potential SMEs to increase its performance, long-term professional counseling/training to improve entrepreneurial skills and professional growth. Slovakian SMEs can also apply for support of the EU.

EU instruments for the support of SMEs

Financial instruments of the EU (2014-2020)

COSME is the EU program to rise the SMEs' competitiveness (2014-2020) with a planned budget of EUR 2.3 billion. The aim is to increase SMEs' access to financial resources, to support entrepreneurs and their internationalization and to improve the business environment. *COSME* is directed to achieve four main goals (i.e. budget is divided into): (1) *accessing finance* (60% of the budget). *COSME* aims to make easy access to the finance in all phases of SMEs lifecycle (creation, expansion or business transfer); thanks to EU support, businesses have easier access to guarantees, loans and equity capital. EU financial instruments are channeled through local financial institutions in EU countries; (2) *opening markets* (21,5%). *COSME* helps businesses to access markets in the EU and beyond. It funds the Enterprise Europe Network that helps SMEs find business and technology partners, and understand EU legislation; Your Europe Business Portal provides practical information on doing business within Europe. It finances a number of IPR (intellectual property rights) SME Helpdesks; (3) *supporting entrepreneurs* (11%). *COSME* supports entrepreneurs by strengthening entrepreneurship education, mentoring, guidance and other support services. Actions support specific groups who have difficulties to fulfil their potential, such as youth, women and senior entrepreneurs. The program also helps to access opportunities via digital technologies; (4) *improving business conditions* (2,5%). *COSME* aims to reduce the administrative and regulatory burden on SMEs by creating a business-friendly environment. *COSME* encourages to adopt new business models and innovative practices to rise competitiveness. It is assumed that around 330,000 SMEs will receive loans covered by *COSME*-funded guarantees. The total amount of resources for loans can reach EUR 21 billion. The experience gained with the *Competitiveness and Innovations Program (CIP)* from the previous programming period, it is expected that 90% of the beneficiaries will be enterprises with 10 or fewer employees. The average guaranteed loan will be around EUR 65,000. *COSME* will provide venture capital for SMEs predominantly in growth and expansion stage and guarantees up to EUR 150,000.

Horizon 2020 is the biggest EU Research and Innovation program ever with nearly EUR 80 billion of funding available over 7 years (2014-2020) in addition to the private investment. It promises more breakthroughs and discoveries by taking great ideas from the lab to the market. Horizon 2020 is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. By coupling research and innovation, Horizon 2020 helps to achieve this goal with its emphasis on excellent science, industrial leadership and tackling societal challenges. The goal is to ensure Europe by advanced science, removes barriers to innovation and makes easier mutual cooperation for the public and private sectors in delivering innovation.

"InnovFin – EU Finance for Innovators" is a joint initiative launched by the *European Investment Bank Group (EIB and EIF)* in cooperation with the European Commission under Horizon 2020. InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other entities in Europe and consists of a series of integrated and complementary financing tools and advisory services offered by the EIB Group, covering the entire value chain of research and innovation in order to support investments from the smallest to the largest enterprise. InnovFin is available across all eligible sectors under Horizon 2020, in EU Member States and Associated Countries. By 2020, InnovFin is expected to make over EUR 24 bln of debt and equity financing available to innovative companies to support EUR 48 bln of final research and innovation investments. InnovFin tools cover a wide range of guarantees and loans, which can be tailored to innovators' needs. Financing is either provided directly or indirectly via a financial intermediary, viz. bank. Regarding SMEs, two forms are important. *InnovFin SME Guarantee* provides guarantees and counter-guarantees on debt financing of between EUR 25,000 and EUR 7.5 mln in order to improve access to loan finance for innovative SMEs and small midcaps (up to 499 employees). This facility will also be rolled out through financial intermediaries. Under the *InnovFin SME Guarantee*, financial intermediaries will be guaranteed or counter-guaranteed against a portion of their potential losses by the EIF. *InnovFin SME Venture Capital* will provide through selected intermediaries (e.g. investment funds, venture capital funds or vehicles that provide co-investment facilities for Business Angels or cooperate with Business Angels) equity finance for research and innovation, in particular in the form of seed and venture capital for enterprises in the early stage. The equity support will be channeled through intermediaries, who target life sciences, ICT or otherwise technological, non-technological, organizational or social innovation.

EU funds are financial instruments, which help to smooth the differences between the Member States of the EU. EU funds allow reallocate means to develop weaker states and bring them closer to the developed EU countries. The funds are used primarily to increase performance of countries in various fields of sustainable economic growth, living standards and reducing regional disparities. The EU gives small companies the possibilities of financing in various forms such as grants, loans, financing of the particular projects, guarantees et al.

At present, Slovakia uses support from European Structural and Investment Funds through 9 national and regional programs of nearly EUR 15.32 bln. With a national

contribution of EUR 4.72 bln, Slovakia has a total budget of EUR 20 bln invested in different areas from job creation and growth, through promoting sustainable transport to protect the environment and investing in research and innovation. Nevertheless, in drawing of the EU funds, the Slovak Republic is on the lash of the EU member states. The Employment and Social Innovation Program provides microfinance up to EUR 25,000 for entrepreneurs, especially those who are furthest from the labor market, and for microenterprises. It also covers social business and provides investment up to EUR 500,000 for social enterprises with an annual turnover and annual balance not exceeding EUR 30 mln (*Figure 2.1.3*).

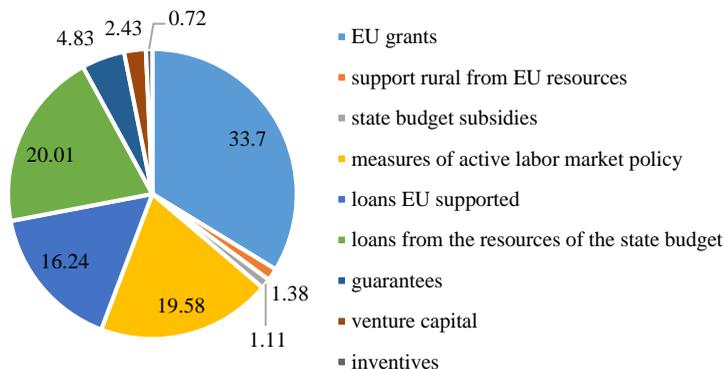


Figure 2.1.3: Structure of SMEs financing in 2016

Source: SBA, *State on SMEs in 2016*

In 2016, according to structure of financing forms, EU grants dominated with more than 33% share of loans from the sources of SBA with a share of 20.01% and measures of active labor market policy with a share of 19.58%. Significant share of the SMEs financing (16.24%) was supported by the EU, viz. EUR 114.12 mln. Guarantees have covered financial resources used by SMEs (4.83%). In 2016, the share of SMEs financing through the Venture Capital Funds was 2.43%. From the standpoint of inter-annual development, the volume of financial means used SMEs, decreased of 8.41%, which equals EUR 64.54 mln. The most significant inter-annual change expressed in percentage was within the venture capital with the increase of 64.39% (EUR 6.69 mln). A significant increase of financial resources used by SMEs for financing their activities has occurred because of active labor market policy 46.62% (EUR 43.76 mln). The negative point is a decrease in support up to 84.26% (EUR 51.91 mln) due to the start of a new program period of the Rural Development Program of the Slovak Republic (2014-2020) within the Common Agricultural Policy.

Innovative activities of SMEs

Before looking at the innovative activities of SMEs, it is necessary to analyze the Slovak position in international rankings on innovation. The most recent edition of the European Innovation Scoreboard was published on 14 July 2016, revealing the following results: Denmark, Finland, Germany, the Netherlands and Sweden are

Innovative Leaders with innovation performance above the EU average. Austria, Belgium, France, Ireland, Luxembourg, Slovenia and the UK are Strong Innovators with innovation performance above or close to the EU average. The performance of Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia and Spain is below the EU average. These countries are Moderate Innovators. Bulgaria and Romania are Modest Innovators with innovation performance well below the EU average. The Regional Innovation Scoreboard 2016 revealed that Europe's most innovative regions are located in the most innovative countries, although regional innovative hubs exist in moderate innovator countries: Piedmont and Friuli-Venezia Giulia in Italy, País Vasco in Spain and Bratislava in Slovakia.

Innovations arise mainly in the business sector. By the ability of businesses to innovate we can understand not only product innovations, but also all other activities associated with production and sale. SMEs must overcome many obstacles in the implementation of innovative processes; thus, often they are prevented from realizing their innovative ideas. Therefore, it is needed state support for innovative SMEs.

According to the last survey of the Statistical Office of the Slovak Republic for 2010-2012, it was still lagging in the business innovation behind the European average and for most member states of the EU. This period the share of innovative businesses in Slovakia was 34% of all businesses, while the average level in the EU stood at 48.9%. Compared to 2008-2010, when the share of innovative enterprises in Slovakia was 35.6%, the situation has become worse. Analyzing the development of innovative businesses in the Slovak Republic, we can find that the number and share of innovating businesses in Slovakia in 2001-2008 (except of 2003) had a rising trend. In 2010, the number of innovative businesses in comparison with 2008 decreased from 3,494 to 2,106. The share of innovative businesses of all enterprises decreased from 36.1% in 2008 to 35.6% in 2010. The reduction of innovative activity caused by crisis in 2008-2010. It affected small businesses whose number decreased the most from 2,392 to 1,142, medium-sized businesses whose number decreased from 800 to 699 and at least were hit by crisis large innovating companies whose number fell from 302 to 265. In 2012, the situation has stabilized and the number of innovative businesses has increased, but their share of total holdings decreased to 34%. The structure of innovating business in Slovakia in 2012 shows that the largest share of innovating enterprises (62.1%) was in the group of large companies what is probably related with their sufficient funds for innovative activity. 40% share of innovating companies was in medium-sized enterprises and 29.8% share was in the group of the small businesses.

Conclusions

The position of SMEs in national economy regarding the job creation, promotion of the local economy, balancing disparities in regional development is important in the long run in Slovakia. In 2016, they represented 99.9% of the total number of enterprises in the Slovak economy, offered job opportunities to nearly three quarters (74.1%) of the active work force in the corporate economy and participated with more

than half (52.7%) in the creation of the added value. In 2016, the downward trend in the establishment of SMEs has stalled. Compared to other EU countries, Slovakia is characterized by high entrepreneurial activity, the dominant presence of microenterprises or the under-representation of women in the total number of entrepreneurs.

Based on the SBA's profile compiled for 2017, the European Commission assessed that the greatest strengths in the Slovak Republic were application of the principles 6 (access to finance) and 9 (environment), while the profound weaknesses were found in implementing principle 2 (second chance) and principle 4 (responsive administration). Area Skills and Innovation is assessed as stagnating.

Despite the profound role of SMEs in the economic development, they are often underestimated, viz. in the finance area. The analysis of the SMEs innovative activity of enterprises in Slovakia elaborated by the Statistical Office of the Slovak Republic shows that innovative enterprises in Slovakia are low in comparison with the other European countries. Innovative activity is directly proportional to the size of entities. It means, innovative activities have been realized especially in the large companies, while SMEs have to overcome many obstacles in the implementation of innovative processes and therefore they deserve more attention and assistance from the state.

2.2 ROLE OF THE INTERNATIONAL COOPERATION INTO INCREASING THE SMEs COMPETITIVENESS LEVEL IN POLAND

Introduction

Innovations as the main factor of competitiveness becomes one of the basic parameters of the SME sector evaluation in Poland, viz. competitive companies, whose economic activity leads to the market value increase in the long term. On the other hand, independent expansion of the SME sector in Poland has a worrying tendency that negatively influences the innovation level and SMEs competitiveness.

Taken into consideration the difference between achieved revenues and incurred costs as well as comparing financial results of Polish companies with entities from other EU countries, it may be noticed that Polish enterprises are clearly less innovative than their competitors from the EU. In 2009, an "average Polish company" has occupied last places in the ranking of 26 countries regarding the amount of turnover with the result of EUR 0.54 mln in 2008, overtaking only Hungary, Romania, Lithuania, Portugal and Bulgaria. The most successful were companies from Luxemburg (EUR 4.1 mln), Germany (EUR 2.6 mln) and Holland (EUR 2.3 mln) (Łapiński, 2011, p. 24).

In 2015, financial situation of Polish business improved due to a better economic situation in the country and the EU. After economic growth inhibition in Poland in 2012-2013, in 2014 there was a visible rising trend (GDP growth amounted to 3.3%) continued in 2015 (3.8%). As a result, in 2015 basic economic values measuring companies' financial situation increased. Revenues and costs significantly rose, however it was the costs that unfortunately showed higher increasing tendency contrary to revenues (Łapiński, Nieć, Orłowska & Zakrzewski, 2017, p. 37). As a consequence, throughout 2010-2015 there was a clear rising trend in R&D spending in Poland, where the intensity of R&D work, i.e. the share of internal expenditures on R&D in

GDP reached 1% in 2015, in relation to 0.94% in 2014 and 0.75% in 2010. However, according to the data for 2014-2015, this level put Poland on the 12th place out of EU-28 (Łapiński & Nieć, 2017, p. 26). Comparing Return on Assets (ROA) (Sierpińska & Jachna, 2018, p. 201)¹ of the researched entities it may be unambiguously stated that the SME sector in Poland are more competitive compared to large companies. E.g., in 2010, ROA noted for companies with the workforce from 10 to 49 employees amounted to 5.93%, for medium-sized companies (from 50 to 249 employees) 4.56% and for large entities only 5.42% (decrease of 0.51 pp. in relation to small enterprises) (Przedsiębiorczość w Polsce, 2011, p. 135). On the other hand, in 2016, ROA noted for companies with the workforce from 10 to 49 employees amounted to 5.41%, for medium-sized companies (from 50 to 249 employees) 4.89% and for large entities only 4.47% (decrease by 0.94 pp. compared to small enterprises) (Przedsiębiorczość w Polsce, 2017, p. 139).

However, SMEs are less connected with foreign markets than large entities. The data of the export share in total revenues indicate, the bigger the exporting company is, the larger is the export share in the revenues from the total activity. Thus, in 2010, this share amounted to 21.3% for small exporters, 24.2% for medium-sized exporters and 30.8% for big exporters (Łapiński, 2011, p. 42). According to GUS (Central Statistical Office) in 2015, 4.4% of the enterprises operating in Poland (i.e. 83.8 thousand) sell their products abroad and only 1% (19.7 thousand) sell their services. Analyzing the data concerning microenterprises, only 3.1% export their products and 0.5% their services. The results of big business are much better. The sale of products abroad conducts 29.9% of small companies, almost half of medium-sized companies (46.3%) and 66.2% of large companies; sales of services is conducted by 9.9% of small, 24.6% of medium-sized and 56.9% of large companies (Łapiński, Nieć, Orłowska & Zakrzewski, 2017, pp. 39-40).

The *aim of our study* is to use the case study in relation to selected SMEs having their registered offices in Poland, which cooperate with large enterprises as well as with economic entities from the EU to prove that the condition to improve the innovation level constituting an important factor of SMEs competitiveness in Poland is the international cooperation development with holdings/concerns from Poland and other entities from the EU. We hold vertical and horizontal analyze. Coopetition is defined as a phenomenon, where competition and cooperation simultaneously appear of at least two entities which in this way strive for a better implementation of their goals or to achieve a mutual aim on the international level (Downar, 2004, p. 72; Cygler, 2009, p. 15; Biuletyn Statystyczny New Connect, 2018, pp. 422-426). Such cooperation should consist in the exchange of own resources, obtaining new ones from other EU companies, using available resources to make broad contacts with foreign partners and competing with each other. To prove the assumed hypothesis, author has assessed SMEs coopetition with economic entities from other EU countries, as well as with large domestic enterprises. Therefore, author made an analysis of the

¹ Return on Assets (ROA) is a relation of net income to average total assets, amount elaborated on the basis of M. Sierpińska, T. Jachna (2018), *Ocena przedsiębiorstwa według standardów światowych*. Warsaw: PWN, p. 201.

researched companies, which are listed on the New Connect market based on the P/E ratio² (Biuletyn Statystyczny New Connect, 2018, p. 24; *Przedsiębiorczość w Polsce*, 2017, p. 176) and sales factor (Biuletyn Statystyczny New Connect, 2018, p. 22)³.

The impact of SMEs expansion in Poland on their innovation level in 2000-2016

Innovation (Latin *innovatio*) is a sequence of actions leading to the production of new or enhanced products, technological processes or operational systems. This term was introduced to economy by Schumpeter (1960, pp. 104-116) indicating at the same time five cases when innovation appears, viz. (1) creating a new product; (2) applying new technology/production method; (3) creating a new market; (4) obtaining unknown resources; (5) reorganization of a particular economy sector.

Innovative activity of enterprises is a very broad notion; it relates to actions of scientific, technical, organizational, financial and commercial character, which lead to the implementation of innovations. As well, innovations are perceived as a basic instrument ensuring companies' competitive advantages (Arena, 2017, p. 162).

Innovation is distinguished by hard, purposeful, concentrated work demanding knowledge, diligence, persistence and engagement. It forces investors to use their strongest attitudes and it causes changes in entrepreneurs' behavior. R&D spending constitute the measure of innovation level (Aydin, Alrajhi & Jouini, 2018, p. 160).

The analysis of the amount of R&D spending in 2000-2016 shows a different level of companies' R&D spending worldwide. The highest amount has been noted in the USA and Japan. The lowest amount has been noted in Cyprus and Poland.

The basic aim of implementing innovation in enterprises is the pursuit of gaining competitive advantages on the market. Hence, the competitiveness level is a very important element of companies' development and consequently innovations, especially SMEs. According to Sztucki (2008), competitiveness is a set of actions owing to which market participants, striving to implement their interests and achieve profits, present to receivers more favorable than other companies purchase offers, more attractive products and services sold at better prices and with powerful advertisement. Porter (2001, p. 15) also presents competition as a rivalry between competitors.

The process of SMEs adjusting to current market requirements is permanent. Therefore, the analysis of a competitive position is an important element of a strategic analysis of a company. The strengthening of the SMEs competitive position from Poland have to put accent for the financial situation of the researched entities measured by the amount of revenues, costs of the sold products, the share of the revenues from export in the total revenues and ROA. Different factors influence the each of the abovementioned indicators (Leszczyński & Skowronek-Mielczarek, 2000,

² P/E ratio is a relation between market capitalization and the sum of net profit of the last 4 quarters. This ratio was elaborated on the basis of *Biuletyn Statystyczny New Connect* (2018), Warsaw, p. 24 and K. Jajuga (2007), *Podstawy inwestowania na Giełdzie Papierów Wartościowych*. Warsaw: Warsaw Stock Exchange, p. 176.

³ Sale factor is a relation between annualized turnover for the current period and market capitalization at the end of this period. This factor is elaborated on the basis of *Biuletyn Statystyczny New Connect* (2018), Warsaw, p. 22.

pp. 225-226). This situation is presented by growth rates of the chain indices from the sales of products, goods and services (*Table 2.2.1*).

Table 2.2.1

Relative growth of the chain indices from the sales in 2000-2016 (%)

Year	Total enterprises	Enterprises with 10-49 employees	Enterprises with 50-249 employees	Enterprises with the number of employees over 249
2000	-	-	-	-
2001	0.21	2.23	-1.26	1.16
2002	2.05	-3.76	0.53	4.77
2003	11.64	6.90	15.52	10.96
2004	17.34	23.60	17.98	15.20
2005	4.80	-1.92	4.11	7.25
2006	13.51	13.55	10.12	15.38
2007	14.05	7.43	15.89	14.89
2008	11.18	20.43	7.40	10.82
2009	0.25	3.86	-3.32	1.08
2010	6.14	-0.93	3.70	9.39
2011	-6.41	14.91	12.21	12.88
2012	3.84	3.67	4.16	3.74
2013	0,56	1.50	-1.68	1.34
2014	2.68	5.75	2.90	1.75
2015	3.35	4.17	3.29	3.10
2016	2.42	0.83	0.70	5.40

Source: created by author based on Financial Results of Economic Entities in I-XII (2001, pp. 12-15; 2002, pp. 12-15; 2003, pp. 80-83; 2004, pp. 80-83; 2005, pp. 80-83; 2006, pp. 80-83; 2007, pp. 80-83; 2008, pp. 84-87; 2009, pp. 16-19; 2010, pp. 18-21; 2011, pp. 116-119; 2012, pp. 120-123; 2013, pp. 24-27; 2014, pp. 30-41; 2015, pp. 30-41; 2016, pp. 32-43; 2017, pp. 34-45

Table 2.2.2

Relative growth of the chain indices of own costs of sold goods in 2000-2016 (%)

Year	Total enterprises	Enterprises with 10-49 employees	Enterprises with 50-249 employees	Enterprises with the number of employees over 249
2000	-	-	-	-
2001	0.62	2.60	-1.20	1.81
2002	1.48	-3.66	0.24	3.85
2003	10.42	6.06	14.61	9.48
2004	15.54	22.02	17.18	12.72
2005	5.36	-2.08	4.71	8.11
2006	13.21	12.89	9.05	15.67
2007	13.80	6.71	15.54	14.85
2008	11.81	20.43	8.01	11.61
2009	0.30	4.45	-3.30	1.00
2010	6.01	-0.97	4.08	9.00
2011	12.96	14.92	12.50	12.67
2012	4.60	0.90	4.40	5.70
2013	0.40	2.20	-2.20	1.00
2014	2.80	5.20	2.30	2.30
2015	3.30	3.70	3.20	3.20
2016	2.80	0.70	0.40	4.40

Source: created by author based on Financial Results of Economic Entities in I-XII (2001, pp. 12-15; 2002, pp. 12-15; 2003, pp. 80-83; 2004, pp. 80-83; 2005, pp. 80-83; 2006, pp. 80-83; 2007, pp. 80-83; 2008, pp. 84-87; 2009, pp. 16-19; 2010, pp. 18-21; 2011, pp. 116-119; 2012, pp. 120-123; 2013, pp. 24-27; 2014, pp. 30-41; 2015, pp. 30-41; 2016, pp. 32-43; 2017, pp. 34-45

As the data of *Table 2.2.1* show, amount of total revenues from the sales of products, goods and materials in 2000-2016 increased on average by 6.4%. The amount of revenues from the sales of products, goods and materials achieved by small enterprises increased on average by 6.2%, by medium-sized entities by 5.2% and by large economic entities by 7.2%.

Another value defining the SMEs development level in Poland is own costs of sold goods and their worth (*Table 2.2.2*).

As the data of *Table 2.2.2* show, own costs of the sold products and their worth in 2000-2016 increased on average by 6.2%. Own costs of the sold products and their worth in small enterprises increased on average by 5.9%, in medium-sized enterprises by 5.1% and in large companies by 6.9%.

Another value that influence the SMEs competitiveness level in Poland is the share of revenue from export in the total revenues (*Table 2.2.3*).

Table 2.2.3

The share of export sales in the total revenues in 2003-2016 (%)

Year	Enterprises with 10-49 employees	Enterprises with 50-249 employees	Enterprises with the number of employees over 249
2003	7.30	11.90	18.90
2004	8.00	12.00	20.00
2005	8.00	12.00	21.00
2006	8.00	13.00	23.00
2007	7.00	12.00	23.00
2008	7.00	12.00	22.00
2009	6.79	12.01	21.24
2010	7.52	12.82	22.46
2011	7.84	13.06	23.67
2012	8.24	14.55	24.17
2013	9.15	15.72	25.30
2014	9.66	15.81	25.48
2015	9.25	15.92	25.61
2016	9.64	16.91	26.64

Source: compiled by author based on Przedsiębiorczość w Polsce (2010, p. 132; 2017, p. 161)

As the data of *Table 2.2.3* show, SMEs had weaker connections with foreign markets than large entities. Revenues from total export sales in nominal terms increased on average by 1.6%, viz. by 14% in medium-sized companies, by 8% in small enterprises and by 23% in large companies.

To evaluate the SMEs competitiveness level in Poland, we take into consideration ROA constituting the relation of net profit to average total assets (*Table 2.2.4*).

As the data of *Table 2.2.4* show, in 2002-2016 small enterprises demonstrated the highest ROA compared to medium-sized and large entities. It happened, because small companies have used mainly own capital and large entities relied mainly on borrowed capitals (i.e. they incurred payments on credits). Contrary to large enterprises, small companies do not use so-called scale economy benefits (Ejsmont & Ostrowska, 2011, p. 34). Having evaluated the SMEs competitiveness level in Poland in relation to economic entities from other EU countries, as well as in relation to domestic holdings or concerns, unambiguous conclusions may be drawn.

Table 2.2.4**Return on assets of the companies in Poland in the years 2002-2016 (%)**

Years	Small enterprises (number of employees 10-49)	Medium-sized enterprises (number of employees 50-249)	Large enterprises (number employees over 249)
2002	-1.01	0.62	-0.52
2003	5.80	1.59	1.93
2004	5.31	5.33	6.55
2005	4.95	4.41	5.00
2006	5.81	6.05	5.68
2007	6.97	6.23	6.24
2008	5.65	4.41	3.81
2009	5.43	4.70	5.03
2010	5.93	4.56	5.42
2011	2.40	4.24	6.12
2012	5.82	3.93	4.44
2013	5.05	4.29	4.66
2014	4.94	4.76	4.06
2015	5.25	5.10	3.79
2016	5.41	4.89	4.47

Source: compiled by author based on *Przedsiębiorczość w Polsce* (2009, p. 133; 2010, p. 129; 2011, p. 135; 2017, p. 159)

Data on revenues from the sales of products, goods and materials, as well as own costs of the sold products and their worth proved that SMEs do not have competitive advantages in relation to large domestic enterprises. The analysis of the share of export revenues in total revenues shows that small, medium-sized and large companies are uncompetitive with economic entities from other EU countries. However, the analysis of ROA stated that small enterprises may compete with larger entities. Economic crisis of 2008 has proved that small enterprises risk less, adapt better to the constantly changing environment and may compete with big economic entities both on domestic, as well as foreign market.

The international competition impact to the SMEs competitiveness level

The theory and the practice show that the level of competitive and cooperative relations is the basis for the cooptation model. Relating to the abovementioned, the intensity of competitive relations occurrence depends on the intensity of competitive and cooperative relations between SMEs, as well as corporations on both domestic and foreign markets (Bengtsson & Kock, 2000, p. 415). The intensity of competitive relations on the so-called international arena is connected with their frequency between the members of the structure in relation to the total number of possible competitive relations, what may be presented by formula (2.2.1) (Cygler, 2009, p. 41), where IC is the competition intensity; K is the number of competitors; i, j are constant parameters; CRK_{ij} is the frequency of competitive relations; N is the number of competitive relations between enterprises; Ex is the level of export of the companies competing on the international market.

$$IC = \frac{\sum_{i=1}^K \sum_{j=1}^K CRK_{ij}}{N} + Ex, \text{ where } i < j; \quad (2.2.1)$$

The cooperation intensity creates the function of creating cooperative agreements frequency in relation to the total number of possible connections between partners on the so-called international arena, what may be presented by formula (2.2.2) [ibid], where *ICOOP* is the intensity of cooperation; *COOP* is the frequency of cooperative relations; *M* is the number of cooperative relations.

$$ICOOP = \frac{\sum_{i=1}^K \sum_{j=1}^K COOP_{ij}}{M} + Ex, \text{ where } i > j; \quad (2.2.2)$$

Formula (2.2.3) *ICCOOP* makes possible to calculate the intensity of cooperation:

$$ICCOOP = \frac{\sum_{i=1}^K x \sum_{j=1}^K x CRK_{ij}}{\sum_{i=1}^K x \sum_{j=1}^K x COOP_{ij}} + Ex \quad (2.2.3)$$

To sum up, it should be stated that entrepreneurs from the SME sector deciding to cooperate and compete with economic entities from other EU countries, as well as with domestic concerns or holdings perceive their interdependence through financial and technological benefits. The character of international cooperation indicates that it is a complex system analyzed vertically and horizontally.

The case study of the international vertical cooperation and the SMEs competitiveness level

SMEs companies which want to be competitive in relation to domestic holdings or concerns and other EU entities need proper resources management, elaborated budget, proper financial control, effective communications, smoothness between different departments and size economic entities. For this purpose, it is necessary to elaborate a strategy of international vertical cooperation, consisting of technological connection of production and distribution with the sales or other processes connected with the functioning and competing of the companies on domestic and international market (Ejmont, 2012, p. 361). Therefore, we have conducted the analysis of the researched enterprises, which are listed on the New Connect market based on the P/E ratio and sales factor. 332 companies were analyzed, from which 42 companies, which cooperate with domestic and foreign contractors were selected. Taken into consideration financial situation of the above presented characteristics of the selected companies, it is essential to compare the following indices (Jajuga, 2007, p. 175):

(1) P/E ratio, which is a relations of price to achieved profit. This ratio informs about the investment attractiveness of listed companies. The lower the ratio, the more attractive it is to invest in the shares of a given company;

(2) sales factor shows that the higher is its value, the more attractive it is to invest in the shares of a given company.

The phenomenon of international vertical cooperation has appeared in 20 listed companies (*Table 2.2.5*).

Based on the data concerning the amount of the analyzed indices, we conducted T-test for independent trials. The data is presented in *Figure 2.2.1*.

An important element of the conducted T-test is the so-called standardized effect, i.e. the effect expressed in convenient standardized units. In T-tests the standardized effect for independent trials is the difference of means divided by standard deviation.

Table 2.2.5

The value of indices noted in companies functioning within international vertical cooperation listed in 2017 on the New Connect market (%)

Name of the company	P/E ratio	Sales factor
TAMEX	16.10	2.00
INTERNITY	8.90	9.50
LZMO	0.00	44.30
I3D	0.00	160.30
ADMIRAL	0.00	12.10
AZTEC	8.70	6.70
LUG	15.80	14.70
APS	8.90	3.40
WERTHHOLZ	6.70	0.20
MERA	18.90	2.10
PLASMA	0.00	3.20
ROCCA	51.90	1.60
RSY	0.00	5.10
CSY	24.80	6.90
KLON	35.40	0.40
NAVIMORIN	0.00	0.70
HOTBLOK	0.00	30.70
INCANA	0.00	0.90
LUXIMA	34.90	39.10
ALUMAST	0.00	4.90

Source: researched by author based on *Biuletyn Statystyczny New Connect (2018, pp. 10-23)*

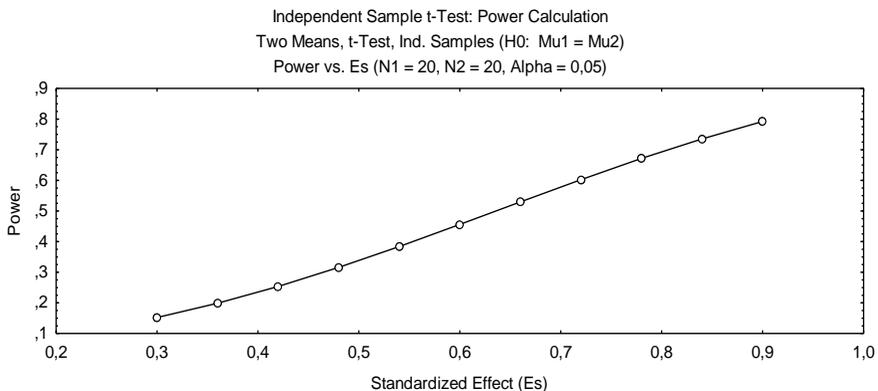


Figure 2.2.1: Dependency of P/E ratio and sales factor on the international vertical cooperation based on the standardized effect

Source: researched by author based on *Biuletyn Statystyczny New Connect (2018, pp. 10-23)*

In T-test analysis the statistical power appears the following ranges for the standardized effect (Statsoft.pl, 2018): (1) very weak result ($E_s < 0.20$); (2) weak result (0.20-0.50); (3) average result (0.50-0.80); (4) strong result ($E_s > 0.80$). In the context of testing statistical significance, author formulated a hypothesis stating that international vertical cooperation does not impact the increase of the innovation level

and what follows, also the SMEs competitiveness level in Poland, which is the opposite to what author would like to indicate. A very weak standardized effect - 0.3935 with the critical value $t = 2.0244$ and the statistical power of the test for the required sample size $N=20$ shaping on the level of 0.0796 confirms the alternative hypothesis stating that the condition to improve the SMEs competitiveness level in relation to domestic holdings or concerns, as well as to economic entities from other EU countries should be increased international cooperation considered vertically.

The case study of the international horizontal cooperation and the SMEs competitiveness level in Poland

SMEs should elaborate a strategy of international horizontal cooperation, which is a process of integrating entities with similar functions on domestic and external markets channel under the control of an integrator. It may appear on different levels (Westbrock, 2017, p. 10). Therefore, taken into consideration financial situation of the above presented characteristics of the selected companies, similarly as in the case of international vertical cooperation, also in relation to international horizontal cooperation it is essential to compare the amount of indices: P/E ratio and sales factor of the companies listed in 2017 (*Table 2.2.6*).

Table 2.2.6

The value of indices noted in companies functioning within international horizontal cooperation listed in 2017 on the New Connect market (%)

Name of the company	P/E ratio	Sales factor
BALTICON	12.80	5.70
EGB	27.80	0.00
ONICO	7.90	4.00
EUROTAX	11.00	0.80
DYWILAN	21.80	0.00
SZAR	6.60	35.10
BROADGATE	22.50	143.90
GREMPCO	5.50	2.20
MAKORA	0.00	14.00
GLOBAL TRADE	7.80	0.00
HORTICO	12.00	1.00
ESKIMOS	24.20	9.80
VCP	0.00	347.90
SYMBIO	0.00	1.40
ROVITA	2.30	2.30
TELIANI	7.80	8.00
KUPIEC	2.50	21.00
POLTRONIC	7.30	40.50
ACARTUS	0.00	59.50
IGORIA	0.00	3.70
HURTIMEX	10.60	0.60
GOLAB	0.00	3.20

Source: researched by author based on Biuletyn Statystyczny New Connect (2018, pp. 10-23)

Based on the data concerning the value of analyzed indices, we conducted T-test

for independent trials. The data is presented in *Figure 2.2.2*.

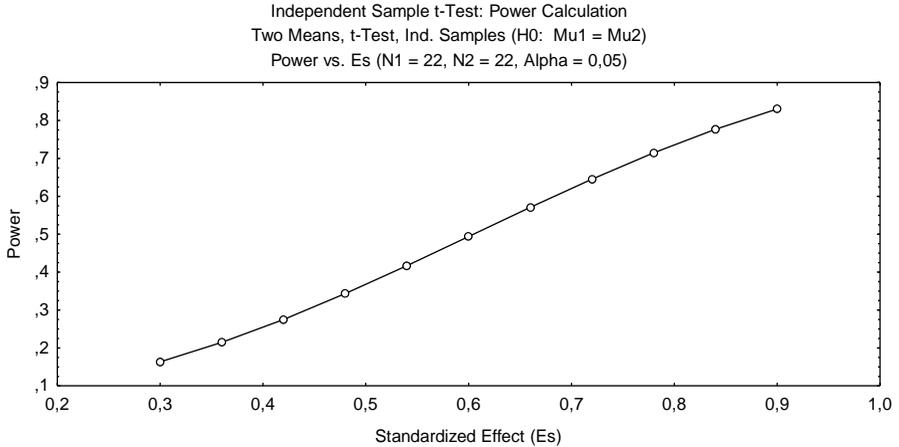


Figure 2.2.2: Dependency of P/E ratio and sales factor on the international horizontal cooperation based on the standardized effect

Source: researched by author based on Biuletyn Statystyczny New Connect (2018, pp. 10-23)

In the context of statistical significance testing with the use of T-test, as in the case of researching international vertical cooperation, we formulated a hypothesis that international horizontal cooperation does not improve the SMEs competitiveness level in Poland as well (i.e. opposite authorial assumption). In this case, there is a very weak standardized effect -0.7298 that confirms that the companies listed on the New Connect market analyzed in terms of the international horizontal cooperation, only enter into the cooperation stage and competition on foreign markets. The critical value of the statistical power analysis is $t = 2.0181$ for the required sample size N-22 shaping on the level of 0.6572. T-test results confirm the alternative hypothesis stating that improving the SMEs competitiveness level raises the international horizontal cooperation with domestic holdings or concerns and entities from other EU countries. To sum up achieved results, we underline that vertical and horizontal international cooperation will contribute to the increase of the SMEs competitiveness level, especially in relation to large companies from Poland as well to economic entities from other EU countries, what will lead for obtaining stronger standardized effect, exceeding 0.80 in the case of international horizontal cooperation during T-test and then during the analysis of statistical power of this test. Thus, international vertical and horizontal cooperation, as well as companies' competition resulting in concluding agreements with foreign partners may intensify the complex internationalization process.

Conclusion

The problem of the low innovation level and consequently the weak SMEs competitiveness level in Poland is significant. Due to the fact that throughout 2010-2015 there was an increasing trend of the R&D spending in Poland (indicator of innovations), the R&D intensity reached 1% in 2015 in relation to 0.94% in 2014

and 0.75% in 2010. However, it brought Poland to the 20th position out of EU–28. In our opinion, the international cooperation development can rise SMEs competitiveness. Having considered cooperation into vertical and horizontal aspects, we showed its advantages based on a particular case. We analyzed 332 companies listed on the New Connect market, selected 42 ones which in reality operate within international cooperation, viz. vertical (20 companies) and horizontal (22 companies).

In the context of statistical significance testing with T-test use, author proved the alternative hypothesis stating that both international vertical and horizontal cooperation enhance the SMEs competitiveness level in Poland. Confirmation of this hypothesis is the result of the standardized effect calculated in relation to international vertical and horizontal cooperation -0.3935 and -0.7298 respectively. In the case of international vertical and horizontal cooperation this effect was very weak. The confirmation of the verified hypothesis was the result of the power of the test for the required sample size of N trial amounting to 0.0796 and 0.6572 respectively. Although the required N in the case of international vertical cooperation was 20 and in the case of horizontal cooperation was 22, results of the standardized effects and the power of the T-test confirm the validity of the research hypothesis. Therefore, increased international vertical cooperation resulting in concluding agreements with foreign partners may also intensify the complex internationalization process that will increase of the standardized effect analyzed by author.

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CHAPTER 3

PERSPECTIVES OF FINANCIAL SERVICE SECTOR DEVELOPMENT AND ENERGY PRODUCTION

3.1 THE MAIN TRENDS OF THE INSURANCE MARKET DEVELOPMENT UNDER CONDITIONS OF ECONOMIC INSTABILITY IN KAZAKHSTAN

The problem of the insurance market regulation is one of the most relevant in the theory and practice of modern domestic insurance. The importance of its research is related to the fact that this system has not yet been completely formed as an object of state regulation: the state of the insurance market is changing; there is a constant improvement in the insurance regulatory base, and changes are occurring in the activities of state regulatory bodies.

The theoretical aspects of the insurance market functioning are the sphere of scientific interests of many scientists and practitioners. There are various approaches and views on the nature and role of the insurance market in the economy, as well as the need and possibility of state regulation of this composite financial market (Kolomina et al, 2010; Bland, 2008; Rechman & Meskon, 2010). Kazakh scientists have also made a great contribution to the study and research of the functioning of the insurance market (Zhuyrikov, 2012; Iskakov et al, 2005; Mayanlaeva, 2008).

Relations in the insurance industry is an important segment of the financial services market, and therefore require appropriate economic and administrative regulatory support for the long term. Due to its high socioeconomic significance, insurance should be the object of close attention of our state. For the implementation of these actions in the insurance industry, sufficient theoretical and practical research is needed.

Insurance, being one of the most important components of a state's financial system, cannot be excluded from the process of global economic integration. The fact that the globalization of insurance activities covers all national insurance systems, without exception, has a bearing on the relevance of insurance regulation.

As is known, the system of state regulation of the insurance market includes the following components (Yulenkova, 2012), viz. (1) insurance legislation; (2) institutional system of state regulation of the insurance market; (3) indirect economic regulators.

Analysis of direct and indirect state influence instruments on the insurance market, which are used in foreign and domestic practice, led to the conclusion that financial and legal instruments largely dominated in their composition, due to the specifics of the insurance business as a special type of financial intermediation. According to experts, the effective regulation of insurance activities requires a number of prerequisites, viz. (1) flexible and dynamic macroeconomic policy; (2) well-developed infrastructure of the insurance market; (3) highly organized company management; (4) financial transparency of insurance institutions.

The insurance market as part of the financial and credit system is subject to state regulation in all countries over the world. At the same time, the state regulates the insurance market as a whole, as a single system, and it is clear that without this, the functioning of the insurance market is not possible. The central place in the insurance

market regulation of any country is occupied by insurance supervision authorities, which have the status of state executive bodies. As world practice shows, insurance supervisors in different countries can submit to or be included in the structure of various departments. In many European countries, insurance supervisors are institutionally separate and independent, including France (insurance control commission), Germany (federal insurance supervision agency) and Sweden (insurance inspectorate). In the United States in all states there are departments for the supervision of insurance operations. In the UK, these functions are assigned to the Department of Trade and Industry, and the insurance division within it carries out practical regulatory activities. In Canada, as in Russia, the insurance market regulation is carried out by structures under the jurisdiction of the Ministry of Finance (Economov, 2012).

The report of the reinsurance company SwissRe notes (2017-2018) that premiums in developed markets will grow by 2.1% in 2017 and 2018, but the main driving force will again be emerging markets, where stabilization of economic growth, population growth, urbanization and middle class growth reinforce the positive outlook. Life insurance premiums in transition countries will grow by 14.9% in 2017 and by 10.9% in 2018, supported by steady growth of savings products, especially in developing countries of Asia. Improved commodity prices and increased economic activity will stimulate an increase in demand in the insurance sector from developing regions. Developing countries in Asia are likely to show the strongest growth in premiums in the insurance segment by almost 8% in 2017 and by 9% in 2018. According to the rating agencies, the growth of premiums for risk insurance in the world will decline in real terms from 2.4% in 2016 to 2.2% in 2017, but from 2018 it will begin to grow again (+ 3%).

The following key trends in the global insurance market can be distinguished: (1) it is expected that moderate global growth will support the growth of the insurance sector over the next 2 years; (2) the steady growth of the insurance sector in 2017 in the world was based on increasing demand in emerging insurance markets; (3) there is a decrease in the cost of insurance products in the commercial segment. The demand for cyber risk insurance is gradually increasing; (4) life insurance premiums in the world will grow in real terms by 4.2% in 2018; (5) life insurance premiums in countries with transition economies will grow steadily, due to the demand for savings and investment products, especially in developing countries in Asia.

As is known, the main indicator of the insurance market development is the volume and growth rate of real insurance premiums. According to analysts in 2016, the world leaders were: the US – \$ 1.35 trillion insurance premiums per year, Japan – \$ 471 billion and China – \$ 466 billion. Data for 2017 is not available yet, but analysts believe that China is likely to take the second line in the ranking displacing Japan. It is associated with the policy of the government of China, which actively stimulates the purchase of insurance policies.

Also an important indicator of the insurance market development is the share of insurance premiums in the GDP of a country or region. This parameter is dominated by Taiwan, where insurance premiums provide 19% of GDP, Hong Kong (17-18%), South Africa (14%), South Korea (13%) and Finland (12%) (Katargin, 2017).

Among the major economies, the growth of the US economy is projected at a rate of just over 2% taking into account inflation (in real terms) annually over the next two years. Growth in the Eurozone and the UK is projected to be around 1% and 1.5% respectively, while growth in Japan should be less than 1%. China's growth is expected to be around 6.5% (Figure 3.1.1).

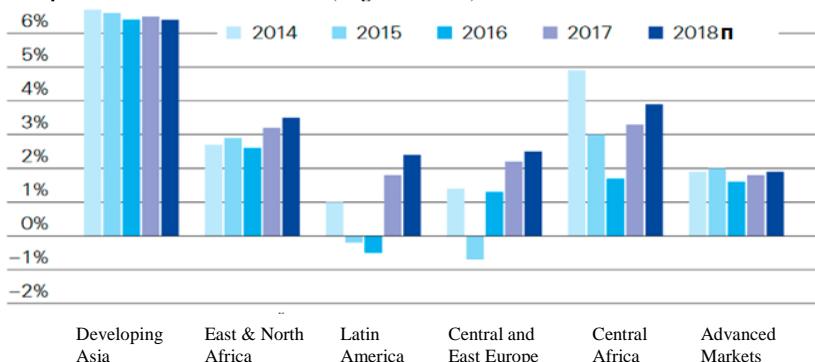


Figure 3.1.1: Dynamics of real GDP growth in the world, 2014-2018

Source: *Global insurance review 2016 and outlook for 2017/2018*

Monetary policy will remain stimulating over the next two years, even in the US, it is expected that there will be a gradual increase in interest rates. It is expected that other central banks will keep their interest rates unchanged.

With an increase in the Federal Reserve rate, the yield on 10-year US government bonds is likely to increase, slightly increasing, respectively, the yield in Europe.

“The insurance sector is facing constraints, moderate economic growth and still sufficient collateral in the markets, creating difficult conditions for the formation of tariffs,” said Kurt Karl (2017), chief economist at SwissRe. “However, premiums continue to grow in both developed and emerging markets, along with economic activity. There is also an increase in the penetration rate of insurance, especially in markets with transitional economies” (Table 3.1.1).

Table 3.1.1

Dynamics of the risk insurance market in 2014-2018, %

No	Region	2014	2015	2016	2017II	2018II
1	USA	3,0	3,6	2,3	1,3	1,5
2	Canada	1,9	4,1	0,8	1,7	2,6
3	Japan	1,2	1,3	-1,0	1,2	2,2
4	Australia	1,3	0,5	-0,4	0,6	1,4
5	Great Britain	-1,7	1,3	1,5	0,3	1,4
6	Germany	1,8	3,3	2,5	0,9	1,1
7	France	0,3	1,0	0,8	0,4	2,8
8	Italy	-3,0	-2,9	-1,8	0,3	2,3
9	Spain	-0,2	3,0	4,6	4,1	4,3
10	Developed markets*	1,8	2,5	1,7	1,3	1,9
11	Emerging markets	6,4	4,9	5,3	5,7	6,7
12	WORLD	2,7	3,0	2,4	2,2	3,0

Source: *Global insurance review 2016 and outlook for 2017/2018*

As for the insurance industry in emerging markets, risk insurance premiums in emerging markets will grow from 5.3% in 2016 to 5.7% in 2017 and 6.7% in 2018. Improved commodity prices and increased economic activity will stimulate an increase in demand in the insurance sector from developing regions (*Figure 3.1.2*).

Developing countries in Asia are likely to show the strongest growth in premiums in the insurance segment – by almost 8% in 2017 and by 9% in 2018. An additional factor will be the investment opportunities provided by "OneBeltOneRoad" program in China which is expected to increase the demand for commercial insurance.

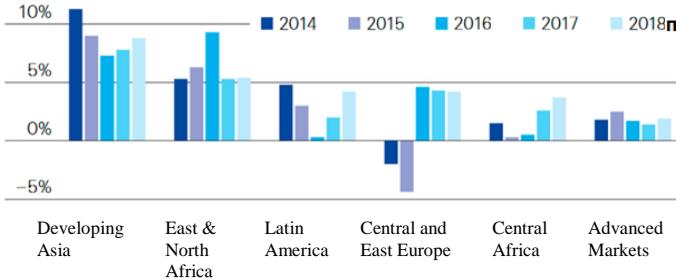


Figure 3.1.2: Dynamics of the risk insurance market by region in 2014-2018, %

Source: *Global insurance review 2016 and outlook for 2017/2018*

Tariffs on risk insurance in the world will continue to decline in 2017-2018, viz. along commercial business lines. Nevertheless, unlike many other commercial lines of insurance products, cyber-insurance tariffs continue to strengthen, however, the growth occurs at a slower pace and may become equal in the nearest future. Raising awareness of the risks associated with cyber-attacks and data vulnerability is a stimulating factor for increasing the demand for insurance of relevant risks and presents significant growth opportunities for types of insurance other than life insurance. Risk insurance retained its profitability due to low losses from natural disasters and the release of insurance reserves. If we assume the average losses from natural disasters and the reduction of reserves, then the return on equity (*ROE*) is projected to decrease from 8% in 2015 to about 6% in 2016-2018. In reinsurance of risk insurance, global premium growth is expected to be 2.7% in 2017 and 2.9% in 2018, based on an increase in cession from transition markets (*Table 3.1.2*).

Table 2

Dynamics of the reinsurance industry in 2014-2018

No	Region	2014	2015	2016	2017II	2018II
1	Developed markets	-1,2	0,8	1,6	1,1	1,7
2	Emerging markets	3,7	2,9	-0,7	5,3	6,3
3	WORLD	0	1,4	1,0	2,2	2,9

Source: *Global insurance review 2016 and outlook for 2017/2018*

In the reinsurance sector, global premium growth will be about 1% in 2017-2018, primarily due to the lack of growth in advanced economies, where the bulk of assignments are formed. Growth in reinsurance premiums in emerging markets is projected at 8% or higher. Growth premiums are expected to be significantly higher in the life insurance sector than in risk insurance; life insurance premiums will grow by 5.4%, 4.8% and 4.2% in 2016, 2017 and 2018 respectively (*Table 3.1.3*).

Table 3.1.3

Dynamics of the life insurance market in 2014-2018, %

No	Region	2014	2015	2016	2017II	2018II
1	USA	-1,7	4,3	1,6	1,7	1,7
2	Canada	7,6	3,5	3,0	3,6	3,7
3	Japan	-11,9	17,6	2,2	1,5	2,0
4	Australia	6,8	1,5	2,6	2,0	1,3
5	Great Britain	26,5	-7,4	-5,7	4,1	4,1
6	Germany	8,4	1,3	1,4	1,4	2,6
7	France	2,4	-2,7	-2,3	0,9	1,3
8	Italy	29,5	-2,0	-2,1	0,2	1,1
9	Spain	-2,5	3,4	23,9	1,5	0,9
10	Netherlands	-4,6	-16,9	2,9	1,6	1,6
11	Developed markets	4,0	3,4	2,0	2,1	2,1
12	Emerging markets	6,8	13,2	20,1	14,9	10,9
13	WORLD	4,7	5,0	5,4	4,8	4,2

Source: *Global insurance review 2016 and outlook for 2017/2018*

Premiums in developed markets will grow by 2.1% in 2017-2018, but the main driving force will again be emerging markets, where stabilization of economic growth, population growth, urbanization and growth of the middle class will support a positive outlook. Life insurance premiums in transition countries will grow by 14.9% in 2017 and by 10.9% in 2018, supported by steady growth of savings products, especially in developing countries of Asia. China will make a significant contribution given that the Government of the People's Republic of China aims to increase the level of insurance penetration from 3% in 2014 to 5% by 2020 (*Table 3.1.3*).

The continuing environment with low interest rates still creates problems for life insurers. The return on equity (*ROE*) for the life sector declined from 13% at the beginning of 2015 to 10% in 2016 due to weaker investment incomes and increased competition and lower tariffs.

As for the situation in the insurance market of the CIS and Ukraine, the leading positions are occupied by the insurance markets of Russia and Ukraine. If you look at the Ukrainian insurance market in comparison with the CIS countries, then today in the post-Soviet space and the Baltic countries in terms of the volume of operations, it ranks second after Russia. Until 2016, the volume of insurance premiums collected on the Ukrainian market increased almost twice each year. In 2016, the situation has changed. But according to the State Commission for Regulation of Financial Services Markets, the volume of funds raised by insurers has sharply decreased. The gross insurance premiums collected during 2017 decreased to \$ 2.8 billion, which is 3.4% of GDP. The level of insurance in GDP in Ukraine is the largest among the CIS countries at the end of 2017 is 3.0%, but it is still lower than the level typical for developed countries (8-13%).

According to the online magazine Atlas Insurance (2017) in terms of insurance premiums per capita, Ukraine lags far behind Russia and European countries, but is in the leading positions among the CIS countries, if in Kazakhstan the insurance premium per capita is \$ 86.4, in Ukraine \$ 81.6, Belarus \$ 33, Azerbaijan \$ 10.9, Uzbekistan \$ 6.2.

The indicator characterizing the state of the insurance market in the Republic of Belarus is the amount of equity capital of insurance organizations. Equity includes the amount of the share capital, additional fund, reserve fund, retained earnings of previous years and the reporting year, accumulation and consumption funds less intangible assets and uncovered losses (Figures 3.1.3-3.1.5).

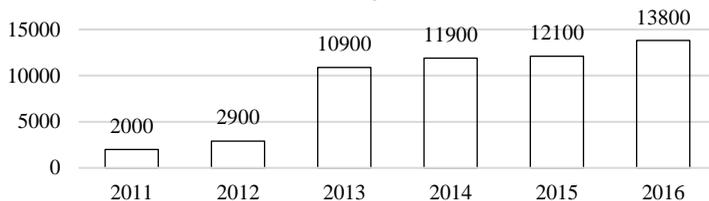


Figure 3.1.3: Dynamics of the size of own capital of insurance organizations of the Republic of Belarus, bln rubles

Source: according to the data of the Ministry of Finance of the Republic of Belarus (2017)

The indicators characterizing the state of the insurance market also include the amount of insurance premiums collected and insurance payments made.

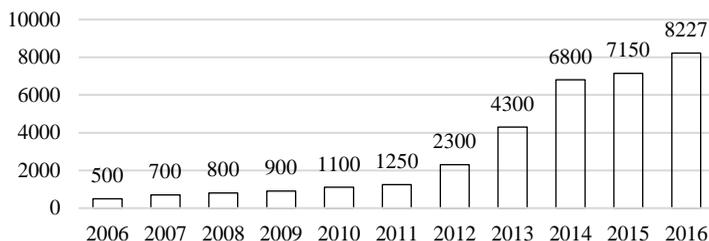


Figure 3.1.4: Dynamics of receipts of insurance contributions of the Republic of Belarus, bln rubles

Source: according to the data of the Ministry of Finance of the Republic of Belarus (2017)

In 2006-2016, the amount of insurance premiums received by insurance companies increased by 7748 billion rubles or 1717% and as of January 01, 2016, amounted to 8227 billion rubles, of which 4286 billion rubles (52%) for voluntary insurance and 3941 billion for compulsory insurance rubles (47.9%).

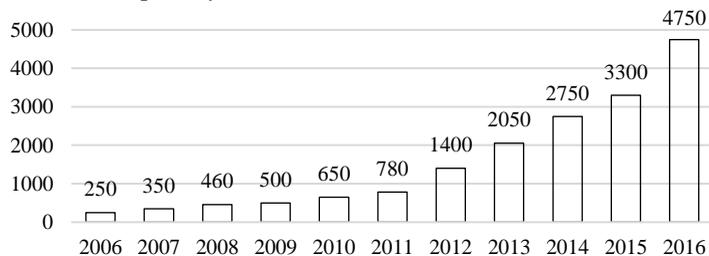


Figure 3.1.5: Dynamics of insurance payments in the Republic of Belarus, bln rubles

Source: according to the data of the Ministry of Finance of the Republic of Belarus (2017)

According to the National Statistical Office of Belarus, the voluntary insurance segment is developing relatively dynamically, viz. in the total amount of insurance contributions, it was 58.7% (55% in the first half of 2016). In this segment in the first half of 2017, insurance premiums amounted to 308 million rubles. In the segment of compulsory insurance for the I half of 2017, insurance premiums amounted to 216.9 million rubles, i.e. 41.3% of the total contributions (for the half of 2016 – 45%).

In Ukraine, net insurance premiums for 2017 amounted to UAH 20,790.9 million, which is 66.2% of gross insurance premiums. Net insurance premiums for 2016 amounted to UAH 19,588.4 million, or 78.8% of gross insurance premiums. The volume of gross insurance premiums for 2017 increased compared to 2016 by 26.4%, net insurance premiums increased by 6.1% (Figure 3.1.6).

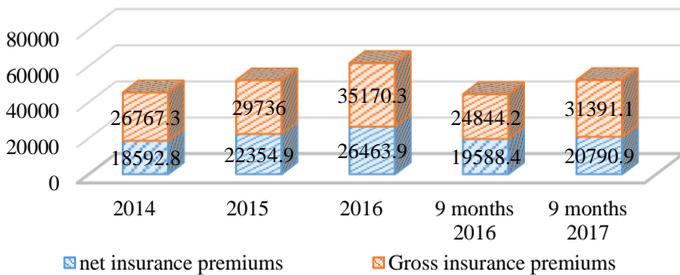


Figure 3.1.6: Dynamics of insurance premiums in Ukraine, mln. UAH

Source: according to Statistics of the insurance market of Ukraine (2018)

The structure of net insurance payments 9 months 2017 was redistributed in favor of insuring financial risks (from 8.9% to 16.6%), auto insurance (from 44.1% to 48.5%), property insurance (from 1.5% to 2,7%), medical insurance (from 15.7% to 16.7%), by reducing the share of credit insurance (from 11.1% to 1.4%), insurance against fire and natural hazards (from 0,9% to 0.6%).

On the whole, in the Russian insurance market, the growth rate of premiums exceeds the growth rate of payments, but most non-life companies show the opposite trend. Positive dynamics of premiums in 2017 is provided by life insurance. The volume of premiums increased by 8.3%, which corresponds to the level of 2014. The payout has not changed (Figure 3.1.7).

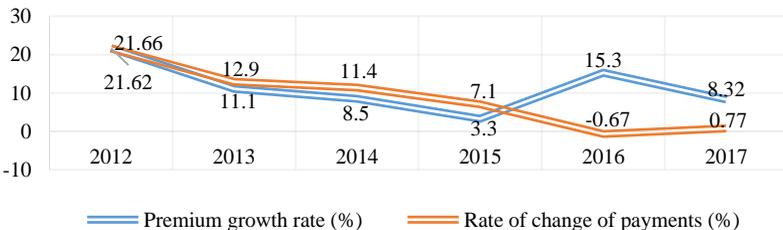


Figure 3.1.7: Dynamics of premiums growth rates and the change rate of payments in Russian Federation, 2012-2017

Source: according to the National Rating Agency of Russian Federation (2018)

The most significant changes were made to life insurance and OSAGO: the share of life insurance for the year increased by 1.5 times, the share of OSAGO continues to decline. The long-term personal insurance, liability, business and financial risks and other types of compulsory insurance (OLS, OSOPO, OSGOP) remained at the previous year level (*Figure 3.1.8*).

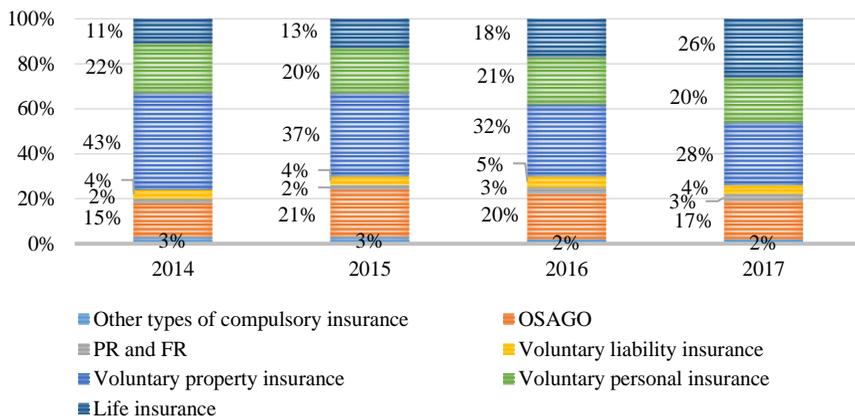


Figure 3.1.8: Structure of Russian insurance premiums by type of insurance

Source: according to the National Rating Agency of Russian Federation (2018)

The share of contracts concluded through intermediaries in 2017 compared to 2016 increased by 4.3 pp. (74.5% against 70.2%). With a total increase in premiums of 97 billion rubles, intermediaries brought in more by 121.8 billion rubles. As in 2016, over 80% of the increase in premiums received through intermediaries was provided by the banking sector. Traditionally, without intermediaries' participation, more than half of the contracts for the insurance of air transport and the responsibility of their owners, voluntary medical insurance, business risks are concluded. In the life and property insurance segments of individuals, over 94% of premiums are collected through intermediaries.

In general, the current trends allow to conclude, that today leaders in the growth rates of the insurance market are the markets of developing countries (China, India, Mexico, Indonesia, Vietnam, etc.). The CIS countries markets including Kazakhstan are also growing, but at a slower rate. Nevertheless, the leader in property and liability insurance is still the United States, which occupies 46% of the world market.

Thus, as it is shown by a study of foreign experience in the development of the insurance market, insurance markets of foreign countries show increasing tendency of insurance in the social sphere, in the field of medical and pension insurance, as well as tax incentives for long-term life insurance. Such experience would be useful in shaping the strategy for the development of the insurance industry in Kazakhstan. Speaking about the Kazakhstan insurance market, it should be noted that the experience of the countries of Central and Eastern Europe suggests that for the insurance market of Kazakhstan, with its low capacity and quality, foreign participation is useful, in

this case, we can expect a decrease in reinsurance abroad, the formation of a genuine competitive environment, the transformation of the insurance technology' level of operations and insurance culture in general, increasing the financial stability of the market, when investing most of the insurance reserves in national assets.

The stabilizing macroeconomic situation of Kazakhstan with moderate real GDP growth will influence the insurance sector in Kazakhstan. By the end of 2017, the penetration level of insurance services is assessed as low, slightly increasing. Thus, the insurance premiums share to Kazakhstan's GDP is about 0.8%, which is 0.03% more than in 2016.

Insurance companies are currently the youngest and most promising financial institution in the financial market of the Republic of Kazakhstan. Today, the insurance sector of Kazakhstan is represented by 32 insurance (reinsurance) organizations and 10 insurance holdings. Concentration Indicators that are widespread in international practice, in particular the Herfindahl – Hirschman Index, show that the insurance sector of Kazakhstan in terms of the volume of insurance premiums received remains as a competitive market with a low monopolization level. At the same time, the index increases since 2014 that indicates an increase in the monopolization level.

First of all, it should be noted that despite the fact that the insurance market has grown rapidly since 2004, its role in the country's economy is still insignificant. The penetration level of insurance services in 2017 is estimated as low, rose slightly. Thus, the share of insurance premiums to Kazakhstan's GDP amounted 0.8%, which is 0.03% more compared to 2016 (RFCA ratings of Republic of Kazakhstan, 2018). The share of insurance sector assets to GDP is assumed at the level of 1.9-2.0%. The average annual growth rate of assets in 2011-2014 was about 16% and 34% in 2015 due to currency revaluation of insurers' investment assets. At the end of 2016, the increase was 3.8% and 7-9% in 2017. In foreign currency equivalent, the insurance premium per capita is about \$ 65. The density of insurance remains extremely low due to the low level of per capita income (*Figure 3.1.9*).

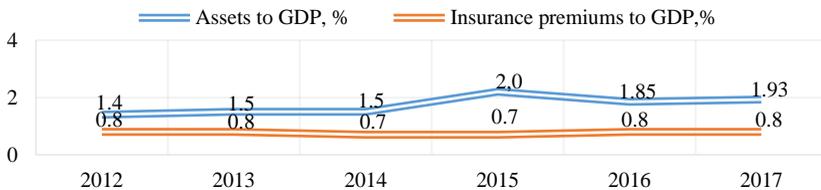


Figure 3.1.9: The share of assets of the insurance sector to GDP, %

Source: RFCA ratings of Republic of Kazakhstan (2018)

Regarding the growth rate of insurance premiums, RA RFCA forecasts its value at the level of 9.5-10.0%. Despite moderate economic growth and a pent-up level of consumer inflation within the established corridor, the volatility of the national currency, as well as the reduction in consumer demand and real incomes of the population with some delayed effect over time, will be the main constraints to the growth of the insurance sector in Kazakhstan [ibid].

Indicators of the insurance market evidence that Kazakhstan has laid the foundations of national insurance, the market is in a developmental stage, whose level is lagging significantly behind in terms of both quantitative indicators and development level of insurance culture from the developed countries.

In 2012-2016, the positive dynamics in the volume of insurance premiums, the cumulative amount of which amounted to about 1.4 trillion tenge. At the end of 2017, the insurance portfolio reaches 385 bln tenge. The increase was 12% compared with 2016 that corresponds to the average market rate, estimated at 11.3% (*Figure 3.1.10*).

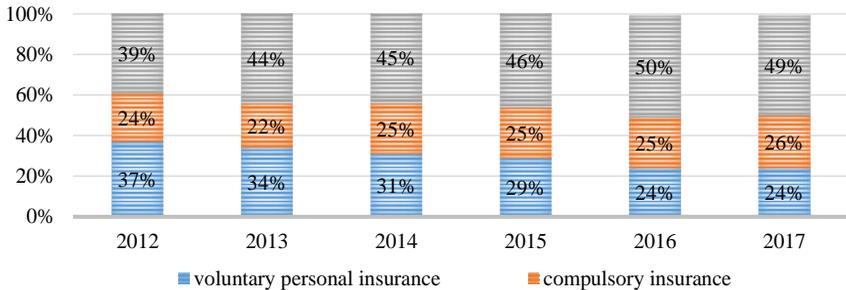


Figure 3.1.10: Insurance premiums by type of insurance in Kazakhstan

Source: RFCA ratings of Republic of Kazakhstan (2018)

Thus, the analysis of changes in the structure and dynamics of growth of insurance premiums and payments allows us to draw the following conclusions: this sector of the economy is at the growth stage. At the same time, in the near medium term, a slowdown in the growth rate of the insurance sector is expected due to the fact that the economy of Kazakhstan has begun to gradually recover. The rate of inflation and real incomes of the population, a freely floating exchange rate of the national currency will put pressure on the insurance portfolio. There remains a strong dependence of the insurance market of Kazakhstan on the banking and commodity sectors of the economy. However, it is possible to note the tendency of shifting development from corporate orientation towards the retail business.

The study showed that despite the considered positive trends, there are some problems of state regulation of the insurance services market of the Republic of Kazakhstan. Current problems of the insurance market at the moment are insufficient capitalization of insurance organizations, continuing high proportion of insurance premiums transferred abroad through reinsurance channels, underdevelopment of long-term life insurance.

The insurance portfolio of Kazakhstan insurers is not diverse.

The key problems of insurance organizations in the field of investment activity are caused by the specific instability in the Kazakhstani financial market, as well as by the insurers' lack of a reasoned and distinct investment strategy. To date, long-term life insurance is not fully implemented, which allows to accumulate significant amounts of long-term resources for such reasons as: citizens' distrust of insurance companies. Second, in the course of long-term life insurance, a permanent payment of insurance

premiums is meant during the entire term of the insurance contract, and in case of non-payment of premiums within a certain period of time, it means that the insurance contract is interrupted. As a result, such an important branch of insurance as life insurance remains unclaimed.

Thus, in order to develop the investment activities of insurance organizations towards the formation of an investment portfolio, firstly, it is necessary to create a suitable situation in the financial market, provide the market with a large number of various financial instruments and ensure the "transparency" of the securities market. Regarding the insurance organizations themselves, there is a development of the life insurance industry, since this will attract long-term resources, transformed in the future into long-term investments in securities; it is necessary to increase the investment potential of insurance organizations and increase its effective use. With the development of the insurance business, the presence of a well-developed infrastructure of state regulation of the insurance market is becoming increasingly important, on the basis of which, the powers of such participants in the insurance market as surveyors, underwriters, emergency commissioners, etc. are required by law. The development of these market participants is due to the need to make an accurate assessment of the insured risks and the amount of harm caused during the occurrence of the insured event. A significant stage in the development of the insurance sector will be the further improvement of the guarantee institutions' activities bringing it in line with international experience. In order to ensure the safety and multiplication of the guarantee reserve amounts, it is necessary to expand the list of financial instruments allowed for their investment.

In the nearest future, the situation in the insurance market of Kazakhstan will probably not improve. Insurance companies will be in a difficult financial situation and without stabilization of the entire economic system, the situation in the insurance market of Kazakhstan will not change for the better.

3.2. CAPACITY REMUNERATION MECHANISM (CRM) IN RESPONSE TO MARKET CONDITIONS FOR ELECTRICITY PRODUCTION IN A SMALL OPEN ECONOMY⁴

Introduction

The electricity market is specific. Because it is inherently unstable in the long run, a special form of its regulation has been developed, in effect throughout the world. According to this regulation, the electricity market operators use special instruments to prevent a cyclical shortage of electricity. One of these instruments, Capacity Remuneration Mechanism (CRM), is presented in this research. Here, a theoretical introduction is followed by a presentation of the potential losses to a small open economy in the case of a blackout. Then an analysis is given of the electricity prices in two chosen EU countries (Germany and Slovenia) with clear signs of deep

⁴ *The authors acknowledge the financial support from the Slovenian Research Agency (research core funding No. P5-0287)*

instability in the market. Our research ends with the CRM description in its different forms, as established around the world.

General economic framework associated with blackout emergence

Sudden and unexpected interruption of electricity supply (a "blackout") is a typical and ever present possibility once electric power has been implemented as a fundamental part of the modern infrastructure. Attributing electricity supply interruptions during the period of early electrification to the typical problems of new technologies early in their development and standardization, plus unpredictable electricity supply interruptions resulting from individual extreme weather events, war and sabotage, then with regard to the more mature stages of development of electric power systems major interruptions in the supply of electricity have appeared for two reasons:

(1) In the industrialization period based on the development of the steel industry, and later on the widespread use of petroleum products, electricity consumption was rising rapidly in both industry and transport, as well as in households. The electricity system (production, transport and distribution) often failed to follow the growth of demand. An unstable supply of electricity was a common "bottleneck" to faster overall economic development. This was the period when the state took over the role of organizer and direct investor in the power industry. The energy industry's development then assumed the nature of infrastructure, and in such context reserve capacities were also provided.

(2) During the economic development period based on flexible information and communications technologies (after the oil shocks of 1973 and 1979 (Freeman and Perez, 1988)) a whole range of infrastructure activities came under management according to market basics. Electricity providers became sovereign entities (normal companies), and the supply and demand of electricity started to be balanced on the market (Pompei, 2013). This transition in electric power supply improved management and efficiency for the industry (Fiorio & Florio, 2011), but had some strong negative side effects (Erdoglu, 2011). One and most painful is the modern type of blackout. It is the result of a mismatch in supply and demand in the long run and requires the active role of a market regulator.

The possibility of a blackout increases considerably from cross-border electric power trade. It proceeds on unrealistic expectations that some national economies are able over the long run and in any conditions to receive a sufficient, stable supply of imported electricity. The real consequence is vulnerability of such an electric power system to supply shocks due to a lack of reserve electricity production capacities.

The modern electricity market is unstable in the long term.

This instability can be seen in the occasional blackouts in the most developed parts of the world. In economic theory there are two main reasons for the inherent instability of the electricity market. The first is in rigid electricity demand: in the short term electric power generally cannot be replaced by other goods (electricity has poor substitutes), it cannot be stored (or it can be stored only in limited amounts with high costs and for a short period), and its utilization cannot be shifted by a

certain length of time (again, only in exceptional cases). Essentially, consumers need electricity of appropriate quality (stable voltage) at all times and at any time. A lack of supply of this energy imposes high costs on the area affected by an electric power shortage (blackout). Another cause of the inherent instability of the electricity market is the limited ability of the supply to adjust to substantial increases in demand. In this case, new electric power producing capabilities are needed that minimize the time lag to fulfill demand.

In the short term, the electricity market's rigid supply (when production capacities are near full output) adjusts to the even more rigid demand. Supply adjustment processes to match increased demand need a certain time to come online, and this time lag creates the circumstances described by the Cobweb theorem (Kaldor, 1934). This theorem explains the balancing of the market, when supply adjusts to the demand, but with a time lag.

Electric power producers can respond to the price in the present (increase the supply if prices are high) only after a relatively long period of time (when they are already working at full capacity, such adaptation takes a few years). When electricity supply and demand meet each other in accordance with the Cobweb theorem, the long term market is balanced, if the elasticity of demand is greater than the elasticity of supply. In the case that the demand is more rigid than the supply, the market cannot be balanced in the long term: the quantities and prices oscillate progressively. From time to time a great imbalance arises between supply and demand in the market. In the case of the electricity market these imbalances are manifest as blackouts.

The cost of electricity shortage for Slovenia

A stable supply of electricity is essential for the normal functioning of a modern national economy and it is essential to maintain a normal living standard. Any disruption of this delivery causes higher costs on devices, downtimes, a reduction in value added and a reduction of alternate goods' utility, as well as longer-term change in the behavior of participants in the electricity market, i.e. a change of investment flows, suspension of business relations, higher prices and the like (Hamhaber, 2015).

The average economic damage caused by one kWh loss of electricity supply is calculated with a special indicator: Value of Lost Load (VoLL). Usually it is calculated by a combination of the so-called proxy method (calculation of costs tied to the security of electricity supply, e.g. lost value added – in this way, the results are obtained for businesses and other institutions) and the so-called contingent method (with a survey on a representative sample of households to assess how much consumers of electricity would be willing to pay to avoid a failure of the supply of this good – Willingness to Pay, or WTP).

An alternative method is the so-called market assessment based on observation of consumer choices, but this method is rarely used in practice. The calculation of VoLL is standardized and already defined by Directive 2008/114/EC. VoLL is estimated for a shorter 4-hour and a longer 48-hour blackout.

An internationally comparable assessment based on a comprehensive review of literature presenting the VoLL estimation for different countries all over the world,

was carried out by Van der Welle and Van der Zwaan (2007)⁵. They assessed a 90% interval of VoLL for developed countries at 5-25 USD/kWh (4.4-22.1 EUR/kWh) and a VoLL for developing countries at 2-5 USD/kWh (or 1.8-4.4 EUR/kWh). It should be noted that the majority of the authors' estimates lie closer to the lower limit of the interval. The assessment is therefore asymmetrical. The Van der Welle-Van der Zwaan study reveals that with higher development of the national economy VoLL grows.

Slovenia is a country with GDP per capita of more than 19 thousand EUR, with stable average growth of 2.7% in real terms since 2014, with manufacturing accounting for 28% of value added, with less than 1% annual inflation and a current account surplus reaching 5% of GDP in 2015 (Bank of Slovenia, 2016). The country is vitally dependent on a safe and efficient electric power supply. Nominally, Slovenia produces enough electric power for its needs. The current (data for 2015) structure of electricity net output stands at 38% from a nuclear power plant, 32% from coal based thermal power plants, 28% from hydroelectric power plants and 2% from solar power plants (Statistical Office of Republic of Slovenia, 2016). Considering that the Slovenian nuclear power plant exports half of the produced electricity to Croatia and the accordingly divided ownership of the plant, 11% of Slovenian electricity consumption then depends on imported electric energy. Long term projections (Košnjek et al, 2015, p. 53) predict a 7% to 13% increase of electricity consumption from 2015 to 2025 and a 43% to 80% increase in consumption from 2025 to 2050. Taking into account that two older coal power plants are set for decommissioning by 2025 and that there remains the possibility of gaining some new sources of renewable energy from hydroelectric power plants on the rivers Sava and Mura, Slovenia in next decade would still need to proceed with the investment in a new nuclear power plant (1000 MW), as well as in a new natural gas power station (550 MW) and pumping station (400 MW). The alternative to a new nuclear power plant is more new natural gas power stations (Košnjek et al, 2015, p. 60-82). Signals on the regional electric power market (Slovenia with its neighboring countries) put the realization of this investment at serious risk, and given the management structure, these signals also undermine the normal operation of existing power plants.

Given that Slovenia is in the catching up stage of development, for the long term projection of a possible blackout in Slovenia, it was decided to use the cost category

⁵ In the literature we can see several VoLL calculations for different countries. Reich et al (2013) estimated the VoLL for Austria and broke it across sectors and industries. Their results vary across sectors: in the case of a 48-hour blackout the VoLL is on the interval of 1.0 EUR/kWh (for mining) to 31.1 EUR/kWh (for construction), and in the case of a 4-hour blackout the VoLL lies between 1.9 EUR/kWh and 73.7 EUR/kWh. Caves et al (1990), in their review article estimated that for the service sector VoLL varies from 6.00 EUR/kWh to 25.99 EUR/kWh and for industry from 1.52 EUR/kWh to 26.86 EUR/kWh. Sullivan (1996), on the basis of the survey results for a large blackout in the United States, estimated VoLL at USD/kWh 62.52 for all businesses and 10.37 USD/kWh for industrial enterprises. A comparison of the results of several authors shows that for industrial enterprises VoLL lies in the interval from 10.93 USD/kWh to 97.49 USD/kWh, while for trading companies it lies between 13.88 USD/kWh and 28.28 USD/kWh. Yoshida & Matsuhashi (2013) using the survey calculated that VoLL in Japan is 672 Yen/kWh or 5.17 EUR/kWh (at the rate of 1 EUR = 130 Yen). De Nooij et al (2007) estimated VoLL for the Netherlands at 6.94 EUR/kWh

that Van der Welle and Van der Zwaan estimated for the developed countries⁶. The assessment can be given in ranges. According to the optimistic scenario, the loss per kWh is equal to the lower limit of the mentioned studies; according to the pessimistic scenario, this loss equals the upper limit of Van der Welle-Van der Zwaan estimations for the developed countries. Like Reich et al (2013) did for Austria, we have taken into account Slovenian data from summer (July 10, 2014, from 12:00-16:00) for the short 4-hour blackout and data from winter (January 10, 2014) for the longer 48-hour blackout, obtained from ELES (2016). In our estimations, we account for the size of blackout in accordance with the actual consumption of electricity in Slovenia on the selected days in 2014. In the long term this loss will be greater, as the volume of electric power consumption tends to increase with time. Our estimations of VoLL for Slovenia are shown in *Table 3.2.1*. Here we see that the total loss from the shorter 4-hour blackout will be 0.1% of annual GDP in the optimistic scenario and 0.4% of annual GDP the pessimistic scenario. For the longer, 48-hour blackout, however, the Slovenian macroeconomic loss varies from 0.9% of annual GDP to 4.3% of annual GDP.

Table 3.2.1

Blackout costs for Slovenia

Indicator	Short interruption (4 hours)	Longer interruption (48 hours)
	<i>Optimistic scenario</i>	
VoLL	5 USD/kWh	= 4.43 EUR/kWh
Average loss per hour of interruption (M EUR)	6.97	6.68
Amount of missing electricity (MWh)	6,300	72,426
Total loss due to the failure of electricity supply (% of annual GDP)	0.1	0.9
	<i>Pessimistic scenario</i>	
VoLL	25 USD/kWh	= 22.13 EUR/kWh
Average loss per hour of interruption (M EUR)	34.85	33.39
Amount of missing electricity (MWh)	6,300	72,426
Total loss due to the failure of electricity supply (% of annual GDP)	0.4	4.3

Source: calculated by authors

In the case, where domestic producers of electricity fail, resulting in the closure (decommissioning) of its power plants, Slovenia will become a highly energy-dependent country. Having in mind that stable supply of electric power is a Member State's responsibility in European institutional framework, the result of Slovenian energy dependence is going to be occasional shortages of electricity supply in the country. Slovenian electric power system operator has a lot of measures to assure the market adequacy, but they are all more or less dependent on: (1) possibility to call to the work now still existing power plants; (2) probable possibility to enlarge electric power imports and (3) starting to implement the prepared plan of disconnecting certain electricity consumers. Of course, these are all very short time measures. When EU

⁶ Taking into account the exchange rate 1 EUR = 1.1299 USD (ECB on June 19, 2015, obtained from Bank of Slovenia (2015))

Member States (especially Germany), end or significantly reduce subsidies to the electricity production from renewable energy sources, it will suddenly be clear that there is not enough capacity for electric power production in the EU. It will cause major electricity price increases – a kind of energy shock. The electric power supply will be unable to follow the demand, and blackouts will follow. If from 2008 to 2015 the EU experienced the emergence of so-called banking nationalism (each country managed its own banking system), in the coming years it can be faced similarly with energy nationalism. Intermittent disconnections and interruptions of electricity supply will be the most common and long lasting in countries that will have insufficient electricity production capacities.

Electricity prices as a result of state aid for renewable energy sources

In this section we analyze the electricity price in Slovenia and Germany (also wholesale prices in Austria) from 2011 to 2014, when different state aid schemes significantly distorted the electric power market. Viz. in 2011 an extensive subsidization of electricity production from renewable energy sources was introduced (particularly wind power installations in Germany (Sattich, 2016), whereas Slovenia focused on subsidization of solar power plants (Borzen, 2016)).

For Slovenia, we based our analysis on data from auction trading in the preceding day (BSP South Pool, also signed as SI), and for Germany we took into account the data on the electricity price on the stock market EEX (European Energy Exchange). Here, with regard to electric power wholesale prices in Germany (and Austria), the most appropriate index is the PHELIX (Physical Electricity Index), recorded as a daily average electricity price in trading on the EEX spot market. It also represents a reference wholesale price for electricity in Germany, Austria and much of Central Europe. For the purposes of our analysis, daily prices were converted into monthly or semi-annual averages (*Figure 3.2.1*).

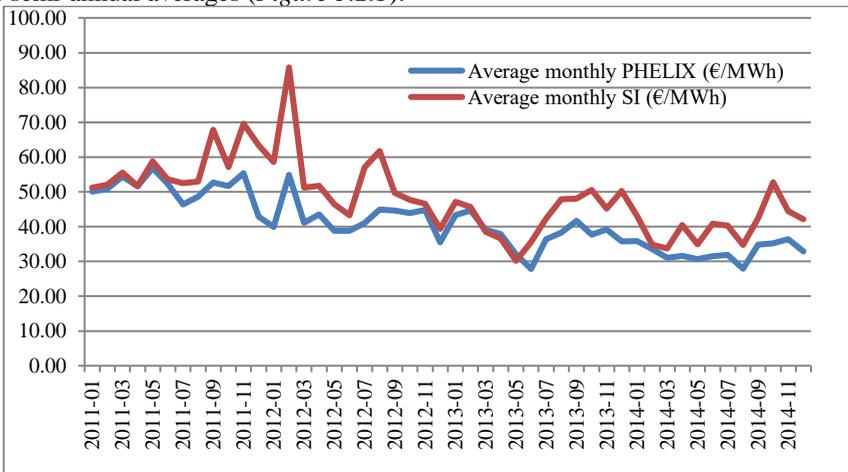


Figure 3.2.1: Average monthly electric power price on BSP and PHELIX (€/MWh)
Source: summarized by authors

In *Figure 3.2.1* we see that in almost all observed periods, except March 2013-May 2013, the stock market electricity prices in Slovenia (BSP or SI) exceeded the prices on PHELIX. The greatest difference was during the winter of 2011-2012, when Slovenian prices in particular months exceeded the comparable PHELIX price level by as much as 50% (the extreme was in February, 2012, with an excess of 56%). In this case, there was a temporary and limited energy crisis in Slovenia connected with the country's inability to purchase enough electric power on the European wholesale electricity market. When Slovenia was in trouble, its electricity prices were about 50% higher than the market average shown by PHELIX. A similar extreme case of excess pricing (+50%) of Slovenian electric power wholesale prices over the comparable prices on PHELIX also occurred in October, 2014. In *Figure 3.2.1* we can see a decline in wholesale prices on the German/Austrian market (PHELIX), as well as on the Slovenian (BSP) electricity market. On the Slovenian market, these prices fluctuate considerably more than on the German/Austrian market.

Data on electricity prices for final consumers in EU Member States are published on a semi-annual level in Eurostat statistics (Eurostat, 2016). *Figure 3.2.2* presents four types of electric power pricing over the period from the first half of 2011 to the second half of 2014: prices for final consumers that annually use between 2500 kWh and 5000 kWh electric power (with all taxes and charges) in Slovenia and Germany, and wholesale prices of electricity on the BSP and PHELIX.

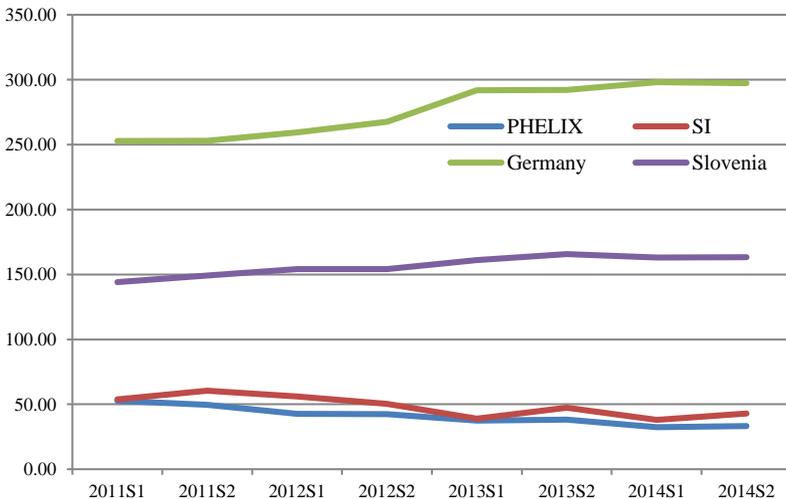


Figure 3.2.2: Semi-annual average electricity prices for end users with consumption between 2500 kWh and 5000 kWh including all taxes and charges in Germany and Slovenia; semi-annual prices PHELIX and BSP from the first half of 2011 up to the second half of 2014 (€/MWh)

Source: summarized by authors

Figure 3.2.2 shows the great difference between the level and variability in the price of electricity on the wholesale market in comparison to the electric power

prices for the final consumer. At the lowest level are the prices on PHELIX, with slightly higher prices on BSP; however, the price for the end user in Slovenia is on average (throughout the period) 3.2 times the price on BSP, while the same comparison for the end user in Germany shows 6.7 times as high prices for the end user as the prices on the PHELIX. Accounting for the difference between the wholesale and retail prices includes raised funds for subsidies in the German and Slovenian power industries. In *Figure 3.2.2*, the decline in prices on both stock exchanges (EEX and BSP) can be observed while the electricity prices for the end users in Slovenia and Germany rose throughout the period. Estimations of correlation coefficients between different variables⁷ are shown below:

- Measured semi-annually, Slovenian wholesale electricity prices on BSP stock market are strongly connected to PHELIX (correlation coefficient is 0.848). Average monthly prices between the two energy exchanges are also strong and positive (correlation coefficient is 0.782).

- Semi-annual electric power prices for the end users in Germany and Slovenia are also in very strong agreement (correlation coefficient is 0.941).

- Comparing the semi-annual electricity prices in a particular stock market and those for end users in a given country shows a strong but (surprisingly) negative relations (correlation coefficient of PHELIX and electricity prices for German end users is -0.94, and correlation coefficient of the prices on BSP and electric power prices for Slovenian end users is -0.77).

The amount of state aid and intervention in the energy sector that have caused the situation are shown in the data from German Transmission System Operators (TSO) (Netztransparenz.de, 2016) and the data from the Slovenian power market operator Borzen (2016).

In 2014, German consumers of electricity made it possible for the German producers of renewable energy sources to receive 21.5 billion EUR in subsidies (state aid). Similarly, in the same year, electric power end users in Slovenia contributed to subsidizing producers of renewable energy (including cogeneration) with up to 131 million EUR. German subsidies for renewable sources accounted for 0.7% of GDP, while subsidies to renewable energy sources and cogeneration in Slovenia represented 0.4% of its GDP.

Increasing electricity prices for the end users with concurrent drops in these prices on the wholesale market fails to give a clear account or proper information about the relative scarcity of electric power.

The effect is in fact the opposite: Providers (power producers) receive market information that the EU has abundant electricity with expectations this will continue into the future. Consumers are expected to adapt to the rising electricity prices by reducing their use of electric power, but those savings cannot be sufficient to prevent new fundamental instability in this specific and very important market. The demand for electricity is rigid, so any consumer adjustment to the higher prices will be

⁷ In all presented correlation coefficients *t*-statistic exceeds the critical value at the rate of 0.05 confidence. The results are statistically significant

relatively small. But we can expect on the other side that electric power producers will significantly reduce their production capacities. Here, they will follow different patterns of behavior. Some will go bankrupt and their power stations will be decommissioned; others will be taken over by their competitors, reducing their production capacities, again partly ending in decommissioning; a third group will shift their production orientation to other industry, perhaps using state aid to decommission their uncompetitive power plants.

It is important that potential electric power producers are going to be completely destimulated for the investment in new power plants (missing money problem) with increased market imbalances in the coming years. In order to avoid such complication in coming years, EU Member States already introduced a special mechanism of incentives to traditional electricity producers.

CRM instrument and its application

Capacity market fundamentals are explained by Cramton, Ockenfels & Stoft (2013). The need for a capacity market stems from several market failures; one particularly notorious problem of electricity markets is low demand flexibility (ibid, 2013). Authors describe the economics behind the adequacy problem and address several challenges in designing the capacity markets. The paper builds on earlier work of Cramton & Stoft (2005, 2006, 2008). Cramton & Ockenfels (2012) point out limited demand response that makes market clearing problematic in times of scarcity and discuss the suitability of the market for Europe and Germany in particular.

Battle & Perez-Arriaga (2007) review the main criteria for implementing a capacity mechanism in deregulated electricity markets. According to these authors, general objectives of capacity mechanisms are to enhance firmness (increasing the availability of installed units in critical periods) and/or adequacy (encouraging new investments in generation). Ohren (2000) discusses alternative approaches that have been adopted around the world for guaranteeing the appropriate level of investment in electric generation capacity. "Capacity payments" is argued to be a less desirable approach that could under circumstances undermine the long-term efficiency objectives of the electric industry restructuring.

Due to the inherent instability of the electricity market, a specific mode of its regulation emerged. Subjects that want to appear on the market as electricity providers are obliged to finance enough reserve electricity generation capacity to prevent the market from potential blackouts (Fabjan, 2007). This specific form of regulation (in fact a kind of insurance) acquired the name Capacity Remuneration Mechanism – CRM. Such regulations differ around the world, but what they have in common is a necessity to be applied following the liberalization and deregulation of the electric power market. Furthermore, it is evident that interconnection between neighboring electric power transmission systems doesn't prevent given economy from blackouts, if there is a long-term instability (shortage of supply) on its electric power market⁸.

⁸ See, the case of California blackout in 2001 (Weare, 2003) or Italian blackout in 2003 (Johnson, 2007)

CRM has existed as a special form of electricity market regulation long enough that researchers of the electricity market have managed to establish a typology,⁹ in which they classify different CRM types according to similar characteristics (however, there is still no common CRM typology). The combination of approaches variety gives the following classifications:

- *Energy-only market* means self-regulation of the electric power market that operates without CRM. It assumes very high electricity prices, when there is scarcity of this good. This high level of electric power prices enables the producers with high marginal costs to operate profitably over their lifetime. The losses in times of low electricity prices are more than compensated with the profits in times of high electric power prices. Introduction of smart meters will increase the electricity demand elasticity and decrease the tendency of the electric power market to function in accordance with the Cobweb theorem. This will make more sense for market self-regulation. An Energy-only market reduces the possibility of overcapacity or stranded investments in electric power production. Nevertheless, nowadays this type of market self-regulation opens the probability of large social costs in a period of electric power shortage. Sooner or later, during cyclical peaks in prices with low levels of supply, self-regulation of the electricity market becomes unacceptable.

- *Decentralized capacity market – capacity obligations* – is a type of electric power market regulation that ensures long-term stability by establishing a market for tradable capacity certificates. Electricity producers with available capacities are selling these certificates, which are supposed to be bought by other electric power producers, traders, large customers and even electric power system operators. In doing this they are provided with sufficient electricity supply capacity to meet the needs of their customers or to cover their own demand in all cases. When sold reserve capacities for electricity production are not available, a specially designed sanctions regime follows.

- A *Centralized capacity market* operates through the auctions, where a special centralized body at the level of a given national economy leases production, accumulation or the ability to make demand adjustments in exchange for a fixed fee (price for megawatt of installed power) to ensure a long-term stable supply of electricity. Individual producers of electricity may offer such capacities (calculated in EUR/MW) as available reserves while utilizing the second part of their capacities to provide electric power to the market (calculated in EUR/MWh). In this way, they can stay in the market and even build new capacities. If the provider fails to comply with obligations, it is subject to sanctions. The cost of the auction shall be distributed among the electric power consumers proportional to their consumption.

- *Full payment auctions with no energy price risk* represent auctions with ex-ante formed prices for reserve electric power producing capacities, so that the provider of capacity does not bear the risk of prices in the electricity market. The arrangement

⁹ Adapted from: EURELECTRIC: RES issue manager, Draft 26/03/2014; ACER, Capacity Remuneration Mechanisms and the Internal Market for Electricity, July, 30, 2013; and the EUROPEAN COMMISSION, Commission Staff Working Document, Generation Adequacy in the Internal electricity market – Guidance on Public Interventions, Accompanying the document: Delivering the Internal Electricity Market and Making the Most of Public Intervention, Brussels, November, 05, 2013

is similar to options trading in the financial market. This type of CRM influences a lower cost of capital in the construction of new electric power producing capacities.

- *Strategic reserve* represents the type of electricity market regulation, where an independent body (the power market operator, transmission system operator, etc.) defines the amount of production capacity needed in the network to operate reliably. These capacities are bought in advance. At the same time, this independent body also determines the level of electric power prices, when reserve capacities are supposed to produce electricity.

- *Capacity payments* are carried out by an independent authority (market regulator or operator), such that different producers or large consumers of electrical energy effectively hire a certain production capacity (or issue a commitment to reduce consumption). It is more flexible way to provide the necessary capacity as a "strategic reserve" method, where an independent authority reserves an entire power plant.

Resources for CRM financing are collected by an independent authority (the power market operator or transmission system operator) in different ways. These costs can be transferred to the end user directly over the prices for the use of the electricity grid; they can be covered by ex-ante compulsory payments of electric power wholesale market participants and then passed on to end users (if the electricity provider has a monopolistic position that allows to set a price with markup). It is possible, however, that such costs would be covered by the profits reduction from the electric power wholesale market participants (electricity producers and merchants on the supply or demand side), presupposing that the structure of the electricity market does not allow monopolistic practices. There is also an alternative approach: in a time of high electric power prices the regulators of one part of the revenues generated at this price across various levels of the supply chain (viz. wholesale) can create a reserve for times of abnormal conditions in the market. They can create a kind of "insurance reservation" for a period of opposite short-term market conditions. In this way, subjects on both sides would not suffer pricing shocks or complications in supply continuity even if the market signals lead to closing certain electric power producing capacities that were created over long periods. Of course, there is the question about adequate size of capacities used under CRM regime. To avoid overcapacities or the lack of supply in electricity producing sector, there is a need for system operator's analysis based in particular on eliminating the missing money problem to provide stimulation of sufficient investment in new power plants for replacement of old ones and for covering expected enlarged electricity demand in future. Obviously, the optimal use of specific CRM type depends on the market development of a given national economy. If there are institutional, historical and cultural foundations for the efficient functioning of the market and the resource optimization used, then decentralized capacity market (capacity obligations) fulfills conditions for the cheapest provision type of a long-term stable electricity supply. On the other side of the scope is strategic reserve CRM type with strong role of central body (most likely the transmission system operator). In view of the market economy development in Slovenia, it is the best to introduce CRM in the form of a centralized capacity market. On the market with only a few participants, this is going to prevent potential disturbances in balancing supply and demand of

capacities for electric power production, as well as higher CRM price deviations and possible missed incentive for investments that are going to lead to overcapacity.

CRM was introduced in different countries all over the world with a shorter or greater time lags, but always together with the deregulation of the electricity market. Chile introduced it in 1982, the United Kingdom in 1990, Belgium, Denmark, France and Germany have been in the implementation stage in last two years. In addition to the inherent instability of the electricity market and the specific nature of electricity CRM, introduction in abovementioned countries is affected by the fluctuation of quantities and prices on the electric power market due to the mass subsidization of electricity generation from renewable sources. Characteristics of this situation are an electricity price reduction in the wholesale market and an expected price jump together with decreased supply when the subsidies cease, or are at least substantially lessened. CRM was introduced in the form of strategic reserves in Finland, Norway, Sweden and Russia, in the form of capacity payments in Chile, Argentina, the United Kingdom (now transforms), Spain, Portugal, Ireland, Greece and Italy, while in the form of a centralized or decentralized capacity market a stable supply of electricity is provided in the northeastern part of the US, New York, California, in Colombia and Brazil.

In theory, the need for CRM in a given national economy is considered to be small or non-existent, where there are already high electricity prices at the wholesale stage, where producers of these goods at market prices cover their costs and can maintain a reserve capacity, where there are no CO₂ quotas or charges, where the electricity system in the national economy is strongly interconnected with neighboring electric power systems and where electricity production is based mainly on hydroelectric power. Slovenia meets none of these conditions.

Long-standing use of CRM in the EU Member States, which liberalized and deregulated their electricity market before Slovenia has yielded a well-crafted legal basis for the CRM introduction in any of the EU Member States. At the European Union level, CRM acts as an instrument for the stability of a single European market. It means that CRM has already been politically selected in the EU as a long-term hedging instrument to ensure safety of electric power supply in Member States. If European Commission (and Agency for the Cooperation of Energy Regulators (ACER)) would prefer the only market solution for keeping long term equilibrium on electric power market, they will have to assure common legislative basis in this direction for all Member States without exceptions. At the current European institutional framework, CRM serves as a support for the effectiveness of this market to the degree that this fact is recognized in the legal framework of the European Union¹⁰. To implement

¹⁰ Directive 2005/89/EU (Electricity Security of Supply Directive) determines the Member State responsibility to assure sufficient capacity in its electricity market

Article 8 of Directive 2009/72/EU (Electricity Directive) imposes on the Member States special procedures to ensure the reliability of the electric power supply

Article 3 of Directive 2009/72/EU imposes on the Member States to provide reliable, clearly defined, transparent and non-discriminatory process of ensuring a reliable electricity supply, as well as the ability to control this process. It also stipulates that measures to ensure security of supply in electricity should give such notification to the Commission

better this legal framework, the European Commission has issued a recommendation of how to use CRM in the Member States¹¹ and written guidelines with procedures for CRM implementation. First of all, a Member State must clearly define the potential lack of production capacity (capacity gap) and the expected loss on the probable failure of the electricity supply (VoLL); then a Member State must take into account the functioning of the single European electricity market, objectives of the EU climate policy, interaction with neighboring Member States, the influencing possibility the balance of the electricity market through the control of spending and the views of stakeholders at this market. The legal framework emphasizes the importance of such relevant information. Furthermore, CRM cost must be distributed to the electricity consumers without discrimination. The Commission specifically addressed possible CRM implementation beyond the borders of Member States. Doing so, it stresses the avoidance of discrimination, the need to lease reserve production capacities together with the right to transfer energy (interconnection rights) and the need to build additional capacity in the electric power cross-border transmission. The Commission requires cooperation between neighboring Member States at an early stage of CRM planning. In the implementation of the European legal framework Slovenia established a legal basis for CRM introduction as a centralized capacity market¹².

Conclusions

1. Due to the inherent instability of the electricity market, a specific mode of regulation has been established for this market – Capacity Remuneration Mechanism (CRM), where electricity providers agree to coordinate some sort of insurance to ensure sufficient electric power producing capacity and to prevent blackouts from arising in the long term.

2. Among the EU Member States in addition to the inherent instability of the electricity market further fluctuations result from massively subsidizing the electricity production from renewable energy sources, reduction in wholesale electricity prices, as well as an expected jump in these prices, when the subsidies cease or at least substantially decrease. This presents a typical market distortion.

3. From 2011 on, there is a strong and statistically significant negative relations between the wholesale electric power prices and the electricity prices for the final consumer. The correlation coefficient is -0.94 for Germany and -0.77 for Slovenia. If this persists, the electricity market will sooner or later fall into deep unbalance.

4. Resources for the CRM financing can be transferred to the end users of electric power directly through the prices for using the electricity grid or alternatively by the compulsory payments from the electric power wholesale market participants. A well-functioning market can enable final electricity consumers to avoid building in costs for maintaining a stable electric power supply.

¹¹ *Commission Staff Working Document, Generation Adequacy in the Internal Electricity Market – Guidance on Public Interventions, related to the document: Delivering the Internal Electricity Market and Making the Most of Public Intervention (Brussels, November, 05, 2013)*

¹² *Energy Law (EZ-1), O.p. RS 17/2014, March, 07, 2014*

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CHAPTER 4 INNOVATIVE APPROACHES TO THE SOCIAL RESPONSIBILITY CONCEPT DEVELOPMENT

4.1 "INPUT-OUTPUT" SCIENTIFICALLY BASED STRATEGIC AUDIT APPROACH

Introduction

We as auditors need to ensure the highest possible level of assurance in auditing of climate change projects. The leading authorities concerned in the current article are the United Nations Environment Program¹³ and the LIFE Program¹⁴.

Descriptive analysis of the climate change projects/programs

4.1.1. Review of the LIFE Program

The LIFE Program is the European environment-leading tool. It is implemented by means of three areas: Nature and Biodiversity, Environment and Climate Action. *Integrated projects* under the LIFE Program consists of projects¹⁵ in sub-program for Environment and sub-program for Climate Action. The integrated projects encompass regional, multi-regional, national or trans-national scale, *inter alia* the auditors are faced with mixture of project indicators. The complex audit engagement of the integrated projects requires a new flexible audit approach. The audit authority implementing internal audit needs to comprehend general conditions arising from the LIFE Program, i.e. description and estimated budget of the project (expenditures types), technical report and financial statement, certificate on the financial statement, financial and administrative guidelines and guidelines for applicants¹⁶. The external monitoring team implements follow up and assessment of the project and the compliance with the real costs incurred. The beneficiary has an obligation to perform the project agreement and the incurred eligible expenditures to be reimbursed by the European Commission.

The auditor team should assess the implementation state of the project, respect of the work plan, financial status and whether the project's objectives have been achieved or whether are under implementation. The projects finalization comes with the payment balance. The Agency/Commission may carry out technical and financial checks and audits in relation to the project implementation.

The objective of the *LIFE project* is *BE REEL* (i.e. *Belgium Renovates for Energy Efficient Living*)¹⁷, reduction of the energy consumption and simultaneous increase of the energy saving, retrofitting policies and dissemination of new collective renovation. *The outcome* has socioeconomic influence. The project objectives encompass regional

¹³UNEP has the principal responsibility for the environment within the United Nations system as mandated by general assembly resolution 2997 (XXVII) of December, 15, 1972

¹⁴ <http://ec.europa.eu/environment/life/>

¹⁵ <http://ec.europa.eu/environment/life/projects/ip.htm>

¹⁶ <http://ec.europa.eu/environment/life/toolkit/pmtools/index.htm>

¹⁷ http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=6558

strategies, structural measures for long-term increases in renovation rates and energy performance, innovative technical concepts and tools, capacity building and training amongst the Flemish and Walloon administrations, networking and best practices, synergies between the Flemish and Walloon regions, also with the Brussels Capital Region. The main reason is promotion, dissemination and practical application of a low carbon society. It is applicable "Covenant of mayors"¹⁸, part of the Adaptation Strategy on Climate Change. The integrated project is expected to deliver innovative technologies, integrated approaches with possibility of *replacing results* of the project and strengthening the climate change mitigation management governance.

The mentioned possibility for the *change in the project results* and the *complex measures* urge auditors to draw up integrated audit approach. That means flexibility in audits' key requirements and assessment criterion. The purpose of the integrated project *LIFE-IP ZENAPA*¹⁹ is increasing the energy efficiency and expanding renewable energy. The project examines the opposing interests of climate mitigation and nature conservation in Germany and Luxemburg. The project envisages strategic linkages between climate and energy solutions and nature conservation in 90 smart villages.

The *project objectives* are maps elaboration of the climate protection regional benefit, bio-economy, biodiversity and ecosystem resilience, LED object illumination, farmer energy hedges about use of biogas feedstock. *The outcome* is building up capacity and resilient network in protected areas and adjoining regions. The project is also complex, it has an expected result in green job creation, climate protection masterplans, providing of technologies and capacity building in creation of smart villages in Rhineland-Palatinate. In addition, expected savings are 1.4 million tons of CO₂ during the project lifetime. *The overarching project objectives* entails to the implementation of project indicators, which are complex and could be analyzed in a matrix encompassing many spheres of environment issues. The audit team is charged with examination of indicators. The connection between different regions and funding resources (Horizon 2020, the EU, Structural and Investment Funds, the Investment Plan for the EU, private funding) provokes the audit architecture to be unstable.

Regarding the auditing practices²⁰, the European Commission has prepared a standard audit report encompassing the methodology and checks to be performed by the audit team. It is stipulated in the Standard Agreement and Common Provisions²¹ that the auditor nominated by the beneficiary needs to verify the statement of income and expenditures, submitted to the Commission in the final report²². Regarding the authorial viewpoint, it is non-exhaustive auditing over the financial part of the project implementation. The successes and failures of the climate change approach, applied methodology, project indicators, project outcomes and cost-efficiency of actions should be taken into account in the audit implementation. *The environmental benefits* can be evaluated by means of quantitative and qualitative environmental benefits. *The*

¹⁸ <https://www.covenantofmayors.eu/en/>

¹⁹ http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=6138

²⁰ <http://ec.europa.eu/environment/life/toolkit/pmtools/reporting/audit/index.htm>

²¹ <http://ec.europa.eu/environment/life/toolkit/pmtools/scp.htm>

²² http://ec.europa.eu/environment/life/toolkit/pmtools/reporting/audit/documents/standardauditreport_en.pdf

qualitative environmental benefits can be assessed by means of examining the real plans applicability, effects of the conservation benefits for Nature 2000 and species, influence from emissions reduction, household influence of energy or resource saving and sustainable quality of the climate as a result. In addition, *counterfactual analysis* would be at a core sense of the audit performance. The audit may assess the integration of the environment and climate policies into other policies and/or contributions to the sustainable development. Moreover, the audit over qualitative and quantitative environmental benefits includes assessment of *economic benefits* consists of cost savings and/or business opportunities with new technology, regional development, cost reductions or revenues in another sectors. *Social benefits* effect positively at employment, health, ethnic integration, equality and other socioeconomic impact.

The audit engagement would be beneficial, if in audit report will be added assessment of possibilities and quality of project replicability, transferability and cooperation²³. Moreover, the synergy²⁴ projects audit is also complex engagement. In the United Nations Environment Program, the synergy inception process, comes into force with *synergy decision*. In the synergy between Basel, Rotterdam and Stockholm conventions, the *ad-hoc joint working groups* produce joint recommendations to the Parties of all conventions. The audit team should evaluate *work programs* and *synergy specificities*, assessment of *compliance/non-compliance mechanisms* of the secretariat of Basel, Rotterdam and Stockholm conventions, evaluation of the approach bottom up and the scientific approach as well. The complex specification of synergy projects between chemicals and waste management, national polices, strategies in waste management and chemicals treatment, follow-up of the joint national and multilateral outcomes necessitate *new audit approach* (Figure 4.1.1). The audit over the synergy projects should encompass multilateral environmental impact. The auditor team needs to assess the quality and implementation of the plan on *strategic partnership*, the same like in the *Montreal synergy decision*²⁵.

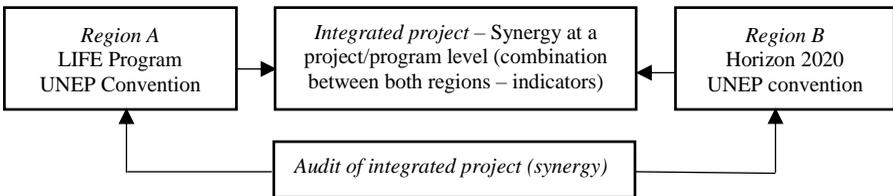


Figure 4.1.1: Integrated project – synergy between different funding instruments and different indicators

Source: created by author

²³ *Qualitative and quantitative outcome indicators for LIFE projects*, Available at: http://ec.europa.eu/environment/life/toolkit/pmtools/life2014_2020/documents/160215_LIFEproject_level_outcome_indicators.pdf

²⁴ *Synergy is the combined power of a group of things, when their common work is greater than the total power achieved by each working separately*

²⁵ *Synergies decisions (BC-IX/10, SC-4/34); decision XX/7 of XX Meeting of Parties to the Montreal Protocol*

We can imagine that integrated project including synergy between different financial programs²⁶ would be audited only by means of innovative audit approach. Possible partnership between LIFE Program, Horizon 2020 and UNEP conventions involves project indicators in a *possible matrix*. In our opinion, integrated projects always provoke synergy. Collaboration between regions A and B arise the question, how auditors will measure such collaboration between indicators and synergy impact? New audit approach should encompass full audit analysis of the project/program management and outcomes. Consequently, the auditing gets more difficult. The audit approach should include exhaustive multilateral understanding of the added value of the auditee entity. Thus, invented by the author "*input-output*" *scientifically based strategic audit approach* will be at a paramount importance.

4.1.2. Analysis of the United Nations Environment Program

The UNEP has charged with the great globe task to manage programs/projects in the world environment universe. Its mission is to put special attention to the partnership encouragement. In our opinion, there is a need for integrated partnerships between Parties of Conventions and programs under the EU vision. The coherent implementation of the environmental sustainable development within the world climate change turbulence should be reached. The leading policy of UNEP means strengthening the Strategic Regional Presence and contribution in the better future of our and coming generations. In the cross-cutting thematic priorities, integrated connections between *climate change, disaster & conflict, ecosystem management, environmental governance, harmful substances and hazardous waste, resource efficiency* entails to the complex project structure. Thematic priorities have provocative inception adjusted to many Conventions, programs and projects²⁷. Moreover, priority areas included in *the UNEP Asia Office* lead to connections between chemicals and waste, climate change, disasters and conflict, ecosystems, law and governance, resource efficiency and environment under review. The case is the same as 2017 work plan on consolidation of Rio+20/General Assembly/Governing Council decisions on strengthening UNEP's regional presence to assist countries in the implementation of their national environment plans, programs and policies. The outcome that the auditor should assess at midterm for the project finalization level includes betterment of wellbeing in polluted areas, ways of mitigation of climate change risks, biodiversity sustainability level and ecosystem quality level. In the audit approach *the science-based approach* stays at a first level.

In the implementation of the Agenda 2030 for Sustainable Development and the Addis Ababa Action Agenda is decisive addressing pollution as a crucial element for achieving the sustainable development goals. The Abidjan Convention concerns the Cooperation in Combating Pollution in Emergency Case. Up to date, the Convention and the Protocol serve 19 Parties out of the 22 countries in the region.

The internal audit in the United Nations is implemented by the Office of Internal Oversight Services (the Internal Audit Division)²⁸. The *objective* of the audit over

²⁶ file:///E:/Article_Audit_Life+_UNEP/Synergies_between.pdf

²⁷ *United Nations/EA.3/L.19, December, 05, 2017, Nairobi*

²⁸ <https://oios.un.org/page?slug=audit>

the United Nations Environment Program regional Office for Asia and the Pacific²⁹ encompasses *the adequacy and effectiveness of governance, risk management and control processes over the effective implementation of UNEP programs in Asia and Pacific*. The audit scope includes assessment of performance indicators, performance targets and indicators on a regional program level, enterprise risk management and internal control policy, responsibility and accountability for project management, action plans for private resources mobilization. The audit complexity is the same like the audit of *the adequacy and effectiveness of the Abidjan Convention* secretariat.

In the internal audit³⁰ of *the Implementation of Internal Governance in UNEP the medium Term Strategy*, the Office of Internal Oversight Service has examined and apprised *the use of financial resources* to guarantee programs implementation and legislative mandates, ascertain *compliance of program managers with financial*³¹ and *administrative regulations and rules, and monitor the effectiveness of the internal control systems of the Organization*³². In our opinion, the analysis of policy-makers and project indicators influence over potential stakeholders is at utmost significance. The auditors also use outdated methods in the course of the audit implementation. The flexibility in audit strategy would provide audit team with impartial, unambiguous and overarching audit approach. In our opinion, "input-output" scientifically based audit approach is the resolution of the complex audit engagements. Moreover, in complex audit engagements should be used knowledge management systems in relation to storage, gathering and transfer³³ of audit specific information between different audit engagements.

Let us analyze the perspectives of the auditors to use *UNEP's Evaluation Manual (Evaluation and Oversight Unit (EOU))*³⁴ for the assessment of *projects/programs management*. There are three stages: planning, carrying out and using the evaluation outcomes of the Conventions, programs and projects architecture. The audit strategy is a complex audit element, because final audit product must encompass up-down and down-up dimension. The *audit of the impact assessment* of indicators can provide the policy-makers with the expected outcomes in climate change and environmental issues over the regions under the conventions implementation. E.g. in the Reference Terms the auditor needs to check the project benefits promoted installation of more than 750 photovoltaic solar home systems in targeted regions. Besides, the auditor should answer qualitatively and quantitatively the question: *what is the climate change influence over the region by means of project implementation?*

The audit of *the project evaluation criteria* can be measured against the midterm and final project report results. Assessment should include objectives and planned results, sustainability of project results, achievement of outputs and activities, assessment of M&E systems³⁵. The audit team can evaluate the project and perform comparisons.

²⁹ The OIOS, *Internal audit division, Report 2018/006*

³⁰ *The Internal Audit Assignment No. AA2009/220/01, September, 23, 2010*

³¹ *Financial Resolution No. 67/246 approved by the General Assembly in section IV*

³² *General Assembly Resolution 48/218 B*

³³ *Mironova, N. (2010). Communications in entering of knowledge management system, Avangard Prima*

³⁴ *United Nations Environment Program, Evaluation manual, Evaluation and Oversight Unit, March, 2008*

³⁵ *Ibid, p. 4*

Hence, managers can take corrective measures for the improvement. Identified by GEF three minimum requirements must be taken into account in M&E audit³⁶. First, arrangement of the midterm review of account results for indicators and outcomes impact before project approval. Second, auditing the M&E plan implementation. Third, auditing of different evaluation system of projects implemented over the given threshold. The audit team needs to assess the logic and feasibility of the project strategy; resources allocated to M&E (funding, time, expertise); degree of inbuilt flexibility; operational guidelines for M&E; commitment of the involved stakeholders³⁷. The audit scope should encompass assessment of the project achievements in logical and feasible project strategy that clearly expresses, what could be achieved (objectives) and how it would be achieved (outputs and activities). In addition, *paths of causality* from activities and outputs will achieve the desired outcomes and impacts. Taking into account that most of the UN projects are intergovernmental, the audit team needs to roll out its multilateral capacity.

The logical framework approach (*LFA*) is required for all UNEP projects. The written output of the *LFA* is the *Logframe matrix*, which must be drawn up before the project. In the *analysis phase*, it is important to identify proper use of *analyses* and its influence over the defined problem. *Deduct* means analysis of objectives and what would be the mid and end influence over the given environment problem. Auditor should check, how the most appropriate option is chosen and why. In the *planning phase*, the auditor, while implementing effectiveness and efficiency audit, should adhere to assessment of logic project feasibility and evaluate the connection between the program and convention. Finally, the auditor team has to assess sequence and dependency of activities, their sustainable duration and influence of the budget appropriations attained to the project implementation. The audit team should be familiar with the *baseline*, hence to measure the current or recent levels of accomplishments with the evidence to measure project performance. *The baseline* is used as a starting point to monitor future performance³⁸. The expected results must be adjusted to indicators and the baseline of project to be developed at the end. For example, *Results*: The air pollution in region A and B is over the World Health Organization threshold with more than six times. *Indicators*: traffic congestions, old car fleets, coal mines. *Baseline*: political documents on e-cars and shared cars dissemination, green motorway for pedestrians and cyclist, installations of photovoltaics. Finally, the process of Project Start-Up is commencing. All performance indicators must be agreed, data sources, used methods for reporting or lack hereof also need to be specified.

The audit approach is getting more complex as we see UNEP project/program structure. M&E process and expected results must be adjusted to the baseline information development. The audit scope should encompass the policy circle expressed in project/program inception and influence of the indicators over the final stakeholder. The

³⁶ Global Environment Facility (2006). *The GEF Monitoring and Evaluation Policy*, p. 20

³⁷ International Fund for Agricultural Development (IFAD)(2002). *Managing for Impact in Rural Development: A Guide for Project M&E*, Section 3, p. 29

³⁸ The World Bank (2004). *Ten steps to a Results-based monitoring and Evaluation System – a Handbook for Development Practitioners*, edited by J. Kusak & R. Rist

successful synergy between different project instruments furnish environmental added value. The integrated projects provide regions with sustainable development. The logic strategy of the audit coverage needs a clear and overarching set of tools.

Architecture of "Input-Output" scientifically based strategic audit approach

In provoking the complexity of integrated projects with the synergy specificities, the auditor may employ many different audit types, scopes and objectives, risk factors, key requirements and assessment criteria as well. The audit team should be well prepared on the changeable and flexible project/program environment. The matching possibility of more than one audit type in one audit engagement (compliance, financial, regulatory and performance) invokes the need for new scientifically based strategy model. *The compliance auditing*³⁹ could be a part of a *combined audit*, in relation with the audit of financial statements⁴⁰, or separately⁴¹, or in combination with performance auditing. The combination between *system audit and accounts audit* is applicable. The system audit is leading and process of analyzing the sample of expenses confirms regularity, rightfulness and appropriateness of incurred expenses. However, this is not the core value of the audit work of the climate change and environment projects/programs implementation. The strategic combination between compliance audit and financial statements concerns project specific rules, laws and project agreement, programs, fund and/or convention regulatory framework. The financial framework has its rules and accounting principles. The compliance and financial statement auditing depicts rules for *budget management*. *Laws and regulations* concern both the compliance auditing and audit of financial statements. However, *the compliance auditing combined with performance auditing* is seen as one of the aspects of economy, efficiency and effectiveness.

In the M&E process, the audit should be multilateral (performance, compliance, financial and system). The auditor's view point should be analyzed in the course of project planning, implementation and finalization. *In blended audits*, the auditors should use their professional judgement to decide whether performance, compliance, financial or system audit is the primary focus of the audit engagement. The subject matter in the performance auditing is implementation of project/programs together with inputs, process, outputs, outcomes and indicators. The auditors need to choose scientifically based strategic approach, results oriented, problem-or system-oriented approach or a combination thereof.

Here, we analyze two parts of "input-output" scientifically based strategic audit approach.

In the *first part of the analysis*, "input-output" scientifically based audit approach is adjusted to risk management and control included in the three lines of defense⁴².

³⁹ *International Standards of Supreme Audit Institutions (ISSAI 4000), Fundamental Principles of Compliance Auditing. The different perspectives of compliance auditing, pp. 4-5*

⁴⁰ *International Standards of Supreme Audit Institutions (ISSAI 4200)*

⁴¹ *International Standards of Supreme Audit Institutions (ISSAI 4100)*

⁴² <https://www.iaa.org.uk/resources/audit-committees/governance-of-risk-three-lines-of-defence/>

The first line of defense (input) includes management and internal control measures. LIFE Program and UNEP operational management have a duty to establish qualitative and quantitative baseline. The baseline should be streamlined at the highest possible realistic level. The internal auditing has to analyze the strategic risk connections between political objectives expressed into conventions, funds and programs, and expected real results. It is possible by means of key performance indicators and key risk indicators on the project level. The auditors should analyze the COSO's five elements⁴³ by applying the established policies and procedures of the UN and the EU in a smoothly and rightfully implementation of integrated synergy projects.

The second line of defense (input) consists of financial control, security, risk management, quality, inspection and compliance. The audit team should assess the implementation of the effective risk management practices regarding the issued political document of the operational management. The audit engagement should reflect monitoring and evaluation of integrated projects implementation in midterm review. Moreover, the synergy effect should proof its regional benefits maintaining risk levels on acceptable level.

At the *third line of defense* (output), the internal audit has an important task to provide reasonable assurance that the system is functioning on a reasonable level. Consequently, the reasonable assurance explains, how effectively the organization assesses and manages project risks and include assurance on the project effectiveness of the first and second lines of defense. It encompasses all elements of an institution's risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organizational objectives: strategic, ethical, operational, reporting and compliance. The internal audit is engaged with an advisory role in the coordination of assurance, effective ways of improving existing processes and assisting management in implementing recommended improvements. The audit team is appropriate to invent flexible audit strategy covering audit engagement by means of "input-output" scientifically based audit approach.

The "*input*" comprise of political decisions and management product pointed out in the first and second lines of defense. The audit team needs to accomplish reasonable assurance over the connections from previous lines of defense (inputs) into project expected integrated and synergy results. Thereafter, we have two "*input*" levels. The "*output*" is the audit product, the assessment over the organizational political product and managerial at mid-term and final stage. Consequently, the rational scientifically based audit approach is envisaged in overarching audit engagement (*Table 4.1.1*).

The *second part* of "input-output" scientifically based strategic audit approach includes risk assessment and tracking the pathway from the political decisions to the project indicators. In our opinion, the audit title should be expressed at the end of the audit work. In the process of auditing, the auditors can harness their judgment and freedom to evaluate scientifically and practically auditee by means of qualitative and quantitative criteria. There are cases, where the audit team can undertake compliance audit and find out risks in performance of program/project implementation. There are cases, where the auditee does not benefit with the best combination between key

⁴³ *The COSO's five elements: control environment, risk-management, control activities, information and communication, and monitoring*

requirements, assessment criterion, and final results are not fully applicable and realistic. How the benefit of the audit engagement will be rolled out in its full capacity? The second part of the approach suggests entering "input-output" scientifically based audit approach, which includes firstly, "input" (key requirements, KR) and assessment criterion (AC); secondly, "output" (risk factors assessment process, audit judgment and audit title). It should be possible during KR assessment the audit team invent new one. In the "input" of the approach, the risk assessment is based on KR testing. In accordance to the risk assessment framework, it can be elaborated number of AC based on climate change (environment) M&E process. Each of the KR has a number of AC. The "input" is titled "The effect of boomerang penetration". The scope of the audit will include total number of KR with the total number of AC. Consequently, will be entered a tailor-made approach in setting up of audit objective and scope. Let's imagine, there are four types of audit in the audit matrix, viz. compliance, system, performance and financial. KR and AC for every audit type should be determined. Consequently, different risk factors are applicable simultaneously per audit type.

Table 4.1.1

Audit matrix of "input-output" scientifically based audit strategy

Audit type	Compliance	System	Performance	Financial
<i>Input Phase</i>				
<i>AC (different combinations, like noted in KR)</i>	Quantitative and qualitative assessment criteria per audit specifications			
<i>KR (examples for combinations)</i>	KR 5 and risk AC from KR 4 and KR 3	KR 2 and risk AC from KR 1 and KR 6	KR 7 and risk AC from KR 2 and KR 7	KR 9 and risk AC from KR 5 and KR 3
<i>Output phase</i>				
Risk factors (changeable)	New regulatory framework; New partnership agreement; New synergy type of projects; Integrated project between the EU and the UN	Appropriate management checks; Effective systems and procedures; Reliable system of collecting, typing and data storage; Effective system for prevention, detection and correction of irregularities	Sustainability and efficiency between policies and project indicators; Measurement of program innovations and influence over the real life; Assessment validity and reliability the program measures; Risk of duplicates, overlaps, conflicts in synergy projects	Consequent steps of financial report; Appropriate use of the accounting standards; Appropriate use of the accounting policy; Authorization system
Audit specification weight (based on the risk coverage)	10%	20%	50%	20%
Final judgement per audit type and issuance of audit matrix	Issuance of audit opinion per audit coverage weight			
Audit title	In the end of the audit engagement – based on the Audit judgement for audit specification weight			

Source: developed by author

The second phase "output" is titled "Sword right in the storm". KR and AC are: (1) mid-term and final stage project/program/fund/convention regarding stakeholders of project deliverables and comparison to the baseline; (2) sustainable connection between political decisions and project indicators; (3) entered control procedures in integrated projects management and synergy added value; (4) established sustainable innovated indicators in the integrated projects on the regional level. KR per audit type are ranked by the risk factors. Risk factors should be assessed per every audit type and balanced value will represent total risk measurement results. KR are ranked per every factor with points and priorities. In the audit report the audit entity should stipulate, what is the weight of every audit type. Finally, the audit authority can issue the audit title.

Reiteration of the process: The annual audit planning procedure is based on aforementioned percentage allocation. If in the year A the higher risk concerns the performance audit, hence in the year B the auditor should undertake special risk assessment of the follow up process (Figure 4.1.2).

Compliance audit 10% risk weight	System audit 20% risk weight	Performance audit 50% risk weight	Financial audit 20% risk weight
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Annual audit results in year A

Figure 4.1.2: Reiteration of the audit process

Source: created by author

Planning audit phase for the year B should be implemented by means of taking into account the aforementioned risk weights and ratios in risk factor assessment in the "input-output" scientifically based audit strategic approach. It will be a complex matrix of risk assessment. In the year B, current audit results and follow up analysis should be taken into audit planning. Lastly, the auditor may perform complex audit ranking of risks identified and measure them in risk assessment matrix in Table 4.1.1.

Researching methodology

The scientific research is implemented by expertise assessment consisting of two researching methodology, i.e. (1) structured interview conducted with ten auditors; (2) application of the questionnaire survey. The purpose of the survey is to realize the necessity for application of the "input-output" scientifically based strategic audit model.

Sekaran (2003)⁴⁴ sees induction as a process, when common assumptions based on viewed facts has been defined, and deduction as a process of conclusion findings based on interpretation of meaningful results of the data analyses. According to Popper (2005)⁴⁵, deduction finds its scientific application after fulfilling logical analyses; i.e. induction is possible to solve problems according to validity or trust in defining of the scientific ascertain. It is possible to surmount by "knowledge of experience". Bacon has analyzed the scientific research as a moment of induction in the process

⁴⁴ Sekaran, U. (2003). *Research methods for business. A skill Building Approach*, 4th edition, Southern Illinois University at Carbondale

⁴⁵ Popper, K. (2005). *The Logic of Scientific Discovery*, London and New York

of knowledge. His scientific work has been elaborated with interaction of Mill (1843)⁴⁶ as "summarizing based on experience". We use the inductive approach in our research. The author is chosen the most appropriate algorithm; the inquiry research consists of seven steps, as follow: (1) The rationale of the scientific research; (2) Definition of scientific hypothesis; (3) Framework of variables in the research; (4) Researches instrumentation; (5) Conduction of the scientific research; (6) Analyses; (7) Results interpretation.

Stage one: The rationale of the scientific research

The purpose of the interview is extracting auditors' answers and acknowledging key moments in creation of the author's questionnaire. Grading assessment with results computing has been used in the research. The expert assessment is not statistical and does not have any statistical means.

Stage two: Definition of scientific hypothesis

We have defined null and alternative hypotheses. Null hypothesis (there is no connection between variables) and alternative hypothesis (there is an assertion for existing the connection between two variables)⁴⁷:

1) H0: The audit world does not need to employ practically and scientifically based audit approach, including integrated approach for integrated projects and application of audit techniques in synergy projects.

1) H1: The audit world wants to elaborate more practically and scientifically based audit approach, including integrated approach for integrated projects and application of audit techniques in synergy projects.

2) H0: The audit team wouldn't like to employ the three lines of defense in the "input-output" scientifically based strategic audit approach.

2) H1: The audit team would like to enter the three lines of defense by means of the "input-output" scientifically based strategic audit approach in its daily work.

3) H0: The combination "input-output" scientifically based strategic audit approach by means of audit matrix elaboration will not add value in the audit engagement.

3) H1: The combination "input-output" scientifically based strategic audit approach by means of audit matrix elaboration will add value in the audit engagement.

4) H0: The audit matrix in its "input" and "output" phase provokes confusion and misleading in the complex audit implementation.

4) H1: The audit matrix in its "input" and "output" phase depicts assurance and logical consequences in the complex audit implementation.

5) H0: The audit title, pointed out in the "input-output" scientifically based strategic audit approach, does not stipulate in the end of the audit engagement.

5) H1: The great idea is to produce in the end of the audit engagement audit title in the "input-output" scientifically based strategic audit approach.

Stage three: Framework of variables in the research

Dependent, independent, modelling and intervening variables have been included in our research (*Figure 4.1.3*).

⁴⁶ Mill, J.S. (1843). *A system of logic: ratiocinative and inductive*

⁴⁷ Taylor, C. (2018). *The difference between the null hypothesis and alternative hypothesis*

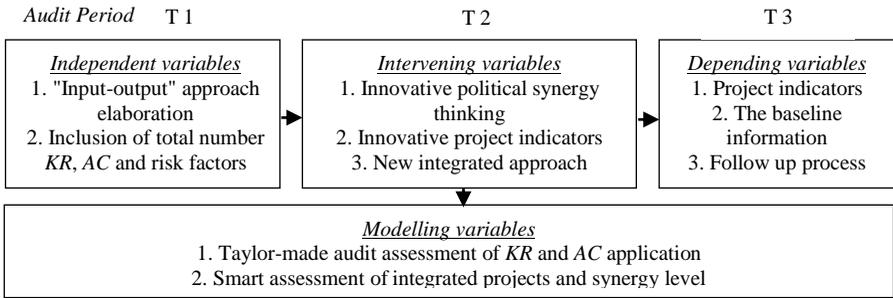


Figure 4.1.3: Variables in our research

Source: created by author

Stage four: Researches instrumentation

Researches instrumentation consists of interview and questionnaire survey involved by experts from internal auditors of projects/programs. The auditors have time to take part in the scholar research, possess professional audit experience more than five years; have bachelor degree and knowledge experience in auditing.

Stage five: Conduction of the scientific research

The scientific research has been conducted in September, 2018. First, ten auditors were interviewed. Second, a questionnaire survey with 24 auditors from public and private audit sector is carried out by using LinkedIn and emailing. The purpose of the interview is the "input-output" scientifically based strategic audit approach creation. The questionnaire survey aims to reject/confirm our hypotheses.

Phase one: Interviewing

Respondents were asked five key dichotomous questions, viz. (1) *Do you think audits you are implementing should be performed separately?* Marked No; (2) *Will you try completely different audit approach than those usually apply?* Marked Yes; (3) *Is it important for the auditor to fulfill assessment of the political decisions and project indicators linkages?* Marked Yes; (4) *Do you think the audit team should use the audit matrix in auditing of integrated projects and synergy peculiarities?* Marked Yes; (5) *Do you think that the three lines of defense model is applicable in auditing of risk belonging to auditee?* Marked Yes. As a result, we found the acceptance of posted key moments and proved the need to implement a new strategic approach in auditing of integrated projects and synergy specificities.

Phase two: The questionnaire survey (Figure 4.1.4).

Respondents were asked five abovementioned questions. The questionnaire survey is based on a grading assessment from 1 to 5. "1" is the lowest level of significance and "5" represents the highest level of significance.

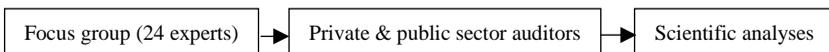


Figure 4.1.4: Conduction of the questionnaire survey

Source: developed by author

Phase three: Results of the questionnaire survey

See abovementioned questions and answers (*Phase one: Interviewing*).

Stage six: Analyses

Results of the questionnaire survey and hypothesis analyses were included in our research. Extracted results from the private sector auditors is 4.48 and from public sector auditors 4.56. Therefore, hypotheses confirmation gives positive outcome. Each of mentioned questions confirms the postulated hypothesis in chronological terms. The final balance assessment is 4.52. It means, "input-output" scientifically based strategic audit model creation is accepted (*Figure 4.1.5*).

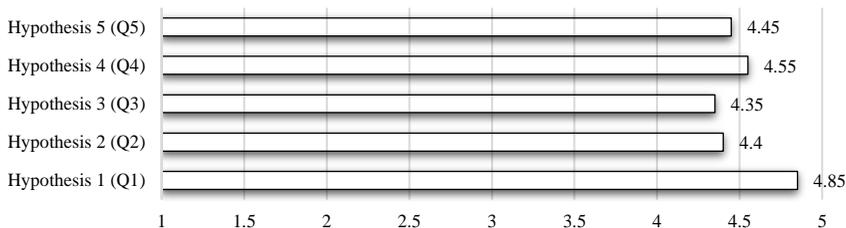


Figure 4.1.5: Common deliverables of the conducted research

Source: resulted by author

Stage seven: Results interpretation

The conducted scientific research acknowledges the "input-output" scientifically based strategic audit approach. The newly invented approach possesses a high level of audit innovation and brings benefits. Proposed approach is a future contemporary element in application of the overarching audit approach.

Conclusion

The misleading audit checks should be changed. We need to use sustainable audit approach and our innovative mindset. The global development is implementing its human benefits by means of integrated regional policies. The audit of the synergy is needed in the contemporary architecture of the climate change and environmental projects. The audit engagement will be successful with scientific interaction in elaboration of audit approaches. The audit scope and objectives is expected to be changeable in every audit engagement the audit team will be confident in its audit conclusions. The global audit success will produce sustainable deliverables by using "input-output" scientifically based strategic audit approach.

4.2 ACADEMIC EDUCATION ON SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Introduction

The *aim of our study* is to analyze and summarize opportunities the state of academic training on sustainable development (SD) and corporate social responsibility (CSR) nationally and internationally. This aim is achieved through: (1) analyzing good

practices in academic training on *SD* and *CSR* in foreign universities; (2) analyzing the state of academic training on *SD* and *CSR* in universities and research institutes in Bulgaria; (3) summarizing information for improving academic training on *SD* and *CSR*.

Study limitation: The primary source of information for analyzing good practices in academic training on *SD* and *CSR* is websites, where we can find the Top-25 universities with *CSR* communities and Internet information for MSc programs on *SD* and *CSR*. Another limitation of our study is that the academic training on *SD* and *CSR* at University of Finance, Business and Entrepreneurship (VUZF), New Bulgarian University, Sofia University, Bulgarian academy of science (BAS) and University for Nacional and World economy (UNWE) will be explored at the national level.

Materials & Methods

Obtaining a higher education diploma is not a sufficient condition for successful professional realization. Further social skills and socially responsible behavior are needed. That is why young people choose universities, where they receive not only diploma, but also develop their social responsibility, form and participate in communities with socially responsible goals and build themselves as socially responsible citizens.

The role of universities in building socially responsible youth is undisputed. During study, they must show students in practice socially responsible behavior. How? By means of mandatory elements in the organizational behavior, viz. socially responsible theories and practices, organizational communication, organizational culture reporting of socially responsible behavior, internal control system and internal audit and social audit. Through organizational communications, particularly internal and external, as far as they are relevant to shaping the perceptions of internal stakeholders in terms of organizational nature (Dimitrova, 2013, p. 41). External communications contribute to the understanding of organizational policy objectives by external stakeholders, to create trust and maintain positive relations between them and organization, as well as its recognizable corporate identity, a positive image and reputation [ibid, pp. 42-43]. Through the organizational culture (we refer to the values established in the organization (Paunov et al, p. 320), the organization satisfies needs or at least takes into account the interests of all those directly interested in its activities: owners, shareholders, end users, managers, employees, suppliers, customers, local community [ibid, p. 338].

Theories of social responsibility in the universities are built with the appropriate courses related to ethics, *SD* and *CSR*. Social responsible theories in universities are also built with the creation and development of BCs and MSc degree programs for *SD* and *CSR* with handling of scientific researches in these areas. A policy for creation equal opportunities for all participants in the labor process, discriminative abolition in professions regarding *CSR* practices should be officially placed on the universities websites (Atanasova, 2015, p. 139). Social responsible practices in universities also include the organization of social initiatives with active students' participation.

Reporting of universities' social responsible behavior must be integrated. Integrated reporting shows, how the organization creates value by using all modern resources (i.e. capital), viz. financial, industrial, intellectual, human, social and natural (Veysel, 2018, pp. 5-6). They should write a separate report for *SD* and *CSR*. The development

of universities' social responsible behavior will aid for the students' interest and decrease the "voluntary turnover" of teachers and more, i.e. it will increase their loyalty and empathy (Stefanov & Peicheva, 2013, p. 106).

Both reliable control and internal audit are important for the external users of information on the universities' social responsible behavior, because the internal audit assessments will undoubtedly increase trust in the organization, i.e. its value (Peicheva, Veysel & Dineva, 2016, p. 192). Applying a social audit (*social audit* we understand as a systematic process that provides an independent assessment of claims made by the organization in connection with the fulfillment of its social objectives. The main objective of the social audit is to present an independent opinion about compliance between the accepted social responsibility standards and their implementation (Peicheva, 2015, p. 188). The universities' social responsible behavior provides more security to stakeholders that there is a compliance between declared and fulfilled socially responsible behavior. To analyze good practices in academic training on *SD* and *CSR* in foreign universities, information from various websites on the Internet is used.

The Excite Education Website presents Top 25 Colleges with *CSR* Communities (2017). For the foreign practices' analysis in the academic training on *SD* and *CSR*, MSc programs have been analyzed on the websites of Masterstudies.com (2017). In order to analyze the state of the academic training on *SD* and *CSR* in universities and research institutes in Bulgaria, information from these universities websites is used.

Results of MSc Programs analysis at international universities

The results of our study show that the academic training on *SD* and *CSR* on the national and international levels differs in two main directions. The first direction is the education of youth in the spirit of socially responsible behavior by organizing social initiatives and creating communities, where students have the opportunity to provide services for the benefit of society. The second direction is the development of syllabus and its offer in MSc universities' programs related to *SD* and *CSR*.

Top 25 analysis of Colleges with *CSR* Communities has shown interesting practices that can be an example of imitation (*Table 4.2.1*).

Table 4.2.1

Top 25 Colleges with CSR Communities

<i>University</i>	<i>Characteristics</i>
University of Florida	The university's Center for Leadership and Service has been set up to organize and support individuals, who wish to participate in community service. The center was established in the early 1990s to prepare students to be socially responsible citizens
University of California – Berkeley	The Public Service Center of the university was set up in 1967 to help students become responsible community's members. Students can take part in various community-based programs, internships, volunteer programs, etc.
University of Wisconsin – Madison	The university's Morgridge Center for Public Service aims to explore and tackle various issues in the society. Students studying at this renowned university can take part in different volunteer programs and community services
University of California – Los Angeles	The university's Volunteer Center has been established to create social changes and enable students to engage in community based programs
Ohio State University	The university's Office of Outreach and Engagement promotes community building and service-learning opportunities. Students can help give back to their community and underprivileged through various programs

Continued Table 4.2.1

Arizona State University	ASU's Community Connect portal supports partnerships with local communities and promotes positive social changes. Community capacity building, teaching and learning, research and discovery, socioeconomic development are its key driving factors
University of Virginia	The University of Virginia encourages students to collaborate with organizations involved in the public service. Students can promote different causes that benefit the public, such as global health, fund-raising, research, etc.
Cornell University	The Cornell Public Service Center was set up in 1991 to engage students and communities. Students can get involved in different volunteer, leadership, service-learning programs and community work studies
George Washington University	The university is committed to bringing positive social changes in the community through its Center for Civic Engagement and Public Service. This Center helps students to take part in community building programs
Georgetown University	In 2001, Georgetown University has opened its Center for Social Justice Research, Teaching and Service. This center aims to integrate community-service, research and teaching by bringing together students and diverse communities
Tufts University	The university's Office of Community Relations is focused on creating a bridge between students and local communities of Somerville and Chinatown. Students can work with various organizations, organize fund raisers, concerts and exhibits and promote the community's well-being
Emory University	Students can take part in community building through its Center for Community Partnerships, which promotes civic engagement, learning and service. Students can work with different organizations that support community-building
Tulane University	The Center for Public Service was established to facilitate community-building and make positive social changes. Students can take part in various learning, research and volunteer programs in collaboration with various non-profit organizations
Gonzaga University	The university's Center for Community Action and Service Learning involves its students to take part in various programs and volunteers work in homeless shelters, low-income schools and family support centers
University of Michigan – Ann Arbor	The university's Public Service Intern Program helps its talented students to secure internships in leading organizations, government, non-profit groups, museums and arts organizations, judicial offices, lobbying groups
University of Washington	The university's Carlson Leadership and Public Service Center focuses its work at developing of service-learning and community-based participatory researches
University of Texas at Austin	The university's Bernard and Audre Rapoport Center for Human Rights and Justice focuses on the practice of human rights and social justice, global warming and poverty
North Carolina University at Chapel Hill	The university's department for public service allows students to cooperate with community members through education, teaching and researches
University of Illinois Urbana – Champaign	Students are encouraged to develop a sense of social responsibility and give back to their community. The University cooperates with non-profit organizations to develop programs for public engagement and education
University of Minnesota Twin Cities	The university's Center for Community-Engaged Learning is dedicated to getting students involved in the local communities' activity. The center offers a wide range of opportunities, volunteer programs, service-learning programs, internships, etc.
Pennsylvania State University	Students can travel across the globe to address social changes, educate communities about health problems, initiate rural development programs, etc.
University of Maryland, College Park	The university's College Park Scholars program is geared towards helping students engage in community development and volunteering. Students can participate in programs and pursue exciting career opportunities
American University	The university's American University's Center for Community Engagement and Service supports opportunities are geared toward service projects and community-based programs. Students can help fellow citizens through learning programs
Boston College	Boston College emphasizes social justice. Students can participate in volunteer programs at its Volunteer and Service Learning Center
Northwestern University	The university's Center for Student Involvement engages students in service projects. Students can communicate and bond with community's members, develop leadership skills and give back to the community (viz. human rights and public services)

Source: summarized by author

The analysis of universities with CSR communities gives us reason to make at least two conclusions. First, the CSR communities' creation at universities promotes the development of socially responsible citizens, who are educated to respect human rights and equal opportunities. Studied to work for the benefit of society, such students will build a better world. Second, the promotion of socially responsible practices by universities on their websites provides opportunities for students to make choices to study at a socially responsible university. For such alumni, it is essential to have comprehensive information on BCs and MSc programs related to SD and CSR. The analysis showed that the information provided by Masterstudies.com for MSc programs at international universities is very useful (over 90 results have appeared there). The main results are presented in *Table 4.2.2*.

Table 4.2.2

MSc programs in SD and CSR

<i>University</i>	<i>Country</i>	<i>MSc program</i>
EADA Barcelona Business School	Spain	MBA in Sustainable Business & Innovation
Universidad de La Laguna	Spain	MSc in Gender Studies & Equality Policies
IMF Business School	Spain	MSc in Sustainability & Energy Efficiency
EOI Spain's School of Industrial Organization	Spain	International MSc in Sustainable Development & Corporate Responsibility
Divulgazione Dinamica	Spain	MSc in Sustainability
CIFF Centro Internacional de Formación Financiera	Spain	MSc in Responsible Governance & Sustainable Management of Organizations
European Open Business School	Spain	MSc in Corporate Social Responsibility
Turin School of Development (International Training ILO Centre)	Italy	MSc in Public Procurement Management for Sustainable Development
University of Cagliari	Italy	MSc in Sustainable Tourism Management & Monitoring
University of L'Aquila	Italy	MSc in Environmental Biology & Ecomanagement
Sapienza University of Rome	Italy	MSc in Sustainable Transportation & Electrical Power Systems (STEPS)
University of Bergamo	Italy	MSc in Human Rights & Ethics of International Cooperation
University Bocconi	Italy	MSc in Green Management, Energy & Corporate Social Responsibility (MaGER)
Stockholm University	Sweden	MSc in Social-Ecological Resilience for Sustainable Development
Blekinge Institute of Technology	Sweden	MSc Program in Sustainable Urban Planning
Örebro University	Sweden	MSc Public Planning for Sustainable Development
Malmö University	Sweden	MSc in Leadership for Sustainability
Linköping University	Sweden	MSc Program in Outdoor & Sustainable Education
Sustainability Management School	Switzerland	MSc of Management in Sustainable Luxury
Sustainability Management School	Switzerland	MSc of Management in Sustainable Tourism
Business School of Lausanne	Switzerland	MSc in International & Sustainable Finance
Steinbeis University Berlin Institute Corporate Responsibility Management	Germany	MSc in Responsible Management
TU-Campus EUREF	Germany	MBA in Building Sustainability
Leuphana University of Lüneburg	Germany	MSc in Sustainability Science
TU-Campus EUREF	Germany	MBA in Sustainable Mobility Management
The Sustainable Design School	France	MSc in Sustainable Innovation
West Catholic University	France	MSc in Ecology and Sustainable Development

Continued Table 4.2.2

INSEAD Europe Campus	France	MSc in European Operational Management of Sustainable Development
University of Groningen	Netherlands	MSc in Sustainable Entrepreneurship
Utrecht University	Netherlands	MSc in Sustainable Business and Innovation
University of Algarve	Portugal	MSc in Eco-hydrology
IMF Business School Portugal	Portugal	MSc in Sustainability and Energy Efficiency
IMC University of Applied Sciences Krems	Austria	MSc Environmental and Sustainability Management
Australian National University – College Of Asia & The Pacific	Australia	MSc in Environmental Management & Development
Université Du Québec En Outaouais UQO	Canada	MSc in Sustainable Management of Forest Ecosystems
Czech University of Life Sciences Faculty of Agrobiolgy, Food and Natural Resources	Czech Republic	MSc in Natural Resources Management & Ecological Engineering
Tampere University of Technology	Finland	MSc in Leadership for Change – Governance for Sustainable Change
UCD College of Engineering and Architecture	Ireland	MSc of Architectural Science – Sustainable Building Design & Performance
Kaunas University of Technology	Lithuania	MSc in Sustainable Management and Production
Universidad Autonoma de Aguascalientes	Mexico	Inter-institutional expertise in protected agriculture
Danubius University	Romania	MSc in Bio-economic Management in the Context of Sustainable Growth
DOBA Business School	Slovenia	MSc in Management of Smart Cities
Oxford Brookes Business School	The UK	MSc in Business Management (Corporate Social Responsibility)

Source: summarized by author

At least, three conclusions can be made. First, there is a variety of MSc programs in the *SD* and *CSR* field that provides many opportunities for those, who wants to develop in. Second, it is noteworthy *SD* and *CSR* issues are present in both economic and technical universities. Third, serious *SD* and *CSR* presence in the development of MSc programs is shown in Spain, Italian, Sweden, Switzerland, German and French universities.

Results of the analysis of academic training on SD and CSR in universities and research institutes in Bulgaria

The analysis of the selected institutions showed that the issues of *SD* and *CSR* are actively involved in educational programs and science researches in Bulgaria.

VUZF has established MSc program "Corporate Social Responsibility (Financial Management)". The program is implemented with active business support, in partnership with the Bulgarian UN Global Compact Network. *New Bulgarian University* offers a variety of master programs, viz. Environmental Management, Management and Economics of Sustainable Development, Sustainable Management and Development of the Energy Sector, Social Entrepreneurship, Environmental Expertise and Control. In 2015, *New Bulgarian University* developed a volunteer program. The idea is ten high schools and six universities to build a network of volunteer clubs, who will organize volunteer events and/or campaigns. *Sofia University* offers MSc programs in Ecology,

Biomedical and Sustainable Development, Environment Protection, Environmental education, Ecomanagement, European MSc on Human Rights and Democratization. The *Bulgarian Academy of Sciences (BAS)* does not train students, but it has brought scientists in various fields, including in *SD* and *CSR* areas. In the past three years a number of scientific projects have been implemented in *BAS*, including: Financing of the green economy in Bulgaria; *CSR* of Bulgarian companies – states, trends, European perspectives; Adequacy of principles for working with stakeholders in corporations. The results of these scientific projects could become part of the material for teaching in universities. In the past five years, new subjects have been developed at the *University of National and World Economy* related to *SD* and *CSR*. These include: (1) Ecology and Sustainable Development; (2) Corporate Social Responsibility, (3) Fundamentals of Social Audit; (4) Social Business Responsibility; (5) Business Ethics and Corporate Social Responsibility; (6) Political and Business Ethics; (7) Green Marketing; (8) Sustainable Development of Regions; (9) Social Entrepreneurship; (10) Ecobusiness; (11) Ecology; (12) Environmental policy, environmental resources – planning and control in the company; (13) Quantitative methods in eco-economics; (14) Environmental management; (15) Urban management and sustainable development, (16) Environmental pollution management; (17) Professional ethics and independence, (18) Sustainability assessment; (19) Green infrastructure management; (20) Integrated accounting; (21) Eco-tourism risk management; (22) Ecotourism; (23) Ecological behavior et al. In 2006, the Center for Sustainable Development was established at *UNWE*. Its main objective is to organize and implement interdisciplinary research covering all dimensions of *SD*: social, environmental, economic and institutional. In 2013, *UNWE* has trained 57 volunteers – social assistants. *UNWE* is the first State University, which developed an electronic manual for working with disabled PhD students. There is an Association of Student Volunteers at the *UNWE* providing assistance in the training of disabled students and PhD students. Students' Council has also created "*Eco Club UNWE*". The conclusions that can be drawn in relation to the academic training on *SD* and *CSR* at the universities and research institutes include: *first*, *SD* and *CSR* issues are not alien (there is a variety of teaching courses and researches); *second*, MSc programs in *SD* and *CSR* field are less developed than the courses in this field; *third*, universities have a variety of initiatives in *SD* and *CSR*, but information is not always communicated, which hampers stakeholder awareness.

Conclusions

Based on results of our research, we can make conclusions and outline future opportunities.

(1) The issue of *SD* and *CSR* attracts current and future students. As the main informational source for youth is the Internet, there are some difficulties with finding information on MSc programs in *SD* and *CSR* for those who are interested in. Thus, it would be nice to have ordered and summarized world universities' websites with a description of MSc programs *SD* and *CSR*.

(2) Along with information on MSc programs, it is necessary to provide information on the Top 25 universities with *CSR* communities.

(3) It is a good idea to create an Internet platform for teachers, who are interested in *SD* and *CSR* issues. Thus, they will be able to share research results, gather teams for international research and social initiatives. Shared information will also benefit teachers and researchers, who do not work directly on *SD* and *CSR* issues, but themes they develop have touched points. Such Internet platform could be at the university, national and/or international levels.

(4) It is needed to create Internet platforms, where interested in *SD* and *CSR* students can share knowledge, project results, pool in international teams for the benefit of society. Such Internet platforms can be at the university, national and/or international.

(5) It is useful worldwide to develop *SD* and *CSR* theory. A good example in this regard is *INSEAD* (University Business School with Universities in Europe (France, Fontainebleau), Asia (Singapore) and the Middle East (Abu Dhabi)). *INSEAD* is the original abbreviation from French Institute for European Administration or European Institute of Business Administration) that presents a sustainable development report.

(6) For universities, it is good to be rated by a social responsibility rating similar to QS Stars ratings. As stated on the QS top universities site, there are innumerable non-material ways, in which universities can benefit society. Four are the criteria that measure the universities' missions in chapters: Community investment and development (20 points), Charity work and disaster relief (10 points), Regional human capital development (10 points) and Environmental impact (10 points). This rating scale can serve as an assessment and self-assessment of universities.

(7) The social responsibility ratings of universities and the publication of reports on sustainable development and/or corporate social responsibility and/or codes of ethics must be signed by social auditors.

(8) It is necessary to establish an International Association of socially responsible universities, following the example of *University Social Responsibility Network (USRN)*. USNR is established in 2015, uniting a group of thinkers, who discuss ideas, resources and practices with a variable range and scale in order to form a global discussion and to expand USNR in the area of higher education. Another option for the universities is to join USNR and share their practices.

(9) It is good to create a global encyclopedia with the main terms in the field of *SD* and *CSR*. It will unify the teaching process on courses related to *SD* and *CSR*; it will contribute the easier international projects realization.

Made proposals so far may have supporters, but they will also have oppositionists. For example, a part of the universities and/or the academic staff think that sharing names of BSc or MSc programs would lead to their theft. Of course, this is possible. It is easy to copy a master degree program, but it is hard to be performed, because professors (with their emotions and dedication) are the ones from whom the program performance depends; they could not be copied. However, not sharing the information or causing troubles with its reception lead to the repulsion of future and current students; no one university needs that.

The current analysis and proposals could continue, but the important thing for us is to learn, to educate and to develop ecological intelligence and ecological skills. And as Goleman (2012, p. 49) says, it is possible to achieve by sharing information in the big social networks, which will lead to collective intelligence, which mankind needs for its survival.

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CHAPTER 5 INNOVATIONS IN THE SECTORAL ECONOMIC MODELLING AND MONITORING

5.1 LEGAL REGULATORY ASPECTS OF LAND MONITORING IN UKRAINE

Introduction

The natural and resource potential of Ukraine is represented by a wide range of land, water and biological resources. Land resources of Ukraine is one of the important environmental and economic assets of the state. It is a reliable basis for the country's socioeconomic development. The use of land is associated with significant problems that have arisen because of a violation of ecological balance and the imbalance between districts of arable lands, natural lands, forest and water resources. The state of land use in Ukraine is very critical; further degradation of the natural potential of land resources can have catastrophic consequences.

The study of the technogenic pollution of lands, the conservation of degraded and unproductive lands and the economic stimulation of rational land use are important issues. It contributes to the development and improvement of state lands monitoring; whose results are important in management decisions making on the rational land use. The formation of balanced nature management is possible with an integrated approach to assessing the intensity of natural and economic land use.

The *aim of our research* is the study of the intensity of natural and economic land use based on the environmental assessment and determination key points of its effective monitoring. The *objectives of our study* are: (1) the study of the state of land use in Ukraine; (2) the analysis of the intensity of land use; (3) the description of the legal framework for land monitoring in Ukraine. A systemic approach has been used during the study.

Literature review

Land use affects the land cover; vice versa, changes in land cover affect the land use. Changes in land use/cover are widespread and spurious process, mainly due to natural phenomena and anthropogenic activities. Hansen & Loveland (2011, p. 66) reviewed a large-scale monitoring of land cover changes using Landsat data. Current methods of monitoring large districts of land cover using images of average spatial resolution (10-50 m) usually use Landsat data. With the help of the Landsat archive, which is open for easy access to the data corrected on the territory, future monitoring will be correct. Such methods should use high-performance computing capabilities for monitoring land cover. Technologies for detecting digital changes through the use of multi-dimensional satellite images help to understand landscape dynamics.

Rawat & Kumar study (2015, p. 78) illustrates the processes of spatial-temporal dynamics of land use. The image of the investigated district of the Almora district, Uttarakhand (India) was divided into the five different classes, viz. vegetation, agriculture, infertile, built-up and water body. The results show that over the past

two decades, vegetation and built-up lands have been increased by 3.51% (9.39 km²) and 3.55% (9.48 km²), while agriculture is barren land and water body have decreased by 1.52% (4.06 km²), 5.46% (14.59 km²) and 0.08% (0.22 km²).

Moudon & Hubner (2000, p. 187) conducted research in the field of monitoring land use in cities. The research covered a broad literature review on the land monitoring, as well as interviews with numerous scientists and practitioners in this field. The authors studied urbanization processes and their negative impact on the urban land.

According to Krueger, Gotthard & Ulrich (2013 p. 812), it is necessary to reduce the land allocated district for the development. To achieve sustainable land use development, the German government announced a significant reduction in the consumption of open space for human settlements and transport infrastructure. To achieve such goals, planning bodies should provide up-to-date and accurate information on land use. Nowadays, spatial analysis of topographic reference data is automated process. Thus, geoprocessing procedures can be repeated constantly. Nex, Delucchi, Gianelle, Neteler, Remondino & Dalponte, M. (2017) have stated that remote sensing can provide accurate information on large districts and is widely used for these tasks.

The intensity of anthropogenic pressure on land resources depends to a large extent on the general economic development level of the territory, negatively affects the state of the environment (Litvak, 2014, p. 288). The largest environmental problem due to the use of land resources and economic activities is land degradation (Yatsuk, 2014, p. 108). Kingwell & Robertson (2007, p. 51) have justified in their study a land degradation and pointed out the need to control salinization of arid origin. Popova (2012, p. 93) has paid attention to the land resources' state in Ukraine and estimated it critical. Awotwi, Anormu, Quaye-Ballard & Annor (2018) used a double cumulative curve and a technique for interpreting images to select Landsat spatial-temporal data to assess land degradation from anthropogenic activities in the Pra River Basin (PRB), Ghana. Their assessment showed that the river basin is subjected to six different rates of land degradation due to the increase in settlements, cultivation and extraction of minerals (130%, 198% and 304% respectively). Land degradation is significant in the western and eastern parts, where agriculture and forest are transformed into mining activities. According to Vishivaniuk (2011, p. 4) land monitoring should be based on the principles of completeness, unity, reliability, timeliness, legality and systemic character.

Provided Land Monitoring in Ukraine

Surveys of land management show that Ukraine has a significant land and resource potential. As of January, 01, 2017, the land fund of Ukraine is 60.35 mln (i.e. 6% of the territory of Europe). Land resources of Ukraine are characterized by high bioproductivity potential, in the structure of which fertile black soils predominate (60.2% of arable land), accounting for about 7% of world reserves (Land Monitoring in Ukraine, 2014-2015). The main problem in land use in Ukraine is the ineffective distribution of the available land fund for its intended use. Most of all plowed land in Ukraine are in Kherson (90.3%), Cherkasy, Dnipro, Zaporozhe, Kirovograd, Vinnitsa and Mykolaiv regions (85-87%). In these regions, the balance between the

number of pastures, hayfields and districts designated for the cultivation of agricultural crops is disturbed. The imbalance between districts of certain land categories leads to excessive anthropogenic and technogenic load on the land; it leads to a violation of the quality and ecological state of soils (Semeriak, 2011). In Ukraine, there are over 1.1 million of hectares of degraded, unproductive and technologically polluted lands subject to conservation, 143.4 thousand hectares of disturbed lands are requiring reclamation and 315.6 thousand hectares of unproductive lands need improvement (Strategy for the improvement of the management mechanism in the field of use and protection of agricultural land of state ownership and their disposal, 2017). Water and wind erosion of soils are the most significant factors in the land productivity decline and the growth of agricultural lands' degradation. The total district of agricultural lands exposed to the harmful effects of water erosion is 13.3 million hectares. Important mechanism to fight against the wind erosion is the field-protective forest belts' creation and other protective plantations. The quality of land resources is also affected by other negative factors, viz. salinity, acidity, reverberation and rockiness. Intensive agricultural land use leads to decrease in soil fertility due to over-consolidation of black soils; loss of water permeability and aeration capacity with all environmental consequences.

Over the past 20 years, the average humus content in Ukraine has decreased by 0.22% that is a significant deviation, since it is needed 25-30 years (or even more) in natural conditions to increase it in soil by 0.1%. The decrease in soil fertility is caused by the violation of crop rotation. Sunflower in some districts covers a district over 30% of arable land. In most cases, the culture returns to its original field in 3 years (recommended 6-7 years). Violation of the requirements for crop rotation, in addition to increasing the level of debris and the development of crop diseases, leads to soil depletion and soil toxicosis. The processes of soil cover degradation have intensified that is caused by technogenic pollution. The greatest danger to the environment is contamination of soils with radionuclides, heavy metals, pathogens. Hydrometeorological and dangerous exogenous geological processes (mudslides, landslides, karst, soil subsidence, abrasion, destruction of the reservoirs banks, etc.) are significantly affected the quality of land resources and a number of facilities in the economic sectors; they are distributed over 50% of the territory [ibid].

Particularly serious problems in recent years have arisen in connection with the redistribution of land, land denationalization and privatization in Ukraine, which led to the violation of crop rotations, grinding of land massifs of agricultural lands, loss of elements of contour-ameliorative organization of the territory. Agrarian enterprises established on the basis of short-term lease relations, are ineffective. In their activity, they exhaust the fertility of soils and worsen the land quality. Thus, the land state in Ukraine requires improvement, as well as the land use.

To date, in countries with different socio-political structures, there are various legal forms of the land use and the land resources' ownership. The analysis of the legislation of a number of countries shows that there are various restrictions on the land use in each of them. Limitations related to the size of land parcels are characteristic of countries with transition economies and countries with limited land

resources. As a rule, such restrictions are set at the municipal or regional level, viz. in Hungary no more than 300 hectares; in Romania no more than 300 hectares; in Denmark no more than 30 hectares.

Comparative characteristics of the land use state in the EU, European countries and Ukraine are given in *Table 5.1.1*.

Table 5.1.1

Comparative characteristics of the land use

Indicator	Ukraine	%	European countries	%	The EU countries	%
Land district, million ha	60,4	100,0	1015,6	100,0	437,4	100,0
Black soil district, million ha	28	46,4	84	8,3	18,0	4,1
Agricultural land district, million ha	42,7	70,7	474,8	46,8	177,7	40,6
Area of agricultural land certified as organic, million ha	0,3	0,7	11,6	2,4	5,3	3,0
The district of agricultural land per inhabitant, ha per person	0,7	100,0	0,6	85,7	0,4	57,1
Area of leased agricultural land,%	41,4	97	26,5	62,0	94,2	53,0
Arable land district, million ha	32,5	53,8	277,8	27,4	115,7	26,5
Area of irrigated land, million ha	0,5	1,2	20,8	4,4	11,1	6,2
Investment price, th. USD per ha	1,0	18,2	4,0	72,7	5,5	100,0
Grain export, million tons	34,8	26,8	130	100,0	38,5	29,6
Price per 1 ha of agricultural land, th. USD	-	-	3,7	51,4	7,2	100,0

Source: formed by authors according to Strategy for the improvement of the management mechanism in the field of use and protection of agricultural land of state ownership and their disposal (2017)

The main principles of the EU land ownership policy including agricultural land, is to ensure the right to free flow of capital, the opening and running of private business and the absence of discrimination. In most of the EU member countries there are no legal restrictions on the ownership of agricultural land. Anyone can legally acquire agricultural land and own it. Countries became the EU members later, as a rule, restrictions are imposed on the agricultural land possession for foreigners, including citizens of EU member states. E.g., in the Czech Republic and Slovakia there are restrictions on foreign individuals and legal entities that cannot buy agricultural land, is aimed at preventing speculation by agricultural lands in the EU member states. Having considered the EU experience of land management, in Ukraine attention should be paid to the organization of permanent land monitoring. It will give the opportunity to form an information database on the state of the land fund in Ukraine. Received information will be the basis for managerial decisions making on the organization the effective land use.

According to the Land Code of Ukraine (2002), *land monitoring* is defined as a system for monitoring the land state to identify changes in time, assess them and eliminate the consequences of negative processes. The implementation of land monitoring is regulated by Law of Ukraine "On Environmental Protection" (1991), Land Code of Ukraine (2002), Law of Ukraine "On State Control over the Lands Use and Protection" (2003), Resolution of the Cabinet of Ministers of Ukraine "On the approval of the Regulations on monitoring of land" (1994), Provision "On the Regulation on the State system of Environmental monitoring" (1998), Provision "On

the order of information interaction of bodies of Ministry of Ecology and Natural Resources of Ukraine and others environment monitoring system in carrying out routine observations of the environment" (2002).

Land monitoring involves technical and information analytical work with the use of technical control means and through monitoring the land quality, sampling implementation of soil geo-botanical and other necessary surveys, analyzes and measurements of the chemical and biological composition of soils, their physical condition, evaluation and analysis of lands condition, the formation of forecasts of the manifestation of the main negative processes on lands belonging to different categories in the nearest and long-term perspective, development their prevention. The implementation of monitoring involves conducting observations on the land use, identifying cases of misuse, which especially worsen the land quality, as well as the overall environmental situation. Based on the current legislation of Ukraine, it can be concluded that land monitoring is part of the state environmental monitoring system, which is a system for observing, collecting, processing, transmitting, storing and analyzing information on the environmental state, predicting its changes and developing scientifically based recommendations to take decisions on preventing negative changes in the environmental state and compliance with environmental safety requirements. Land monitoring should fulfill a basic role for other monitoring types and cadaster of natural resources. The data obtained in the implementation of land monitoring should be the informational basis for monitoring other types of natural resources, as well as for maintaining state cadasters of various resource types, primarily the land cadaster state. Data obtained in the land monitoring process can be used in land management, land conservation, development planning of territories, land control. According to Resolution "On Approval of the Regulations on Land Monitoring" (1994) and depending on the purpose of observations and the extent of coverage of territories, such land monitoring in Ukraine is carried out: (1) national (on all lands within the territory of Ukraine); (2) regional (in territories characterized by the unity of physic, geographical, ecological, economic conditions); (3) local (on separate land plots and parts of landscape-ecological complexes).

Land monitoring is carried out by the State Service of Ukraine for Geodesy, Cartography and Cadaster, the Ministry of Environmental Protection, the Ministry of Agrarian Policy and Food, the Ukrainian Academy of Agrarian Sciences.

The information obtained during observations on the land state is summarized by districts, cities, regions, individual natural complexes and transferred to the collection points of the automated information system of the regional and city land administration departments. Based on the results of the assessment of the land state, reports, forecasts and recommendations are submitted to the local authorities and the State Service of Ukraine for Geodesy, Cartography and Cadaster to prevent and eliminate the consequences of negative processes. The basis of land monitoring is the assessment of characteristics that take into account the interaction and their interdependence; makes possible to ensure the maximum assessment reliability.

Cherkasy region was chosen to assess the intensity of natural and economic land use, as it is located in the central forest-steppe part of Ukraine. Soils of Cherkasy

region are considered to be among the most fertile. In the soil cover, black soils predominate. The natural potential of the land resources of the Cherkasy region is characterized as one of the best in Ukraine (Cherkasy in numbers, 2016).

The main characteristics of intensity of natural and economic land use were signs: ecological stability of agro-landscape, anthropogenic load, plowing of the territory, plowing of agricultural land, agricultural development of the territory and recreational capacity. These indicators are characterized by certain coefficients, which are proposed by (Tretiak, 2011).

The evaluation is conducted in several stages.

At the first stage, coefficients were calculated according to formulas (5.1.1-5.1.2).

The *coefficient of ecological agro-landscape stability* (X_1) is defined by formula (5.1.1), where X_i is coefficient of ecological land stability of the i -th species; S_i is the land district of the i -th species, ha; n is the land plurality:

$$X_1 = \frac{\sum_{i=1}^n X_i \times S_i}{\sum_{i=1}^n S_i} \quad (5.1.1)$$

The coefficients values for assessing the environmental properties of land are given in *Table 5.1.1*. If the obtained value of the coefficient of ecological agro-landscape stability is less than 0.33 (the land use is environmentally unstable), if it changes from 0,34 to 0,50 (stably unstable), if it changes from 0,51 to 0,66 (the middle of the average stability), if it exceeds 0.67, the land use is environmentally sustainable.

The *coefficient of anthropogenic load* (X_2) characterizes the impact of human activities on the state of the environment, including land resources. It is calculated by formula (5.1.2), where B_i is the point of anthropogenic loading of the i -th land type:

$$X_2 = \frac{\sum_{i=1}^n B_i \times S_i}{\sum_{i=1}^n S_i} \quad (5.1.2)$$

The value of coefficients of land stability and anthropogenic load are given in *Table 5.1.2*.

Table 5.1.2

The value of coefficients of land stability and anthropogenic load points

Name	Coefficient of ecological agro-landscape stability, X_i	Points of anthropogenic loading, B_i
Built-up district and roads	0.00	5
Lands of industry	0.00	5
Arable land	0.14	4
Hayfields	0.62	3
Pasture	0.68	3
Inland water	0.79	2
Forests of natural origin	1.00	2

Source: formed by authors according to (Tretiak, 2011)

In order to assess the intensity of the natural and economic land use, it is also advisable to calculate the *coefficient of plowed district*, the *coefficient of plowed agricultural land*, the *coefficient of agricultural development of the territory* and the *recreational capacity* by formulas (5.1.3-5.1.6).

The *coefficient of plowed district* (X_3) is defined as the ratio of the arable land district (S_a) to the total land district (S_l) by formula (5.1.3). The *coefficient of plowed agricultural land* (X_4) are defined as the ratio of the arable land district (S_a) to the agricultural land district (S_c) by formula (5.1.4). The *coefficient of agricultural development of the territory* (X_5) is defined as the ratio of the agricultural land district (S_c) to the total land district (S_l) by formula (5.1.5). *Recreational capacity* (X_6) is the ratio of districts of natural and biological reserves (S_b) to the total land district (S_l) by formula (5.1.6).

$$X_3 = \frac{S_a}{S_l} \quad (5.1.3)$$

$$X_4 = \frac{S_a}{S_c} \times 100\% \quad (5.1.4)$$

$$X_5 = \frac{S_c}{S_l} \times 100\% \quad (5.1.5)$$

$$X_6 = \frac{S_b}{S_l} \quad (5.1.6)$$

Natural and biological reservations include lands occupied by forests, tree shrub plantations, hayfields, pastures, swamps and territories under water. Based on our calculations of abovementioned coefficients, *Table 5.1.3* has been generated.

The value of the ecological stability of the districts' agro-landscape is shown in *Table 5.1.3*. The lands of Cherkasy region have the highest ecological stability ($X_l = 0,66$), between them the smallest ecological stability have lands of Khrystynivska, Drabiv and Zhashkiv districts ($X_l = 0,24-0,26$). The discrepancy in the indicators is 63% that indicates the need for preventive measures to improve the ecological status of land with a low indicator of the ecological stability of the agro-landscape. According to the analysis, 3 levels of land use intensity were identified in Cherkasy region: high, medium and moderate. 3 districts are in the moderate level of land use intensity, the middle – 7, the high – 10 districts (*Table 5.1.4*).

The quantitative limits of indicators for each level of land use intensity have been formed (*Table 5.1.5*).

The results show that the districts that entered the *first level* have a moderate land use intensity, their coefficient of ecological stability of the agro-landscape is over 0.5; anthropogenic load factor less than 3 points; the rate of plowing is less than 50%; the rate of agricultural lands plowing is less than 85%; coefficient of agricultural development of the territory is less than 60%; recreational capacity is over 0.5. At the same time, the ecological conditions of these regions lands are medium-stable.

Table 5.1.3

Indicators of land valuation by districts in Cherkasy region

Indicators	X ₁	X ₂ , points	X ₃ , %	X ₄ , %	X ₅ , %	X ₆
District names, Ri						
Group 1						
Cherkasy	0,66	2,55	37,27	85,17	43,76	0,60
Kaniv	0,59	2,79	45,57	83,20	54,78	0,52
Chyhyryn	0,57	2,81	48,95	76,88	63,67	0,57
Group 2						
Smila	0,46	3,15	59,64	88,62	67,30	0,36
Korsun-Shevchenkivskiyi	0,44	3,22	60,32	84,06	71,75	0,36
Zolotonosha	0,43	3,11	68,45	86,84	78,82	0,34
Horodyshche	0,41	3,24	63,64	86,08	73,93	0,31
Zvenyhorodka	0,40	3,29	67,16	90,09	74,55	0,29
Kamyanka	0,40	3,31	66,23	87,56	75,64	0,30
Chornobai	0,38	3,24	82,45	92,90	88,75	0,32
Group 3						
Lysianka	0,33	3,47	73,47	86,89	84,55	0,24
Shpola	0,31	3,49	77,90	94,44	82,48	0,19
Monastyryshche	0,30	3,46	78,56	92,74	84,71	0,16
Katerynopil	0,30	3,49	77,74	91,06	85,38	0,17
Mankivka	0,30	3,50	79,01	92,38	85,52	0,16
Uman	0,29	3,53	80,59	96,72	83,32	0,16
Talne	0,29	3,55	81,69	95,50	85,54	0,15
Khrystynivka	0,26	3,53	83,31	96,90	85,98	0,11
Zhashkiv	0,26	3,57	85,33	94,42	90,37	0,11
Drabiv	0,24	3,64	85,32	93,60	91,16	0,10

Source: calculated by authors according to the Land Monitoring in Ukraine (2014-2015)

Table 5.1.4

Levels of land use intensity of Cherkasy region

Groups	Levels	Districts
1	Moderate	Cherkasy, Kaniv, Chyhyryn
2	Middle	Smila, Korsun-Shevchenkivskiyi, Zolotonosha, Kamyanka, Zvenyhorodka, Chornobai, Horodyshche
3	High	Lysianka, Shpola, Katerynopil, Monastyryshche, Mankivka, Uman, Talne, Khrystynivka, Zhashkiv, Drabiv

Source: graded by authors

Table 5.1.5

The boundaries of quantitative values of indicators by intensity levels

Indicators	Levels of land use intensity		
	Moderate	Medium	High
	Limits of quantitative values		
Coefficient of ecological stability of the agro-landscape (X ₁)	> 0,5	0,35 – 0,50	< 0,35
Anthropogenic load factor (X ₂)	< 3,0	3,0 – 3,4	> 3,4
Coefficient of plowing the territory (X ₃), %	< 50	50 – 70	> 70
Coefficient of plowing agricultural land, (X ₄), %	< 85	85 – 90	> 90
Coefficient of agricultural reclamation of the territory (X ₅), %	< 60	60 – 80	> 80
Recreational capacity (X ₆)	> 0,50	0,25 – 0,50	< 0,25

Source: created by authors

For the *second level* of land use intensity, the districts with the coefficient of ecological stability of the agro-landscape in the range 0.35-0.5 entered. At the same time, the lands of these regions are ecologically stably unstable. The *third level* covers the land districts mostly stably unstable, since they have a high land use intensity. The value of the coefficient of ecological stability of the agro-landscape is less than 0.35; the anthropogenic load factor is over 3.4 points; the rate of plowing of the territory is over 70%; ratio of agricultural land is over 90%; coefficient of agricultural development of the territory is over 80%, recreational capacity is less than 0.25; it characterizes the extremely complex state of land use. The districts with a high land use intensity occupy 43.9% of the area that is fairly large part of the territory of the Cherkasy region. Thus, lands of Cherkasy region have intensive natural and economic use. The most vulnerable were the lands that have a third level.

Results of assessment

Based on the assessment of intensive natural and economic use of lands in the Cherkasy region, indicators for 20 regions were determined. Taking into account the value of the coefficient of ecological stability of the agro-landscape, three levels of intensity of natural and economic land use were identified: moderate, medium and high. The boundaries of indicators values are defined. The lands of Cherkasy, Kaniv and Chyhyryn districts are ecologically medium stable and refer to a moderate level. To the medium level of land use intensity, we defined the lands of 7 regions, which are ecologically stably unstable, to the high we defined the lands of 10 districts, which are environmentally stably unstable. The lowest rates had the lands of Khrystynivka, Zhashkiv and Drabiv districts. At the same time, coefficient of ecological stability of the agro-landscape is less than 0.26. These lands have a complex state of land use. Therefore, special attention should be paid to the land use in these districts.

Conclusions

In order to improve land use, it is necessary to define a strategy for optimizing the land use of districts at certain levels and to develop a balanced land use structure at the regional level. Prospects for further research are to conduct an assessment of the intensity of natural and economic land use at the national level that will allow defining a strategy of rational land use and land protection in Ukraine and form directions for the development of land use in the regions of Ukraine.

5.2 MODELLING PROSPECTS OF GLOBAL FOOD PROBLEM SOLUTION WITHIN THE CONTEXT OF ASYMMETRIC WORLD DEVELOPMENT

Introduction

Solution of the food problem is the most topical issue of the current stage world economic system development. In accordance with the *FAO* estimates, the global famine scale has been decreasing for two previous decades. Malnourished population share has been reduced to a much larger extent than an absolute quantity of the malnourished people, but in the developing countries a substantial share of the population still fails to consume the amount of food products necessary for active and health life.

Literature Review

Considerable attention is paid to the research of the global food problem by national researchers. Fundamental works of the scientists working in this area, viz. Berehovi (2011), Bilorus (2003), Luzan (2011), Paskhaver (2006), Sabluk (2008), Vlasov (2006) et al have developed principal evaluation methods and methodology of registration of various factors' influence forming country's food security and agro development, but the question related to the causes forecasting, mechanisms of the global food issue development, its tendencies by means of mathematical models are covered insufficiently. At the same time, existing scientific approaches to the food problem evaluation on a global scale described in the works of Uusitalo (2015), Lehikoinen (2015), Helle (2015), Myrberg (2015), Pianosi (2015), Sarrazin (2015), Wagener (2015) practiced Global Sensitivity Analysis (GSA), that is increasingly being used in the development and evaluation of environmental models. They have presented Matlab/Octave toolkit for GSA application. In the works of Lokers (2016), Knapen (2016), Janssen (2016), Yke van Randen (2016), Jansen (2016) has been suggested to use data processing technologies based on highly productive computations, to create new opportunities for intensive data processing in a diverse agro-ecological sector. In the works of Eerens (2014), Haesen (2014), Rembold (2014), Urbano (2014), Tote (2014), Bydekerke (2014) it is emphasized that monitoring of the global food problem is vital taking into consideration strong year-to-year variability, growing competition for natural resource and effects of climate change on agriculture. They suggest to apply software *SPIRITS* for the global food problem evaluation, but the proposed autonomous toolkit is developed for the environmental monitoring in order to receive accurate and evidence-based information for crop production; so, it is impossible to get a clear understanding of the global food problem by means of the mentioned toolkit. Mason-D'Croz (2016), Vervoort (2016), Palazzo (2016), Islam (2016), Lord (2016), Helfgott (2016), Havlík (2016), Peou (2016), Sassen (2016), Veeger (2016), Arnout van Oesbergen (2016), Arnell (2016), Stuch (2016), Arslan (2016), Lipper (2016) in their works developed methods for the application of scripts that provide alternative futures to inform food policy makers. The implementation process of the proposed regional scripts for South-East Asia is described in their scientific work. Regardless of a great number of scientific works in this area, the issues on prospects for the global food problem solution with the help of mathematical models remain under-researched.

The *aim of the article* is to study the prospects of the global food problem solution by means of mathematical models built on the basis of biological neural networks operation.

Empirical results and discussion: Analysis of target indicators of the global food problem solution provided in the Millennium Development Goals inspires optimism and hope for solution of the tasks set. Thus, the malnourished population share is annually reduced by 0.5%. If this tendency persists, then malnourished population share will amount to 12.8%, which is just 1.1% higher than the target indicator of the Millennium Development Goals. Forecasting of indicators of the absolute quantity of malnourished people in the world is of equal importance. If relative future stability

of absolute values of the malnourished people, average level of the series, average absolute increment and average growth rate are assumed, a conclusion can be made that in time this indicator will tend toward zero or that complete solution of the global food problem may be reached (Figure 5.2.1).

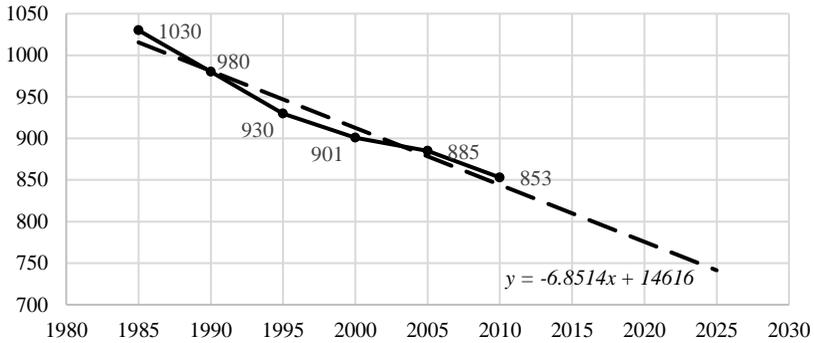


Figure 5.2.1: Forecast of solution of the global food problem on the basis of the regressive model, mln malnourished people

Source: calculated by author

In general, this forecast for the period $(n + t)$ can be presented as a function (5.2.1), where Y_{n+t} is a forecast value of the level of the time series; l is a period of advance; Y_n is a level of the series taken as an extrapolation base; a_i are trend equation parameters.

$$Y_{n+t} = f(Y_n, l, a_i) \tag{5.2.1}$$

The malnourished people shall include the persons, who consume less than 1,700 calories per day. However, application of this approach, when the forecast level is equal to the average value of the series levels in the past provides a predictive point estimate. Exact match of these estimates to the actual data is unlikely. Therefore, this forecast should not be perceived as an authentic one unequivocally in the long term period, although for one or two-year forecast these approaches enable gaining results with a high authenticity level.

Forecasting of the process of the food problem solution is rather complicated task, which requires attention of considerable number of factors including asymmetric information. That is why the US Department of Agriculture has involved mathematical modelling tools, which consist of 76 partial equilibrium models in order to assess prospects of solution of the global food problem. These models are mainly focused on assessment of the prospects of the poorest world regions (African and Asian countries). Forecast of food problem solution has been carried out by means of assessment of the food products consumption level by different population groups. For this purpose, the population has been divided into five groups subject to the scope of food consumption (from the lowest to the highest scope) in each country. Herewith, the scope of food consumption has been assessed for three product groups only: cereals, edible roots and other. This complicated modelling procedure required several powerful computers simultaneously.

Naturally, several powerful computers with the cutting-edge mathematical modelling kit cannot be used within the framework of our research. Therefore, the mathematical model of the National Scientific Centre "Institute of Agrarian Economy" based on the neural networks combining autoregressive models with neural components of various complexity levels, has been used to model prospects of the global food problem solution. This combination improves quality of the forecast in the context of the asymmetric information on the present and future of the world economy and its food system. Mathematical models built on the principle of operation of biological neural networks (neural networks) have been widely used in forecasting recently. As opposed to regressive models, they are enable taking into account asymmetry of information, non-linear connections, uncertainty of economic development, unpredictable quick changes in subjective factors.

To determine the current neuron status (S), the weighted total of indicators at the entry point is calculated by formula (5.2.2), where x_i and w_i are the indicators processed by the neuron.

$$S = \sum_{i=0}^n x_i \times w_i \tag{5.2.2}$$

The outgoing result of the neuron is characterized by the functions of its state. It may be presented in different ways. Mainly, it is a non-linear function, which is called the activation function. One of the most common ones is a non-linear function with saturation, so-called logistical function or sigmoid function (i.e. S-shaped function).

Neural networks are used to solve complicated non-formalized tasks without established analytical solution algorithms, incomplete or controversial incoming data, which correspond to the forecast on the global food problem to a certain extent. Principal spheres of neural networks application include recognition of target attributes of the researched objects, dynamic forecasting of numeric values of the object in time and automatic grouping of objects.

When world economy development processes and the food problem are modelled, in particular, neural networks enable determining the most influential ones, which are most likely to define changes in food provision and the global food problem due to group recording of a large number of independent variables. The modelling process is presented in *Figure 5.2.2* in the simplified form.

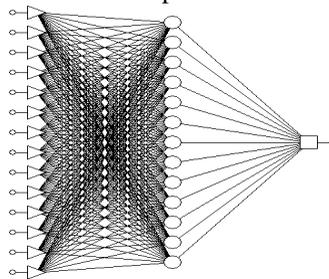


Figure 5.2.2: Functional diagram of food problem development modelling on the basis of neural networks

Source: adapted by author according to Matviichuk (2011)

Due to uncertainty increase in economic development, unpredictable changes in the food problem and asymmetry of information, establishment of interconnections among principal macroeconomic indicators by means of mathematical tools is very complicated. Therefore, hybrid models combining regressive and autoregressive components and artificial neural networks have been used in our research. This combination is quite efficient, as it is able to reproduce complicated non-linear processes by means of the econometric tools. In particular, autoregressive neural networks (*AR-NN*) enable exercising behavior of linear oscillations around the average the level of which can change in time on a non-linear basis. More complicated case is smooth transition regressive hybrid models (*ST(A)R*) and smooth transition multi-regime hybrid models in which the behavioral structure not only of the mean value (intersection), but also the rest of beta coefficients are non-linear. By contrast with the regressive models, when preconditions for improvement or deterioration of the global food problem state, which are restricted to the continued development assumption the main past tendencies in the future are formalized and identified, neural networks take into consideration asymmetry of information, growing uncertainty and impact of subjective factors in the context of economic instability and crises, unpredictable changes in tendencies and identify non-linear interconnections.

To determine preconditions of changes in the state of the food problem, correlation and regression analysis has been conducted; comparative analysis of its deliverables with the ones received from application of neural networks both to the internal and external factors has been performed. The conclusion has been made that synthesized feed-forward back propagation (*FFBP*) neural networks are most flexible and efficient when working with economic data. They are the structures, which approximate any continuous multivariable function with sufficient precision. The *FFBP* architecture includes two or three levels: input, hidden and output. The input and output levels perform linear transformations and aggregation of input data; hidden level determines the main attributes of the neural network, which perform logical "switch", i.e. "if..., then..." rather than linear ones. They can be presented mathematically in the form of the logic sigmoid function (5.2.3), where $\psi(s)$, $\psi(s) \in R$ is a value of the neuron activation function; s , $s \in R$ is a weighted total of input values (artificial neuron entry); k , $k > 0$ is a parameter, which defines curvature of the function, speed of its transition from zero-close values to the values close to one:

$$\psi(s) = \frac{1}{1 + e^{-ks}} \quad (5.2.3)$$

In practice, the most common autoregressive model with the neural feed-forward back propagation component with one output is neural network *AR-NN(p, q)* in the following form (5.2.4), where y_t is a dependent variable in the current period; w_i is a vector of order $(1 \times p)$ regressors (lag values of dependent variables); β_0' is a vector of linear parameters of the order autoregression $(1 \times p)$; q is a hidden layer neuron quantity; β_j is a vector of weight coefficients of the output layer of the neural network of the order $(1 \times p)$; γ_j' is a weight coefficient vector of the hidden layer of the order $(1 \times p)$; $G(\gamma_j' w_i)$ is a hidden neurons activation function; ε_t is a vector of independent identically distributed remains.

$$y_t = \beta_o' w_t + \sum_{j=1}^q \beta_j G(\gamma_j' w_t) + \varepsilon_t, \quad (5.2.4)$$

In the model the forecasting object is an absolute value of the quantity of malnourished people in the world. This indicator is most representative to assess the state of the global food problem. Modelling has been performed on the basis of assessment of two factor groups, which have internal and external impact on a provisional basis. The data have been taken for the period from 1980 until 2015. The source data on the state of the food problem have been taken from the indicators of socioeconomic development of Oxford Economics, the British analytical service.

This analytical service was founded in 1981 as a commercial enterprise in the business college of Oxford University in order to provide an economic forecasting and modelling for British companies and financial institutions. Throughout the period of its existence, Oxford Economics has turned into one of the leading global independent advisory centers for the development of reports, forecasts and provision of analytical tools for 200 countries, 100 industrial sectors and over 3,000 cities. Global economic and industrial models and analytical tools, which are the best in their class give an unprecedented opportunity to forecast world market tendencies, perform econometric modelling, scenario planning and analysis of economic impact on markets, research into and assess socioeconomic processes and their impact on business. Empiric data for modelling have been gained on the basis of a set of 14 factors, which have been selected from among 238 indicators of the general global socioeconomic development of Oxford Economics, the British Analytical Service. All data available have been collected as to each measurement of the food problem, and changes have been analyzed within the framework of the forecast. The indicators within 4 measurements, which are determined on the scale from 1 to 5 have been aggregated into consolidated indicators for each measurement for 1980-1995 and 2000-2015 by means of weight coefficients calculated on the basis of principal component analysis. The radial basis function (RBF) has been used for this purpose (5.2.5):

$$f(x) = \sum_{j=1}^m w_j h_j(x) \quad (5.2.5)$$

The functional diagram of the radial basis function is presented in *Figure 5.2.3*.

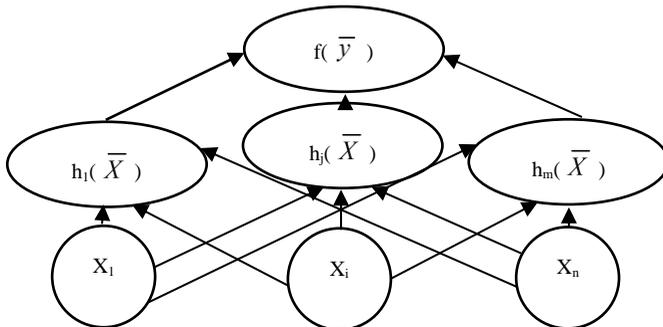


Figure 5.2.3: Functional diagram of the Radial Basis Function (RBF)

Source: created by author according to Matviichuk (2011)

The process of predictive modelling and analysis of factor impact has been performed and divided into 3 networks: (1) training, (2) verification, (3) modelling for network testing, for the use of 33 quantities of data, 17 of which were used for network training, 8 for verification and 8 for network testing. As a result of self-education by the feed-forward back propagation neural network, the following most significant factors have been selected from modelling of the state of the food problem: (1) customer price index; (2) total world population; (3) reference values of per capita GDP (mln USD) and GDP deflator; (4) amount of agricultural investments and total amount of investments into fixed assets (at constant prices and at the current USD exchange rate); (5) global grain production scope; (6) global food price index; (7) current payment balance; (8) current world prices of agricultural raw materials and world food prices as of the end of the period. These factors have been selected upon identification of the internal impact on the state of the food problem.

Ten models with the lowest absolute error were selected in the course of analysis. The program tested models and result of their ranging on the basis of the error size. The model without the hidden (internal) layer presented in *Figure 5.2.4* was selected from among them at the initial stage.

The multi-perceptive model with the hidden internal series, which included the following indicators from the internal factors group was selected in the course of modelling of prospects of solution of the global food problem: global grain production scope; agricultural investments; global food price index; current world prices of agricultural raw materials and world food prices as of the end of period (*Figure 5.2.5*).

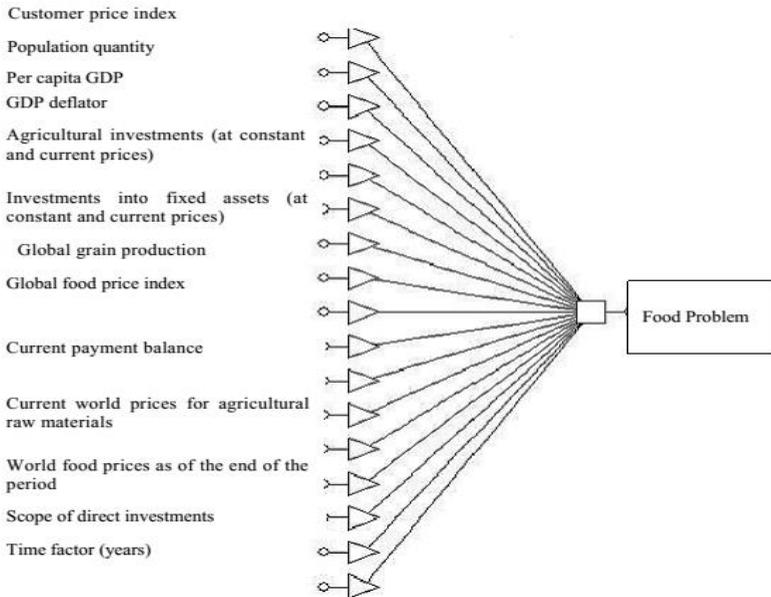


Figure 4: Structure of the model with the neural component with one output for modelling of prospects of solution of the global food problem on the basis of the Internal Indicators Group

Source: developed by author

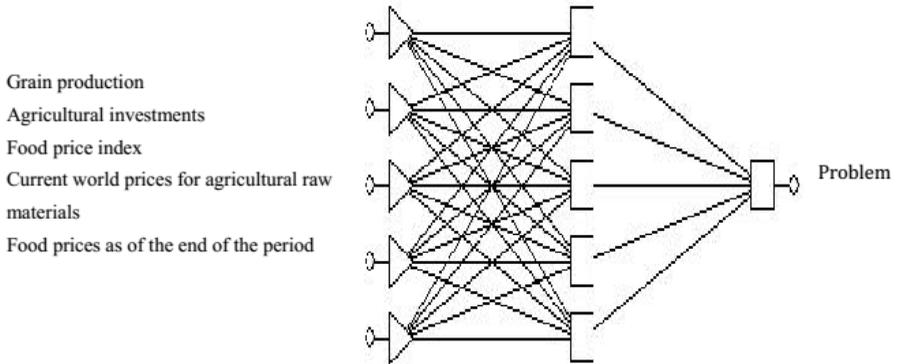


Figure 5.2.5: Structure of the model with the neural component with one output for modelling of prospects of solution of the global food problem on the basis of the Internal Indicators Group

Source: developed by author

As a result of predictive modelling of the global food problem solution prospects by means of the feed-forward back propagation neural network, the following most significant factors have been selected from the group of external impact factors: world oil demand, mln tones (annualized, i.e. estimated on a year-to-year basis); cost expression of the world oil demand (annualized); world oil supply, mln tones (annualized); cost expression of the world oil supply (annualized). Absence of the forecast on the grain production both in general and its estimate per capita has preconditioned its modified exponent (5.2.6), where: $A = -4,129.307306$; $B = 5,684.033942$; $C = 1.004832$.

$$Y = A + B \times C^n \quad (5.2.6)$$

The forecast data gained by means of the neural network has enabled modelling prospects of the global food problem. Modelling deliverables are shown in *Figure 5.2.6*.

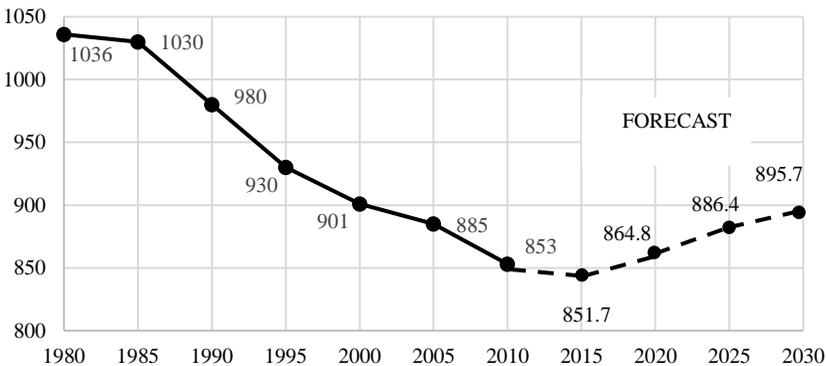


Figure 5.2.6: Forecast of the global food problem solution by means of the neural network, mln malnourished people (consuming less than 1,700 calories per day)

Source: calculated by author

Conclusions

Modelling deliverables demonstrate that the world economy is at the critical stage of the global food problem solution. If the relative indicator of the share of the malnourished planet population is stabilized at the level of 12-13%, in the short term there may be an increase in the number of people, who have been consuming less than 1,700 calories per day. According to our forecast, the malnourished people quantity in the world may increase by 12-13 mln by 2020 as opposed to the current state, and it may increase by 34-35 mln by 2025. The important forecasting deliverable is that if no effective measures are taken to solve the food problem, the situation with the malnourished people will deteriorate, and their quantity will keep growing. The example given is a neural forecasting model, which has been developed and assessed on the actual information and takes into account impact of internal and external changes on solution of the global food problem, confirms capabilities for their application for systemic analysis, forecasting and quantitative assessment of influence on principal macroeconomic indicators in the context of uncertainty, asymmetric information and possible changes in economic development tendencies.

The existing mathematical models built on the basis of neural networks enable forecasting with the high authenticity level. In forecasting of the malnourished people quantity in the world, the absolute average error is 7.31. It has been defined on the basis of *MAE* (mean absolute error) criteria (5.2.7). The correlation index is 0.96.

$$MAE = \frac{1}{n} \sum_{k=1}^n |Y_{t+k} - F_{t+k}| \quad (5.2.7)$$

Solution of the global food problem is mainly decelerated by low rates of world economy development and resulting potential reduction in the scope of agricultural investments. For instance, according to the forecast, reduction in agricultural investments scope by USD 10 bln during three years brings decrease in agricultural production by USD 2.1 bln. It will mostly affect animal industries, fodder and vegetable production. Approximately 0.5 mln employees will be fired from the agricultural industry. Having no respective qualifications, most of them will stay unemployed.

The model takes into consideration effect of the existing economic indicators and makes a forecast thereon in the future, also it takes into account the risks caused by deterioration of the socioeconomic situation in the world. Therefore, stabilization of the political situation in the most problematic regions of the planet and engagement of the population into efficient labor for economy development and human well-being are getting currently central. Involvement of economically developed countries into assistance provision to develop economies of the poorest world countries is equally important. This assistance must be first and foremost associated with development of agriculture and rural areas.

Impact of the oil market on the global food problem solution is ambiguous. On the one hand, decrease in the world oil prices promotes reduction of expenses for production and carriage of agricultural products, thus, increasing the supply level of agricultural products. On the other hand, decrease in the oil prices in the context of the persistently low demand for these commodities hinder development of the world

economy and growth of the population's well-being and have negative impact on the consumer demand. A fall in the oil prices brings about impoverishment of population in the oil countries of Latin America and deteriorates the food problem in this region.

The following factors promote the food problem solution: international economic integration and foreign trade development; foreign trade liberalization in agricultural products; activation of scientific research in the agricultural area, viz. plant breeding and protection, distribution of highly-efficient seeds and animals. Taking into consideration high potential of the national agriculture and agrarian science, Ukraine's important task is to take up a decent position on the world agricultural markets.

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CHAPTER 6 FOOD SECURITY

6.1 NUTS OVERVIEW AS A MODERN ECOLOGICAL FOOD COMPOSITION

On the congresses, the cardiologists have been talking about their outstanding fatty acids of walnuts and hazelnuts for at least 15 years. Walnuts are especially rich in polyunsaturated Omega-3 fatty acids. Nevertheless, according to the international study PREDIMED (about healthy lifestyle effects on health), all nuts, including peanuts, are praised. Because all nuts are rich in monounsaturated fatty acids, along with other benefits – high levels of vitamins and minerals, it makes great health benefits. The recommendation is to eat at least three handfuls of freshly nuts every week. It was recently recognized that avocado is also stands near to Extra Virgin Olive Oil, due to its fatty acid composition, which is very similar. However, for avocados and its monounsaturated Omega-9 fatty acids there are not so many research bases as about the health effects of the good fatty acids of Extra Virgin Olive Oil. However, when evaluating avocados, the benefits are not only by Omega-9 fatty acids, but also antioxidants (especially highlighting polyphenols), fiber, vitamins (B, A, C, E, K) and minerals (potassium, manganese, copper, iron, etc.). In addition, this fruit has an average of 4-5 times more calories than others do: one avocado can be up to 200 kcal.

The Mediterranean diet is characterized by the high quality and seasonality of products. Nuts are collected in late summer and autumn, and then they are bought freshly in the Mediterranean countries and elsewhere in the markets. Walnuts and hazelnuts are even sold green, with raw shells. If there is such a catch or a hazelnut grows near the house, it is necessary to buy or collect nuts and keep it at home in a dry place. Until spring, it will be quite fresh. In fact, all nuts collected in the autumn should be eaten until the spring – it is also a seasonal principle. In addition, winter is also the right time to eat fresh nuts, so that the set of them (vitamins E, K, B, sodium, potassium, iron, phosphorus and good fatty acids) gives the chance to feel well until the spring, when will appear this season's vitamin bombs.

However, since nuts are mostly bought in supermarkets in winter, it is unfortunately not possible to find out how long nuts have been stored since on the pack is written date of packaging instead date of harvest. The nut is not long stored as a dried peas or a bean. In order to better store nuts, they are often sprayed with a stabilizer or with some E substances in large-scale production. The main benefit of nuts is the abundance of good unsaturated fatty acids, but they may be oxidized, if stored improperly or for too long. Then the nut gets bitter, it has no nutritional value, and this product is harmful to health. Particularly good oxidation is felt when crushing walnuts.

The importance of nut for health improvement

Including avocado and nuts in everyday diet, you will protect yourself from inflammation, aging and will improve blood vessels. These products, at least to some

extent, can protect against stroke and infarction by reducing the risk of atherosclerosis. In a study of PREDIMED while evaluating the good health effects of nuts, the study highlighted that people who ate nuts regularly reduce the risk of death from heart attacks. However, the effect of these two products on the inner stratum of small vessels means that they are able to reduce the risk of Alzheimer's dementia and Parkinson's disease. The avocado richness has both heart-strengthening and anti-inflammatory effects. Antioxidants and polyphenols, rich in both avocados and nuts, also have anti-inflammatory effects, and thus to some extent it is prophylactic of cancer.

In both nuts and avocados, high levels of vitamins and minerals increase immunity. In addition, both of these products can perfectly replace meat as a valuable source of protein. Gives strength, revive, and strengthens the body as a whole. Avocados and nuts contain fat-soluble vitamins A and E, so they feed the skin and mucous membranes, thus improving their condition. In addition, oily avocado itself promotes the absorption of these vitamins in the body. It also promotes the absorption of valuable pigment carotenoids from other products. Therefore, avocado slices cut into carrot or bell peppers do not only well taste, but they can be added instead of olive oil.

Omega-9 fatty acids are involved in the formation of cell casing, in the synthesis of hormones, as well as in other processes. In fact, all high quality and natural food products can, to some extent, have a positive effect on health and well-being (Mintale, 2017).

Nutritionists recommend eating nuts as a food additive: on salads, desserts, soups, homemade breads, not as snack.

The nuts have no cholesterol, but unsaturated fat, which has a beneficial effect on the heart. They improve cardiovascular health. Nuts are high in fiber. They promote good bowel activity. The nuts are especially good vitamin E. Nuts are quite rich in natural antioxidant Vitamin E (most in hazelnuts and almonds). Nuts contain vitamins and minerals (phosphorus, magnesium, manganese, vitamin B, folic acid, vitamin A. These are responsible for the health of the skin and mucous membranes). Nuts are a good source of calcium. Nuts and proteins. In the case of protein, nuts are similar to meat. However, the ratio of amino acids present in nuts is not relevant to the ratio of human protein (nuts contain little lysine and threonine). Therefore, as good as protein from meat, it does not absorb. Nuts contain significantly more protein than other plants. The widespread content of nuts in calories and fat in 100 grams (calories in descending order): pecans – 703 kcal (fat 72 g); macadamia nuts – 686 kcal (fat 73 g); Brazil nuts – 670 kcal (fat 67 g); walnut – 662 kcal (fat 62 g); hazelnut – 644 kcal (fat 62 g); roasted peanuts – 584 kcal; pistachios – 581 kcal (fat 52 g); almonds – 576 kcal (fat 54 g); Cashew nuts – 571 kcal (fat 42 g).

The different qualities of different nuts

Walnuts contain a significant amount of omega 3 fatty acids, which is why they are especially recommended for everyone who cares for heart health. They are a good source of phosphorus, but many calories too. Indian nuts have fewer calories;

they are especially recommended for strengthening immunity. The almonds have fewer calories, most fiber, balusters, high levels of phosphorus and strong antioxidant E vitamin. Hazelnut has many polyphenols, which are powerful antioxidants. They are also a good source of calcium. Pistachios, like peanuts, are not really nut, but a peanut. However, they are called nuts and in addition to those especially rich in potassium, phosphorus and iron. Macadamia nuts are very delicate but expensive, contain many vitamins, fiber, but are rich in calories. Brazil nuts contain a lot of selenium, which is a powerful antioxidant. Pecans have a high level of folic acid (Group B vitamin) and other vitamins; they contain the most vitamins and calories. Cedar nuts have a very high protein content, and vegetarians often eat them. Their high content of antioxidant polyphenols, rich in vitamin E, and high levels of folate distinguish peanuts; they are particularly good for the development of the brain, and therefore they are recommended for pregnant women. At the same time, there are warnings that these nuts are the most polluted.

Nuts can be crunched – it is best to pour a little nut into the dish to avoid eating too much. Nutrition specialist Liene Sondore recommends: no more than 10-15 nuts (hazelnuts) per day! Then slowly and thoroughly chew. However, many calories! How to make nutmeal – If you have difficulty eating nuts due to dental or digestive disorders, it is advisable to crush them with a dipper or a food processor. Nut flour is also sold ready. As oils, cold pressures and freshly squeezed oils (which quickly oxidize) are also very valuable. For example, walnut oil. However, if the nut oil is poured into the pan and heated, at around 50 degrees, all the goodies will die. Therefore, they are used only for salads. The exception is high-quality peanut oil, which has a high burning temperature point. Peanut oil is used extensively in Eastern cuisine. Unfortunately, more often used is the cheapest refined peanut oil, which, of course, is not so valuable. Adding to dishes as couscous, salad, rice, in good sausages, for example, pistachios and cedar nuts.

Various nutmeal flour. (Geida, 2017) They have high nutritional value, excellent taste. Cooked biscuits are delicate and fragile, as flour is rich in fat. May be combined with wheat flour to make biscuits, butter cookies, cakes. The most popular are almond and hazelnut flour. Flours made from blanched almonds contain many proteins; they are easy to use. Marzipan, dessert and all kinds of pastry products can be used. Hazelnut flour is usually obtained after oil pressure, less often – finely ground whole nuts. Good cookies come out, good for thickeners. Most of the same nutmeal fails due to its high fat content, which quickly spoils. Nut flour is perishable, so it should be stored in a dark, cool, dry place.

Chestnut Meal. Chestnut meal is made from edible chestnuts and uses for cakes, biscuits, pastry and the like. Pastry baking. However, these flours have a very strong taste and not everyone likes this, so to get used start to mixing them with ordinary grain flour. The optimum mix consists of 1/3 chestnut flour and 2/3 normal flour.

Different nuts

Most people know the basic products that are healthy. Of course, they are vegetables, fruits and fish that are rich in substances that are necessary for the body.

It turns out there is another category of food that brings the same big benefits to health, but most dietitians do not emphasize it by giving it the status of ballast. It is about ... nuts.

Pistachio (Lat.: *Pistacia vera*). It is about 10 meters high tree or shrub with black leaves and tiny flowers; its fruit is round cream, dark red or dark purple nucleus. Pistachios grow slowly, but can reach 300 and even 400 years of age. The natural distribution area is Central Asia and the Middle East. Pistachios are nuts used in the diet. In the botanical sense, it is not a nut, but a nucleus of pistachio tree. Pistachios are dry and salty plants. Common in the wilderness and in the desert. The biggest pistachio nuts are harvested every year in Iran. There are about half of the world's total pistachios harvested there. The pistachios motherland is considered Syria. The pistachios are mentioned in the Bible, in the Old Testament. Today wild pistachios grow in Central Asia and the Caucasus. They are cultivated in the Mediterranean countries, the Caucasus, Central Asia, the Americas and the Crimea (Iran, Turkey, USA, Afghanistan, Pakistan, India, Greece, and Italy).

Pistachio seeds contain up to 65% vegetable oils, up to 24% protein, minerals – potassium iron, magnesium and phosphorus, which promotes high blood pressure lowering, and fiber, as well as vitamin B6 and essential amino acids. Many pistachios are very tasty, they consumed fresh, salted and fried. Pistachios also produce oil.

Pistachios energize the body; improve the functioning of the heart and brain. It is recommended to eat them during a recovery period after prolonged illness, for the treatment of affliction, and in cases of severe physical and mental stress. Pistachios help to harmonize the body, strengthens bones and teeth, releases and produces energy, improves metabolism and absorbing ability, normalizes appetite. Nuts do not contain cholesterol, protect the body from heart disease, and improve the quality of the blood. In folk medicine, pistachios are recommended for various types of poisoning. According to American researchers (Nutr, 2015), the daily consumption of 200 400 g pistachio nuts helps people suffering from alcoholism, much faster to gain control over their addictions. The latest discovery – they fight against "bad" cholesterol. The pistachios, or rather the pistachio kernels, are obtained by stripping them out of the shell. These nuts have a pleasant, sweet and intense taste. The pistachios give the aromatic resin that comes out of the tree engrave the bark. These resins are used as an additive for biscuits, sweets and individual vine varieties. New branches and shoots can be used in salads. It is also a valuable source of vitamins and minerals. The pistachio nuts are almost as good as the almonds.

Harvesting begins in September – Nuts are harvested by hand or by car; there is a high risk that aflatoxins may occur, for this reason pistachios must be processed very quickly. First, remove the external flesh of the fruit. The shells with kernels are swam in the water bath – the finished pistachio is sinking, not prepared – soaked and separated as defective.

In the market, it is possible to buy two types of pistachios – naturally opened and artificially opened.

The common hazel (Lat.: *Corylus avellana*) is of a birch family (formerly a family of hazels, which are not separated anymore). Their height is from 1.5 to 7

meters. Grow several together to form shrubs. The natural habitat of the hazel is Europe and Asia Minor. Widespread in central and eastern Europe. The common hazel is the only species that grows in Latvia. People consume hazelnuts, and the most of the commercial nuts are derived from the filbert nut (*Corylus maxima*). The common hazels growing up in underbrushes, shrubs along the reservoirs; in deciduous and mixed forests. The scientific name of the common hazel originated from the name of the Italian city of Avella, as the region of the city in the ancient world was a reputed hazelnut region (Nutr, 2010)

Summer-tree, 1 to 7 meters tall. The new branches are grey, naked, or the same as the leaf stalks – with the glands. Old shoots are yellow-brown with hairs, scales and glands. The tubers are round or ovoid, slightly flattened from the side, scales, along the edge with hairs. The leaves on the twigs are arranged in two rows. They are darker at the top, but light green on the underside, 6 to 12 cm long, 5 to 9 cm wide. The leaves are round or oval, bare, or with pleasing hair, the base is asymmetrically cordate, the tip is pointed, the edge of the uneven double-sided toothpicks. The lead is tufted, with hairs. Dipped egg-shaped, monosyllabic, hardly coming off early. Male flower thighs up to 5 cm in length, usually 2-4 in total. Male flowers without aphid, one oiled bearded hairpiece, often covered with hairs. Late leaves are two grown up with a saddle. The stamen leaves are four, broken, so it looks like eight. At the end of the stamen, there is a bunch of hairs. Feminine inflorescences are seated, small, approximately 0.5 cm long, usually have 2 to 5 flowers, not similar to leaf buds. The healer is inconspicuous, grown up at the base with a septum, the edge free. The flowers are found in a lush, hairy hide. There are two flosses, threadlike, purple. Fruit - nut, almost round or oblong oval, brownish yellow, 1.5-2 cm tall. Bloom in March, April, before leafing. Nuts ripen in September. Nuts are edible; contain about 60% of nut oil, which belongs to the best vegetable oils. About 20 hazel breeds are cultivated. Due to agro flowers, the plant is suitable for beekeeping.

Hazelnuts are used: chronic fatigue; diabetes; hypertonia; obesity treatment. Hazelnuts contain: oil (50-60%); sucrose (2-5%); Group B vitamins; Vitamin E; 18% protein; 8% carbohydrates; 3.0% minerals; iodine, copper, manganese, cobalt and iron. Hazelnuts have a very small amount of sugar (up to 7%), so they can be used in diet low in carbohydrates. Hazelnut properties: oils that prevent the formation of cholesterol in the blood; reduces the risk of vascular disease; are very essential for a growing organism, therefore, hazelnuts are recommended especially for children and elderly people. Hazelnuts, which grow in Latvian forests, are not exactly the same as those in the large, round, brown shells that are available in the store, hiding nuts. Our forests are full of hazels (*Corylus avellana*), but the nuts are harvested only for some snacks because when they are wild the size is small and non-significant, although rich in vitamins and minerals. Therefore, many years ago, people began to cultivate a wild hazel and created many new varieties known as *Corylus maxima*, the same as the Lombardy nut. Why Lombardy? Of the many theories, it seems more likely that the first cultivated hazel varieties appeared directly in the Lombardy region of Italy, improved hazelnuts – larger, more aromatic and with better productivity.

The hazel grows throughout Europe and even in northern Europe – in Scandinavia, as well as in the Caucasus and Asia, while commercially significant quantities of hazelnuts are harvested directly in southern areas – Greece, Georgia, Italy, Turkey, Azerbaijan, China, Iran and Catalonia. Over the ocean, hazelnuts are grown in the states of Oregon and Washington, USA. However, it turns out that Turkey alone provides more than half of the world's harvest. But from which country comes the most comfortable hazelnuts? First of all, the one closest to us, that is, from Latvia. In Latvia, the production of hazelnuts in industrial quantities does not take place. Therefore, if you do not grow the hazel in the backyard, you should learn to pick the best nuts from other countries. On a global scale, nuts grown in Turkey are considered the best, because they have the best form, the best taste and more valuable fatty acids.

Among the nuts, which at first appear to be similar, which tend to be rounder and not so round, bigger and smaller, and in different colors, it is hard to find the right ones until you try them. However, there are some features that will help you make the right choice: the larger the nut, the more aromatic and tasty it will be; the nut must not be damaged, the shell must be healthy, without the slightest signs of mold. The nut in the shell should be shattered – the more pronounced the sound of the nutmeg against the shell, the longer the nut has travelled to its buyer. Before buying nuts, look also at the calendar – the hazelnut season begins in August in Turkey and ends in October in the European region. Nuts harvested in this period will have the highest benefit in the form of vitamins and minerals.

If we look at the whole range of nuts, then on the rest of the nuts, the hazelnuts are not as high as broods of their species – almonds, walnuts, pecans, not to mention delicate pine nuts, cedar, pistachios and macadamia nuts, although there are no objective reasons for it. Hazelnuts are aromatic, with a pleasant taste and very respectable nutrition, but, like all nuts, even hazelnuts are calorie-rich – 628 kcal per 100 grams. However, these calories contain 52% unsaturated fatty acids, 15% protein, 4% sugar, fiber, vitamins A, C, E and B. In addition, despite the high fat content, hazelnuts do not harm the health as they improve metabolism and speed up the processing of calories in the body, but strange it may sound, their use in excessive amounts can cause headaches.

Hazelnut best tastes roasted – they become more aromatic and tasty. Do not roast too long, as it reduces the nutritional value of the nut. The roasted nuts on the pan can easily be burned. Therefore, no nuts must be left unattended and they should be stirred regularly. It is therefore easier to roast the nuts in the oven – they will roast smoothly from all sides. Roasted hazelnuts not only become more fragrant, but they are also easier to peel, rubbing them with fingers. If there is no pity for a kitchen towel and want to speed up the process, pour them on a towel, make a pouch out of it, and rub the nuts through the cloth. The peeled nuts will taste better and look better in pies, cakes, cookies and other desserts. Culinary experts use hazelnuts mainly as an addition to salads, fish and poultry marinade. Mint or chopped hazelnuts can also be bought ready-made, but they will not be stored for a long time and there is a risk of obtaining the mass of bitter nuts in their possession, if the hazelnut oil is oxidized.

Hazelnuts are widely used in confectionery – cakes, biscuits, biscuits and desserts, where preserved hazelnuts partially or completely replace wheat flour and starch. The dough made with hazelnut flour will be milder, especially aromatic and juicy. Definitely worth a try! In turn, whole nuts are added to tarts flavored with caramel, added to meringue cakes, nougat and pralines (finely chopped nuts in caramel). In addition, in no case will we forget about chocolate – hazelnuts (both whole and crunchy) are a classic additive, especially in milk chocolate. So top chocolate bars with hazelnuts, candy and of course, chocolate and hazelnut paste, known as gianduja by gourmets, but the children of the whole world know it as the famous Nutella cream. Hazelnuts are not added only to sweet dishes. They give interesting nuances to the pasta, fish, meat and vegetable dishes. Chopped nuts will give the salad a structure, but the groundnuts will slip and enrich the salad dressing. Hazelnuts have inspired alcohol producers as well. In Italy, since the early 1980s, the top hazelnut liqueur Frangelico is widely used in pastry and cocktails.

To keep the nuts fresh for longer, they are recommended to be kept in the refrigerator. Nuts, uncleaned of the shell can be stored in a bag (it is best to put them in a cloth bag as they can be pounded in a polythene bag) but cleaned – in a tightly sealed container to prevent the nuts from flooding by other fragrances stored in the refrigerator. For a long time, nuts can be stored even in a freezer. Remove them from the refrigerator or freezer prior to use to warm up to room temperature. In the cold, the nuts do not lose moisture so quickly and will be juicy longer; the hazelnut oil is quickly oxidized, then the nuts become bitter and have unpleasant flavors. Defective nut is easy to recognize after dark spots, splitting it half way. To remove hazelnuts from brown skins, they should be placed on a heated pan without grease and stirred, then roasted, then cooled down and the peel will be removed easily scraped between the fingers.

People with overweight problems should consider that hazelnuts are nutritious.

Cashew nuts (Lat.: *Anacardium occidentale*) are especially tasty and flavored, mainly distributed in India, Vietnam, Nigeria and Brazil. Cashew trees are everlasting. The highest total is obtained in India. Cashew nuts are a great source of protein and fiber; they contain high levels of unsaturated fatty acids, vitamins B and magnesium. Cashew nuts improve metabolism, help to fight infections and viruses, remove stress and anxiety. Gives energy and is necessary for blood-forming processes.

Cashew nut is a delicate and soft fruit, which originates in the tropical regions of the United States (Brazil). Cashew nut seed in solid shell contains edible kernel or nut. Before processing, the Cashew nut is white and soft, but roasting it changes its color and taste. In salted form, it is probably even one of the nicest nuts. Cashew nuts are also a great source of protein and fiber. They have a lot of unsaturated fat that strengthens the heart. Cashew nuts contain lots of potassium, vitamin B, magnesium, phosphorus, selenium and copper. The salt of salted Cashew nut can increase blood pressure. Therefore, these nuts recommend to use roasted but not salty.

When the nut reaches its readiness, it separates from the apple and falls to the ground; after which nuts from the earth are collected and dried; from the dried nuts removed 2-3 mm thick shell is removed – oil can be obtained from it. Separating the

shell, the nut is covered with a fresh pink husk, which is separated by heating. Nutshell contains acrid resins.

Brazil nuts (Lat.: *Bertholletia excelsa*) have gotten their name from the historic growth in Amazon's lifelong forests. They are derived from wildlife plantations in Brazil, Paraguay and Bolivia. There are no commercial plantations for Brazil nuts. Europe has to know them thanks to a Spanish officer who nourished his hungry soldiers with them and thanks to the valuable nutrients; they soon regained strength and energy. Brazil nuts are rich in minerals – magnesium, calcium, selenium and contain very valuable unsaturated fatty acids. Brazil nuts are an excellent source of selenium – a promising anti-tumor mineral that can destroy tumor cells, promote DNA renewal and increase immunity. Only two nuts contain the required amount of selenium per day (Scientific World Journal, 2013)

Brazil nuts are often found in various mixtures of nuts and dried fruits, but relatively rarely sold separately. These nuts grow in South American countries – Venezuela, Peru, Colombia, Bolivia and Brazil. Although they are called nuts, they are in fact a fruit seed capsule. So-called Brazilian nut trees have sprinkled for 14 months until their hard shell can be opened and gained valuable seeds.

The Brazilian nuts have a considerable amount of selenium, so, if you eat at least one nut per day, you will be able to fully provide yourself with the required daily intake, and with over plus. Selenium helps protect the body's cells from damage, improves the functioning of the immune system and promotes cell rejuvenation. When eating selenium-rich products, this trace element cannot be overdone – the body will remove excess. Brazil nuts are also rich in magnesium. Enzymes take part in many vital processes in the body, such as muscle contractions, energy production, impulse transfer and metabolic processes. Magnesium is also important for bone health. Large nuts contain a considerable amount of copper, which the body needs for the production of hemoglobin and many enzymes. This element also contributes to the production of energy and the process of rejuvenation of the connective tissue. Another important ingredient in Brazil nuts is phosphorus, which is also necessary for the body's cells to produce energy. It is part of the DNA and RNA that determines cell growth and recovery.

Cedrus is evergreen coniferous trees in the plant family *Pinaceae*. They grow in the southern and eastern hills of the Mediterranean, in the West Himalayas. The cedar is 40-50 m high, evergreen tree with a broad foliage (for young trees it is pyramidal, for adults – as umbrella). The root system is superficial for them, so cedars suffer from wind gases. They are distinguished by solid, fine-walled, usually aromatic wood. Needles are hard, dark green, three or four-edged, spirally arranged one on one, on shorts – in bouquets of 30-40. Pollination occurs in autumn. Pollen with air bags. Male and female cones are spread across the entire foliage. Female cones 5-10 cm in length and 4-6 cm in diameter, in shape or mucinous form. Breeds 2-3 years, and then spills. Seeds 12-18 mm triangular with wing. The cedar is long-lived and can reach 3000 years of age. Grows in the mountains at 1300-3600 m. height.

Information about the use of cedar in ancient times has come down to us from ancient Egyptian and ancient Greek sources. Knowing the resistance of the plywood

to rotting, the ancient Egyptians made their vessels from the cedar material, but the cedar oil used to embalm the dead. All parts of the cedar have healing properties. From ancient times, remedies and cosmetic preparations were made from pine nuts, resin and needles.

Sumerians were ones of the first who used cedar needles as a cure. Clay plots were discovered in the archaeological excavations carried out in the territory of the ancient Sumer area, which proves that 5 thousand years B.C. Sumerians for curative purposes used cedar needle decoction.

Cedar trees are divided into four species, originating in Africa and Asia: Himalayan cedar, Atlas cedar, Lebanese cedar, and Cyprus cedar. The cedar is often wrongly called the Siberian Pine (Lat.: *Pinus sibirica*) and some other pine species. The Spanish cedar is called a tree (Lat.: *Cedrela odorata*), which is not even a conifer. Many other trees are botanically wrongly called cedars.

From the valuable cedar pine, you can use everything: cones and hidden seeds, lobes, needles, buds, shoots, resins, bark, wood. A strong antibacterial effect of the plant not only disinfects the air, but also makes it so strong that people who enter this room can feel dizziness and it can also cause faintness. Needles are a source of chlorophyll, phytoncides and vitamins, especially vitamin C. Nuts – a very healthy food and raw material for the preparation of valuable oil. Resin is suitable for wounding, but cedar wood - for household items and also for musical instruments.

Needle essential oil is good for refreshment and inhalation. Nut oil helps with gastritis and stomach ulcers. The oil can be used to soothe the skin and reduce pain due to irritated veins or eczema and psoriasis, burns and frost. If the skin is rough and crumpled, an effective additive for bath water is a cone scales in the bag. From the needle prepare vitamin flour, which promotes growth, metabolism, strengthens immunity. Needles quickly dry and grind. By the taste, the product does not stand out. Decoction or infusion helps to restore strength after severe illness, stimulates the body's defenses, strengthens nerves, heart and blood vessels, improves blood composition, therefore it is recommended after gynecological bleeding or surgery. They are also recommended for poisoning with smoke, car exhaust gases or alcohol, as well as for the cleaning and recovery of respiratory tract, if there is asthma, bronchitis, trachealis or pleuritic, pneumonia or pulmonary tuberculosis. Used for rinsing the irritated throat and mouth. To delight the taste buds and the health of the whole body, enjoy this moment when you can afford to eat a handful of nuts, not counting or weighing them. They contain a lot of valuable protein and polyunsaturated fatty acids, all the amino acids necessary for the body. Particularly useful to men, who wish to increase their potential. Chopped kernel and honey mixture – a delicious aid for healing stomach and duodenal ulcer. Nutshells are useful for making decoctions. It used to rinse mouth for to improve gum and tooth health. It also works against stomach cramps because the decoction has a spasmodic, pain-reducing and anti-inflammatory effect. Cedar resin can spread to crumpled lips, painful teeth, and inflamed gums. If you have a runny nose, it is good to rub well crisp-dry resin and inhale it. You can throw in a piece of your mouth and chew it if you have sore the digestive tract or the respiratory tract.

In the cedar nuts, only vitamin C is low but many of the vitamins A, B₁, B₂, B₃, B₆, E and PP. The protein content in pine nuts is believed to be particularly close to that of human tissues and can therefore be used up to 99% by the body. In cedar nuts, almost all of the essential amino acids are found. Fat content is high, 55-66%; Nuts are rich in polyunsaturated fatty acids, rich in minerals – copper, cobalt, manganese, zinc, iodine, magnesium, silicon, potassium, calcium, and the like. It also produces cedar nut oil, one of the most expensive in the world. Vitamin A is three times more than fish oil, but vitamin E is five times more than olive oil.

Eastern peoples in their dishes mostly use cedar nuts, but in Europe, they can be enjoyed with meatballs, rice dishes and roasts. Chinese pine nuts have a spicy, acrid taste, so they fit better into salads or on tomatoes and goat cheese. In turn, cedar nuts from Italy are suitable for decorating sweet dishes.

Siberian cedar nuts, which are harvested from the pinecones of the Siberian cedar, have been considered one of the greatest treasures of the taiga since ancient times. Siberian cedar tree is a symbol of strength, health and long life; it is called the Siberian palm, the holy tree and the Siberian giant. The close relatives of the Siberian Pine are Italian nut pine, with a milder taste. These nuts, which are not really nuts, but the seeds, are interchangeable with food. The Siberian Nut kernel alcohol tinctures has been used extensively for the treatment of gout, drinking a few drops per day for one month. Shredded nut kernels are mixed with honey and used in the case of gastric ulcer. A calorie-rich drink that helps the weakened body regain strength is the milk of pine nut, which is obtained from finely ground and water-soluble kernels. Apparently, therefore, cedar pine is also called a taiga cow. From nutshells or pomace left over after oil extraction, you can make baths, also adding bran to treat various skin inflammations and allergies, as well as soften rough, tangled skin. Since the shells are rich in tannins, they are used to make the tinctures and decoctions that are useful for compressions in the case of skin diseases. Cedar nuts are recommended to be eaten by children and adolescents as they promote physical and mental development and are especially beneficial in the period when the milk teeth are replaced by the real one. Regular inclusion of pine nuts in the menu helps to strengthen the body's defense ability, fight against allergies, and promote cardiovascular health. Healthy dieters consider it best to buy whole pine nuts and open them just before eating, otherwise many valuable substances may oxidize. Cedar nutshells are dense and solid; they account for more than half of the total nut mass. To make it easier for the kernel to come out, you can try to pour nuts for 2-4 minutes with a boiling water to soften the shell. Cedar nut oil is expensive, so it often tries to counterfeit it. To distinguish genuine oil from fake, it is recommended to pour it in a glass and pour water: the real oil will dissolve without residue, but the fake you will not be able to wash without detergents. Cedar nuts can be eaten alone or added to salads, as well as vegetables, fish and meat dishes (Shultz, 2018).

Cocospalm (Lat.: *Cocos nucifera*) usually grows in the tropical zone of the coast. This coconut palm is the most important species of the palm genus *Cocos* 36. The tree has 4-6 meters long fan-shaped leaves, with single-sex flowers in inflorescences on the stalk-like peduncle, with a triangular fruit, approximately to the size of the

human head. The outer layer of the coconut is dry, thick, and fibrous. It penetrates the roots of the germ; it also sprinkles with water. Underneath this layer is an environment in which, as a tree, a three-leaf fruit hinge and three sprouting holes (eyes) are visible, with seeds that have a thin layer of nutritional tissues (endosperm) in the middle of the hollow. It is partly filled with colorless, sour coconut oil. Cocos Palms are an essential component of tropical islands and important crops in tropical areas. Its fruit coconut people use in food. Cocos Palm grow up to 25 meters in height. It has a strong root system that prevents strong navy winds from pulling it out or overthrow it.

It is believed that coconut originated from tropical America. Cocos Palm with floating coconut spread itself over all tropical coastlines. Further, in the deepest coastal areas it has spread with human help.

A Venice merchant and traveler Marco Polo (1254-1323) (Pirenne, 1956) was the first European to describe coconuts. Coconuts are mostly harvested every year in the Philippines, Indonesia and India. In addition to coconut, people from coconut palms also produce other products, such as coconut oil and coconut copra, (dried fruit seed feed material).

Coconut contains 50% of lauric acid found in breast milk. Lauric acid disrupts the cell's membrane lipid layer for fungi, bacteria and viruses, thus destroying them. This suggests that coconut is ideally suited to the human body, providing it with many valuable nutrients, contributing to the body's functioning and protecting it. Coconut products are particularly suitable for people with intolerance to lactose.

Fresh coconut adds to fruit salad, biscuits, cakes and other confectionery.

Coconut water. Located in the new, green coconut. It is considered the second most natural product immediately after pure water. This water composition is almost identical to human plasma. Natural Energy Drink and Health Balance. Adding coconut juice to smoothies, they will get an airy consistency, and the sweetish taste will greatly soothe greed for extra snack.

Coconut manna (butter). It is obtained from "copra" – dried coconut pulp, or fresh coconut pulp, rolled around for about 24 hours until it obtains a creamy and homogeneous texture. Coconut butter can be used as an alternative to butter, yoghurt, sweet cream, to add to desserts, puddings, slices, to bread, and elsewhere - wherever your heart desires. Coconut manna is the same as coconut butter. Its characteristics are: organic, made from fresh coconut, contains fiber, protein and valuable fat, free of cholesterol, 0 trans-fatty acids, vegan Coconut manna (butter) is a unique addition to our beauty salon, it can be used as mask or serum for hair, as a moisturizing oil for the body, added to body scrubs and to heal the wounds, accelerating the healing process.

Coconut oil is extracted from "copra". All coconut fatty acids are consumed in the body for energy production, they are not stored in fat. In cooking, coconut oil is an alternative to any other vegetable oil or fat that can be used for cooking, grilling, and frying. Coconut oil does not lose its good properties during the heating process and does not form carcinogenic substances. Coconut oil, like coconut manna, is an excellent natural beauty product.

Coconut milk is obtained by filtering coconut pulp. Coconut milk contains vitamins C, E, B₁, B₃, B₅ and B₆, as well as minerals - iron, calcium, and magnesium – and fiber. The thickness of the coconut milk depends on how much fat it contains – the fatter it has, the more it is thicker. Coconut milk can be used as an alternative to animal milk. Particularly delicious will be morning coffee, various juvenile soups and fudge.

New coconut cores of buds and new leaves are used for feed (palm cabbage), from the cut flower yields syrup and palm sugar (jagara sugar), which turns into palm wine. However, cabbage and wine of coconut are expensive. So, it rarely used. (Beluza, 2018).

Macadamia Nuts (Lat.: *Macadamia Intergrifolia*) are among the most exclusive nuts. They have a wonderful and delicate taste. They were first discovered in Australia. Macadamia nut tree is an evergreen tree 2-12 m high, named after its discoverer, John Macadam. Europe was acquainted with these nuts only from 1828. They are a very important maintenance for aborigines - rich in protein and fatty acids. The vitamin B₁ contained in them is essential for the functioning of the nervous system, for regulating heart rate and for reducing stress.

Macadamia Nuts are the most expensive nuts in the world. Both because of the limited number of places where these nuts can be grown, and because the extraction of nuts is complicated and time-consuming. The macadamia nut itself is light in color, but before a very durable shell surrounds it, which is not easy to separate. The motherland of Macadamia is the Australian Southeastern Rainforest. Currently, they are grown elsewhere in the world, where the climate is appropriate, – tropical and subtropical, volcanic land – Hawaii, Brazil, South Africa, and California. There are other English names for this tree: Bush nut, Queensland nut, and Maroochi nut. Macadamia trees begin to produce nuts only at the age of seven. Initially, nuts in Australia were harvested only in the wild, until the first nuts garden was created in 1880, and in the early 20th century, Hawaiians began to supply the world with macadamia nuts. At present, Australia and Hawaii have the largest market share. In addition, today there are seven species of Macadamia trees, of which only two species produce edible fruits and which people are cultivating nowadays.

Macadamia nuts, like olives, contain a lot of unsaturated fatty acids (unsaturated fatty acids lower cholesterol in the blood, hence macadamia nuts in the menu are especially recommended for those who struggle with high cholesterol levels), with a significant amount (more than 86%), much more than other nuts we know. Of course, these nuts are calorie-rich, one nut contains 18 calories, but nobody will eat nuts as bread because they are substantial and nutritious. In addition, it is interesting that despite nuts are calorie-rich, they do not necessarily contribute to human weight gain, on the contrary, scientists have now figured out that nuts even help get rid of overweight, as along with fat contains many other valuable substances that normalize metabolism and promote more efficient product recycling. Macadamia nuts are rich in protein and fiber, as well as minerals – calcium, iron, magnesium, zinc, and selenium. Many of B vitamins, some quantity of vitamins C and E. Macadamia nuts can be eaten fresh, roasted, with a little salt or sugar. The taste is characterized by

sweetening and oily, creamy tenderness. They can be added to biscuits, cakes, chopped salad, and desserts. The most valuable ones will be in fresh form, because when heating part of the valuable fatty acids will disappear. Macadamia nuts, like any nuts, are recommended to soak in water for a couple of hours before eating, making them easier to digest and recyclable.

Only 2 out of 7 Macadamia varieties produce edible nuts, the rest of the nuts are inedible or even poisonous. (Lipska, 2018).

Almonds. Human has been cultivated almonds since prehistoric times, and today almonds are one of the most popular nuts in the world. The US (California State) is the largest almond nut producer in the world, followed by Spain and Italy. Almonds are still cultivated in Afghanistan, India, Iran and in Australia. Two almond trees – sweet and bitter almonds – are distinguished. Sweet almonds, (Lat.: *Prunus amygdalus dulcis*), nuts do not contain amygdalin, but bitter almonds contain amygdalin (a substance that forms a poisonous substance in contact with water) and therefore is not usable in the diet. Only sweet almonds are used in food production. In India, it is believed that almonds are beneficial to the brain, but in China, they are a symbol of women's beauty. Almonds are also mentioned in the Bible as "one of the most valuable fruits." Almond oil is more commonly known as an excellent cosmetic oil used in the manufacture of various cosmetics, while among the gourmets the almond oil, which is cold pressed is known as an excellent addition to various confectionery, desserts and sweets. Almond oil is also rich in biologically active substances, which is why it is especially beneficial for health.

The common almond (Lat.: *Prunus dulcis*) is a small tree or shrub of saplings. Almond tree or bush oval nuts with a fine aroma and unique flavors are very widely used. Almonds are part of a plum species, but they are often called nuts, although in fact it is a pile-tree fruit that grows in trees or shrubs. The appearance of this fruit core resembles a peach stone after its appearance. This tree has a long history – it has originated for four thousand years B.C. Southeast Asia Almond tree is mentioned even in the Bible (Bible). Today, this tree is very common in China, the Mediterranean coast (North Africa, Southern Europe), California (USA), Central Asia, the Crimea, and the Caucasus. The United States is the leader in terms of the quantity produced. It is followed by Spain, Syria, Italy, Iran and Morocco. Only almonds (fruits) are used from almonds. It produces two types of fruit: sweet and bitter almonds. Sweet almond, which looks like nut, is used for eating fresh, flaked, roasted, ground in various types of gourmet, pudding, almond baking, for biscuits, cakes, meat and fish dishes (especially the famous recipe – almonds with fried trout), they can be cooked in butter and served over vegetables, such as cauliflower, Brussels cabbage and broccoli etc., as well as almond oil and almond flour. Bitter almonds are not consumed in food. Of these, oil is mainly produced. Almond oil is used in pharmacy, medicine and perfumery production.

Almond droplets contain a high amount of oil, ranging from 40 to 60%, which consists mainly of oleic acid glycerides. Another part of the stones contains a high protein content, ranging from 20 to 30%. In turn, the amount of glucose and other sugars in the almonds varies up to five percent. The almonds have a large amount of

vitamins A, E, B, calcium (even more than cottage cheese), magnesium, phosphorus, manganese, copper, zinc, and iron. In particular, it is recommended to eat almonds in children as a stomach softening and appetite enhancing agent, as well as pneumonia, inflammation of the throat, as a sedative for heart failure. They should also be eaten in the event of meteorism, seizures, diabetes mellitus, migraines, bronchial asthma and headache. Medics have found that the almond core suppresses gastric juice secretion, so it is advisable to eat these nuts in stomach ulcers and in the case of duodenum inflammations.

Cooking. In many kitchens in the world, almonds are used to make different dishes. In Spain, almonds are added to the national dish – Gazpacho White, served with milk cocktails and grapes. In China, bitter almonds are used instead of spices for duck in Pekingese style, as well as national fish dishes and fried pork. In India, nuts kernels are fried in oil, along with sparkling oriental spices and added to homemade yogurt. In many countries, fried sweet and salted almonds are considered the best snack for beer and cocktails. Cakes, lots of candies and chocolates that use whole almonds to get a sophisticated and exclusive taste. Confectionery and food industry. Even the most famous mixture of nuts – the marzipan is unthinkable without almonds. As the old legend says, the marzipan was invented in times of agony, because at that time the only food in the city was almonds and sugar, which is why bread is baked from this mass. Today marzipan is considered the healthiest sweet food in the world. Almond water is also obtained from the almonds (almond oil released from the fatty oil, soaking for a few hours in water, then distilling a little alcohol, almond syrup, etc.). To peel off the almonds, put them to boiling water and keep there for 3-4 minutes, pour off the water, and the skin will peel off. Do not leave it for a long time, because then the almonds will creep and the skin will not peel off.

In medicine. Almond seeds produce valuable and expensive oils that have a softening, anti-inflammatory and antibacterial effect. This oil helps with bonding and edema, as well as the appearance of ear pain and noise. Almond flour is used in the event of blood poisoning and coughing. Crusted almonds with honey perfectly treats herpes, but mixing them with vinegar and wine – eliminates ringworm. The sweet almond seed is used to treat yellow fever, the marzipan mass is used to cough and treat depression. Several nuts, taken before drinking alcohol, will help you to not get drunk soon, and the hangover will decrease the next morning.

In many countries, the almonds are an irreplaceable decoration of the wedding ceremony. To date, the United States has a tradition to decorate a wedding party with blooming almond branches, because it is considered to be a great symbol of wealth, love and health for the new family. In Sweden, whole almonds are added inside a Christmas cake. According to the tradition, who will find this "surprise", will have a good next year. The ancient Romans regarded almonds as a symbol of fertility and a strong aphrodisiac, capable of waking up to the same extent the disappearance of sexual desire. Lovers of India and the Arab world certainly ate a handful of almonds before a night of love. In Russia, in ancient times, spirits were made from almond liqueurs. Today, many companies produce almond honey. The famous Italian brand Ferrero is no longer conceivable without candy with this gentle name "Raffaello".

On the other hand, this white lightness symbol is not conceivable without coconut shavings and whole almonds, and just these candies are considered a symbol of love and tenderness.

Not recommended for people allergic to almonds (nuts). The bitterness of wild almonds is poisonous, as it contains the hydrochloric acid that is released during the decomposition of glucoside amygdalin.

Walnuts. Walnut tree, the Persian walnut, English walnut, or Old World walnut tree species (Lat.: *Juglans regia*), is a summer tree, in rare cases a large bush with a wide crown. It is a large, up to 30-meter high tree with large, composite leaves. It starts to grow from the age of 10-12 and is very durable - it can reach even 400 years of age. Its fruit is a nucleus called walnut or Greek nut. Its core consists of four parts. They are crisp and look like a brain. Walnut tree is modest and very productive, so for many nations it is a symbol of prosperity and a long life. It grows wildly in Malaysia, the Balkans, Iran, China, Afghanistan, Himalayas and Tibet, Central Asia and the Arctic Ocean. It is also cultivated in Western Europe, the USA, Ukraine and Moldova. The word 'walnut' originates from the ancient name wealhhnutu, which means 'alien nut'. This was called walnut because it was imported from Gallia and Italy. In Latin, walnut was called nux Gallica or "Gallic Nut". The native country is Central Asia and the Caucasus. In Russia, Greek traders imported them about a thousand years ago. The walnut name also comes from Greek walnut. In ancient times, these nuts were considered as a universal remedy for all diseases. The Greeks called them the wives of the king and presented each other as a gift, as a sign of the best wishes. In the Roman Empire, they were not missing all the wedding ceremonies. Today, the Greek walnut is cultivated in the temperate climate area almost throughout Europe. Although walnut trees have been grown for thousands of years, various types of them have different origins. The English walnut is native to India and the Caspian region, also known as Persian walnut. Black and white walnuts originate in North America. They played an important role in the American indigenous life.

Although there are many types of walnut trees, the three main types of walnuts consumed on a daily basis are English (or Persian) walnut (Lat.: *Juglans regia*), black walnut (Lat.: *Juglans nigra*) and white (or grey) walnut (Lat.: *Juglans cinerea*). English walnut is the most popular form in the United States and has a thinner shell that is easy to remove with nut tweezers. The black walnut shell is thicker, harder to break, and has a distinctive, slender taste. White walnut is sweeter than English and black, but less common. Several dozens of varieties have been created based on these varieties.

Grey walnut, butternut (Lat.: *J. Cinerea*) – a tree with a straight trunk up to 30 m high and a wide crown made of the thick basic branches. Bark is grey, leaves 50-70 cm long, with 11-19 sitting, elongated echinoderms. Fruits 5-7 cm long, about 3 cm wide, 3-5 together. The beads (nuts) are black and brown, oblong. Manchurian walnut (Lat.: *J. Mandshurica*) – up to 25 m high tall wood with a low crown, made up of a few thick basic branches. The bark of new branches and shoots is light grey, smooth, for older trees it is dark grey, deeply wrinkled. Leaves up to 125 cm long,

with 9-19 almost assiduous leaves. Fruits are oblong or ovoid, at the end pointed, 4-6,5 cm in length; bone pointed dark brown. The Japanese walnut, long-leaved walnut (Lat.: *J. Ailantifolia*) – up to 20 meters high, wide tree with low branch and flying crown. Leaves 40-50 cm long, with 11-15 ovoid small leaves with short stalks. The fruit is a kernel with a weakly developed part of the fruit lining. The inner layer of the fruit shell is hard, wrinkled, covering a strongly croaking seed. Fruits are almost round, with a pointed tip, 4-5 cm in length; kernels are dark brown with sharp points. Heart walnut (Lat.: *J. Cordiformis*) – up to 15 m high tree with a wide, flying crown. Brown shoots with simple hairs, leaves up to 75 cm long, almost bare. Fruit in a cluster, often 8-12, round or ovoid, nuts squeezed, heart-shaped, smooth, with two sharp edges. Black Walnut (Lat.: *J. Nigra*) – a large tree with a slit trunk. Leaves 25-50 cm long, with 13-19 leaflets, the leaves are often not or are poorly developed. Fruit spherical, 4-5 cm wide; the stone cover brown-black, very thick, many small grooves. Texas Walnut (Lat.: *J. Microcarpa*) – Large shrub or tree up to 7 m high. Leaves 15-25 cm long, with 15-23 lancet, almost bare leaves. Fruits separately, round, 1.5-2 cm wide nuts with a thin black brown cloth and many deep grooves. Royal walnut (Lat.: *J. Regia*) – up to 35 m high tree with 1.5 (up to 2) m diameter and elastic sides of a full mound. The bark of the stem is grey, with deep cracks. Leaves 20-40 (maximum – 70) cm long and in the smallest number – only 5-9. The fruit is usually spherical or slightly elongated, bald; after ripening, the seed already falls out of the shell in the tree, when it opens or strikes the ground. Unlike other species, the nut has two smooth ribs along the seams, where the nuts are easily intersecting.

Walnut trees have been cultivated for thousands of years, and thanks to the Romans, walnuts have survived in European countries where they have been grown since the 4th century AD. Today, the largest walnut producer is China, with the second being the United States, followed by Iran and Turkey. Two of the best-known walnut varieties are Persian or English walnuts (Lat.: *Juglans regia*) and black walnuts (Lat.: *Juglans nigra*), but mostly cultivated are English walnuts. The nutritional value of both varieties is quite similar. Walnuts and other nuts are a concentrated source of energy. They contain a total of 700 kcal per 100 grams of product. The largest amount of energy is supplied directly by fat, the protein and carbohydrate content is lower. Walnuts are one of the plant products that contain many Omega-3 fatty acids. However, it is alpha-linoleic acid, which must be converted to active form in the body and converted to 10% of active Omega-3 fatty acids. Omega-6 fatty acids are much more. Walnuts are truly a valuable source of polyunsaturated fatty acids; just remember that Omega-6 fatty acids do not need to exaggerate the diet if they are not able to compensate for the equivalent of Omega-3 fatty acids. Walnuts provide the human body with all the necessary nutritional groups; moreover, you do not have to eat much. For the majority of healthy people, a small handful of walnuts will be quite enough to get a valuable dose of energy and nutrition. Walnuts are certainly a product that should be included in the daily diet, not only because of taste, but also in order to provide the body with valuable nutrients. Walnuts generically contain both minerals and vitamins, in particular the vitamins of Group B. Although a little, but they contain vitamin E and it mostly not in the form of alpha tocopherol,

but in the form of gamma tocopherol, and is associated with beneficial effect on cardiovascular system. Certainly, we need to mention the antioxidants – hydroxybenzoic acid, hydroxycinnamic acid, as well as various polyphenols, containing in walnuts. Walnuts are rich in products that are biologically active, which can make many good for human health.

Eating walnuts reduces low-density cholesterol, increases gamma tocopherol and omega-3 concentrations in red blood cells, thus improving blood quality. Regular consumption of walnuts improves blood vessel endothelial function and reduces the adhesion of the plates, thereby reducing the risk of cardiovascular disease. The unique composition of walnuts helps reduce the amount of C-reactive protein and tumor necrosis factor alfa (TNF-alpha), which is why they are useful as anti-inflammatory products. Eating walnuts can also help lower blood pressure, but the results are unclear, because the concentration of minerals in walnuts varies greatly. Walnuts can also be useful for people with metabolic syndrome and type 2 diabetes, as they can help to normalize altered metabolic rates. Walnuts fight oxidative stress and free radicals and help prevent damage to the DNA. Research shows that in the case of prostate and breast cancer, a higher consumption of walnuts can be beneficial (about 90 grams per day). However, in the case of breast cancer, most studies were done with animals. Walnuts can help reduce the risk of obesity as it supplies the body with valuable, inflammatory compounds and gives a feeling of satiety. Animal studies have promising results on the ability of walnuts to improve cognitive processes and stimulate brain activity.

Walnuts are widely used in pastry making. They are also added to salads, meat dishes and sauces. Caucasian peoples use extremely varied walnuts. The oil is pressed from the walnuts, and then the halva is made from the residue. Walnuts are a great addition to meat dishes, porridges, cheeses, sauces and confectionery. In Armenian cuisine, walnuts are preserved in sugar syrup. In Italy Nocino and Nocello have enriched the wines with a walnut flavor, while in Georgia, walnuts are mixed with other additives to produce walnut sauce.

Chopped walnuts can be added to vegetable salad, fruit salad, or sprinkle with chives and oven-baked vegetables. Walnuts can greatly enrich the appetizer (in terms of both taste and nutrition). Many different types of snacks can be made from walnuts, for example, they can be blended with dates and cocoa. Create small balls from the mass; this will be a great and sweet snack. Honey and crushed walnuts can be added to healthy dessert, soft or Greek yogurt. Walnuts will fit perfectly in the mix of different sauces. You can make granola (something like a muesli) – mixing oat flakes with dried fruits, spices and some honey.

When buying opened walnuts, they should definitely be kept in a closed container and preferably in a cool, dry and dark place to reduce the risk of oxidative stress for polyunsaturated fatty acids. There they can be stored for up to six months or in a freezer for one year. Uncooked walnuts should preferably be stored in the refrigerator or in a dark, cool place for no longer than six months. Nuts very quickly absorb various odors; therefore, they must be kept closed from other products in cold. Peanuts, pecans and walnuts are the most sensitive to deterioration. When

buying walnuts in shell, pay attention to the size of the nuts (to be heavy enough) and the shells are not cracked and flattened, which may indicate the presence of mildew. It is best to eat walnuts with the whole skin because it contains a concentrated amount of antioxidants. It would not be desirable to cook the walnut long, because the polyunsaturated fatty acids are not heat-resistant. If you want to take as much as possible valuable fatty acids, eat fresh nuts. If the digestion process of the nuts is cumbersome, they can be left overnight soaked in water. Then blot and dry up. However, the taste of such nuts will be less intense.

Walnuts are the healthiest of all nuts and should be used more often as part of a healthy diet, according to American scientists. According to researchers from the US Chemical Association, walnuts have twice the antioxidant levels compared to other nuts, and they are more potent than other nuts. Scientists have come to this conclusion by analyzing the chemical composition of nine different types of nuts.

Peanut or Arachis (Lat.: *Arachis hypogaea*). Annual and perennial herb. Peanut fruits, which people eat in their diet, unlike other legumes, ripen under the ground. By the botanical point of view, peanuts are not nuts. Groundnuts originate in South America, but nowadays they are cultivated in 15 other continents, mainly in tropical and subtropical countries. Majority of peanuts harvested in China, India, Nigeria, the United States and Myanmar.

Peanut fruits are very nutritious. They are used not only by humans but also by animals. They contain a lot of protein, niacin and iron. They also contain, in small quantities, thiamine, riboflavin and calcium. Peanut oil is also used to make different dishes.

According to the results of research carried out at the University of Florida, peanuts are particularly rich in antioxidants, substances that protect the body's cells from the harmful effects of free radicals. The antioxidative properties of polyphenols in peanuts, compounds whose chemical structure is similar to the antioxidants of red wine. Polyphenols are the most effective means of preventing cardiovascular disease. According to researchers, after nut roasting, the amount of polyphenols increases by 20-25 percent, and in their opinion, nuts become even healthier, which is hard to believe. When comparing the antioxidant effect of peanuts with other products, it turns out that nuts are on the same level as strawberries and gooseberries, catching only pomegranate, which is a recognized leader in the top of antioxidants.

The authors of the study do not recommend exaggeration with peanut eating. Of course, they, like other products with high antioxidant content, will help to avoid various diseases caused by free radicals, such as atherosclerosis, ischemic heart disease, premature aging and malignant tumors, but unlike vegetables and fruits, peanuts have a high calorie level, and excessive use of nuts in the diet can lead to overweight and obesity. So follow the measure.

Lychee (Lat.: *Litchi chinensis*) comes from East Asia. Lychee is an evergreen tree that grows from 10 to 28 meters in height. Currently, the largest exporters of livelihoods to Europe are Israel, Madagascar, and Thailand. In essence, the lychee is not a fruit, but a nut. Only the edible is not the core of this nut, but the white flesh around it. The bark needs to be brushed beforehand, but it is not hard. Best season

months: April-June; November-December. When buying fruits, look for them in pink or red, slightly soft, without spots, bumps and tears. If the lychees are reddish-brown, so it is time to harvest them. The brighter the lake the fresher. The skin of the fresh fruit is flexible, one that has existed for some time – crunchy. Lychees are not disturbed by the cool; they can be stored in the refrigerator. It is hard to talk about the taste of the lychees – some feel that the white, juicy jelly fruit resembles still unformed gooseberries; others attribute their taste to the taste of wine, blackberry, apricot, pineapple or grapes. Fruits to be used fresh or canned, while to refresh salad can be used the lychees vinegar. Lychees have a large, oval, reddish and shiny, uneven bone.

Nuts, including walnuts, are among the eight types of foods that most often cause allergic reactions.

Avocado. Avocado or alligator pear (Lat.: *Persea americana*). Aztecs called avocado – ahuatl, which means "testicle". This name is most likely because avocado fruits in the tree are hanging in pairs, thus very resembling these male genital organs. In one of the Colombian Indian (their distant ancestors are Aztecs) dialects avocados are called as "testicles" because they form bunches of two fruits. Avocado fruits, since the times of Aztecs, are usually collected by hand. Aztec virgins have even been banned from collecting avocados when they are ripe. Today, they are then stored until they fully mature for oil extraction. Avocado fruits have been popular not only because of its aphrodisiac properties, but also as a nutritious food. Guacamole, the most popular avocado sauce, made from tangled avocado pulp, as if cooked after the ancient Aztec sauce ahuaca-mulli recipes. In the 16th century, when Spanish troops captured Central American lands, they discovered that a large part of the local population's diet consists of avocados. They also discovered that avocado juice became red when it was oxidized and was used as ink for writing. Even to date, documents written with avocado ink have survived.

Avocado tree is native to Mexico and Central America. Archaeologists have found fossil avocado seeds, which are about 8,000 years old. Avocado has now spread to other parts of the world - the USA, Brazil, the Dominican Republic, Africa, New Zealand, Israel and Southern Europe. The avocado tree grows about 20 meters high and begins to produce fruits at the age of 3-6 years. The fruits can be green and brown in color depending on the avocado variety (Wolfe, 2009).

The natural range of avocados is from the south of Mexico to the south of the Andes. Fruits of different sizes and shapes. They are usually not bigger than chicken eggs. In rare cases, the weight of the fruit can reach 1-2 kg. The color of the fruit can be from green to dark purple. Although this fruit is not part of the "nuts" group, it is often mentioned with nuts. Therefore, the author here describes the avocado. Among American avocados, other fruits are distinguished by the fact that its chemical composition is like a vegetable, although it grows in the tree as a fruit. Avocado is an evergreen, fast growing. Its homeland is Mexico and Central America. Today, avocado trees grow wild in the Amazonian jungle. Avocado is cultivated in many American countries – from the US state of California to Peru, as well as in many other tropical and subtropical lands. Today, the major exporter of Avocados is

Colombia. Depending on the breed of fruit, the skin may be green or even black. There is a big bone in the middle of the flesh, the core of which is poisonous. The flesh is greenish yellow, with a delicate flavor and a pleasant walnut flavor. It can be eaten on bread as butter. Avocado fruits are very rich - they contain up to 30% valuable vegetable oils, 1.5% protein, vitamins: B₁ (thiamine), B₂ (riboflavin), C, D, E, P, PP, K, A provitamin, many minerals and trace elements – potassium, calcium, phosphorus, magnesium, low sugar – only up to 1.6%. One fruit contains about 275 calories. The avocado fruit of Mexican and Central American populations is as important as meat in other countries. The fruits of the avocado are harvested unripe. They also usually sold unripe in stores. The ripe fruit is a little soft - it can be pressed with fingers. However, if on the fruit remains finger marks, then it is over ripped. The color should be light green without dark spots. Ripen avocado fruits can be stored in the refrigerator for up to five days. Unripe fruits are stored at room temperature; they ripen in a few days. In order to quickly ripen, it is advisable to lay some apples or bananas next to it. Fruit is cut shortly before serving on the table, since the cut avocado flesh quickly oxidizes – it becomes dark. To prevent this, you can add lemon juice. Oxidation can also be delayed by inserting the bone in the fruit flesh. People with high blood pressure and atherosclerosis should eat avocado fruits. Avocados lowers blood cholesterol levels, cleans walls of blood vessels from cholesterol deposits and makes them more flexible. Memory improves; heart disease is reduced. Diabetics can also eat these fruits because they contain little sugar. Avocados protect the liver from various poisons and help with hepatitis. It is also recommended eating them for the treatment of malnutrition. Avocados are recommended for use in the diet if there is gastric acid to reduce acidity of the gastric juice. These fruits also help to prevent constipation. Folic acid in avocado fruit is very valuable to pregnant women, which reduces the risk of child abnormalities. Avocados should eat when they are freshly ripened.

When avocados are overripe, it quickly loses its good qualities. This is the stage when fibers already appear in the soft mass – such a dark net. This means that the rest of the content is already damaged and is no good for consume anymore. If to cut avocado and it is good, the fruit should not be stored until the next day – eat it right away. Avocados, like tomatoes, should not be stored in the refrigerator. In addition, some vitamins, antioxidants, polyphenols will be lost – the fruit will do no smell and is not valuable it anymore. Avocado gives you several benefits: prevents inflammation, aging, and improves blood vessel condition. As well, avocados and nuts in daily nutrition reduces the risk of atherosclerosis, thus being able to protect against stroke and infarction. Avocados are rich in folate, as well as with the vitamins of Group B, and antioxidants, especially polyphenols, have both heart-strengthening and anti-inflammatory effects. In addition, antioxidants vitamins A, E, and polyphenols have anti-inflammatory effect, and therefore prophylactic anti-cancer effects. Enhances immunity – both nuts and avocados contain a lot of vitamins and minerals. In addition, both of these products can perfectly replace meat as a valuable source of protein. Gives strength, cheers up, and strengthens the body as a whole. Improves the condition of the skin and mucous membranes. Avocados and nuts contain fat-

soluble vitamins A and E, so they feed the skin and mucous membranes. In addition, buttery avocado itself promotes the absorption of these vitamins in the body. It also promotes the absorption of valuable pigment carotenoids from other products. Therefore, avocado slices cut into carrot or bell peppers salad do not only well taste, but they can be added instead of olive oil. It has a beneficial effect on hormonal activity, and improves mood. Omega-9 fatty acids are involved in the formation of cell casing, in the synthesis of hormones, as well as in other processes. In fact, all high quality and natural food products can, to some extent, have a positive effect on health and well-being. The use of avocados clearly manifests ethnicity. As in Colombia, when used avocados, to whole and unprocessed pour with salt.

When avocado is overripe, it quickly loses its good qualities. This is the stage when fibers already appear in the soft mass - such as a dark net. This means that the rest of the content is already damaged and is no longer eaten. If the avocado is cut and good, the fruit should not be stored until the next day – eat it right away. Avocados, like tomatoes, should not be stored in the refrigerator. Also, some vitamins, antioxidants, polyphenols will be lost – the fruit is no longer rubbish and is not worth to use it anymore.

6.2 EXOTIC FRUITS IN HEALTH SECURITY

Vegetables and fruits have been identified by the World Health Organization as one of the main product groups in our diet. They contain many vitamins, minerals, carbohydrates and fiber, which helps to maintain normal weight, reduce heart disease and even the risk of certain cancers, as long as the fruits are properly combined. For example, apples contain high levels of fiber, but little vitamin C, while oranges and strawberries provide it. Seasonal products such as strawberries, currants, gooseberries, blackberries, raspberries are preferable. Additionally, one must observe moderation – that is a lot, it is a treat.

Apricot. Fresh apricots contain up to 27% of different sugars, mainly sucrose, vitamins C, B₁, B₂, B₁₅, P, plenty of provitamin A (just as much as egg yolk). Apricots are rich in various trace elements, they contain almost or half Mendeleev table - a lot of iron, potassium, magnesium, as well as phosphorus, calcium, sodium, even rare micronutrients such as molybdenum, nickel and titanium. Apricots contain organic acids - malic acid, tartaric acid, citric acid and salicylic acid. Apricot kernels are used as almond substitutes, such as Amaretto liqueur, as well as in confectionery. However, it should be remembered that the uncooked kernels are poisonous. Apricot oil is also obtained from the kernels used in medicine and cosmetics.

For health Improvement. Because of its rich vitamin and mineral content, fresh apricot juice is of great value for health reasons. Particularly recommended for drinking for pregnant women and young children. Because of the large amount of iron, apricots recommend eating if there is malaria. Apricots also normalize the acidity of the stomach juice, thus improving the function of the pancreas, liver and gallbladder. The apricot decoction makes the mucus of the gastrointestinal tract more delicate. Apricot juice helps in cases of intestinal colitis, especially when it is accompanied by

intestinal meteorosis and dysbacteriosis. They also help with cardiovascular disease. Due to the large amount of magnesium, apricots quickly and stably reduce high blood pressure, so hypertensive patients recommend a large amount of fresh apricots at the end of the summer. Apricots are also a good mouthwash; they help to get rid of edema. For this purpose, between five meals, seven times a day, drink 70 grams of apricot juice. Apricots should preferably be taken in the case of inflammation of the kidneys as they remove the harmful substance from the body. Apricots stimulate brain activity. Phosphorus and magnesium in them increase mental working capacity and improve memory. Especially this fruit loved by cardiovascular patients, as high potassium content improves heart rate, helps patients with angina and circulatory insufficiency, reduces heart and kidney edema. Those who use synthetic pesticides that wash out potassium are obliged to include dried apricots in their diet. Dried apricots contain many organic acids (especially citric and malic acids) that give the dried fruit a sour taste. Apricot carotenoids give orange color (the more pronounced it is, the higher the beta-carotene content). This fruit contains many vitamins B₂ and C, folic acid, catechins, flavonoids, iron and other trace elements. High iron content in dried apricots determines their therapeutic value in the treatment of anemia. This is very important for post-operative patients, pregnant women, nursing mothers, and girls at the beginning of puberty. Thanks to the pumsters and pectins in the apricots, the peristaltic processes intensify and digestion is activated. Asthma. People with a tendency to asthma or those with asthma are very often susceptible to dried fruits, and often these people experience seizures or breathing problems shortly after consumption of these fruits in the diet. This is directly due to sulphur dioxide, which causes respiratory problems, for people who are already in a weak position. While people with healthy airways do not have such problems in the studies. Sometimes, sulphur dioxide can cause stomach discomfort and discomfort in the abdomen when it is used in large amounts, and people that are more sensitive can react after a small amount of sulphur dioxide. Because molybdenum is a nutrient responsible for the detoxification process of this compound (including alcohol) (which is one of the digestive functions), the increased intake of sulphur dioxide can significantly reduce the amount of molybdenum in the body if it is not regularly replenished by the use of dietary lentils, cauliflower, eggs, oats, etc. Molybdenum is also responsible for the purification of the body from alcohol and its metabolism (it also has other functions), and its deficiency can be expressed as sulphite intolerance (dried fruits, wine) and alcohol intolerance. Vitamins A and B. Added sulphur dioxide brake vitamins A and B in food. Although evidence of adverse health effects of sulphur dioxide has not been thoroughly investigated (except for asthma cases, there are 20 deaths in which sulphur dioxide has caused anaphylaxis in asthma and airways).

Since apricots contain a lot of sugar, they should not be eaten in diabetic patients.

Bananas. Bananas can be eaten as the snack or with a larger meal. They are sweet, one medium banana contains about 15 grams of sugar. Many are deterring it, but for clarity, it should be noted that the apple contains about ten grams of sugar. One should not be guided by sugar alone, since bananas also contain fiber, vitamins C and B₆, manganese, potassium, magnesium and other minerals in smaller

quantities. If you need to reduce weight, you just should limit yourself to one or two bananas per day instead of eating three or more. The banana glycemic index (GI) is 42 to 58, depending on how it is ready, but in any case, the banana GI is not high. Therefore, even if you have to keep track of the amount of sugar that you eat, you can eat some bananas.

Bananas contain not only vitamins and minerals, but also other biologically active compounds such as dopamine and catechins. Dopamine is an important neurotransmitter in the brain, the truth is banana, and it cannot reach the brain to improve the human mood. Dopamine in this case acts as a powerful antioxidant.

Banana is a good source of potassium. A diet rich in potassium-rich foods can help people with hypertension reduce blood pressure and improve cardiovascular health in general. Since bananas contain both potassium and flavonoids, they are considered a product that helps reduce the risk of heart disease. Eating banana promotes the health of the gut, as it contains fiber such as resistant starch, which is fermented in the intestines and produced butyrate – short chain fatty acid used in the intestinal cells. In a study of 34 women, researchers concluded that when two bananas were eaten daily, after 60 days, bifid bacteria significantly increased and bloating, and no abdominal disorder was observed. Bananas are recommended for athletes to maintain a constant amount of energy and reduce the risk of seizures.

Dates. The Arabs believe that the date has 360 good qualities, but it is prototypical to appreciate only their peoples. Europeans, on the other hand, know that the dates are very rich in a variety of vitamins and minerals, which are good for the rushed Westerners. The Dates are also a good remedy for respiratory and nerve damage.

Kiwi. Kiwi is one of the healthiest fruits because it contains many useful substances for health. The fruit contains various vitamins A, B, C, D, and E, fiber, potassium, magnesium, copper, phosphorus, iron, manganese, calcium, zinc and other valuable minerals. It also serves as an antioxidant and helps to prevent the development of various diseases.

The exotic fruit helps regulate blood pressure: high potassium levels in the stomach reduce the effect of sodium that increases blood pressure; the stone protects and improves the condition of the human skin. The substances in the fruit help to naturally form collagen, which allows you to heal more quickly for various skin lesions and sores. Likewise, kiwi is used to reduce the symptoms of aging skin, such as wrinkles or sunspots. The kiwifruit can also be used to destroy various bacteria, which have multiplied in one wound. This fruit is rich in vitamin C, even more than in orange. If you use the kiwi regularly, Vitamin C helps fight inflammation of the skin. Likewise, the combination of kiwi substances protects human DNA cells, which means that the fetus reduces the risk of developing malignant tumors. The subtropical fruit contains substances that help reduce eye problems. The stone reduces the risk that the structure of the human eye will change over time because of which a person may experience visual problems or may lose eye light. An exotic fetus is recommended specifically for people with diabetes. Its glycemic level is very low, unlike other fruits. This means that the kiwi does not rapidly increase blood sugar. Due to the low glycemic level, the fruit also helps to fight overweight. Fruit

helps reduce the risk of heart disease. The substances in the fruit prevent the formation of blood clots. Kiwi also reduce triglyceride levels, thus helping to prevent infarction. Kiwi is also a natural way to reduce cholesterol levels in the blood.

Kiwi is fruit rich in substances that are necessary for the human body, which also helps to avoid various diseases. In order to avoid various colds, kiwi must be taken on a regular basis as it increases immunity. The use of kiwi also reduces the risk of developing various respiratory diseases, such as asthma, and reduces the chance of getting intestinal cancer.

Since the fiber and vitamins in the exotic fruit are so healthy for the skin, it is increasingly used as a fruiting green or yellow flesh, and for the use of brown peel for beauty treatments, both in the salon and in the home. It is possible to make different facial masks just from the fruit, which helps to tone the skin and make it healthier. Kiwi is also used in body scrubs, soaps and other products.

Lemon. The healing properties of lemon are in all its parts. The bark is rich in essential oils, it contains polysaccharides – pectins that help to destroy harmful microorganisms and regulate the functioning of the gastrointestinal tract. Lemons contain vitamins B₁, B₂, D, P, sugar and organic acids, high in potassium, phosphorus, calcium, magnesium, iron and the highest amount of citrine among all known fruits. However, the main vitamin – it is ascorbic acid. Vitamin C plays an important role in the metabolism process and promotes the nutrition of all the body's tissues. Lemons strengthen and make the tiny walls of the blood vessels more flexible. With undiluted lemon juice, it is advisable to flush your throat with an angina, while the diluted lemon juice is an excellent remedy for cartilage. However, rinsing the mouth with lemon juice will reduce the inflammation of the mucous membrane. It is recommended to drink lemon juice in the case of gout and salts depositions, for cholesterol lowering, appetite enhancement, and lowered stomach acid. In addition, lemon is used to dissolve kidney stones. Due to its low urinating effect, lemon helps to normalize the metabolism of the kidney ducts. Lemon juice can help even patients with radiculitis – the use of this juice gradually restores the sensitivity of the painful area. Many types of sclerosis treatments include lemon juice. Better to drink lemon juice not in pure form, but diluted in the following proportions: one glass of lemon juice diluted with a glass of warm water. If you wish, you can add a little sugar. Citrus fruits can cause allergies.

Mandarins. Mandarins are considered more valuable than oranges because they contain more antioxidants. Mandarins also contain many different biologically active substances and vitamin C (100 grams of mandarin – even more than 40% of the recommended daily intake of vitamin C). Mandarins contain high levels of vitamin C (albeit less than other citrus fruits) – one glass of mandarin juice is 28% of the recommended daily intake for adult human. Vitamin C is a powerful antioxidant that neutralizes free radicals in the body and strengthens immunity. Mandarins also contain beta-carotene and lutein, which helps to protect and provide good sight in a natural way, as well as zeaxanthin, which protects the eyes from high-energy light waves – especially needed for older people, as it also prevents aging. Beta-carotene is an antioxidant that can also be transformed into retinol, a form of vitamin A, which is essential for good vision and immune system improvement.

Mandarins also have phytoncids that destroy or weaken harmful microbial activity in the body. Calcium and phosphorus are very important substances for bone and tooth health. It is therefore important to absorb both these minerals in sufficient quantities as part of a daily diet, while protecting ourselves from osteoporosis. Another substance needed for bone health is magnesium. Magnesium and phosphorus deficiency is an uncommon problem in the body, while calcium deficiency is observed in a large proportion of people of all ages, according to Linus Pauling Institute's research. In this situation, although not completely solving the problem may help mandarin, as one glass of mandarin juice contains three percent daily doses for all of the three minerals mentioned. All citrus fruits contain many antioxidants, vitamins and folic acid, which are very important for reproductive health of men. Therefore, during this holiday, it would be worth men to eat some kind of mandarin or, watching TV, after eating, not with chips or patties, but with citrus fruits. Flavonoids are a huge group of "phenols" bioactive substances that are found in a range of plant products, mostly in fruit skins. It is believed that they help in the fight against various chronic degenerative diseases. Flavonoids, found in mandarins and other citrus fruits, can help reduce the amount of "bad" cholesterol, so they are healthy for cardiovascular disease prevention. There is also a presumption that isoflavones could help alleviate symptoms of menopause, such as hot spots, night sweats, irritability, joint pain, and the like. Much of the research really finds the correlation between taking isoflavones and hot flushes. Mandarins contain soluble and insoluble fiber that prevents intestinal absorption of cholesterol. The orange color stimulates the joy of life, so if there will be a full dish with mandarins on the table at home, this will certainly improve the mood.

Mandarin peel contains plenty of pectin, essential oils and organic acids, so it is no less valuable than mandarin flesh. Mandarin peel is best used for scabies or fillings. Spirit infusion from mandarin peel stimulates appetite, improves digestive system performance, and softens inflammation in the bronchial secretion and upper respiratory tract. In Oriental medicine, mandarin peel infusion, as well as its decoction, is used to treat bronchitis, cough treatment, and as an excellent remedy for digestive system activity. Mandarin peel should be used very carefully because it is treated with chemical substances, as well as with a special wax to give a shine.

Mandarin Pros: A good source of vitamins; mandarin juice strengthens the body, stimulates the functioning of the digestive system, and also shows antimicrobial effects due to phytoncides; saturates the body with the required amount of ascorbic acid, which also partly contributes to lowering the temperature during illness; Reduces edema, mandarins have a good effect on bronchi, because they contain thiourea (an amino acid type); prevents atherosclerosis and cholesterol deposition on blood vessel walls; is a good antidepressant; Mandarin orange color soothes the nervous system and improves the body's tone.

Mandarin cons: excessive passion for citrus fruits may have a negative effect on the kidneys and gastric mucus; for this reason, mandarins should be used with caution in those suffering from diseases such as colitis, gastritis, ulcers, nephritis, enteritis and cholecystitis; Mandarin stimulates the release of acids that irritate the

stomach and intestinal mucus; These fruits contain a large amount of sugar, so the excessive passion for this fruit can contribute to diabetes mellitus. Care must be taken to monitor the amount of mandarins your children eat, as the baby's body reacts very strongly to allergies; too much tanned mandarin can lead to excessive amounts of vitamins that can cause diarrhea and pimples, may be more sensitive to teeth due to citrus fruit acidity. In addition, although the fruits are supposedly "innocent" and even dietary, those who counts calories should be careful with mandarins. It turns out that a kilogram of mandarins will seamlessly deliver around 400 kilocalories. If you distribute a kilogram for the whole day, it will be 2-3 portions of mandarins, which is not much. However, you should not forget that mandarins are one of the strongest allergens.

Melons. From a health point of view, the most valuable is the melons with flesh which is distinctly orange, not pale yellow-orange color indicates the presence of carotenoids, of which the body is formed vitamin A. Melons contain more vitamin C than watermelons. A neat, bright orange melon can contain up to one third of the daily-required vitamin C in the slice.

Oranges. Nowadays, many people in the world eat oranges or drink orange juice every day, because oranges are one of the best and cheapest vitamin C sources. Orange and lemon juice is easier to squeeze if the fruits are kept in hot water for a moment. Unlike many other animals, the human body does not produce vitamin C. Therefore, people need vitamin C to eat regularly. (Vitamin C helps the body grow, heal wounds and fight infections.) Orange is a real find that helps you cope with several diseases and at the same time pamper yourself (remember; when you drink juice, do not drink it in one go!). It contains a lot of vitamins and a nutritional element that helps to fight vitamin deficiency, liver disease, cardiovascular and metabolic disorders. It contains pectins that help to cope with digestive problems and helps to remove toxins from the body. Orange juice improves sight, heals gums, restores the nervous system, strengthens blood vessels, protects against infections. It can be drunk at high temperatures, replacing water and tea. Helps with slimming. Oranges are also a very good source of fiber. However, they do not contain many minerals. It is best to eat orange with banana, because then people get all the necessary vitamins and minerals.

Orange with its beneficial properties gives people energy, improves health and is an important product in every person's menu. Orange helps to maintain and strengthen the body; useful substances that contain orange help the body effectively fight against viral illness.

Orange contains vitamins: vitamins C, P, A and B, microelements: potassium, boron, magnesium, calcium, copper, cobalt. Orange tree fruits contain 12% sugar. Oranges provide irreplaceable assistance to those people who have the support of a motion-based problem. They act on bone tissue and restore them. Group B vitamins are very useful if you have anemia and general body weakness.

If you compare the amount of vitamins contained in the flesh and skin, then the bark will definitely be the first. It contains substances that are more useful. People often simply throw away the orange peel and do not even think that it can be used to

make candied fruits; it is possible to eat it, or make kissels and compotes from it. Orange peel contains a lot of pectin. Pectin has a beneficial effect on the intestines and gastrointestinal tract. Thanks to pectin, orange gives a feeling of satiety, has low calorie, and ultimately it becomes a wonderful fruit for those who want to drop overweight. For several years, oranges have been considered and successfully used for the treatment of spring avitaminosis, for the treatment of constipation. Pectin, which contains oranges, has stomach-softening properties, it promotes stomach outflow and prevents the growth of the intestinal tract from rotting fungus. Oranges reduce the level of cholesterol in the blood (it helps to make pectin and essential oils) and is an effective heart disease prophylaxis. Thanks to laboratory tests, it has been discovered that lemonades and folic acid, which contain orange, are capable of preventing cancer cells from forming. Fruit pulp contains a large amount of vitamins, pectinates and citric acid. Pectic acid and citric acid are phytoncides – substances that are considered as natural antibiotics. In the old days, the oranges, due to their characteristic of eliminating microbes, were used as therapeutic preparations. Oranges are very useful for women because they contain a large amount of folic acid. Folic acid prevents the formation of many congenital diseases. Orange loses a very large part of its valuable properties when it turns into orange juice (even if freshly squeezed orange juice). From oranges, just like other citrus fruits, do not need to remove white partitions because they contain much more useful substances than fruit flesh. They contain pectin and bioflavonoids. A large part of the vitamins is found in the skin and white orange tissues, and vitamins do not get into the juice. However, this does not apply to sugar; it has nothing to do with moving to orange juice. It is recommended 2-3 times a week to eat salad from apples and oranges for dinner. Drink unsweetened green tea.

It is not advisable to eat oranges right after eating and before going to bed – you can earn heartburn in the stomach. It takes at least 30 minutes after eating, and you can eat oranges. Eating better when sliced, cut with a knife is not desirable.

Papaya. Tropical fruit has many valuable substances that help in the fight against various diseases and prevent them from occurring. The most commonly papaya fruit is recommended for use to people with different stomach problems – gastritis, stomach ulcer, and hyperacid. In addition, papaya substances not only improve the gastrointestinal microflora but also act as a pain reliever. This is one of the reasons why papaya is recommended to eat or use in liquid form, if a person is suffering from pain. In addition, as a pain reliever, not only the flesh of the fruit operates – there are such varieties of papaya fruit, the leaves of which are used for healing external wounds. Since the papaya's flesh contains different enzymes, the fruit should be used in cases when the person ate too much. Papaya helps to digest the food, recycle it. It also regulates the activity of the intestinal tract, reduces meteorism and hemorrhoids. Since the exotic fruit contains a lot of vitamin A, papaya is also used to improve the condition of the skin and to get rid of dead cells. Papaya also helps to smooth the skin surface, so it is recommended to use it externally for people who are trying to eliminate signs of aging – wrinkles. Papaya also contains substances that can help you get rid of overweight. Consequently, papaya is recognized as an

effective means of slimming. Like mango, papaya is considered one of the natural products that can prevent cancer cells from forming. Although the papaya fruit has many substances for the human body, it is not recommended for use during pregnancy. Substances present in it can cause spontaneous abortion.

Papaya improves the sense of health in various digestive diseases – ulcers, colitis, gastritis, etc., helps to prevent constipation, and reduces the body's requirement for insulin in patients with diabetes. Papaya is useful if the acidity of the gastric juice is elevated, especially in the case of ulcers. Papaya contains proteolytic enzyme papain, which cleaves the protein peptide bonds, has analgesic effects. Papain injections are used as an analgesic for intervertebral discontinuities. Papaya has amebocytic, antibacterial, bile excreting, antipyretic, hypotensive, anti-helminth properties and improves abdominal motility. Promotes digestion, normalizes menstrual cycle and has a beneficial effect on the tissues of the thoracic region.

The most commonly used papaya fruit is recommended for use by people with different stomach problems – gastritis, stomach ulcer, and hyperacid. In addition, papaya substances not only improve the gastrointestinal microflora but also act as a pain reliever. This is one of the reasons why papaya is recommended to eat or use in liquid form, if a person is suffering from pain. In addition, as a pain reliever, not only the flesh of the fungus operates – there are such varieties of papaya fruit, the leaves of which are used for healing external wounds. Since the papaya's flesh contains different enzymes, the fruit should be used in cases where the person is transfused. Papaya helps to split food, recycle it. It also regulates the activity of the intestinal tract, reduces meteorism and hemorrhoids. Since the exotic fruit contains a lot of vitamin A, papaya is also used to improve the condition of the skin and to get rid of dead cells. Papaya also helps to smooth the skin surface, so it is recommended to use it externally for people who are trying to eliminate signs of aging – wrinkles. Papaya also contains substances that can help you get rid of overweight. Consequently, papaya is recognized as an effective means of slimming. Like mango, papaya is considered one of the natural products that can prevent cancer cells from forming.

Pineapples. American discoverer Christopher Columbus brought pineapple to Europe. Although this tropical fruit contains 90% water, it also contains a lot of valuable minerals and vitamins. When eating a small piece of food, you can take the daily dose of vitamin C in your body. This vitamin stimulates the immune system and is a powerful antioxidant, so nutritionists recommend eating at least one pineapple slice before eating. The fruit core is also valuable because the bromelin substance in it does not allow the body to accumulate fat and helps to burn it actively. In turn, the juice promotes the removal of excess fluid from the body, helps to overcome cellulite. Ripen pineapple contains a lot of carotene and potassium, which has a beneficial effect on the skin and blood circulation. This fruit is also rich in various minerals – copper, zinc, phosphorus, magnesium, iodine and calcium, as well as fiber, vitamins A and B.

When it comes to overeating, the sense of heaviness in the abdomen helps to reduce the pineapple slice at the end of the meal. Overeating pineapple can cause burning of mucous membrane. This phenomenon is caused by the fermented enzyme

bromelain. Scientists have carried out countless experiments with bromelain and found that it can be used to remove dead tissue in severe burns or as an effective remedy for inflammation, blood clots, and possibly cancer. This enzyme is able, for example, to split specific proteins into the cell membrane, thus inducing them to change their behavior. Therefore, bromelain may, for example, prevent the formation of metastases.

Pitayas. The dragon's fruit is low in calories, high in fiber, vitamins, minerals and antioxidants. In Malaysia, this fruit is recommended for people with diabetes to maintain optimal blood glucose levels. Used before eating, the dragon's fruit stimulates the digestive system and is able to relieve the symptoms of chronic gastritis.

Pomegranates. Pomegranate is definitely a rich source of fiber, A, C and E vitamins, iron, iodine, potassium, calcium and silicon. This fruit is a real treasure storehouse and contains 15 amino acids, six of which, apart from pomegranate, contain only meat and are indispensable for the human body. Therefore, pomegranates should be on the menu of any vegetarian. Pomegranate is nutritious - a glass of pomegranate juice contains ascorbic acid, sugars, tannins, and contains more antioxidants than a glass of red wine, green tea, blueberries or cranberries. The ancient Egyptians used pomegranate to treat dysentery and withdraw from the body, but the Sri Lankans make a decoction of pomegranate flowers and use it as prophylactic against eye infections. From pomegranate seeds, squeezed out a very high-quality oil that is rich in purely pomegranate fatty acids, gamma linolenic acid, which is used to treat cancer.

Seeds contain punixinic acid – conjugated linoleic acid, which has a potentially beneficial effect on the body. The pomegranate's peel contains about 3 times more polyphenols than seeds, which is why the extract is made directly from the skin. Pomegranates have the ability to reduce inflammation. Studies have shown that pomegranate has beneficial effects on inflammation in the digestive tract, and acts on breast and colon cancer cells. In a study in patients with type 2 diabetes, who received 250 ml of pomegranate juice daily for 12 weeks, it was observed that the inflammatory markers (CRO and interleukin-6) decreased by an average of 30%. Pomegranate can help reduce blood pressure. In a study, in which hypertensive patients received 150 ml of pomegranate juice for two weeks, it was found that the juice exhibits hypotensive effects. Pomegranate juice may also be useful in combating bacterial and fungal infections, for example, if there is *Candida albicans* or inflammation of the mouth. Pomegranate juice can help with memory problems. A study of 28 elderly people who consumed around 240 ml of pomegranate juice daily found significant improvements in verbal and visual memory. Pomegranate juice can improve athletic performance. It contains nitrates that increase blood flow and reduce fatigue.

Pomegranates and their juice are a good anti-aging remedy. Contains a large amount of antioxidant that is capable of perfectly overcome free radicals that significantly affect the normal functioning of the cells by trampling ions from normal, healthy cells and genes, damaging them and sometimes causing mutations, gradually forming cancer. Derma – the outer layer of the skin made of collagen and elastic fibers. The wrinkles and wrinkles appear on the face as soon as the collagen

and elastic fibers begin to decay. Vitamin C is an integral part of the collagen formation process, allowing proteins to become more potent. Only one medium pomegranate contains 48% of the required daily intake of vitamin C. Pomegranate juice gives many good to our skin. Its fine molecular structure helps to provide the skin with the necessary moisturizing deeper. Pomegranate juice helps fight pale and dry skin. Vitamin C in the fruit reduces irregularities as soon as it is applied to the skin. Crushed fetal seeds perfectly perform the peeling function. Pomegranate enhances the digestive system and blood flow that promotes skin shine and a healthy look. A glass of juice on the day can produce great results. Inflammation plays an important role in the development of acne. Antioxidants in the fruit fight free radicals, which damage the cells and tissues, causing inflammation in the body. Vitamins in pomegranate help regulate the sebaceous skin, an oily secretion that promotes the formation of acne. The acids in the fruit and polyphenol help to heal sunburns and are known to reduce sun damage. Researchers say fetal juice can help reduce the negative effects of UV rays and prevent skin cancer. Kidney health: Recent research has proven that pomegranate extract protects the kidneys from the harmful effects of various harmful toxins that damage them. Liver Health: Through long-term research, it has been discovered that this fruit's juice cannot only protect the liver but helps restore this vital organ if it is already damaged. For the immune system: this exotic fruit and its juice are full of vitamin C, which can increase / increase the immune system, which is essential for quickly cope with colds and various illnesses. An anaphylactic: The fruit contains polyphenol is a unique antioxidant that is able to reduce the allergy-inducing biochemical processes in the body. It also increases the protection against nerve stress, cancer and diabetes. Heart Disease Prevention: Scientific research reveals that pomegranate improves the body's ability to synthesize cholesterol and destroys free radicals in the circulatory system by protecting against the development of various cardiovascular diseases. Reduces prostate cancer risk: Various research findings have found that pomegranate and its extract can cause cancer cell death. Protects from Breast Cancer: Scientists have long studied the effects of pomegranate juice and its nutrients on breast cancer cells, concluding that this fruit and its products are able to prevent their progression. It has been shown that the consumption of this fruit reduces the development of two essential types of skin cancers - basal cells and squamous cell carcinoma.

Pomegranate the phytonutrients – a number of chemical compounds which has high biological activity and positive impact on our health by protecting it against adverse environment – germs, viruses, and various pathogens interact with our genetic material, substantially protects the body. Studies have shown that pomegranate extract can help prevent high blood pressure associated with fatty foods. Regulates the metabolic syndrome: which is a sugar metabolic disorders, which increases the likelihood of developing type 2 diabetes, ischemic heart disease or coronary when this important organ is not adequately supplied with blood and oxygen, causing heart attacks and cerebrovascular risk of blood circulation in the legs, small blood vessel damage in the kidneys and eyes – in diabetic patients; gallstones, gout, etc. The study results demonstrated that pomegranate helps regulate blood sugar levels, improve

insulin sensitivity, fighting inflammation processes in the body and improves many other factors associated with the metabolic syndrome. This fruit helps to reduce weight too. Recent studies have found that pomegranate extract increases the effectiveness of various drugs that treat the negative microflora. Protects against Alzheimer's disease: This fruit can prevent or slow down the progression of this disease. Protects from osteoarthritis: it affects the joints, causing inflammation or arthritis, which is the most common chronic disease in the world, affecting ~ 151 million people worldwide. In the case of osteoarthritis, the joint capsule, joints bone surfaces and joint joints are involved in inflammation, with decreasing and lowering the joint of the cartilage layer. Scientists mention pomegranate as a beneficial remedy for this heat, as it contains essential, healing phytoozetes – ellagic acids and polyphenols. Pomegranate juice contains phytochemical components that stimulate serotonin and estrogen receptors, which can have a beneficial effect on depressed and depressed people. It is recommended to juice this fruit juice in case of weakness, affliction, atherosclerosis, respiratory infections, bronchial asthma, angina, radiation irradiation. Pomegranate juice is undeniably healthy, but too much of it should not be used because it contains many acids that can cause stomach problems. In addition, juice with a lot of sugar should be avoided. From local fruits very useful are local apples.

Apple. Contains iron, pectin, fruit acids, organic acids, potassium, phosphorus, calcium, a lot of vitamin C. Healing properties - lowers cholesterol and prevents heart disease, removes salts and toxins from the body, helps to heal lung diseases, recommends it to be used if there is a great deal of mental stress.

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CHAPTER 7 INNOVATIONS IN EDUCATION

"HISTORICAL NOVELS OF ALBANIAN LITERATURE IN THE MODERN ERA" (THE TYPOLOGY AND CHARACTERISTICS)

7.1 The typology of Albanian historical novels

7.1.1 Models of European historical novels in Albanian novels

Studies on Albanian historical novels dating approximately 30 years ago are mainly developed on the structure of literature type in general avoiding the theoretical and historiographical background based on which we find attempts over abstract models.

Such a method distinguishes the dominating features of the type from lateral ones or those of new elements, which are highlighted to later define the structure of a new type of fiction.

It is nearly two centuries ago that historical novels are being written in other European literature, while in Albanian ones, it points out the beginning of the genre with "Shkodra e Rrethueme" of Ndoc Nikaj in 1913.

Historiographical studies claim that historical novels in the Balkans showed up after national independence. From this point of view, we may talk about cultural changes in Albanian reality political ideals intersecting with Romanticism aesthetics only in the beginning of 20th century.

The main characteristic of the novels in this period, where the historical narration makes the most developed type of fiction, is the intersection of romantic spirit with the national affair. The presence of the novels in Albanian Literature is the result of complicated changes among the genre, which created the "literary conjuncture". As in other European literature, intermediary types like narrative poems, which were often seen as novels, lyrical romance or poetical texts preceded it where we "*meet the embryo of novelist life*" as the researcher Nasho Jorgaqi says⁴⁸.

Both European and Albanian historical novels were written on romantic awareness, but the later preserved it longer due to existential motives rather than political ones. The main feature of our novels is its "impetuous" development in the beginning of the 20th century based on models of European classical historical novels in which emerged elements of romanticism, sentimentalism and realism too.

Albanian historical novels are later in time than both European and Southeastern European novels. Nevertheless, it is studied in the context of the European type in general, out of which we may outline the research over "Shkodra e Rrethueme" of Ndoc Nikaj under the genre models of historical novels of Manzoni and Scott⁴⁹.

Historical novels of the first phase could not create the stylistic formations, which were fully consolidated in European literature.

⁴⁸ Jorgaqi, Nasho, *Anthology of albanian aesthetic thought*, (Tiranë: Plejad, 2003), p. 12

⁴⁹ *Critical studies, in which, Nikaj's novels give the impact were influenced by Scot's novels, Gjovalin, Kola, Ndoc Nikaj "Dhe burimet e romanit shqip", and Bajram Krasniqi, "Poetika e romanit historik shqiptar"*

In the development of Albanian novels, we find the historical past parallel to simultaneity, the emerge of historical fiction under postmodernist structures. The Albanian historical novels of the 20th century developed nationalism and fiction, attacked simultaneity and protected political stability. Albanian literature gradually developed some distinguishing features and poetical elements, which avoided the structure of the type and the primary, secondary inclination. The personality of the character and the plot serving the character were features of the novels development.

We should outline the features of historical novels in some authors of the second half of the 20th century, such as Sabri Godo, Bilal Xhaferrri, Ismail Kadare, Dhimiter Shuteriqi, Skender Drini, Zejnullah Rrahmani, Mehmet Kraja, Mira Meksi, etc.

The above-mentioned preserved historical awareness outlined realistic features, which developed fiction and historical anthology serving the actuality. Another feature is that it does not contradict the classical novels but benefits elements and poetical techniques from it. In general, it is characterized by critical awareness towards history, which in fact is unbundled patriotic awareness.

Modern historical novels is going into thoroughly the philosophy of history avoiding intrigues, strengthening contemporary thoughts in the recreation of historical characters portrayed in universal colors⁵⁰.

The combination of the types is a sign of inner development of the literature; it emerged after the changes that sociocultural Albanian structure suffered after 1990s. V. Shkollovski says: "*The canon of the novel may be easily subject to modification*"⁵¹.

7.1.2 Scott's and Manzoni's model in the historical novels of Nikaj, Harapi, Postoli

The physiognomy of Albanian historic novel was determined by W. Scott's novel, who represents the most influencing model of the continent, which had a great influence on the prose of N. Nikaj, Z. Harapi, and F. Postoli⁵².

⁵⁰ Kodra, K. (2009). "Romani elitar dhe romani i masës", në *Aktet e seminarit ndërkombëtar për gjuhën, letërsinë dhe kulturën shqiptare*. Prishtinë: Fakulteti i Filologjisë, p. 158.

⁵¹ Flaker, A. "Çështje të romanit" (Prishtinë, 1980), p. 303.

⁵² Hammet, B. (2011), *The historical novel in nineteenth century Europe* (Oxford University Press, 2011), pp. 74-78.

* *The Historical novel appeared for the first time in literature scene in 1814, with "Waverley", from Walter Scot, more than a decade later it would mature and create a full autonomy, and this was the fact that made the author known as "Homer of the historical novel" and his act was known for the next decades as the genres prototype, with an extraordinary success in the first middle XIX century in Europe, and also the predecessor of realistic novels. After the anonymous publication of "Waverly", Scott would fully dedicate himself to the historical novel, firstly by focusing in the last time of Scottish history and the relationships between Scotland and England. From 1819 and later he adjusted his events outside Scotland even in earlier time, mostly in the medieval times, in novels that would testify his extraordinary skills, in the resurrection of the past, which would testify that Scott feels better in his territory, in the novels of the first period, when he faces with the latest Scottish events, in which he was involved. Meanwhile, more than 60 years later, new perspectives, in all types of historical situations created the right clime for the writing of fictional novels (prose), which were related with the past; the difference between the returned past in the historical novels, which were based in a careful study of books, documents, archives and the "fluent" past in a historical novel that imagined the emotional responses of fictional characters, who had lived a time ago than the writer himself, which was argued and placed in his framework, known as the novel of traditions (costume novel).*

The first two based on Italian translation of Scott's novels and later on English ones during his stay in the USA. The following make up homogenous grouping:

- "Goca e Kacanikut" (1911) of Milto S. Gurra;
- "Shkodra e Rrethueme" (1913), "Fejesa n'djep ase Ulqini I marrun" (1913), "Bukurusha" (1918) "Burbuaja" (1920), as well as others by Ndoc Nikaj;
- "Pushka e Tradhëtarit" (1914), "Peng a rob" (1930-1933) by Zef Arapi;
- "Për mbrojtjen e Atdheut" (1919), "Lulja e Kujtimit" (1924) by Foqion Postoli;
- "Miq të Vezirit" (1943), "Shtregullat" (1940) by Luigi Thaci;
- "I fundmi i Kastriotëve" (1944) by Andon Frashëri;
- "Kalorësi i Skënderbeut" (manuscript, published in 1968) by Haki Stermilli;
- "Kthimi i Skënderbeut ne Krujë" (1929) by Llambi Dardha.

The above-mentioned novels have one thing in common with the Scott's model: *the role that history plays as picturesque background where love intrigues are set*⁵³. The plot develops into two parallel lines: the war for national liberation and love between youngsters. This feature mainly characterizes romantic historical novels.

The intrigue of "Shkodra e Rrethueme" is inspired from the political and warfare episodes of 1908-1913 in Shkodra. The escape of the main character from the Turkish Army and the war in Tuz and Shkodra suburbs reveal the writer's attitude towards the historical situation. Parallel to the historical development we find the love intrigue between Ndoci and Lezewhose's father wanting her to marry a rich man from Shkodra. The happy-ending matches Scott's, Manzoni's and Hygo's genre.

The narration misses some features of classical historical models such as the chivalric spirit and archaism. Nikaj's aim to find historical truth has harmed the aesthetical values of the novel.

Another feature of Scott's classical model is the *heroic spirit some protagonists transmit*; we may mention here Ndoci at "Shkodra e Rrethueme" or Dhimitri at "Lulja e Kujtimit" who are characterized by passion closely related to ardent love for their country⁵⁴.

*"Tomorrow night I have to leave Shkodra, while I have sworn to give my life for my country, Albania, you should give your heart to it"*⁵⁵.

The making of Nikaj's characters through frequent travelling or abductions remind us of tales, legends as well as traditional ballads.

⁵³ Ndoc Nikaj; *Marcja* (1898). *Shkodra e Rrethueme (pjesa I-II)* (1913); *Tivari marrun* (1915); *Bukurusha* (1918); *Ulqini marrun (dorë e dytë)* (1918); *Lulet në thes* (1918); *Berbuaja* (1920); *Motra për vllan* (1924)

⁵⁴ Welsh, A. (1962). *The Hero of the Waverley Novels* (Princeton: Princeton University Press, 1962), p. 62
* Referring to the independent past of Scotland, Scott created series of heroic characters, undefeated warriors, related closely to the tradition, with customary life and its Celtic past. In his study "Hero of Waverley" (*L'Eroe Della Waverley*), through which A. Welsh aims to specify the characteristics of the modern novel, its prototype is seen as a representation at "Waverley". The author claims that Scott is not purely a realistic. It means that he is not a mimetic design of the modern life or the past. He points out that the Scottish author never criticized the society of his time and never fully reached to get in the tradition of romanticism, as a writer who has "full knowledge of the heart". According to the critic, the characters of Scott are insensitive, with a few exceptions.

⁵⁵ Ndoc Nikaj, *Shkodra e Rrethueme* (Tiranë: Publisher "Naim Frashëri", 1961), pp. 96-97

In Nikaj's and Postoli's narration, *fiction characters interact with real historic people*. Nikaj matches Scott's model through the fact that famous historic characters play secondary roles, they appear to be stylistically motivating the novel composition when important historical events are being described through historical reminiscence and time resettlement in the future (*analepsis*, *prolepsis*).

We find some exceptions in Skenderbeu, Hamzai, Sultan Murati II at "Kthimi i Skënderbeut në Krujë" by Llambri Dardha or "I fundmi i Kastriotëve" by Andon Frashëri. In Nikaj's Postoli's and Harapi's novel, protagonists appear to be fiction characters representing the "average hero" (not mediocre)⁵⁶. They are characterized by virtues as wisdom, stability and moral dignity but not by extraordinary qualities. In Nikaj's novel as well as in others of the grouping, the narrator is in third person. He often combines with first person integrating with characters through epistolary discourse.

In addition, in the discourse structure of Albanian historical novels, *we find the combination of various discourses such as historiographical, literary, epistolary, ethnographical, etc.*⁵⁷. A special function is attributed to the love letters exchange, like Ndoci and Leza by Nikaj and Dhimitri and Olimbi by Postoli. In Nikaj and Harapi, we frequently find examples when discourses come out as chronicle or proof.

Generally, Nikaj's novel is characterized by a heterogeneous structure. Historical elements are transformed into literary ones, while historical language is substituted by artistic truth. One of the most important qualitative restrictions of Nikaj's novel characterizes the lack of representing characters with their real mental, intellectual life and psychological characterization. They are the result of Nikaj's concepts of history. To the author, real artistic values of the novel consist in its plot where characters face many difficulties and in the end, they got married and educate their children a patriotic spirit.

Even though Scottish novels had a great influence on the literature of the continent, Nikaj's and Harapi's prose were mainly dominated by Mazoni's model.

Traces of the historical novel "Të fejuarit" by Mazoni are generally seen in "Fejesa n'djep" (by Nikaj) and "Pushka e Tradhëtarit" (by Harapi) whose characters strongly believe in God.

Talking about similarities, we can draw attention to the way Renzo and Lucia/ Ndoci and Leza fall apart because of historical circumstances.

⁵⁶ Scott with his selection and the creation of heroes, in his novels, expressed his conviction that people, being ordinary in appearance, do not reach to express their feelings in the most powerful way. This is the reason, that even though he knew the commercial value of certain names like, Alfred or Elisabeth in England or Wales, Bruce in Scotland; he showed maturity in the scale of putting such names in novels, which were related to past events, would exaggerate the expectations of the book sellers or the reading public

⁵⁷ Marchese, A. *Il testo letterario* (Torino: Societa Editrice Internazionale, 1995), p. 169. * According to Bachtin, the narration is a "polystylistic, polydiscursive, polyphonic phenomenon". Stylistic because it mixes heterogenic stylistic units placed in different plans of language, discursive, because the novel reflects a society stratification of language (dialects, jargon, professional ways of speaking), which carries a rich ideological dialectic, polyphonic because narrating means giving the word to as many characterized voices in the social aspect, even more, being in contrast with each other

According to the researcher Ali Xhiku, *these authors base on thematic-structural archetypes of historical novels, which drew attention to the fight between right and wrong; thank Goodness, the first always prevailed*⁵⁸.

Even Koliqi claimed such resemblance. The greatest resemblance of Nikaj and Harapi's novels to the Mazoni's is the illuminist character and didactic spirit; alongside war, we find attempts to cultural emancipation⁵⁹.

For both Mazoni and Nikaj, historical novel conveys political, social, cultural and religious ideas. The history from Scanderbeg time to the declaration of independence is the foundation to understand actuality and social perspective of Albania. Nikaj appears to be a traditional innovative writer whose novel bears modeling macro structural effects; it carries a new way of composition, which did not exist before. In conclusion, we may say that Nikaj's, Harapi's and Postoli's novels are greatly influenced by Scott's and Mazoni's historical classical model.

Historical novels of this grouping represent romantic thoughts, even though we find sentimental and realistic elements in them. Idealism and schematization of many important topics of Albanian literature are obvious here⁶⁰.

History, to most of these novels, remains an ornamental scenario where narration bases on, while characters lack simplicity and psychological characterization.

Albanian historical novels of the first period could not create stylistic formations, which in European literature were fully consolidated. This genre, up to 1944, was edition restricted. In general, this genre, until 1944 had a limited production, like all the artistic prose of that time, which showed visible changes in the trends and in its novel⁶¹. We conclude that, *historical novels of the first phase, based on European models, make brief tradition and appear to modestly cultivate the genre*.

Drawing attention to the historical past of Albanian literature of the early 20th century is an important aesthetical guarantee to promote national Albanian identity.

Author's tendency to set narrative stories into historical background, except for their patriotic spirit and romantic historicism, should be considered as means of expressing political crisis and lack of spiritual and cultural life in Albania.

Outlining the most characterizing features of Albanian nationality was basic in creating collective historical awareness on classical European historical novels which, written a century ago, claimed that social destiny is historically predestined.

Reevaluation of the past serves the national affair by strengthening the writers' historical feelings. The changing of later social condition *lead to an even more*

⁵⁸ Xhiku, A. *Letersia shqipe si polifoni (Tiranë: Dituria, 2004)*, p. 54

⁵⁹ Koliqi, E. *cit. në: Gjovalin Kola, Ndoci Nikaj dhe burimet e romanit shqip, (Apollonia, 1997)* p. 10

* Harapi never hides the intention of following the example of the Italian novelist Manzoni, the author of "Betrothed", in the descriptions, in the characterization, but his mind and his morality and social sensitivity are far from Manzoni

⁶⁰ Kuteli, M. *Shënime letrare (Tiranë: Grand Print, 2007)*, p. 488

⁶¹ Qosja, R. *Shkrimtarë dhe periudha, (Akademia e Shkencave të Shqipërisë, Tiranë, 2005)*, p. 47. *Most of the Albanian writers of this time would still support their writings to the past, at the myth, at the history, now this would be rarer and known as the distant past, but a few would support mostly in the historical and social topicality. The past and the history for the writers of this trend can be beautified, but at the same time can be commented from a critical standing

conscious narrative. The story of the literature carries the basic function of its recreation that, through artistic forms, reveals the spiritual and creative evolution of the nation⁶².

To writers, historical novels have always served as a means to consider concerns of representation, nationality and identity; they have as well reflected over contemporary politics.

7.1.3 The model of realistic historical novels in Albanian historical novels

Taking into consideration the characteristics presented in the Albanian literature, we find the following under realistic model: "Zjarre" (1972); "Zgjimi" (1974); "Pishtarët" (1975); "Ja vdekje, ja liri" (1978); "Kryengritësit" (1983) by Sterjo Spasse, which were later collected in the cycle "Rilindësit"; "Të mundurit" (1961) by Hasan Petrela; "Për mëmëdhenë" (First Part 1961; second part 1962) by Thoma Kacorri and "Vraje tradhëtinë" (1980) by Skender Drini.

We will try to point out some common characteristics with models of Bulwer, Dickens, Balzac and Tolstoy⁶³.

Spasse accustoms his narration in the Renaissance epoch by including all the socio-historical processes, which were present in late 19th and early 20th centuries in Albanian society. Events in "Rilindësit" originated in 1885-1887 were strongly related to the historical events of opening the first Albanian School in the city of Korça.

Novels of this cycle have some things in common, which are the national ideal as well as historical and fiction characters. Chronological events reflect various degrees of national awareness as well as social condition. The hero of the novel is the same: in Themistokli Germenji's "Zgjimi", he first appears as an average fellow of modest contribution to the national affair; later he becomes an enthusiastic patriotic.

Spasse functionalizes history to let the reader know historical truth and to strengthen collective memory. His work makes up some kind of National Renaissance encyclopedia, where the author under materialistic reasoning, presents historical process as a severe encounter between contraries. In Spasse's novel, fact materials are basic of the narration, while imagination is restricted because the author avoids

⁶² Dado, F. *Sfida teorike të historiografisë letrare* (Tiranë: Bota Shqiptare, 2009), p. 5

⁶³ Hammet, B. *The historical novel in 19th century Europe*, (Oxford University Press, 2011), p. 182. * In European literature, the realistic historical novel is mainly highlighted from authors like Dickens, Bulwer, Eliot, Thackeray, H. Balzac and L. Tolstoy, whose writings distinguish for the realized unity, for the relationship created between the elements of fiction and the historical truth. The historical development based on the actual exploration sources and methods, after the first half of 19th century, made it possible that the historical novels experienced a difficult condition because the differences and contradictions between the fact and the imagination were made visible. Historical romance, which was spotted for its highlights over emotions, or the dominance of the fictional to the worst of historical reliability, created controversy with serious historical novels, saving the balance between the above-mentioned components and for the means and the tools that the authors choose in the process of searching the most accurate thing. If the historical novels would continue, being a kind of forefront writing it would have to find a solution to the problem of tension between these two elements. Technical elements that authors of the historical novels like Bulwer and Dickens added to this genre repertory were the contrast between relative shortness and the unstable timing of human history and the stable order of nature the problematic relation between the actual reality and the declaration of this reality.

inner motifs, which would force the character to undertake specific action. Fiction serves as a means to reinforce the sublime, magnificent and the ideals, which could be seen through the main national character and other characters too.

Spasse's socio-historical novel matches Bulwer's model in "Ditët e fundit të Pompeit" (Last Days of Pompeii)⁶⁴ especially through the technique of conversion of historical people to heroes of the novel as well as in the support of events in the registered career of their lives.

In Skender Drini's "Vraje tradhëtinë" (*Kill the betrayal*) narration accustoms in the same historical background of early 20th century, exactly in the surrounding of Shkodra in Balkan's wars, in popular resistance to defend it, in invading attempts of Montenegrin chauvinistic groupings and the diplomatic dissensions of Great Powers over Shkodra issue. Historical movements in this novel are realistically reflected; the present appears because of the past while the past as a pre-history of the present.

Skender Drini's "Vraje tradhëtinë" matches Scottish classical model in the fact that fiction characters become real protagonists of the narration. The portrayal as second hand of such historical characters as Riza Pashai, Esat Pasha, and Kral Nikolla aim the generalization of their portraits through resemblance with real people. Ordinary people like Braho Shkreli, Bixh Turku, Kol Idromeno and Kel Kodheli are the invincible heroes of the novel; they carry out their historical mission in critical circumstances.

The originality of Drini's heroes relies on the fact that they are not characterized by adventurous spirit; they move towards death when summoned by history, myth and awareness; they are well known for their pagan heroism, which, in historical context, is explained with social development and romantic spirit actualizing old heritage, beliefs, cults and popular mythology.

The procedure that highlights the hero of the novel Braho Shkreli is the combination of epic elements with lyrical pathos; because of these events sometimes sound lyrical or dramatic.

Even Spasse in "Rilindasit" displays a lot of *historical figures and parables* like Themistokli Germeñji, Bajo and Cerciz Topulli, Mihal Grameno, Petro Nini Luarasi, Dede Gjo Luli, Isa Boletini, Miss Edit Durham and Esat Pashë Toptani. The author realizes Themistokli Germeñji's character based on historical truth; fiction serves the

⁶⁴ Wesseling, E. *Writing History as a Prophet*, cited, p. 64. * Bulwer (Edward Bulwer Lytton: 1834), differently from Scott, with his historical novel, "Last days of Pompeii", aspired high standards of historical accuracy, through a systematic and aware research. He did not only consult authoritarian historiographical studies but also checked previous sources. Bulwer changed the historical people into heroes of his novel and supported the event in the registered career of their lives, so he could reach a closer following of the historical facts. This strategy gave him the right reason to pretend that in his novel, the main parts were composed of factual materials and the role of the imagination was limited from the deviation of inside motives, which may have obliged the subject of his narration to create specific actions. This technique resulted in the creation of one kind of historical fiction, which became a trend in 1830 and 1840. Bulwer had more claims than Scott did because the historical aspect of his novel appears more concentrated. More than describing the official historiographical authority, Bulwer convinced himself that he had to correct the view painted from the historian notes, rehabilitating the historical actors, who he feels had taken a rough and unfair treatment from them

case too. Through chronological narration of events, Spasse aims to make the reader follow the patriotic and politician since his youth (at Zgjimi) generalizing this way the portrait of patriotic boyhood of the time⁶⁵.

The author realizes the realistic character of Dedë Gjo Luli by combining historical documents with fiction, facts with artistic condition, tradition with his original vision. The technique used to demystify the historical character and the narrated events in socio-historical novels of Spasse show that they were influenced by the epic model⁶⁶ of Tolstoy "War and Peace"; especially concerning the way through which the Russian author transforms historical characters into human ones.

The author, influenced by 19th century's humanist culture, realized sensitivity, vision and philosophical, social, ethical-moral curiosity in the poetics of great realists.

The tendency to realistically represent historical condition, which characterizes Spasse's novel, bases on such influence; it basically appears in the creation of literary characters that generalize social reality by personalizing them as types belonging to certain social classes. This claim determines the dominant feature of literary realism, which, according to Auerbach, is the novel's ability, as an open genre and style combination, to realize a serious form of social and literary study⁶⁷.

Skender Drini's "Vraje tradhëtinë" matches both the Manzoni's model where the typology and characters' attitude are closely related to historical, socio-cultural characters of the time and the realistic model in terms of the way the author bases his narration on psychological terrain of historical or fictitious characters⁶⁸.

The omniscient narrator of Spasse's historical cycle plays an important role in defining the poetical structure of the novel; he makes us think he is everywhere and nowhere at the same time⁶⁹.

⁶⁵ Spasse, S. *Zgjimi, Vepra Letrare 1*. (Tiranë: Publisher "Naim Frashëri", 1980), p. 27

⁶⁶ Krasniqi, B. *Poetika e romanit historik shqiptar*, cited, p. 45. *According to Bachtin, the meaning of the novel like a new epic shape defines life in its universal meaning, and the numerous forms of humanity like reflexes of specified social reports is mainly known in universal literature, notably in the Russian literature, to which Albanian literature is fully open

⁶⁷ Auerbach, E. *Mimesis, Realismo nella letteratura occidentale, Vol. II* (Torino: Einaudi, 2000), p. 272

⁶⁸ Manzoni, A. *I Promessi sposi*, (Torino: Einaudi, 1971), * In the novel "I promessi sposi" from Manzoni, XVII century is not just a simple historical frame for the main plot but has an importance for the narration, in these aspects, characters are strongly related to the century. The typology and their actions are in a strong connection with historical, social and cultural characters of the century. "Minute" events (extremely small) of the protagonists are lit from important historical events, for example, Renzon, in the mess of Milano, as a dissolution of the event. Through the subject of the event, narrated in the novel, it describes the 17th century. If the events of the characters at the "Promessi sposi" are lit from "official history", it is also true that Manzoni narrates the history of the 17th century through the adventures of Renzo and Lucia. Through the odyssey of Renzo, the reader learns step by step the conditions of the humbles, the alliance of the private power of the princes with the judge, the culture used as an instrument of power, the essential motive found as "latinorum" of don Abbondio, in the application of doctor Azzeccagarbugli at Renzo, and "the disclosure of punishment" at the tavern of Milano. All this has made that many critics claim, that the real protagonists of the novel are not Renzo and Lucia, Don Abbondio or Fra Cristoforo, but the 17th century itself, which in some sort of way is a reaction in the form of the tired medieval definition, is a symbol of all the everlasting bads, a summary of all the Italian tradition (crime is organized by the most powerful people, the representatives of the law from the criminals, of the bad governance, the evangelical life of the disable clergy, etc.); and at last, the 17th century is maybe a general metaphor of the spiritual condition.

⁶⁹ Krasniqi, B. *Poetika e romanit shqiptar*, cited, p. 68 * esoteric: the narrator acting everywhere and nowhere.

Considering folkloric, historical documents, reports, sights (eyes), the narrator may predict dramatic situations, comments on feelings and characters' thought gaining this way to the reader's faith.

Even at "Vraje tradhëtinë", the omniscient narrator manages to successfully rebuild the atmosphere of the time through original discourses with symbolic meaning making it possible that realism gains existential form by making out the character's inner side.

The studier F. Dado claims that the narration of this novel is characterized by a very special feature: *the author often emerges with the character; it seems that they both judge as one*⁷⁰.

This is clearly seen when the author describes spiritual conditions or reactions of Braho Shkreli, Bixhi, etc. The author clearly matches his hero's inner thought and the effect is as such: two voices in one and two emotional conditions.

Compositionally speaking the emerge of author's point of view with that of the character, generates from the fact that the first aims to give narrated events an incredible spiritual and physical strength; narration concentrates on the heroic characters rather than events. Description as a narration technique, except for the Scottish and Manzoni's historical novels, play as well a very important role even in socio-historical novels⁷¹.

In "Rilindasit", we encounter the idea of visual effects through plastic display of scenery, portraits, landscape in which characters develop.

In the first two novels of "Rilindasit" the author, besides national physiognomy, has portrayed Korca's traditions, culture, psycholinguistic elements and in general the values and virtues of a much emancipated city regarding time⁷².

A very important role in Spasse's novel plays the scene where the character shows off as a warrior or fictitious character.

"They entered Osmanli, which Misto knew well. It was one of the best hotels of the Monastery. There on the second floor, door no. 5 a brave man was smoking. He knew Bajo and opened the door. As they were entering, they saw a broad-shouldered man with full lips who resembled to Bajo. His white fez shined through sunlight, which penetrated through windows and city's roofs covered in snow.

⁷⁰ Dado, F. *Teoria e veprës letrare, Poetika* (Tiranë: Shtëpia Botuese e Librit Universitar, 1999), pp. 138-139

⁷¹ *The rise of the biography as an important form of the 19th century written history, with its sacrilege of important men and women as heroes of their time, make this form of historical fiction of Scott, look surprising and not historical, used from the European and Hollywood cinematography technology. Scott is the first novelist, in all the languages who made the presence of the scene a special element in all the acting. The cinema took after him the idea of history as a visual code, the moment of the dress details, the royal details, traditions and social manners, natural and built environments. The historical details, taken after Scott, in the art of cinematography created a totally new genre on this field: the film capturing traditions, which reached its success through "historical painting": the acting, traditions that imply a "past time", known and mutual. With the novel "I promessi sposi" of Alessandro Manzoni, the cultural industry showed for the first time the process of producing the same acting so many times, based on different communicative equipment from the original text: a text mostly literary, like the Manzoni book, which was an inspiration for innumerable paintings, which were later transformed in a cinematographical movie, television drama, successful theater and musical acting*

⁷² Spasse, S. *Pishtarë, Vepra Letrare* 8. (Tiranë: Publisher "Naim Frashëri", 1980) p. 32

Welcome! He greeted them and first hugged Misto. Then, after glaring at each other, they hugged again"⁷³.

The scheme of realist historical novel, the historical novel of a realist model

The possible: Real events seen in novel point of view; fictitious events into real historical context.

Characters: Real or fictitious; representatives of all social classes; youngsters experiencing transformation time.

The omniscient narrator: Knows facts and social dynamics; interferes with the character.

Representatives: Sterjo Spasse ("Rilindasit"), Skënder Drini ("Vraje tradhëtinë"), they both treat events of nearly the same time.

**7.1.4 History as complimentary practice of fiction
in modern historical novels⁷⁴**

(Poetics of the subtext and allegory matches historical novels of Flober and Stendal)

Because art comes out of reflections not spontaneity, the first allows us to look back into specific terrain of historical novels. We may question whether Albanian historical novels undertake new aesthetic literary functions and visions or just serves cognitive nature.

A group of historical novels like "Krastakraus" (1967) by Bilal Xhaferri; "Kështjella" (1970) by Ismail Kadare; "Koka e prerë" (1990) by Kico Blushi; "Shënimet e Gjon Nikoll Kazazit" (1982) by Jusuf Buxhovi; "Sytë e Simonidës" (1980) by Dhimiter Shuteriqi; "Sheshi i unazës" (1978); by Nazmi Rrahmani; "Muret e Krujës" (1968) by Gjergj Zheji; "Miti i Haxhi Qamilit" (2010) by Uran Butka; through some new features answer the above question, as an example of modifying and enriching the genre in Albanian literature.

From this point of view, "Kështjella" by Ismail Kadare is the best example of using history as a creative opportunity. Through some original coverage of history, Kadare suggests that we see it from an "upper sight"; such a method, as he himself claims, is borrowed from the successful Flober's model in "Salambo"⁷⁵.

⁷³ *Ibid*, p. 569

⁷⁴ *Sintagme used from Jeremy De Groot, at his critical book "Historical Novel", to define the differences between the main modern historical novel and the classic one*

⁷⁵ *Jeremy De Groot, The historical Novel, (London and New York: Routledge, 2010), p. 46. * The relation with the history would make the French author Gustave Flaubert, the innovator of the 19th century, in this genre, through reaching the truth, which is most wanted from historical novelists, but created by him in a different and very original form. Flaubert needs the historical truth; he understands that "misunderstandings" creations from the past can develop new literary possibilities. Genesis of his novel, Salammbô, is related to the above-mentioned idea from the author, over an exotic subject, but also with 5 years' preparatory work done by him, in studying different historical, geographical, ethnological and botanical sources, facts that explain the rare and realistic precision that the narration of Flaubert is characterized by, which succeeds in passing to the reader a special and impressive atmosphere. With Salammbô, Flaubert tried to create a historical novel, by merging with the characters of ancient Cartagena, with the optic, psychic and the language of that time, a method which leaves an impression of authenticity and reliability. The realistic way, how Flaubert writed, has made it difficult to be understood, it even leads to different misinterpretations by the critics, when it was published. In the short preface of Salammbô, while he expressed his disappointment at the interpretation of his novel as fantastic, Flaubert says: "I have made a historical archeological rebuilding". The novel "Salammbô" is a reflection of the fate of the 19th century historical novels, which passed through the creation of a strong, imposing, safe "narration pact", in which the historical element intervenes with an important contribution and where the history is a protagonist and her documentation of events is an additional practice of literary fiction*

Drawing an allegorical symbolical parallel makes it possible for the history at "Kështjella" to move beyond the simple war chronicle of the 19th century into 60-70s Albania.

The studier R. Elsie claims that *this novel that reminds us of "Il deserto dei Tartari" (1940) by Dino Buzati, leads us to the 15th century, the epoch of Albania's national hero, Scanderbeg (1405-1468). The novel, through fine details and a solid composition, reflects the surrounding of a medieval Albanian castle (an Albanian symbol) attacked by Turkish during one of punitive expeditions to undergo Albania*⁷⁶.

"Krastakraus" by Bilal Xhaferri, written at the same time as "Kështjella" but published in 1993, would announce a new level of Albanian historical prose. Xhaferri's novel has inherited some features of Scottish and Manzoni's historical romantic model, which become evident in such characters as Lekë Balsha, Martin Urbini, Strez Piroli created after the archetype of "middle" heroes.

Psychological motivation of the characters may lead even the modern reader move to the past and identify with medieval heroes, through straightforward contact to history. Xhaferri makes these characters an important part of local colors, which are included under a classical historical novel stamp⁷⁷.

Even in narrative plan, Xhaferri follows Scott's model regarding the way he transforms the scene into an essential element of action⁷⁸.

Besides that, under Scottish influence we may mention the writer's ability to read time in space, psychologized scenery, the idea of history as a visual code (scenography function of the environment) as well as elements of folkloric coloration of the time, which follow Xhaferri's work⁷⁹.

We find Manzoni's influence at "Krastakraus" through symbolic value that space gains in narration expressed through the *modern allegory concept*, which transforms into some special form of expression⁸⁰.

"Krastakraus" points out the skills of an excellent model of synthetized historical work, which is characterized by many features, some of them you will find below:

⁷⁶ Elsie, R. *Një fund dhe një fillim, Gjurmime të botimeve letrare shqiptare 1985-1994, World Literature Today (Prishtinë: Publisher Buzuku, 1995), pp. 256-263*

⁷⁷ Wesseling, E. *Writing History as a Prophet. Postmodernist Innovations of the Historical Novel (John Benjamin Publishing, Amsterdam and Philadelphia, 1991), pp. 47-55*

⁷⁸ Scott is the first romancer that added the presence of the scene as the main element in an action. He knew Scotland, and the atmosphere of that place, the presence of the mountains can be found in any one of his Scottish novels. The place, overall, is well selected, described in such a way that the acting looks natural, in the place that it happens

⁷⁹ *Bachtin, M. Speech genres and other late essays, (University of Texas press: New York Times and book review, 1986), p. 53 * One of the most visible discursive elements in the book of Walter Scott is the local folk, which aspects are more effective in his historical novel. The deep nature of his artistic thought and the ability to read the time in the space is inherited from the previous period, as the elements of the folk nuance of the time are as well (historical-national period)*

⁸⁰ *The space, at the "I promessi sposi" has a special structural importance because it connects the act with a space extension of strong symbolic meanings; creating contradiction between the open spaces (where the street, the city represent the places of acting, of danger, adventure but also knowing yourself) and the closed spaces (houses, castles, convention, taverns, which serve to the moral and social characterization of the characters)*

- Author's attention toward Scanderbeg's epoch, in historical moments of victories and drawback that will help to create an open work of art for reading simultaneity.

- Placing historical truth in service of fiction, making this way narration show the continuous epistemological crisis, which divides historical documents from literature.

The last feature serves as a determiner for the use of the term "modernist" by pointing out the novels, which are characterized by the passing from epistemological aesthetics into ontological aesthetics, from aesthetics based on cognition into aesthetics based on beings⁸¹.

Xhaferri's historical novel, through techniques of Flaubert's, Tolstoy's or Stendhal's modern narration, *give the reader the possibility to have philosophical, aesthetic and historical reflections.*

At "Koka e prerë" by Kico Blushi, "Muret e Krujës" by Gjergj Zheji, the recreation of the past is achieved through naturalistic inclination of the authors to reach some kind of "historical realism" and the characters' attitude where narration matches optic and psychic. This gives the reader the impression of authenticity and credibility.

At "Sheshi i unazës" (1978) by Z. Rrahmani, historical existence resurrects, disappears, renews and continues forward.

The special way of conceiving the novel is expressed through the alternation of the two lines: the legend as one of allegorical function and the real one, which describes the city, massacres, defense, etc. There exists a significant subtext.

The idea of resistance is seen in the analogies of classical genre where the subjective discourse (besides biblical discourse) is dominant and the dramatic situations are expressed through lyrical colloquialism.

Despite the fact that symbolic classing, subjectivism, narrative structure of palimpsest and discourse combination make "Sheshi i unazës" a modern novel, the author stands by historical genre such as pretext, epilogue, disproof of history manipulation by Serbians, the combination of colloquialism serving historical facts:

Pretext: A narrator once said that all events repeat many times. Events happened some centuries ago... (Një kallëzimtar i "Sc" thoshte dikur se të gjitha ngjarjet janë përsëritur dhjetëra herë e së gjithmonë zhvillohen sipas ligjeve të përcaktuara të ndodhisë së tyre. Ngjarjet e këtij libri kanë pasur të njejtin fat; kanë ndodhur dikur moti, para disa shekujsh)...⁸².

Epilogue: I waited long for the narrator to continue, but his silence lasted and I contracted out from the power of his words...⁸³.

⁸¹ Georg Simmel, researcher, who made a summary of all the main topics of modern literary, claims that modern art represents the most important issues of contemporary life, topics that generate from the individual request to protect the autonomy and the individuality of his own existence, against social forces, cultural inheritance, external culture and the technique of life

⁸² Zejnullah Rrahmani, *Sheshi i unazës* (Tiranë: Publisher "Naim Frashëri", 1982), p. 3

⁸³ *Ibid*, p. 322

Pretext and epilogue⁸⁴ play a very important structural role while organizing narration in historical novels⁸⁵.

A late XX century historical novel shows modernity through existing elements of classical model (pretext, notes, travelling motifs, legends, and iconography) is "Sytë e Simonidës" (written in 1980 and published in 1998) by Dhimiter Shuteriqi.

Despite the fact that its plot is based on documented historical truth, the author recreates it through specific literary means, image, illusion, symbols making it possible that the reader deeply relate to the past⁸⁶.

Considering the link between truth and fiction, at "Sytë e Simonidës" we find common features with Flober's historical novel (Salambo) out of which we would point out:

- The variety of suggestibility details, in Shuteriqi's narration, to describe Balkan-European medievalism⁸⁷;
- The way the author fully knows about history, and how he realistically describes it; he considers Russians a more dangerous enemy than Byzants; he asks Albanians to better try themselves rather than ask help from Eastern or Western allies.

Talking about characters, in contrary to Flober's model, we see some kind of romantic idealization of them.

Similar to Scottish models, there is poetic coloration in the idealized description of the main heroine of the novel, Simonida, and the young Gjon Skuraj.

This feature relates to the didactical educational communication of historical novel, which Lukacs, referring to Scott's historical novel, considered it as of great importance.

"Sytë e Simonidës", being an artistic segment of troublesome survival of Albanians, is considered as rich in cognitive and educational values to young generations as well as a response to Serbian historiography and literature.

⁸⁴ Fabio Dal Busco, *La storia e la favola. Il modello manzoniano nel romanzo storico contemporaneo* (Longo, 2007), p. 34. * Pretext as one of the most characteristic elements of the historical novel is the place where the author and the reader consult with each other. In fact, the author explains the reasons for choosing the genre and combines a discourse semi narrating, justifying the relationship between the history and the novel. The importance of explaining this report stands as a need for verifying what will be narrated through the pretext where the author places the basis for a similar narration

⁸⁵ Gérard Genette, *Nuovo discorso del racconto*, (Torino: Piccola Biblioteca Einaudi, 1987) [tit.or.: *Nouveau discours du récit*, Seuil, Paris. 1983], pp. 130-60

⁸⁶ The events in the novel "Sytë e Simonidës" lie in about 6 centuries, but they mostly focus on Balkan-European medievalism, through the artistic rebuilding the author created the main heroine of the novel, Simonida, on who the writing is built. A lot more than visible indicators, make the reader feel the presence of historical reality of the 14th century, the time in which Shuteriqi wrote in the story over the historical motive, which is the marriage between the daughters of the Byzantine emperor, Andronikos the II. and Karl Uroshi of Rasha (the rebuilt kingdom of the neighboring Serbs)

⁸⁷ Jeremy de Groot, *The historical Novel*, (Routledge, London and New York, 2010), p. 343. * The novel "Salamambo" has gone through a long process of refinement from Flaubert. He corrected the historical, geographical, botanic, ethnological sources for about 5 years, time in when he made a trip to Tunisia, to the ruins of Cartagena, after staying for a long time in the Orient. These facts explain the rare realistic precision, that the narrating in "Salamambo" is characterized, a novel which is based on a rich documentation and reaches to give a special and impressive atmosphere to the reader

Novels of this grouping are distinguished by the relationship between history and myth, by the way how respective authors functionalize the latter according to their aesthetic and ideological objectives⁸⁸.

At "Kështjella", the legend matches the national hero, Scanderbeg, indirectly. The intentional placing of this character out of the surrounding scene and the castle, even though it was based on historical truth, proven by Turkish historians especially by Barleti⁸⁹, is not just a diegetic objective.

He is primed with characteristics of a "moving character"⁹⁰; he lives in the real world whenever he attacks Turkish as Gjergji and travels by night as Scanderbeg, creating Scanderbeg's myth⁹¹.

Even at "Sytë e Simonidës", narration is carried out through repeating and contrasting discourse in the hovering frame between history and legend:

"...However, the fantastic is nothing more than history and vice-versa"⁹².

This claim, which in fact is just a merge of fantasy with history, expresses modernity awareness.

Literature and history cannot be mythicized or else, because in the first the myth is within, and in the latter the fantastic is within.

As a conclusion, we may say that novels of this model represent the best of Albanian historical prose.

7.1.5 Biographical form of historical novel

(Influence of Zweig's novelized biography model)

In Albanian literature, "Ali Pashë Tepelena" (1970) and "Skanderbeg" (1975) by Sabri Godo, create a new subtype of historical novel, the novelized biography⁹³, whose characteristics match the modern biographies' model of Austrian author

⁸⁸ Hammet, B. *The historical novel in Nineteenth-Century Europe*, vep e cituar, p. 288. * Three are the visible characteristics that help in placing modernism in the cultural context. They consist of its fascination with the primitive, in developing the irrational, which has now appeared in the last decades of the 19th century, and the tendency toward mythical creation

⁸⁹ Barleti, M. *Histori e Skënderbeut*, 3rd edition, translated from Stefan I Prifti (Tiranë, Publisher Naim Frashëri, 1983), p. 160 * "Gjatë rrethimit të kështjellave, Skënderbeu me një grup kalorësish të zgjedhur endej përfaqar kampit turk duke e sulmuar atë vazhdimisht e duke mbjellë panik tek armiqtë"

⁹⁰ Lotman, M., Jurij, B. & Uspenskij, A. *Tipologia della cultura*. (Milano: Bompiani, 1987), p. 161. * The concept of glorious hero is being used as Lotman determines it as the opportunity he has to move his place from one to another

⁹¹ Mandala, M. Miti i Skënderbeut tek romani Kështjella, artikull në Albanica 30; Giorgio Castriota *Skanderbeg e l'identità nazionale Albanese* (Palermo: Besa, 2009), pp. 169-172.

⁹² Dhimitër S. Shuteriqi, *Sytë e Simonidës*, (Tiranë, Extra, 1998), p. 165

⁹³ Robert S. Wistrich, *Stefan Zweig and the World of Yesterday*, në Mark H. Gelber. *Stefan Zweig reconsidered new perspectives on his literary and biographical writings*, pp. 80-90. * Modern biography born as a reaction of the dry representation of the 19th century history, which characterize biographies that has a scientific character, mainly in places like France, England or Germany. Starting from the 20s of the 20th century, a biographer like Lytton Strachey, with Eminent Victorians in 1918, inaugurate this way of writing and scratch a demarcation line between the old and new method. According to him, a modern biograph should know how to find the errors of the past and be able to transcend them, to make known a strategy of his own, not only to attain the subject but by observing it in a critical distance

Stefan Zweig⁹⁴, because of the way they combine historiographical facts with fiction.

Main characters in Godo's novels (especially Scanderbeg) contradict those of the Scottish model where heroes represent "*average people*" who are dominated by practical wisdom, moral dignity to reach self-sacrifice, which cannot change into fascinating passion⁹⁵.

It is of great importance to point out the difference between characters mentioned through documents the author has consulted and the characters of biographies, as protagonists of documented historical events. The first represent some kind of "semantic gap" that the narrator may complete with psychological portraits to make them serve intrigue development; the latter must take into consideration historical data just as their inclusion in fiction should bring reasons as testified sources.

The character's life presentation at "Ali Pashë Tepelena" by Godo follows two procedures that of biographical historical elaboration as well as that of genetically psychological motivation of his personality.

The contradictory figure of Pasha of Janine, who is the protagonist of the novel, takes us to the novelized biographies of Zweig: "Maria Antoniette" and "Maria Stuart"⁹⁶ especially concerning the way the Austrian biographer tries to dignify historical characters. Godo feels that the contradictory character of Ali Pashe Tepelena would be prone to biographical literary approach and that the hero's life makes off the plot, which synthesizes historical events, different political, philosophical and cultural inclination of the second half of 18th and the first quarter of 19th century.

Through critical analyses of documents concerning the Pasha of Janine, the author confronts theses with anti-theses, arguments with anti-arguments. He utilizes foreigners' scriptures to rebuild not only the temper and complex character of the hero but also the epoch he lived and worked. He considered the reasons, which changed the simple warrior into one of the most known Pashas of the time.

The biographer narrator in Godo's novel uses the genetically psychological derivation, in order to create Ali Pasha's portrait and explain his personality.

⁹⁴ Sogos, G. *Le biografie di Stefan Zweig tra Geschichte e Psychologie: Triumph und tragic des Erasmus von Rotterdam, Marie-Antoinette, Maria Stuart*, Firenze, (Firenze University Press, 2013), pp. 49, 85, 170. * In Zweig biographies the most reliable sources that have served to him are always shown in an exact way, these sources take the author away from the previous generation, since the historical novel, where the history is falsified through fantastic components. He especially criticizes the way how Walter Scott transferred the history to a "joke" and welcomes the fact that the writers of the 20th century are careful with knowing the superiority of the historical truth. Even with the requests for nothing else but the truth, highlighted several times from her own writers, the modern biography cannot be reduced in a document of scientific value. Even more, the one who writes this genre does not pretend to be a specialized historian, but a "Ditcher" (poet), regardless the historical materials. Considering this ambiguity, Lukacs condemns the modern biography, it only shows a confusing blend of the novel and history, creating a "pastiche", while not being one or another. Referring to the type, he talks about historical prose, not for a modern biography and specifies this as **a biographical type of historical novel**

⁹⁵ Lukács, G. (1965). *Il romanzo storico*, trad. di E. Arnaud (II ed.1974), Torino, Einaudi), p. 29

⁹⁶ Stefan Zweig, *Maria Antonietta*, trad di Lavinia Mazzuchetti (Milano: Mondadori, 1991) 8. si dhe Mark H. Gelber and Klaus Zelewitz, *Stefan Zweig reconsidered: New perspectives on his literary and biographical writings* (Tübingen: Niemeyer 2007), pp. 35-45

In his study over relationship between the author and the hero, M. Bachtin points out two basic types of biographical awareness of life: the first is the heroic adventurous type and the second the hero of authoritarian alterity character⁹⁷.

At "Scanderbeg", the relationship between the biographer and the hero bases on the second type (according to Bachtin). Scanderbeg does not represent just a character of realist gallery, but his way of thinking is greatly influenced by the narrator psychology and logic. Godo's national hero is true and reliable, free from hyperbolism and uttermost pathos: "*He was 45, strong and powerful, champion of century chivalry; the army would see in him the hero who defeats enemies*"⁹⁸.

According to another categorization made by Northrop Fry, Scanderbeg is the same as the others of the group. *Besides the fact that concerning time, environment and the society he lives in, the hero is the symbol of some trends, he is still one of us*⁹⁹.

Scanderbeg is not supernatural, but still he is the one of superlatives in realist poetry: "*Nobody could help Stephigrad, even Scanderbeg*"¹⁰⁰.

The heroism of the national hero continues: "*The cardinals watched Scanderbeg. They hoped to see young Alexander, while having in front of them a sixty-year-old man, who looked at least seventy; he was strong, tall, slouched, thin. He had worn his white fez and sword. He looked extremely poor and ill to be offered last service*"¹⁰¹.

The fact that "Scanderbeg" by Godo, belongs to the genre of historical novels, and the fact that Godo does not consider the national hero as a mythical one, does not mean the novel discourse is completely freed from pathos. The latter refers to the people as creators of history: "*People have been enslaved under no dominance and the head of the tribe was their only leader*".

One of the main changes of novelized biography towards other types of historical genre is the fact that the biographer writer, within the text, fulfills *dual function*: that of the omniscient narrator and of the reader.

The narrator emerges with the character to exactly communicate his thoughts and feelings. At "Ali Pashë Tepelena", we may clearly distinguish the qualities of historical scientific discourse. The author uses the historian's method and means which interfere with the epical narration of the novel.

"*Ali Pasha ruled a country of 150,000 inhabitants just as many as Norway and Sweden had altogether. Together with his sons and nephews, he governed 1/3 of the European Turkey. Permanent consulates of France, England and Russia were settled in Janine, while other countries kept their agencies and semi-formal representatives there*"¹⁰².

On the other hand, we find some parts of the novel greatly influenced by fictional writing: "*Ali's light blue eyes looked grey under the overcast sky and the lake getting*

⁹⁷ Bachtin, M. *L'autore e l'eroe* (Torino: Einaudi, 1988)

⁹⁸ Godo, S. *Skënderbeu* (Tiranë: Publisher "Naim Frashëri" 1975), p. 112

⁹⁹ Fraj, N. *Anatomia e Kritikës*, (Prishtinë: Rilindja, 1990), pp. 145-149

¹⁰⁰ Godo, S. *Skënderbeu* (Tiranë: Publisher "Naim Frashëri", 1975), p. 123

¹⁰¹ *Ibid*, p. 424

¹⁰² *Ibid*, p. 218

rougher by the wind. Time after time, he drank his syrup. Near lunchtime, he thought he heard some shootings. He got back into his sofa again. Everything has a beginning and an ending, even the falling star. His time was over and he had to die holding his guns, as he had always done"¹⁰³.

Even at "Scanderbeg" there is a combination of various types of discourses, the most dominating is the historical realist one. The historical discourse appears in many ways. The most obvious ones are accurate dates, names of places and famous historical characters. *"They would be waiting for the enemy positioned as below; Scanderbeg, Ajdini and Gjergj Stresi with 3,700 men in the center; Mojsiu with 2,300 men on the left; Tanush Topia, Angelina's Muzaka with 2,800 men on the right; Hamza Pejko Emanuel, Zaharia Gropa with 3,000 men would be lurking in Skuraj and Lleshi mountains; Vrana Conti, Leke Zaharia and Marin Spani with 2,200 men would be substitutes over the hills"*¹⁰⁴.

The novels "Pushka top, Bajram Curri!" (1982), "Prijësja e komiteve" and "Oso Kuka" by Sulejman Krasniqi; "Shqipja e kreshtave tona" (1967) by Skender Drini as well as "Atentat në Paris", (1978) by Skifter Kellici, build their narration through well-known historical figures. Unlike Godo's model of novelized biography, their novels are created according to the model of romantic heroes who express the author's subjective vision of past and present.

7.1.6 The reactivation of traditions through ironical and paradox history's point of view in the models of postmodern novels

*"Due to fundamental changes in the 90s Albanian society; the novel appears more eloquent than before. The polygenetic tableau of social development doubles up in the novel while experiencing with its poetics"*¹⁰⁵.

The simultaneity of Albanian historical novel and world literature is reflected through modernist and postmodernist tendency¹⁰⁶ out of which we may point out the inclination towards experiencing new linguistic, narrative and figurative structures. This does not mean that the process brought up the deletion of other literary aesthetics. New writers, enriching the literary specter through some novelist subtypes, artistically express the relationship between realism, magic realism, modernism, postmodernism, etc. differently.

¹⁰³ *Ibid*, p. 374.

¹⁰⁴ Godo, S. *Skënderbeu*, cited, p. 62

¹⁰⁵ Jakllari, A. *Për një tipologji të romanit shqiptar, Aktet e seminarit ndërkombëtar për gjuhën, letërsinë dhe kulturën shqiptare. (Prishtinë: Fakulteti i Filologjisë, 2010)*, p. 265

¹⁰⁶ Norris, Ch. *What is wrong with postmodernism – Critical theory and the ends of philosophy* (New York: Herwster Wheatsheaf, 1990), p. 3. * *Scientific thought over the theoretical concept of postmodernism is closely linked with the years 1979 and 1985, the time when both its main researchers, Jean Francois Lyotard, and Jürgen Habermas wrote their books: La Condition postmoderne, Paris, 1979 and Der philosophische Diskurs der Moderne, Frankfurt, 1985*

* According to Terry Eagleton, postmodernism is a way of thinking, which is characterized from doubt, in the classic notions of truth, reason, identity and objectivity, the doubt in the idea of progress and universal emancipation

* Christopher Norris highlights that postmodernism is a condition, formed from the compound or "the collapse" of reality forms with the forms of mass media, including in it even simulation

Parts of this enrichment is the reactivation of historical novels by authors like Mehmet Kraja, Mira Meksi, Pjetër Arbënor, and Ben Blushi.

Novels of such authors would group into historical model with postmodernist affinity, whose background and evolution the critics matches with "Il nome Della Rosa" (The Name of the Rose) by U. Eco. Its second publishing points out the second phase of genre reappearance, already characterized by quantitative development and typological diversity¹⁰⁷.

Some of the characteristics of the postmodern historical prototype present in Albanian novels are:

- Considering history (going back in history - revising) as an ironic reading of the reality¹⁰⁸;
- Breaking of the boundaries of the genre where drama and story, literature and picture, literature and journalism are mixed. Postmodern historical novel is complex; it hides intertextual reference and quotation game manifesting the crossbreeding affinity;
- *Pastiche* texts¹⁰⁹ are created under other texts' rules making way to imitations;
- Intertextually point of view as dialogues and combination of the text with others not just literary ones, dialogue and myth, legend, code and context;
- Metafiction literature talks about itself and writing problems rather than fictive world;

¹⁰⁷ Menton, S. *Latin America's New Historical Novel* (University of Texas Press, 1996) pp. 22-25. *Violations in the poetics of the postmodern historical novel appear in three different plans of the narrating structure: in the level of the source, level of the subject and the level of characters. Researcher Seymour Menton, in his sage over "The new historical novel", where he processes books of historical fiction from Latin-American authors like Carpentier, Mario Vargas Llosa, Abel Posse, Gabriel Garcia Marques, and Carlos Fuentes, he ranks the six main characteristics of the new historical novel, that come from exploring 367 samples, including written novels after the year of 1979: 1) The dependence of the mimetic recreation of a given historical period in the illustration of three historical ideas: a) Inability observing of the real nature of reality and history; b) cyclic nature of history; c) unpredictability of history. 2) Conscious deformation of the history through avoidance, exaggeration and anachronism. 3) Using famous historical characters as protagonists, who change evidently from Scott's formula (fictional protagonists). 4) Metafiction or the reference of the narrator on the creating process of the text. 5) Intertextuality "Every text is written as a citation mosaic; every text is the adoption and the transferring one to another". 6) Bakhtinian concept of dialogue: Carnavalesque of parody and heterology. The dialogue frequently contains the appearing of acting, contradictory characters, and the world visions. Meanwhile, it uses carnivalesque or the exaggerated humor and expresses embodying function and the plurality of discourses or conscious using of different features of the discourse.*

¹⁰⁸ Jeremy De Groot, *The historical Novel* (London and New York: Routledge, 2010), p. 268. * "Il nome della rosa" has achieved an ironic modern operation over a medieval mural. This deep irony, which in his novel derives from the citations, references, and allegations, Eco links it with, what Niche claims at "Seconda inattuale" when he says: "We are loaded with so much history that we would die if we would not read it in an ironical way". It means that we should go back to the past in a no innocent way, but in an ironical one. This critical redrawing, according to Eco, only the modern and postmodern art can do, he practices it in his novel, which in this point of view would be read as an ironic homage of actuality. Only in this way, everyone can create an opinion about the medieval age

¹⁰⁹ Jameson, F. *Postmodernism, or, the cultural logic of late capitalism*. Durham: Duke UP, 1991 *Pastiche is, like parody, the imitation of a peculiar or unique, idiosyncratic style, the wearing of a linguistic mask, speech in a dead language. However, it is a neutral practice of such mimicry, without any of parody's ulterior motives, amputated of the satiric impulse, devoid of laughter*

- Decentering: there is no central theme of narration;
- Fragmentary viewpoint where the text is fragmentary; quotation from other texts are used;
- Irony¹¹⁰, etc.

What makes the main difference between modern and postmodern is their attitude towards history. The modern holds negative attitudes towards the past while the postmodern believes that the past cannot and should not be made up. *The postmodern answers the modern holding of the strong belief that the past should be ironically but not genuinely revisited*¹¹¹.

Thematically speaking, *the postmodern includes the past and through parody tries to point out its attitude towards it. Making parody of the past means considering it as sacred and contrast it at the same time. That is the postmodern paradox*¹¹².

The relationship between literature and history at "Moti i madh", "Netë Bizantine", "Selvitë e Tivarit" by Mehmet Kraja, makes it blurry to distinguish between fictive and historical identity, historical explanation of perceiving any collective events and its explanation by an individual.

History in Kraja's novel is closely related with the style and narrative techniques, which in fact "show" rather than "narrate" the characters' thoughts and feelings. Even at "Moti i madh", history serves the modeling of reality's subjective vision.

Kraja perceps history as the catastrophe, which has troubled humanity and now threatens destruction.

Events at "Moti i madh" represent a non-harmonic form of Serembe's historical literary biography. In the novel there are neither historical or cultural arguments nor illusions of documentary realism as elements to offer the reader reliable data.

The fragmentary point of view at "Moti i madh" represents a canonic form of the postmodern, whose frequent use by Kraja strengthens the belief that the contemporaneous people observes the world through fragmentary ways.

At "Moti i madh", narration is just a scheme to help the reader know Kraja's creative laboratory. It is the postmodern novels' characteristic, the characterization with horror, mystery, science fiction, tale, myth, legend and advertisement sequences. Events here are fragmentary.

The combination of critical comments with literary texts is one of the most specific characteristics of the postmodern. That is the reason why the prose of many well-known writers is considered as metafiction. "Moti i madh" (Great weather), characterized by an obvious "instability", combines elements of journalism, diaries, juridical notes. Bachtin considers this phenomenon its "dialogical" potential, as fiction here relates with other discourse forms.

¹¹⁰ Hutcheon, L. *A poetics of Postmodernism, transalted Demë Topalli, Poetika e postmodernizmit*, (Prishtinë: Publisher OM, 2013), p. 29. * Another feature of postmodern literary is irony, associated frequently with black humor or the concept of "game" (Concept which is expressed from Jacques Derrida and Roland Barthes at "The pleasure of the text". Even though irony, black humor or the concept of "game" can be found even in the postmodern literary, they turn into main features in postmodern writings

¹¹¹ Eco, U. *Emri i trëndafilut*, cited, p. 474

¹¹² Hutcheon, L. *A poetics of Postmodernism*, cited, pp. 7-13, pp. 43-45

The main character at "Moti i madh" primarily represents the idealist subjective spirit rather than an individual of ethical or social features. *Postmodernist fiction* points out that *historical novels deal with facts, which could have happened in the "dark zones" of history on which "official record" has nothing to declare.*

Zef Serembe's life has allowed him to embody his subjective attitude towards history, life and art. He invokes the "*Motin e madh*" as great resistance against history.

Kraja's non-authoritative narrative perspective enables its prose to be read on double meaning. This kind of writing differs not only from socialist realism, but also from commercial realism. Such writing urges free and critical reading, cognition and self-cognition which literature aims to realize. Todorov says: "Literature relates to humans' existence, it is the discourse orientated towards truth and morality. *If it happens that we forget these fundamental dimensions of literature, it may be because of the fact that the truth is reduced to verification and morality to sanctimony*"¹¹³.

Kraja's novels, like all other postmodern ones, have neither fiction nor reality, but hyper-reality is what interferes with both of them: "*To dissimulate means to hide something you already have, to simulate means to act as you have what you do not. The first leads you to presence and the latter at absence*"¹¹⁴.

At "Selvitë e Tivarit", the relation between fiction and reality, truth bases on the postmodernist side: the truth is such disgusting and ugly that its reflection encroaches creative ethics.

Postmodernism has as well influenced the theory and practice of the genre referring women. He questions old feminist issues, life experience, and their submission too.

"Frosina e Janinës" and "Mallkimi i priftëreshave të Ilirisë" by Mira Meksi, are of postmodernist model of which Mary Maynard says: "past experiences appear through material structures and relationship researching over female body, emotions and historical awareness as well". The researcher Adem Jakllari believes that in nowadays Albanian literature, we may talk about another typology, that of *hybridized historical novel*. It is clearly illustrated at Ben Blushi's "Të jetosh në ishull", "Otello, arapi i Vlorës" Albania.

Jakllari believes that "Të jetosh në ishull" plays with historical truth as much as to cause strong polemics. Through narrative tendency, events at Blushi's novel, approximately last about 4 centuries mainly focusing on Middle Ages¹¹⁵.

He combines historical and fictitious characters just as the model of traditional historical novels do. Many fictitious characters testify reflections of mentality and local cultural traditions. Blushi's novels pretends to talk with the language of truth even when he builds the fictional world; consequently, truth is not always considered as final concept, so enabling the author to build reality over dichotomy; fact or not, possible or not, according to the conflicting structures, which could only coexist in the postmodernist literature.

¹¹³ Todorov, Tz. *Literature and its Theorists* (Cornell University Press, 1987), p. 34

¹¹⁴ Hutcheon, L. *A poetics of Postmodernism*, cited, p. 176

¹¹⁵ Jakllari, A. *Për një tipologji të romani të sotëm shqiptar, në Aktet e Seminarit XXVIII Ndërkombëtar për Gjuhën, Letërsinë dhe Kulturën Shqiptare (Prishtinë: Universiteti i Prishtinës, 2010)*, p. 269

In conclusion, we may say that in the poetics of historical novels we distinguish some changes compared to the modern and traditional model of the genre, whose genesis should be claimed at the instable relationship between history, reality, truth and fiction. Generally based on paradoxes, fundamental transformations, parodies, fragmentary sides, they do not concentrate on the basic narration but create similar imagination to logic destruction and lack of clarity as means of conveying the truth in the contemporaneous postmodernist historical novel.

7.2 Features of historical novel poetics in Albanian literature

Narrator serving the history concept

7.2.1 Narrator's role in classical historical novels

The analyses of historical novels bases on the study of its poetics specific elements as the most helpful way to understand this literary phenomenon.

Texts' research is conceived in such a way to compare novels of different matrix, all from present history differently.

Studies offer various means to analyze the genre such as fable and action, scene, composition, characters and others, which are considered as most important to the typographical study of the historical prose. Therefore, voice, viewpoint and narrative perspective are elements based on which we may distinguish the narrative pact between the narrator and the reader, as well as the difference between various types of narrators: authoritative, evidential *homodiegetic-heterodiegetic*¹¹⁶.

As basic narrator's role is narrative, if his interference in history is not just explicatory but commentary and authoritative, then we may talk about another ideological role, which he can delegate to any character as representative.

Critical theories nowadays concentrate on the discourse side rather than narrative one, making the latter an essential semiotic part of the main discourse issues.

The narrative voice refers to the discourse or other means through which events are represented, but it is the viewpoint or perspective what settles the ideological orientation. Narration, in traditional historical novels, *is the omniscient narrator's task* who, not only combines various ways of narration, but also performs motivation of characters' actions¹¹⁷. He should of course care of historical background to prevent narration development with diverting moves and make the reader feel so close to the past by formalizing links between fiction's time and the present.

The presence of such figure is because of the fact that fictional historical narration includes moralizing ending of events.

Critical studies describe the omniscient narrator of the 19th century as the voice of "general awareness", while to theorists Scholes and Kellogg, this type of narrator combines the rhapsodist with the historian and Creator¹¹⁸.

¹¹⁶ Marchese, A. *L'officina del racconto, [I-edizione 1983] (Milano: Arnoldo Mondadori Editore, 1986), p. 84.*

¹¹⁷ Genette, G. *Figure III: Discorso sul Racconto, cited: p. 260. * Known concept, defined from Genette as the voice of objective narrating, linked with the perspective and, linked with narrating instance, as the narrator is present in the narration.*

¹¹⁸ Scholes, R. & Kellogg, R. *La natura della narrativa, trad. it. Di R. Zelocchi [The Nature of Narrative, (New York: Oxford University Press, 1966), (Bologna: il Mulino, 1970), p. 346*

His task is to serve the materialization of History as "an unremitting process of changes", which "directly influence each individual". For this reason, events expand and precede each other coherently and progressively observing the cause-effect logic just as well, they influence the private life of imaginary characters.

Under Scott's, Manzoni's and realist influence we may mention the following novels: "Shkodra e Rrethieme", "Scanderbeg", "Mic Sokoli", "Rilindasit" cycle, which represent history through some common strategies.

Albanian historical novels base on that type of ideology and romantic historicism, which feels history, applies inherent rationality.

Under Scott's influence, characters do not appear as simple historical curiosity but as important moments of the past. However, *it is obvious that each past operation is ingrained and should reasonably match both, the writer's and reader's time*¹¹⁹.

History serves as the protagonist; it is represented as a dynamic process whose events match the cause-effect relationship. This enables the realization of some function literary form in conceiving the world and history ideology, which predict:

- *Firstly*, history should be represented as an important link of political Albanian crisis before the 20th century and main conflicts should have the tendency to move towards "solutions" through some special actions undertaken.
- *Secondly*, historical concepts should be represented through characters who create "historical, social types"¹²⁰ like Themistokli Germenji and Braho Shkreli.
- *Thirdly*, historical personalities should be positioned as such that their work be extremely important to the material conditions settled by history. For this reason, they are not center positioned in the narrative scene performing representing functions similar to that of other characters (Scanderbeg, Esat Pashe Toptani, Ismail Qemali, etc.).

"Scanderbeg", "Ali Pashe Tepelena" by Godo and "Bajram Curri", "Oso Kuka" by Krasniqi represent the reciprocal case, when historical figures are the subject themselves, through which we experience the events.

These characters become the bearer of a vivid vision of history, which in fact seems prophetic: Their awareness is clearly influenced by the perspective based on which the author and reader look into the past; the effect of their actions is basic to the physiognomy hypothesized by the present. Such a technique shows that the past is fundamental to the present events.

7.2.2 The narrator serving the modern concept of history

Concerning the differences between modern historical novels and classical ones, we refer to Scholes and Kellogg who think that the latter represent "a synthesis of the empirical and imaginary way of combining history, romance (there is always a couple in the foreground) and allegory"¹²¹.

¹¹⁹ Eco, U. *Opera aperta: Forma e indeterminazione nelle poetiche contemporanee*, (Milano: Casa ed. Valentino Bompiani, 1962), p. 160

¹²⁰ Lukács, G. *Il romanzo storico*, cited, p. 31

¹²¹ Scholes, R. & Kellogg, R. *La natura della narrativa*, cited, pp. 242-243.

This type of "uncertain synthesis" extremely sensitive to "various cultural pressure" merges into the experiments carried out by the writers of modern narratives in which "*fiction abandons efforts to represent reality and bases on word power to urge imagination*"¹²².

Modern Albanian historical novels express the great literary awareness, thoughts, derivations, techniques, structures and various styles that formed in it.

The main difference is that of thematic level, which even though it was written in the second half of 20th century, was always politically, socially and nationally committed¹²³.

Referring to the genre, some of the elements of narrative instance, through which authors express their modern concept on history, we may identify:

- a. The creation of a simultaneously variable, inclusive and developmental model, which realizes the idea of totality as the novel's structural principle;
- b. The synthesis of narrative and discursive viewpoints;
- c. The dialogue and polyphony of narrative voices, bearer of ideological and axiological messages¹²⁴.

In such novels we find the multiplication of the historical recreation viewpoints, whose objectivity is not guaranteed by the outer voice anymore; narration, if possible, is carried out through the memorial filter of some characters who observe the past through their personal experience. The main reason of the changes in their narrative instance is to highlight subjectivity.

This way, history misses its stability; its physiognomy is submissive to somehow conscious deformations. In these novels, the narrator cannot be the intermediary with the public.

Novels falling into this category, will illustrate various ways, which enable *the dissolution of the monologue discourse and its replacement by scattered narrators in certain dialogism and voice polyphony*.

So, historical experience at "Kështjella", "Krastakraus", "Sheshi i unazës", "Sytë e Simonidës" is carried out through various narrators and viewpoints as well. Generally, if multiple narrators are combined, there we do find narration into first and third person.

This technique helps us to get various viewpoints of the same event. Such authors fall into ontological doubts about historical reality; in fact, instead of testifying historical totality, they destroy it; therefore, transmitting insecurity and doubts over aesthetical cognition.

7.2.3 Concerns over the "narrator-author and character" relation

The narrator's status is complete if we refer to Xhaferri's prose, which in fact is

¹²² Scholes, R. *Fabulation and Metafiction*, (Urbana: University of Illinois Press, 1979), p. 90

¹²³ Kuçuku, B. *Periudha e realizmit dhe e modernitetit bashkëkohor, në "Jeta Shkencore"*, Seminari XXVII, për Gjuhën, Letërsinë dhe Kulturën Shqiptare, Prishtinë, 2008, p. 207

¹²⁴ Kryszinski, W. *Il romanzo e la modernità*, cited, p. 65. * With the term axiology, in semiotic, it is highlighted the way paradigmatic values exist, in contrast with ideology, that takes the regular form of syntagmatic and axancial values

characterized by variations of narrative models. Even at "Krastakraus", the author himself plays the narrator's role who narrates in the third person¹²⁵.

The authenticity of this novel is achieved through changes in *the relationship between the narrator-author*¹²⁶ and the character.

Sometimes narration is carried out neither by the narrator nor the characters.

It becomes quite clear with some interrogative sentences, which in fact sound like impersonal ones; he sees into the way the character thinks; he creates great relationship between them. He as well directs the reader by using specific questions, which carry out the character's concerns.

*"It was late autumn. After the defeat of Stefigrad, Danja, Berati, Vlora, Himara and Gjirokastra, which Venetians handed over to Turkish, only Kruja was holding strong. But how long? Would it be able to resist another siege again?"*¹²⁷

The use of past tenses makes the reader re-feel the past.

*"Would Eli, the maid servant of the inn be considered beautiful?"*¹²⁸

Sometimes narration seems like some retrospective that reminds the character of the past.

*Martin Urbini, Strezi's ordinance was right when claiming that the abbot was great wonder to the world*¹²⁹.

According to G. Prince, presumption helps us to characterize the narrative way through which the information comes out¹³⁰.

The use of such phrases in characterizing the characters (it looked like, he could easily be exchanged for a thinker...) make the reader part of the narrated world¹³¹.

The distance between the narrator and the narrated events, the characters' representation and the reader, points out the relation between the narrator-author and the character. The distance between the author-narrator and the above-mentioned elements in "Krastakraus" is emotional rather than physical, moral or intellectual. Some comments point out the narrative importance of the inner interest of the author-narrator over specific meanings some events generate regarding war, human virtues and life. We reach to the conclusion that *the narration's real aim at "Krastakraus" is the same way of representing certain events and that the hero is the narrator himself*¹³².

¹²⁵ This type of procedure is noticed in the novels: "Kështjella", I. Kadare; "Syë e Simonidës" Dh. Shuteriqi; "Sheshi unazës", Z. Rrahmani

¹²⁶ Auto-narrator is not a writer who is biographically individualized, but a kind of narrator, a fiction, of course, closer to a type of ideal author alter-ego according to some code regulations reflected in a poetry which is historically defined. Idea-author is a specific role taken by the author, as a subject of language-literary creation acts of the text, depositor of building rules of the act as a writing (graphic). Well, known auto-narrator is a narrator that appears as an author

¹²⁷ Xhaferi, B. Krastakraus, (Tiranë: Publisher "Bilal Xhaferri", 1993), p. 140

¹²⁸ Ibid, p. 14

¹²⁹ Xhaferi, B. Krastakraus, cited, p. 31

¹³⁰ The narrating way, which is also known as "the regulator of the narrating information" is the one that creates the distance and the proximity with the narrative world. According to G. Genett, all the narrating is necessarily diegesis (narrating process), meaning that it can reach not more than one mimesis illusion (appearing), making the event real and alive

¹³¹ Geralde Prince, Narratologia, cited, p. 66

¹³² Booth, W.C. The Rhetoric of fiction, cit në Angelo Marchese, L'oficina del racconto, cited, p. 166

Xhaferri penetrates into the character's psychology testifying that his historical prose is in search of historical truth. This way the author-narrator can relate to the readers and transmit symbolical and allegorical messages to them.

7.2.4 The unspecified narrator of metahistorical novels

"Moti i madh" is characterized by features of modern narration and discourse like: deviation from the topic, interruption, irony and fragmentary viewpoint. Its structure, which combines various textual models, shows the tendency of historical novels to transform into meta historical ones¹³³.

Narration is not linear; therefore, it is continuously interrupted by commentary voices such as "swallowed" or "eaten" by the essay, utopia and irony.

Semantic and ideological quantity creates such polyphony that *under textual condition realizes the author's ideas towards history*. Quite often, we do find the combination of the third and first person narrator who allegorically represent such characters (De Rada, Gavril Dara, and Bajroni), etc. Some characters, through narration act as aesthetical symbols and heroic as mythical models; they are mythological as biblical figures (Dom Mikelanxhelo, Shën Pjetri, and Shen Meria), historical figures (Skënderbeu, Ali pashë Tepelena), and literary figures (Kostandini, the aged Bala, De Rada, Dara, and Bajroni).

The supremacy based on which epochs consider the tradition's carriers means its evaluation, universality and fullness.

Narration at "Moti i madh" is characterized by other features as well: reduced fables, techniques and montages, according to Ejzenstejn, who transmits differentiated cognitive skills through polyphony and dialogism¹³⁴. The lore transmitted is built through plenty of narrative, discursive, factual and interpretative "spotlight" that confront each other.

The use of such a technique is a sign of post-modernist aesthetics, which mixes reality with mas' media including even simulation¹³⁵.

According to the discourse theories the writer who practices it deserves to be called a military "script man" who, creatively, combines cultural codes of specific situation, community or tradition.

Kraja's novels transmit such lore, which vary from information about the "known" (in various fields of life) up to "cultural unconscious" or the entirety of symbols, codes, desires and typical conflicts of Albanian history.

According to the typological classifying of Krysinki, "Moti i madh" is part of

¹³³ Genette, G. *Introduzione all'architetto*, (Parma: Pratiche, 1981), p. 70. * For Gerard Genett, *architext* is "the relationship that unites each one of the texts with different types of discourse, to whom it belongs, and the combination of expressing ways and literary genres, of which is realized every text"

¹³⁴ Ejzenstejn, C.S.M. *Il montaggio delle attrazioni, nē: Il montaggio*, [a cura di P. Montani; con un saggio di J. Aumont], (Venezia: Marsilio, 1986), pp. 219-225. * According to Ejzenstein, "editing force is every aggressive moment of the theater, that gives to the spectator a sensory and psychological effect, in a way that produces an emotional shock. These effects, from their side, define conditions to receipt the ideal side of the ideological final conclusion of the spectacle"

¹³⁵ Christopher Norris, *What is wrong with postmodernism: Critical theory and the ends of philosophy*, (New York: Herwster Wheatshaeaf, 1990), p. 3.

novels of modernity third epoch¹³⁶; becoming a representative of poly historical novels with elements such as voice and irony structure combination, history and meta history playing, narrator's transformation into a compiler of dialectical controversy between documents and fiction, formal history and the recreation of historical reality which cannot be reproduced except for through fiction¹³⁷.

7.2.5 Narrator's variability in historical novels with postmodern affinity

The difference between the refracted and static truth is a very important element out of which we can realize the way postmodern literature divides from the modern one. It is fact that postmodern literature bases on a new interpretation of lore concepts relativizing the concept of reality, truth, reason, value, etc. Historical novels of such category do not tend to spread historical acknowledge and use the past as a metaphor of the present, but in fact their aim is to see into the possibility of recreating history through the poetics of writing.

History and the historical in it express the inability to proof scientific data and overall knowing of the world.

In contrary to formal modernist closure, postmodern fiction is open towards history, or the so-called by many people "world". Literary work is characterized by inter texts of history and fiction.

Postmodernist authors are aware that reality itself is not the same as it is represented. According to J. Kristeva, this "world" is directly related to the world of empirical mentality but it is not the real world of empirical reality.

Patrisha Waugh, considering some certain novels, concludes history making is not just fictional act but even history itself, just like fiction, is bound to combinations among them¹³⁸.

Historical novels of postmodernist category do not focus on the recreation of a certain period or the understanding of the past based on the logic of priority, but in fact, they focus on issues overflowing a time-restricted horizon to be settled then under a historical and meta historical conditions.

Questions of epistemological nature highlight the relationship between historical documents and narration based on it; they clarify the unreliable nature of source and doubt their impartiality just as well they discover the arbitration of each historiographical narration and condemn the inevitable deal of the power and discourse of the past.

¹³⁶ Krynski, W. *Il romanzo e la Modernità*, cited, p. 32. * According to Braudel: Historical time has a multifunctional addition and is not identically functional. He defines two types of the time extension as "short extension and long extension". The third modernity era, separated according to this time, includes the writings of the 80s, for which, the term postmodernism, is not capable to determine the complexity and the specifics that characterize them. Along with the new French novel, from Butor, in this era, it is included the extraordinary development of the Latin-American novel, Cortazari, Karpentieri, Marquez and Roa Basto with "Yo El Supremo"

¹³⁷ For Broch, polyhistorical novels mean the integrity of the science and the poetry in the textual base of the novel. It is a synthesis of all the rational and irrational elements, of the myth and the logos. Polyhistorical novels try in the substance to reach the core of an era and create a form

¹³⁸ Waugh, P. *Metafiction: The Theory and Practice of Self-Conscious Fiction*, cited, p. 173

Such occurrence like inter textually, reference, ideology is the foundation of the troubled relationship between history and fiction, innovating the conception of narrative instance of the contemporary Albanian historical novels.

Features of their narrative schemes are characterized by strong domination of writer's subjectivity regarding historical data, the breaking of narration's linearity; the lack of characters owning "an inner story", not realistic-psychological any more (characters do not perform function and certain roles anymore; they are just a symbolic representation of self-pressure, obsession and sublimation).

History gains metaphorical values, this deforms its factual character and this change of historical documentary definition and concretization is absorbed by the author's viewpoint and his representation (leaving and approaching).

Due to the fact that narration in these novels develops through the narrator's viewpoint who configures a disappeared culture strange to nowadays' cultural horizon (like that of Illyria of 3rd century B.C. at "Mallkimi i priftëreshave të Ilirisë" by Mira Meksi or of the culture that represents cognitive models distant from the active ones nowadays just like the process of Albanian Islamism after the Turkish invasion and the coexistence of the 2 religions in 18th century, Albania or the civilization of Voskopoja and its destruction at "Të jetosh në ishull" by Ben Blushi), there we do find the creation of such conditions helping the violation of the commonly accepted possible.

From this viewpoint, even the narrator's "task" to claim verity complicates because of the conscious and unconscious "sides" of such situations.

Since, it is impossible to find some neutral viewpoint to move towards truth, then the great objective truth (modernist) falls into partition of hundreds of small subjective truths.

Linda Hutcheon, among ways of favorite narration over historiographical metafiction, distinguishes as the two most basic: "multiple viewpoints" and "the open control of the narrator", but we find nothing reliable to proof its ability to know the past in any of them¹³⁹.

Such novels like "Selvitë e Tivarit", by M. Kraja, "Mallkimi i priftëreshave të Ilirisë" by M. Meksi, "Të jetosh në ishull" and "Otello, arapi i Vlorës" by B. Blushi appear as an artistic transcription of factual, spiritual and psychic reality of the individual and Albanian society, which after nearly 20 years of transition, begins to develop.

Metafiction is like a "tendency" of these novels that performs through technique and anti-technique, construction and deconstruction of illusion. It is characterized by such features as: the power of creative imagination, extreme awareness of the language, literary form and the art of fictional writing, the uncertainty between fiction and historical reality; the like some parody style, lively, sudden or "deceitful" of writing¹⁴⁰.

¹³⁹ Hutcheon, L. *A Poetics of Postmodernism: History, Theory, Fiction* (London: Routledge, 1988), p. 118

¹⁴⁰ Waugh, P. *Metafiction: The Theory and Practice of Self-Conscious Fiction* (London and New York: Routledge, 1996), p. 14

The moral "universal" authority of the omniscient narrator is replaced by more specific and relativizing ways; it appears to be basing less on traditional conventions accepted by the reader-public and more on postmodern culture experience.

Generally, the narrator of contemporary historical novels is a typical for example the uncertain or doubtful narrator of Kraja ("Selvitë e Tivarit") and the unreliable narrator of Blushi ("Otello, arapi i Vlorës"). This technical choice serves the conveying of some specific semantic meaning: the diegetic doubt (or the incredulity over the narration process).

This kind of narrator may appear as a public intellectual: a thinker who, due to his special abilities) is able to talk to the massive reader over a variety of public affairs.

The changes of narrator's instance over contemporary historical novels relate to the fact that *his narrative authority bases on historically displaced literary cultural conditions, which determine the novel's status and function in the public sphere*. These conditions throughout the last decade include the following: commercial orientation of multinational publishing houses; the rise in nonfictional literature sale, like the memories and folk stories; cinema's competitive requests; television and new media; opinions' spread in public debates through blogs, polls etc.

7.2.6 The narrator organizing narrative games

Literary researcher J. Phelan claims that the way the author treats the narrator talks about his ethical aims towards narration, narrating and the audience¹⁴¹.

Just as in other proses, even at "Selvitë e Tivarit", M. Kraja appears to be the master of "illusory" objectivity, false narration, who draws attention to the interpretation relativity more than a rereading of existing historiographical narration, urging meta communicating dialogues with the reader over history as a way of explaining it and not definitely judging it.

To this author, reversion at historical past objects the "naïve" perspective of representing reality and openly combines with the rhetorical function and game.

M. Kraja, in the discourse viewpoint and the character's inner world and the way historical reality shows off, creates historiographical metafiction, which the reader accepts in disbelief, because the narration's significance does not base on the factual documentation of the imaginary data, but in the liaison of these data to the narration's discourse¹⁴².

What appears to be real (historical) at "Selvitë e Tivarit" is the time, space, the city, parties surrounding it; in the end they undo the city: The Tivarians Montenegrins, Russians, English, Turks.

The characters' inner world approaching the readers, *missing the help of any*

¹⁴¹ Phelan, J. *Living to tell about it: A Rhetoric and Ethics of Character Narration*, (Ithaca/London: Cornell University Press, 2006), p. 19.

¹⁴² Në veprën "Metafiction. The Theory and Practice of Self-Conscious Fiction", Patricia Waugh explains that the concept of metafiction refers to a type of fictional writing, that "conscience and systematically" attracts attention for its status as a reflection, in such a way to represent questions linked with the relationships between the fiction and the reality.

moralizing, evaluative, judging, didactic and authoritarian aimed narrator, allows them multiple meanings and narrative elasticity, just as well help them to doubtfully consider any discourse over absolute lore. The absence of such authority helps them understand others' viewpoints and simultaneously become aware of self-way of thinking and viewpoints.

Narration at "Selvitë e Tivarit" realizes through some unusual narrative voice of first person plural (collective voice "We"), which transmits the reader the intentional feeling of disbelief or the doubts over the narration's verity.

Kraja uses this technique to show that the narrator (who sometimes appears in the first person singular "I") being a child, is psychologically unstable and misses the lore about the case. At the same time, he may make the reader think he is a naive narrator who, being that indicted and inexperienced, exposes his mistakes and deficiency and does not try to intentionally "deceive".

This way, it is unclear whether the narrative game bases on the illusions of the narrator-child, careful about the unimportant details or on the adult who shows off as a child? Is this the narrative voice of the child, who is aware of old stories of Tivarians through chronicles and narration, or the voice of an adult, who after having experienced the event returns to the past to deal with the narrative start (and expands "We" to dimension and vision)?

Data within the text is closer to the first hypotheses. First events are narrated in the past simple that is the reason why narration seems simultaneous to the actions performed. Narration at "First chapter, on Monday when we saw Zuke Kalimashi return to Tivari..." despite being realized through some retrospective viewpoint is full of details which in fact mark time closeness to the initial events of the novel.

Doubts are present since the beginning while narration starts with a "WE" as a narrator who talks about the day when "*the immoral Zuke Kalimani came back to Tivari, the day it snowed, 2 weeks before San George, after 23 years and 40 days*".

Even though narration is in first person plural, there is only one narrator who identifies himself with the group. However, what are the members of the group? The plural "WE" tries to include Preka and Samiu by introducing them:

"We forgot about Ilham Shaqir Suma, because a day later he asked us to follow him in order to see something we had never seen before..."

"But why should Preka be part of the narration? The day I met him he confessed me something I had never wondered about..."¹⁴³

The use of "We" and "You" at "Selvite e Tivarit" proofs the presence of an impossible unusual voice, which challenges the traditional narrative theory¹⁴⁴.

The narrative voice of a child is a well-known practice in the world modern fiction and Albanian too (M. Yoursenar, "Kujtimet e Adrianos" (Memoirs of Hadrian); Kadare, "Kronikë në gur" (Chronic in stone); we are never sure about the verity of the information or the recorded events.

¹⁴³ Kraja, M. *Selvitë e Tivarit*, cited, p. 39

¹⁴⁴ While mimetic sayings are objective and accepted from the reader without any reserves as the fictional truth, the non-mimetic sayings are subjective, inaccessible and receive from the reader the type of conditional faith that complies with the attitude of the individual that talks

It is possible that the narrative three will have never seen or heard what they hold as true. The reader thinks that such a voice narrator convolves tales and legends as well.

The following examples show the way that limits between truth and lies, functions among observers and listeners and the fantasy game created from the narrative person exchange, fluctuate during narration.

Table 7.2.1

Examples of how narrative game is realized through narrative person exchange at "Selvitë e Tivarit"

Narrative voice of first person plural (collective)	Chapter 1, on Monday... ... We saw Zuke Kalimani return to Tivari... Her face was plump, full cheeks and almond shaped eyes... ¹⁴⁵
Narrative voice of first person singular (I) combined with the first person plural (we)	Chapter 3, Bindi's stream I felt that Great war seemed to be breaking up those days in our city . I think that now it is time that we mention Sani Kaduri of whom needs to be said that he announced the cheap sale of his endless dreams.
Combination of narrative voices within the discursive units, which disorient the narrative instance and "confuse" the reader above truth-fantasy relationship	Chapter 3, Bindi's stream Several years later, when I came across and old photo of the time, I could not believe that the image was real... It could not be explained the absence of sea waves... Let us suppose that it had not been written about the fact that we stayed several days over the castle walls, looking at the sea and the sky. The two army awaited us, that of Dovlet in the east, that is how we called Turkey and the leader of Cetina on the other side ¹⁴⁶ .
The distance between narration and first person singular narrative voice	Chapter 13, the oil torch Now, it is not easy to recall full details of those events. I remember that during autumn someone used to light candles at the grave of Sheh Idrizi every night... ¹⁴⁷
Direct communication with the reader	Chapter 31, black carriage The reader should be reminded of the days when the English army with 12 soldiers and Stuart's carriage walked there often... ¹⁴⁸

Source: developed by author

The use of "We" (instead of I, He) expands narration into size and vision and makes it complete.

It happens that the narrator simultaneously directs to the reader and himself:

"When I told Sami, the following day that I was in love with Xhemile, he got deeply curious and wanted to know what I had really seen." "I told you, Xhemile's face". What else? "Nothing else", I said. "Just her face". "That is not enough", he said and left taking no notice of me... Even now, I do not know what happened exactly.

Such examples, according to Prince, must be considered as a sign of transformation that the narrator suffers because of what he narrates¹⁴⁹.

In his discourse, there are distinctive signs of grammatical category of "I", "we" and "you, singular" which directly or indirectly refer to the characters:

Those who were waiting in queue in front of Tahir effendi's house could not talk

¹⁴⁵ *Ibid*, p. 112

¹⁴⁶ *Ibid*, p. 25

¹⁴⁷ *Ibid*, p. 65

¹⁴⁸ Krája, M. *Selvitë e Tivarit*, cited p. 152

¹⁴⁹ Princ, G. *Narratologia: La forma e il funzionamento della narrative* (Parma: Pratiche Editrice, 1984), p. 36

about anything because terrible things would happen then. *Nate, do you know what Hetem hoxha's Bosnian was called?*

This way, narration to be the product of narrator-character fantasy rather than a simple narration of events over human experience. "Selvitë e Tivarit" is characterized by the so-called "problematic novel", which appears as a branch of postmodern narration exploiting the techniques of magic realism and non-fictional novels¹⁵⁰.

Critical thinking defines it as *the game-novel, the novel that guides the reader towards illusions and cheating, deforming mirror and trapping doors, transmitting him nothing but just a paradox about art and life relation*¹⁵¹.

It also represents the "self-reflective" fiction or "fabulation dimension" which lately is classified as "self-inclusive narration".

Narration starts with the immoral woman Zuke Kalimani and then we find Tivari, Dovlet's army, that of Cetina's leader and the English navy of lame Stuart. They make up an unforgettable tableau of diverse characters who not only help to enrich one another; but also do highlight profiles within the novel: Sami and Sani Kanduri, Ilham Shaqir Suma, Cuf Idrizi, Beqir Demi, Shuab Damoni, Jehud Doraci, Xhemile of Habib Katana, Ymer effendi, Dede Zarishti, Pader Shtjefni, Nike Pjeter Jungu, Lami of Kasem Demiri, Johan von Bergman, Nel Gjeshku and his mule, Hetem hoxha's Bosnian, Lami i Kase Demirit, Selim Cerkezi, Sebernaze of Beqir Demi, the six men of Tivari, Kabili and Rahili, Sabiti and Hamiti, Aliu and Velju who negotiate with the foreign armies. Despite the fact that narration ends with these six men, chapters 34-36 change into drama, universal grotesques and poetry.

According to the changes that the "character" notion of contemporary prose has suffered (under the effect of existential philosophy, character display towards reality is replaced by his display towards disappearance) even Kraja contrasts realistic techniques of characterization, focusing on his position as a holder of confronting attitude. At "Selvitë e Tivarit", we do find a variety of positions, emotional attitude; therefore it is not possible to determine one's priority over the other or his real identity¹⁵².

¹⁵⁰ Sim, S. *The Icon Critical Dictionary of Postmodern Thought* (Cambridge: Icon Books Ltd., 1998), p. 310 and Bradbury, M. *The Modern British Novel: 1878-2001* (London: Penguin Books, 2001), p. 43. * The term, which is now popular, "magical realism" is used from Franz Roh in 1925, to describe a form of art, which portrays scenes of fantasy and imagination through the obvious use, "of the documentary techniques of the picture". Today it is exclusively connected with literary, with a special type of fiction where the elements of history and magic merge, the dream and the magic infiltrate the realistic narration. Earlier events of use are found in the Latin-American writing (Gabriel Garcia Marquez, Carlos Fuentes, Octavio Paz)

¹⁵¹ Scholes, R. *Fabulation and Metafiction* (Urbana: University of Illinois Press, 1979), pp. 218-225

¹⁵² Herman, D. *Story Logic: Problems and Possibilities of Narrative*, (Lincoln and London: University of Nebraska Press, 2004). * Today, in the times of informatics revolution, the creation of communicative networks in the whole world where simultaneity between the sender and the receiver has passed the concept of the geographical distance and has shortened the time of the message transmitting. In this context, there are created cultural fields, which are much bigger than those created from country-nations, with a clear difference of the processes with which Ego requires an identity through a territory that produces its mechanisms and cultural attitudes. The movement of the populations from one place to another have "obligated" the novel to describe new multi-ethnic places. It should create a model that immunizes it to the risks of instability of the identity structure through narration, which is less related with the national literary traditions, existential scenarios more flexible, the subject in which does not act any absolute ruling "character" of 19th century. The memory and its individual desires, but all teams of characters, connected between them

The narrator-character stays in front of the defaced character with unusual metamorphosis: *Lami, the lame started to cry, curse and speak nonsense. He then crawled near the gravestones until he fell on the ground. "...Gjel Neshku had the habit of talking loudly while thinking just as well he could not think of two issues at the same time. Tahir effendi had been crying for ages... Dede Zarishti walked out of the church and entered the seawater with his clothes on..."*

Kraja historiographical metafiction, drawing special attention to historical discourse of previous groups, personal versions of the past, peripheral non-central abnormal figures (prostitutes, epileptics, idiots, homosexuals, slaves, immigrants) represents history as "damaged, full of gaps and enigmas".

In the mainstream of history deconstruction, he disjoints and articulates the individual's world who neither urges nor takes part in it, but he is its invaluable anonymous object.

The rethinking of historical past as non-continuity produces comprehensive instability, which destroys the psychological and physical unity of the narrator making him insecure and self-doubtful¹⁵³.

Such narrator serves the author's aim to "transform" historical and political realities. Through such representation, readers become aware of relativity, continuous change and absolute insecurity of each epistemological knowledge.

What help us understand the meaning of human existence in history, are the narrative mirages that the three-voiced narrator of Kraja creates.

*The significance of literature to understand our world and History relates to the fact that the inner world realizes itself only in the human language*¹⁵⁴.

At "Selvitë e Tivarit", the author seems to be analogically acting in accordance with the famous saying of Borhesi: "all the days of humanity snuggle under one single day". Meanwhile Kraja's analogy seems to be illustrated with such saying: "all the humanity snuggle under one single person".

The evocation, anxiety of not realizing characters in history, even though it is narrated in the first person, appears to be depersonalized, with the implied impersonal "we".

¹⁵³ Hutcheon, L. *A poetics of Postmodernism*, [first edition 1988)] translated by Demë Topalli, *Poetika e postmodernizmit*, (Prishtinë: Publisher OM, 2013), p. 98, pp. 239-243. * According to David Carroll: "when history is not accepted in its own way familiar, rational and metaphysical, as a solution of contradictions: even if it is history of rhetoric, then the process of the upgrading of the individual subject appears as problematic". An important aspect of the challenge that historiographical metafiction does to the concept of continuity is decentering and the distribution of subjectivism. In a way that he questions the idea of a coherence, the topic (subject), historiographical metafiction, at the same time creates and drowns realistic pacts composed from an individual subject, which is not problematic and is a main moving force of the events from which derives the essential meaning. Absorbing the structural and post structural theories, where the subjectivism is treated as a "basic property of the language" and for "not a certain meaning but an open process", of the clear challenge from the postmodern novels of the human notion of the individual "free, unified and coherent". Hutcheon suggests from her investigation "that in all discourses, the subject of the history is the subject of history and for its narration".

¹⁵⁴ Bergson, A. *Evolucioni krijues*, cited: Agron Tufa, *Delja e njëqindtë e Anton Pashkut, në "Fjala", Tetor, 2012, p. 7*

7.3 Time in the historical novel

7.3.1 Time function in structuring historical events

Time, in literary act, more than just a simple *chronotopic* referral, is determinant for some of the most important figures of narration that build the inner structures of the text, the hierarchy of the parts and influence over his plans.

Based on Bashkim Kuçuku saying that: Time refraction or its metaphor ways make up the greatest embranchment of poetry styles¹⁵⁵. They are the main source of its derivations; its axiological level is of great importance even to the poetics of historical novels. In the historical novel of classical model, time is linear, from the past to the present, towards the future, marking the rhythm, linearity of events, causes and characters' motivation.

Due to the fact that the interval between the time of narration and that of the event is big, often centurial, the narrator acts in both levels of history, using time of "narrated world" and "commented world"; exchanging interference with the examples of directing functions and typical treatment of "narrative's rhetoric"¹⁵⁶.

The "sovereign" narrator who weaves narration not only does it smith the mixture of "positive truth" and "false illusion" but also reveals continuity detached from the linear and progressive chain of events. Authors of classical model in Albanian literature generally have perceived and narrated the world according to some determined time restrictions; these elements only help to slow down the process of event flowing, conditioned by the fact that the writer cannot describe them all in full details¹⁵⁷.

Chronological narration is a characteristic of historical novels of Ndoc Nikaj, Zef Arapi, Haki Stermilli, Sterio Spasse, and Skender Drini.

An example of this paradigm is the novelized biography of "Skënderbeu" (Scanderbeg) by Sabri Godo, in which time plays the basic structural role as all episodes of narration base on it.

Chronological edges, in which events take place, include first part. Gjoni at the end of 14th century and the ending, ten years later after Scanderbeg's death (1468) with the surrender of the castle and town of Kruja.

These boundaries are conditioned by the historical episode, when the hero lived and worked, which in fact is basic to narration.

Events and characters' actions follow the order of documentary historical pretext, in which a 63-year period, which includes the time from birth to death of the hero, gives the novelized biography the form of an epos. That is because it concentrates widely on history, which does not only include Scanderbeg's life and war against Turkish for 25 years but nearly a centurial historical period.

¹⁵⁵ Kuçuku, B. *Kadare në gjuhët e botës*, (Tiranë: Onufri, 2000), p. 19

¹⁵⁶ Booth, W.C. *La retorica della narrativa*, (Firenze: La Nuova Italia, 1996), p. 79

¹⁵⁷ *The scene, according to Genett "conventionally realizes the equality of time through the narration and the history. It is composed of dialog and narrating sequences, which have the time of the chronicles. Meanwhile, at the summary, the time of the history is faster than the narrating time; the narrator accelerates the pace of the story, synthesizing the certain events which are not necessary to stay, but the recognition of which is beneficial for the reader with the intention of fully understanding the discourse"*

Among artistic narration and historical events, we find the highlight of realistic nature of situations in the novel, great events and small details, psychological penetration, inner research and outer look; they always undergo objective cause as an effect relation and the logical conclusion as a result of realistic reasoning. This conditions the author's continuous persistence to highlight the documentary side through time markers (exact dates, days, months, years) making use of names of places, events and famous historical events.

"Gjergji returned in 1437", or "Murati came to Kruja in the afternoon of May 14th 1450"¹⁵⁸; "On March 1st 1462..."

An important way of getting to know the historical code of this novel is the language used in narration, which sometimes resembles that of a genuine historiographical discourse with monographic writing.

"Then pope Kalisti realized that Mehmet's assault was not just a simple campaign of punishment, but fundamental movement in Turkish strategy. To attack Hungary and Europe, Mehmet had to first annihilate Scanderbeg, who could as well attack him and stop supplying him"¹⁵⁹.

However, we have to accept that the level of referring in relations between discourses of history and literature does not directly affect time structures. According to Genett, *in no narrative genre does the discourse order adhere to chronological sequence of history's abstract line. In addition, rhythm is not of isochronic order*¹⁶⁰.

Viewpoint or focus (as a unit of narrative instance) shows that historical discourse cannot represent past events through any historical figure on stage only the narrator-historian, who observed the past, can realize it. Therefore, we may say that his modal system (and of all non-fictional discourses) is "imperfect", if compared to modal chances of fiction.

At "Scanderbeg", the author's aim is not just to narrate the great drama of Albanians, but especially to point out the recapture, through various semantic meanings in order to express himself freely when the novel was written. To serve this purpose Godo uses religious, mythical and political discourse, to help the well-informed reader of the political situation in Albania, the beginning of 1970s when the novel was written, think of Albanian reality of communist epoch.

Scanderbeg is saying *"The Vatican plunders Europe and enriches in the name of the crusade"* is more typical for the time when the novel was written (a sign of atheist attitude) than Scanderbeg's epoch. There is another similar saying to it: *"I would like to put to an end the war against Turkish and start another war against the Holy See"*, which seems to make Albania be opposing not just Asians but the whole world. It is of great interest to the narrator's positioning towards Europe: *"A full cycle of war came to an end, during which Albania hoped and believed in Europe. This country, now, will turn the page"*¹⁶¹.

¹⁵⁸ *Ibid*, p. 318

¹⁵⁹ Godo, S. Skënderbeu, cited, p. 318

¹⁶⁰ Genette, G. *Figure III: Discorso sul Racconto, vep e cituar*, p. 78 * With isochrony Genett refers to the narrative time, in which, the context and the discourse have the same duration approximately

¹⁶¹ Godo, S. Skënderbeu, cited, p. 461

The reader finds it impossible to bypass the parallelisms with the Albanian political reality of the writing's time, so the complete of (self) isolation of Albania.

This shows how any novel depicts its own time even when it refers to a more ancient historical period. We should highlight that these discourses do not oppose literature order, because regardless of what the reader think of any issue, historical novels talk about how an issue could have happened and not how it really happened. That is the reason why the flowing of events and actions in the novels are represented through limited vocabulary by the author-narrator, communicating through facts, moving the reader towards meditation, generalization, conclusions. Besides, the use of historical facts and chronicles, the novels' real values stand in the meaning it suggests and its autonomous poetics.

The author intentionally has entitled the last chapter of the third part and even the whole novel "Humans' time".

*The city is made of people surely not objects, even though the last ones prevailed. New inhabitants walk shyly on the cobblestones. The city of course had great influence over them. Slowly they learnt how to worship it. In vain, Turkish tried to stop their subservience and adoration towards the city as it had become a myth which lived centuries as such*¹⁶².

As a conclusion, we may say that in classical historical novels the change between order of history and narration is almost inconsiderable. The second followed the firsts chronological continuity. Time of events serves the historical facts and its accurate and chronological flowing fulfills what is called "lack of history".

In this diachronic scheme with determinative and dictated selection of events, time is irreversible. As such, it appears to be an embodiment of the absolute, which is obvious when confronted with modern and contemporary historical novels.

7.3.2 Time breaking in modern, contemporary historical novels

Time in modern, contemporary historical novels undergoes intentional refraction, which make up some inner poetics of texts and special narrative styles.

In authors of such category, it enables complex derivation that create paradigms not so close to classical historical novels. In addition, the change of actual time into some obvious functional presence sometimes pushes us to the limits of the unbelievable as a condition of inner narration. This means that time is no longer external but internal in fact; there is no evolution but stillness.

What is of great importance to authors is not the mechanical time but the subjective individually experienced one. Consequently, it is not defined regarding its objective flow but "duration' of individual' conscience where dreams are reality and vice-versa"¹⁶³.

¹⁶² Godo, S. *Skënderbeu (Tiranë: Publisher "Naim Frashëri", 1975), p. 508*

¹⁶³ *The consequence of the time lived subjectively is simultaneity, another typical aspect of the modern novel, that means the simultaneous registration of all the content of awareness, which substitutes the chronological rank of the events that characterize the traditional novel. This new concept of time, among its main founders, the philosopher Bergson. He does not see the reality according to the mechanical laws and the time coordination of physics but means that the truth as a designing of the subject and its awareness. These new ideas are reflected in the literature of the 20th century beginning, in the Proust work, Mann Joyce, where time is not a necessary condition to finish an action, but the topics of their novels, where they possess very subjective concepts for the time; it is proposed a subjective perception of the duration of time, the time which is longer or shorter depending on the awareness of the human that experiences and narrates the experiences*

The studier Luciano Boci claims that *in modern and contemporary narration, it is not difficult to notice how the literary side of the novel changes into "language indirect" in the discourse system*¹⁶⁴.

The absence of mechanical time is clearly reflected in the syntactic structure of the sentences.

The idea of relative meaning of time or the concept of subjective time is central to the narrative and semantic structure of modern and contemporary historical novels related with modernist philosophical traditions of Bergson, Diltei and later Oswald Shpengler.

Time breaking in the novels of modern and postmodern poetics should be regarded of as an expression of history's new concepts. Even though in the novels of 19th century it seemed like some organic and positive development, unfortunately history of 20th century, according to Elsa Morante is considered as "*scandal lasting over one thousand years*" or "*a series of events that suppress people and things leaving behind traces of blood and violence without changing anything*"¹⁶⁵.

7.3.3 Artistic and conceptual function of analepsis

One of the most common types of modular narration is the one where hierarchic relation between past and future is destroyed. Anachronous means some distance from the first narrative temporality; it is carried out through analepsis and prolepsis whose frequent presence is the main feature that distinguishes modern historical novels from traditional ones¹⁶⁶.

More frequent are outer analepsis, which relates to historical episodes, the story of any town, object, place or the ethical or psychological characterization of the character. They displace the chronological flow from the present to the past and back to the present, which makes the author's intervention useful in connecting various time and narrative lines.

A distinctive feature of historical novels is the analepsis of historiographical character, which helps the readers, get a better understanding of the narrated facts. Of course, we are talking about homo diegetic one based on the very same narration line, even though it stands beyond chronological restrictions¹⁶⁷.

¹⁶⁴ Boçi, L. *Koha në poetikën e romanit*, cited, p. 77

¹⁶⁵ Morante, E. *La Storia e il romanzo neostorico*, cit në: Margherita Ganeri, *Il romanzo storico in Italia: Il dibattito critic dale origini al post-moderno* (Lecce: Piero Mami, 1999), pp. 103-107.

¹⁶⁶ Genette, G. *Figure III: Discorso sul Racconto, vep e cituar*, pp. 96-115 * *The function of analepsis is retaking the events outside the sequence, while the function of prolepsis is the creation of suspense, the development of character or the structuring of narration. Generally, moving to the past is classified into two groups; internal analepsis is a return in an earlier phase of the narrating time; external analepsis is going back to the before the narrating time that is covered by the event. Gennet refers to antique modules, to show the way how the author can create fractures between the narrating time of the history, speeding or delaying the show of the facts, against the real chronological order or showing events that stand outside the time spectrum, within which the novel is placed. The main characteristics of anachronism are: a) extension and b) duration. Time distance that extends from the past to the future is named as an anachronic extension. It also can cover a long or short time segment, is named duration*

¹⁶⁷ *Internal analepsis are based in the same acting line of the first story and have the function of "direction" in the text*

Table 7.3.1

Examples of outer analepsis and their functions in some historical novels

<p>Krastakraus - Bilal Xhaferri</p> <p>Function: It helps to characterize the character of Stresi through childhood memories. By contrasting, the present anachronous emotionally highlights the war fatality</p>	<p>Stresi sat by the side of the road waiting for Martin to come. He recalled his childhood memories and all the various games they played together. However, where were they now? Stresi Bardholi had died in the battle of Torvioli, Ndre Piroli in the walls of Danja¹⁶⁸</p>
<p>Muret e Krujës (Kruja's walls) - Gjergj Zheji</p> <p>Function: It helps to complete historical narration through analytical description of rebellion</p>	<p>Marken Barbuka had seen their Pelt. He recalled Pelt's history each time he looked at his cabin. He was the poorest farmer of Timur Bey...¹⁶⁹</p>
<p>Koka e prerë (The cut head) - Kico Blushi</p> <p>Function: It intends to psychologically characterize Thanas Vaja, who becoming the main character then, helps the author to portray Ali Pasha Tepelena</p>	<p>Thanas Baja had always self-controlled. Women had never had been part of his life. The only woman face he could visualize was his grandmother. He used to cater the livestock with her...¹⁷⁰</p>
<p>Frosina e Janinës (Frosina of Janina) - Mira Meksi</p> <p>Function: It helps to get Frosina interested in Muktar Pasha, who will later play a very important role in her life. Here, ANALEPSA serves as an informing sign or cataliza</p>	<p>I remember it very well said Letizia. He was lying on a black sofa with tens of black cushions. He played with his silver spike. He was broad-shouldered, handsome, and swarthy with long hair and a bushy chestnut beard¹⁷¹</p>

Source: developed by author

It acts when the narrator transmits the arguments of discussion to the characters of complete knowledge over history and ethical as well as national values. This type of ANALEPSA characterizes historical and fictional characters.

At "Krastakraus", this derivation is combined with *prolepsis* in the inner monologue of Scanderbeg; it serves to glorify the historical figure as a great defender of freedom and his nation.

"What would happen if he walked away? Then Turkish would come war would come to an end; life would go on, people would work, have children; maybe they would live in peace and slavery."

When historiographical *analepsis* characterizes fictional characters, narration is longer. One of the most distinctive example of the type is the oral narration of Mollos Baderi.

"Nobody is said to always win", he said. "We should believe in ourselves; we lost the castle of Berati but we should hold tight the castle of faith. You should listen to Mollos Baderi, the one-hundred-year old man. Faith, faith; I can pretty well recall the days when we did not eat anything for 3 days" said the old man standing in front of the girl¹⁷².

¹⁶⁸ Xhaferi, B. *Krastakraus* (Tiranë: Publisher "Bilal Xhaferri", 1993), pp. 118-119

¹⁶⁹ Zheji, G. *Muret e Krujës* (Tiranë, Publisher "55"), pp. 70-71

¹⁷⁰ Blushi, K. *Koka e prerë* (Tiranë: Naim Frashëri, 1990), p. 29

¹⁷¹ Meksi, M. *Frosina e Janinës* (Tiranë: Onufri, 2001), p. 56

¹⁷² *Ibid*, p. 60.

According to Genette, this type of *analepsis* could be regarded as complimentary because it fulfills all temporary gaps in their time continuity.

Its function in Xhaferri's novel relates to the "verity" of narration or the narrative role the 100-year-old man plays as a spokesman of history; as the voice articulating oral collective memory as the most non-manipulated by historiography, which the narrator-author considers as "nation's bell".

"Mollos Baderi lived on his one-hundred-year-old memories. He often recalled Arta and Barnati, Gjini Bue Shpata and Gjergj Balsha the first; he recalled those glorious days, which were the prologue of the present."

At "Moti i madh" where the playing with time is basic to fragmented narration of history, another type of *analepsis* defined as general by Genette, is activated¹⁷³.

*"It has been a long time since then; maybe over a century. I do not keep track of time neither with years, nor with centuries. Time is absolute"*¹⁷⁴.

The most important part of narration at "Moti i madh" is the looking back in time including history, the biblical and mythical, while the "first" event serves a predicted epilogue. We should keep in mind that in this novel, time, extensions, pauses, are first motivated by specific discourse. Which appears as some kind of enigma or vicious circle with symbols hiding mythological images over time. Voices' contemplations to make up an entity are interrupted by some interference and artistic derivation of parabolic nature like the image of Scanderbeg, his open grave, sword etc. Narration takes us to the mysteries of our History or better to the "escarpment" of history, where its territory has collapsed. What serves allegory, as the derivation, which enables the evocation of old times and the imaginative vision of the future, is narration full of implications. Regarding text structuration, chapters do not have structural autonomy; in reality, they seem like a continuity of each other.

The time of narration is undefined, it starts with the prologue of Austin, the guide, who tries to write a glorious chronicle over Europe and closes with the epilogue of the Venetian king who wants to reincarnate it centuries later, ***while time of thinking is mythical***.

It owns the narrative system of the novel but it is more complicated. It includes:

- a. Memories of the narrator-character during his imaginary travelling to Hadi;
- b. Reflections over history symbolically represent time and political military power of Balkans and European countries as well as empires since ancient times.

The last ones create a secondary narrative level based on *analepsis*. When the narrator-character meets historical characters as well as those of literature or mythology, the linear flowing of narration is interrupted for the meta diegetic narration to start. Therefore, we find narration about Gjiovani's and Golgota's suffering, Andrea and the registers lost in Garibaldi's wars, poet's walks in the countryside and the exhumation of Albanians of Italy.

¹⁷³ Genette, G. *Figure III: Discorso sul Racconto, vep e cituar*, pp. 110-111 * Starting from the width criterion, Genette separates the *analepsis* in partial, when they pass a step in advance (*ellipsis*) and full when they reach "the first narration". The first type is just an isolated information, while the second has an intention to cover the entirety of the previous narration, as in the case of narration in "media res"

¹⁷⁴ Kraja, M. *Moti i madh*, cited, p. 21

"Moti i madh" compared to other novels of the genre, is very original, it is an idea-novel or image-novel, which instead of classical characters owns voices representing symbols or better theatrical shadows offering allegory through symbolic stratification and parables; its language, through allegoric use, makes up some discourse full of mythical symbols. Such combination of modernist and postmodernist experience like the poetical language of the sub text make it seem like the poetry genre. Characters of history act like mythical, heroic models, urging distance from life prosaism and the preservation of moral and spiritual integrity. The retrospective at "Moti i madh" changes into an Albanian revolt against Europe's infidelity.

"I come from the east coast of this place", said the foreigner. "When Europe needs us, they say we are Europeans, on the contrary they say we are Asians. Some kind of geographical trick"¹⁷⁵.

Such attitude towards history and understanding it as mythology leads to parallelisms of meaning and symbolic character, that realize time shift and make the novel sound actual.

7.3.4 Functions of Prolepses in narration and subjective revocation of the past

Further analyses will concentrate on other forms of time refractions in the limits of narration and its use serving intrigues and universal message of the authors for a new re-dimensioning of the past.

The complicated time structure that characterizes narration of modern historical novels hold as a basic marker the disinterest over fable, which highlights the priorities of the style and especially of the subject.

Therefore, the fable at "Sytë e Simonidës" is simple: Simonida, the 14-year-old daughter of Bezan's emperor, Androniku the second, leaves Bezan to reach Rasha followed by 3,000 soldiers for 33 days. They reach to Gracanica where she marries the king, Karl Uroshi.

Based on poststructuralist theoretic thinking of Barthes¹⁷⁶ (according to whom, in order to reveal various levels of narration, text analyses should base on segmentation) the time referents in this novel are:

First narrative unit:

"Fourteen year old Simonida of Bezan" history claims legend said she was eight, "after she got engaged in May 1315, used to visit Bosphorus always dressed in black"¹⁷⁷.

¹⁷⁵ Kraja, M. *Moti i madh*, cited, p. 14

¹⁷⁶ Barthes, R. *Introduzione all'analisi strutturale dei racconti*, nè: A.A.VV., *L'analisi del racconto*, (Milano: Bompiani, 1969), pp. 5-46. * While the formalist critical though tracks the pair fable/subject only in the level of content (where the subject is seen as the continuity of motives that are found in the literature writing, while the fable as a rebuilding of the chronological order of them and as an evaluation tool of the writing in the technique of the motives editing) for the structuralist Barthes the subject is not a rebuilding of the fable. According to him in a narration "everything, means different levels", even in the smallest detail. The textual analysis that he does to the story "Sarrasine" from Balzac is a diffraction game launched from an arbitrary segmentation in a reading unit named "lexies". This does not correspond to any model in the text but express that what the reader judges as an identification unit (one phrase, sentence...)

¹⁷⁷ Dhimitër S. Shuteriqi, *Sytë e Simonidës (Tiranë: Extra, 1998)*, p. 9

Last narrative unit:

"All these poor poet's stories dating on **May 20th 1920**" adds the head consul Mirkic, "are not at all reliable..."¹⁷⁸.

The relation between the time of narrated events and time of narration serves the interpretation of Shuteriqi's novel. Its third part entitled *Modern Time*, which takes us six centuries earlier, symbolically relates to the events narrated through the return of Bora Dimkovic and the encounter of modern time characters with Simonida's icon. It is exactly this icon that realizes the time entity in the novel. It allows the author to accomplish his main purpose: the re-dimensioning of historical time.

Such diachronic overcoming from 14th to 20th century is realized from the use of *prolapse*, which in fact builds a second narration alongside the first one¹⁷⁹.

The prolapse is realized through the figure of the poet Bora Dimkovic who, using his "oracular" voice shows Simonida and her retinue all the following events: her marriage and the warning about her icon's blindness in the church of Gracanica.

The introduction of such a character is some technical discovery, which confuses the reader's logic at a time when Zlatko Ratkovic's chronicle enthusiastically describes the shooting star, which, according to Rashes, was a sign of good luck, while according to Bezan's astrologers it warned the end of the world:

The poet Bora Dimkovic: "I see that you cannot understand me your majesty, but that does not make me feel disappointed because in the end you will. This world will end neither in 1414 nor in 1915; only if you take into consideration *The Great World War*, then things change, but I still think and hope that we will win..."¹⁸⁰.

This character who "returns from the future", emerges into 14th century events warning that humanity will not die or grow old, but would suffer terrible things like the blindness of Prince Stephan by his father Carl Uroshi, Simonida's infertility, the battle of Field-Kosovo (1389) and First World War.

The "parabolic journey" of "the jester", as the narrator Zlatko, from the future to the past, considers Bora Dimkovic aims the warning of the foreteller about bad things awaiting the king. He wants to convince his "neighbor" to avoid such things, to protect his people from history's great wounds and try to find the culpable. However, he fails because even his people do not trust him:

"Do not touch me! I am the poet of the majesty, Peter I! What are these bad-mannered ways of treating someone nowadays?"¹⁸¹

"The centennial crazy" cannot fulfill his prophecy and save his accused people of the blindness of Simonida's icons done by the Serbian monks not Albanian ones. The fact they call him crazy marks the failure of his "historic mission".

Shuteriqi modernizes history to make readers reflect over the fact why "Balkans did not use such stunts centuries ago"¹⁸².

¹⁷⁸ *Ibid*, p. 180

¹⁷⁹ Genette, G. *Figure III: Discorso sul Racconto, vep e cituar*, p. 98 * *Prolapse, the narration of something that will appear later, anticipation or flashforward*

¹⁸⁰ Dhimitër S. Shuteriqi, *Sytë e Simonidës*, cited, p. 85

¹⁸¹ *Ibid*, 101

¹⁸² Sinani, Sh. *Studime për letërsinë shqipe të shekullit 20-të, vep e cituar*, p. 199. Bora Dimkovic is a real history character

Why does Bora Dimkovic is treated as crazy? Maybe due to the fact that the coexistence among Balkans is getting more and more difficult.

Unlike classical historical novel where time undergoes the importance of events and characters, at "Kështjella" it is in fact artistically used (Differently from the classical historical novel at the book "Kështjella" from Kadare it is used with a clear artistic intention. Just like in daily life or in important event we have a subjective evaluation even for the characters like Turgut Pasha, the circumstances in where they appear place a huge ditch in front¹⁸³).

Keeping track of time as military deadline helps to derive prolapse.

Turgut Pasha: *"He thought it was high time to rest at his house. He would be happy to live in his peaceful Anatoly. He knew he could not back up before collapse. Lately him friends saw him melancholically, especially after Sultan's last present. Now collapse was on the way..."*

It seems that the end of each sovereign was predefined:

"We had been waiting this attack for ages. We did not expect good things to come so we were ready. This is our place. There are no other places where we can go (...). We will live or die here."

We should say that time limits in this novel are universal, all-out inclusive. When narration is in the first person, events are not disconnected, while when in the third person, special attention focuses on events artistically reproduced; so the narrator is the one who sees and interprets events from the present's viewpoint, judgment of the past and defining of the future. This is the reason why narration in the third person, regarding events in the Turkish camp occupies the most important part of the narrative scheme. It flows smoothly through a detailed description of everything happening there. In both cases, time distance is small. Events are shown just immediately after the happen making the reader think there only one narrator, who, when in the castle narrates in the first person, while when in the Turkish camp he uses third person narration.

7.3.5 Relation between the time of reading and writing

The time of writing is always present in a novel through signs left by time.

Jaussi claims: *"the best way to define a novel's role in the literary process is to scrutinize related documents"*¹⁸⁴.

So even historical novels signify two realities closely combined. The author recreates the novel from the observer's viewpoint. Barthes claims: *"The Romanesque technique is undivided from the time of writing, because the writer is the spokesman of the ways and proceeds of his epoch"*¹⁸⁵.

At "Kështjella", the time of writing coincides with the historical event of celebrating the 500th anniversary of our national hero' death Scanderbeg in 1968, but Kadare's real temptation most relates to the political contexts of years 67-69.

¹⁸³ Boçi, L. *Koha në poetikën e romanit*, cited, p. 178

¹⁸⁴ Jauss, H.R. *Esperienza estetica ed ermenautica letteraria. Vol 1: Teoria e storia dell'esperienza estetica* (Bologna: Il Mulino, 1987), p. 192

¹⁸⁵ Barthes, R. *Le Degré zéro de l'écriture: S/Z*, (Torino: Einaudi, 1973), p. 76

"For a long time I thought I gave up literature. This was until I heard a tale about the suicide of a Turkish pasha after his collapse against a castle. His coffin, covered in black left for Asia. Isha i lodhur, bosh, megjithatë diçka më tërhoqi në ato pak fraza të shkruar dikur. Si mekanizmi i ndryshkur, ngaqë s'ka punuar një kohë të gjatë, truri im u vu në lëvizje dhe unë e gjeta veten duke shkruar diçka të ashpër, me ushtri, rregulla, topa, ndëshkime..."¹⁸⁶.

After its publishing in 1970, the critics would consider it "a historical novel, an allegory of Albanian resistance against superpowers".

"So, the castle turns into a symbol for the reader. We cannot say it is just a simple conventional symbol, but a stylistic figure, which makes the historical analogy of the novel start with it"¹⁸⁷.

Kadare managed to realize the novels' main purpose by introducing events related to Medieval Times, which in fact guide the reader the 20th century of Albania.

Unlike the classical model of the genre, time loses its objectivity but gains some obvious artistic objectives. Time of narrated events is not what the author aimed to submit; the last hides behind the scenes and might be slowly revealed during the novel. The diegetic structure of the novel is not just a war chronicle; it overcomes such chronology to reach new dimensions dislodging in the 60-70s of Albania. The narrating of the historian squire, who precedes every event narrated from the author, along with the time the events happen, it portrays the war between albanians and turks, transmits another time too. The described situation from the squire-narrator, that precedes in the first chapter of the novel, is the same with the time when albanians are in a conflicts with the soviets, it even shows the time when albanians are almost in a fight with the Chinese people.

The context, which is somehow preserved in the beginning of the second chapter, starts to fade out; it then closely relates to the other part of narration. However, this time overcoming cannot become central to the story narrated. Its values are closely related to the time of reading (the reader of the 70s).

7.3.6 Relation between novel readjustment and time, ways of (re)reading it

Perception over novels has changed from historical novels to novels over history. So far, "Kështjella" (The castle) has been republished four times: "Kështjella" (Publishing House "N. Frashëri", 1969), "Daullet e shiut", "Kashecët e shiut" and lately "Rrethimi" (Onufri, 2003). Some authors look back on their novels in order to modify them, but critics relate it to the risk than roman novels convey.

On the other side, the title changing and the history rewriting, from the author, should not be seen as his desire to change the use instructions of the interpretative machine, that is the text (as Eco argues the trend of writers to republish their books), but as a poetic rewriting of them, where the history and the narrative text are placed in a new report of opening and freedom with the democratic world, through a language, which now is not hermetic anymore, as the isolation of the country dictated in the first published edition.

¹⁸⁶ Kadare, I. *Ftesë në studio* (Tiranë: Publisher "Naim Frashëri", 1990), p. 191

¹⁸⁷ Melo, V. *Revista, "Nëntori", Nr. 4, Tiranë, 1971, pp. 25-27*

Two basic changes in the processed versions of "Kështjella" relate to what were held as taboos in historical novels of socialist realism: religion and sex.

The theme of sex is part of the novel's rewriting, not of the story it refers to. Most radical changes at "Kështjella" are linked with the religious belief among "Arbërve"¹⁸⁸ which was almost absent in the earlier version.

Kadare's mediation in the text is interpreted by the critics as motivated by such ideology which considers Albanian identity realigned through the selective cleaning of national mythology from foreign elements. Kadare lines his own interpretation regarding Arbër of 15th century since their millennial Catholicism up to Gjergji who somehow beats enemies with his defeat.

The studier Adem Jakllari claims: *"It is an interpretation of righteous coexistence, but as such it is undoubted Lyan attempt to rewrite history but not just the one narrated in the earlier Keshtjella"*¹⁸⁹.

According to this viewpoint, mediation in in the novel should be seen as a metaphor of any plastic surgery, which highlights Albanians' importance in the Balkans and the way we, Albanians, should understand ourselves.

Albanians are not of half-witted identity hidden behind deception. Their identity is obvious, regardless of the fact that others may not accept it. Albanians are among the oldest nations of the European continent, just as their language is accepted, among 10 or 12 others, as a basic language of the continent. Geography as well testifies the European side of Albania. The diligence of those who want to ignore such facts, gives us the impression that Albania is on the edge of Europe followed by Turkey or Asia.

*If one has a look over the map, then he will realize that at least three other countries lie off the border: Macedonia, Greece and Bulgaria. Let us not talk about what is called "European Turkey"*¹⁹⁰.

Even the studier Ardjan Vehbiu interprets Kadare's work over "Rrethimi's" 2003 readjustment as an expression of his ideological attitude:

*The author uses Christianity to seep into the heart of Albanians but does not identify it with them. In general, linguistic purism bases on the hypothetic principle that the foreign elements has not been integrated in the language structures; therefore it can be removed easily*¹⁹¹.

Based on such arguments we may say that Kadare's attitude towards language show his attitude towards history in general.

Theories of modern critics tend to track the literary side of the text including reception during its processing.

¹⁸⁸ Most historians of the Balkans believe the Albanian people are in large part descendants of the ancient Illyrians, who, like other Balkan peoples, were subdivided into tribes and clans. The name Albania is derived from the name of an Illyrian tribe called the Arber, or Arbereshë, and later Albanoi that lived near Durrës

¹⁸⁹ Jakllari, A. (2015). *Religjoni si referencë metafizike dhe simbolike në romanin tonë të sotëm, në aktet e Seminarit. XXXIV-të Ndërkombëtar Për Gjuhën, Letërsinë dhe Kulturën Shqiptare*, Prishtinë, p. 17

¹⁹⁰ Kadare, I. *Identiteti evropian i shqiptarëve*, (Tiranë: Onufri, 2006), pp. 20-23

¹⁹¹ Vehbiu, A. *Kundër purizmit: Prashitjet në leksikon e romanit "Kështjella"* (Tiranë: Botimet Dudaj, 2012), pp. 131-148

*"Historical and cultural reality is always present here because text is just one of the many elements of a relationship" claims Lotman*¹⁹².

Kadare is of such authors' category who often suggest readers' ways to read novels for instance at "Dialogue with Alain Bosque" he claims that "Kështjella" imposes three types of reading. The first reading is that of a novel describing medieval events in Albania: the surrounding of a castle. *"So, this is the reading of the novel, as a piece of work that reminds us of the Albanian resistance in the 15th century"*¹⁹³.

Before the collapse of communism in Albania, the author claimed a second reading of the novel, this time more complicated where history can be seen as a means to avoid the topics that the propaganda of the time imposed, so the reader can better understand the contemporary reality through allegory rather than history.

Kadare also claims that the request of the Albanian critic Ardian Vehbiu for a third reading of the novel, after the collapse of communism, is purely logical.

According to him, before the Ottoman invasion and socialist camp over Albania, there is another invasion: *"The communist Albania wants to keep control of its more liberal part. So, it is the self-invasive and invading one"*.

The text of "Kështjella", through its complete and close form meets the criteria of an open novel¹⁹⁴. The symbol of the castle that in the literary tradition has historically conveyed both semantic accretions: that of the resistance and surrender seems to be part of Kadare's poetics since when he was writing "Poemë e blinduar" and "Vitet gjashtëdhjetë". Some kind of a castle is also the wooden horse of Gent Ruvina and his surrendered friends of "Përbindëshi". The surrendering tower of Gjorg Brezftoftit at "Prilli i thyer" along with many others are as well castles ruling Albanian highlands.

Also, the Gjirokastra buildings at "Kronikë në gur", the ethnographical house of the Prince of Mirdita (Gjomark) at "Prilli i thyer", the scary villa of the ex-minister awaiting his trial at "Koncert në fund të dimrit", the severe camp of the deported at "Përçmimi", the military base of Vlora (Pasha-Liman) at "Dimri i madh", Martin Shkreli's house in Pristina at "Krushqit janë të ngrirë" are some invariants of the symbol of the castle at Kadare's novels.

Treated as an ethno cultural junction, the castle conveys the features of a symbol, which Kadare loads with a variety of meanings so that the reader may interpret in accordance with his expectations¹⁹⁵. Being a basic feature of the symbol, the non-

¹⁹² Lotman, Ju. *Analiz poeticeskogo teksta: strukturasticha* (Leningrad: 1972), p. 180

¹⁹³ Kadare, I. *Dialog me Alan Bosque, vep e cituar*, p. 85 * *The castle-as an object has won the right of a symbol and is created as one in the Albanian literature, both with the heroic epic starting from the ancient middle age. With the original house content, protecting fort and the city surrounded from walls, the castle appears as a symbol of the spirit in its own challenging importance, as a vigilant and armed power and in the same time expression of a sedentary population connected strongly with the lands of their ancestors.*

¹⁹⁴ Eco, U. *Opera aperta*, cited, p. 279

¹⁹⁵ Sinani, Sh. *Një dosje për Kadarenë [II, Studime, intervista, dokumente, Botim i plotësuar]* (Tetovë: Albas, 2005), pp. 7-31. * *It talks about a complicated symbol that has an origin from the house, the protecting fort and the city surrounded by walls, which because of the identity status deserves the human offering. The castle is simultaneously an expression for the sedentary population who is connected with their land ancestors. With this content, it appears as a symbol of the spirit on its challenging importance, as a spiritual, vigilant and armed power*

defining side, which comes out of the "semantic blur is declared to be its most important value" and therefore it multiplies the interpretative play.

Nevertheless, it holds something strange within which even the multidisciplinary interpretation cannot figure out. There will always be something mysterious, which makes the readers read it repeatedly, this process changes into some creative acts during which both the reader and symbol affect each other.

7.3.7 Time as part of narrative play

In the contemporary historical novel, time undergoes intentional deformation from not only the characters' viewpoint and their subjective perception but especially from the narrator, who becomes present. So, this way the time of narration, ironically relates to the time of events experienced by the characters¹⁹⁶.

In general, not all narrators follow its rules, by giving information or knowing what has happened before. However, they usually do this considering the limit between neutrality and the third person. While at "Selvitë e Tivarit" events are narrated by only one narrator, who appears to be neutral but who in fact is the protagonist of many events over half and a century ago (around 1878):

"Even now, when I visualize that place, it seems to me I am recalling an old etching... It has always been like that. In those old days we would often climb the walls of the castle and did nothing; we climbed the tower of the Prince and stood silent half day, we went to the Cypress Hill and still did nothing, we looked at people who seemed depressed, looked over the sea which seemed to be dying"¹⁹⁷.

In this paragraph, grammatically loaded with personal pronouns I/We that expect for epochs there is also a combination of verb tenses. In accordance with the pronouns (I – narrator/character and We – group of friends, in the name of which he narrates) we see that the tense of the verbs changes as well; the first person plural relates to the past, while the first person singular coincides with the simultaneity regarding reference January to November 2007 (p. 191).

The combination of grammatical tenses often helps the narrator be close to the events he narrates:

"Years later, as I came across an old photo, I could not believe that such an image could be real, because it lacked the sea roughness and the apocalyptic gathering of clouds. Let us suppose no one knew that we stayed for many days over

¹⁹⁶ Consoni, S. *Deviazioni spaccio temporali in Laurence Sterne e Prosper Mérimée, nè, "Paragrafo IV"*, 2008, Bergamo: Università degli studi di Bergamo, pp. 140-156 * *The novel prototype from the critic point of view qualifies "Jeta dhe vepra e Tristiam Shand". L. Stem writes a novel in its own words, hiding the character of Tristam: this allows him to have a continuous fluctuation between the time of the narration and the time when the events have happened, and told in the terms of the researcher Benveniste, between the history and the discourse, with an effect of ironic disconnection, but also as a participant, thing that is highlighted from it continuous contact with the readers. The second aspect is the unique style of Stermi, compounded from continuous digestions, the included extras, the model of the interrupted stripes that make the reading faster or slower. The author intention is not physiological, to demonstrate the time reality, but more human and desperate, to stop a little bit "the time that crushes", before which its dredging irony is converted in a melancholy resignation.*

¹⁹⁷ Kraja, M. *Selvitë e Tivarit*, cited, pp. 112-119

*the tower's walls watching the sea and sky as well as small boats that **moved** along the harbor and the two armies; the Turkish in the east and that of the king of Cetina on the other side¹⁹⁸".*

The use of imperfect tenses helps the narrator-character look back on what has happened in the past in order to undo it.

The special type of narration plays a vital role in the making up of the time ratio. What distinguishes the immediate activation of narration's time of events and reading is the voice of the inner narrator. In most cases, it is made possible using Past Simple Tense (shows a completed action at a definite time in the past).

Grammatical tenses may be conceived as a means of narration's poetics, which naturally emerges with other stylistic means.

The chronotropic element is emphasized since the beginning of narration, even so in the title of the first chapter:

Chapter one, on Monday: *"On Monday, the olive groves and hillocks around, and then the valley near the sea... (p. 17)"*

Some of the 37 compositional units of the text called chapters show the non-defining of time and space: Chapter three, Bindi's stream; Chapter four, The tower of the carillon; Chapter five, Miserable place; Chapter six, The house; Chapter eight, *meanwhile*; Chapter twelve, The Prince's tower; Chapter fourteen, *meanwhile*; Chapter seventeen, *the ending of a season*; Chapter twenty-one, *time tracking*; Chapter twenty-two, *the same day*; Chapter twenty-five, *at the end of the season...*; Chapter twenty-six, *tree gardens*; Chapter twenty-seven, *on the other hand...*; Chapter thirty-three, *the same day*; Chapter thirty-four, *then it happened...*; Chapter thirty-five, the carillon; Chapter thirty-seven, in the end.

As we may notice, time is very important to the chapters but the way it is not defined is especially stressed through its mentioning in each narrative unit:

Examples: Chapter 2, bushing – **Now** *Zuke Kalimani returned to Tivari, twenty-three years and forty days later...* (p. 17).

Chapter 3, Bindi's stream – *According to what I recall now, it seems that exactly those days a great war was about to begin...* (p. 21)

Chapter eleven, temporal pain – **Earlier** we were talking about Ymer effendi of Ulqini, who had reached Tivari in *autumn*, after crossing the Bridge of Merkoti through Dovleti's army.

Based on such illustrative examples we may confirm that *the narrator's aim is to define time within narration*. Chronological order of events is "impossible" as shown in the beginning of chapter seven:

"The following days, things got complicated, so that when I recall them now, it seems almost impossible to describe them in their chronological order (p. 42)".

Among basic features of narration, we may notice the changing of situations from real to unusual. Their exaggeration may as well be accepted as fantasy¹⁹⁹.

These narrative situations, which include the intermediate state of characters, are the motivations out of which **analepse** derives:

¹⁹⁸ *Ibid*, p. 25

¹⁹⁹ Aliu, A. *Romani Atlantidës shqiptare, introduction at "Selvitë e Tivarit", Mehmet Kraja (Tiranë: Onufri, 2013), p. 7*

Samiu, of whom we said he was 2 or 3 years older than us, used to do things we could not understand. He did not talk, he just stared at something until he turned pale and his eyes got red...

Such situations are associated with uncertainty, because this way, it is easier to obscure the obvious and logical flowing of reality.

"According to what I recall now, it seems that exactly those days a great war was about to begin... It was obscure, autumnal. It could not help us feel better of the weariness caused by the sea emptiness or downpours. People did not understand of type of war it was"²⁰⁰.

Blurriness is used as a means to confuse logic; these are moments of great importance concerning the creating of the literary, as the world of fictions where time gains new configuration²⁰¹.

Specific reflections make narration feel close to the extraordinary through comics, irony, grotesque, paradox, which, from simple stylistic-linguistic features change into narrative situations²⁰².

²⁰⁰ Kraja, M. *Selvitë e Tivarit*, cited, p. 43

²⁰¹ Teodorov, Tz. *The Fantastic - A structural approach to a literary genre*, trans. in eng. Richard Howard, (Ithaca, New-York: Cornell University Press, 1975), p. 25 * "Ambiguity is protected until the end of the adventure: reality or dream? The truth or an illusion? In a world, which is really the world that we know as the one, an event takes life, which cannot be explained with the laws of the same world. The fictional is exactly the doubt that is experienced from a person, who only knows the laws of nature, which unexpectedly confronts with a supernatural event"

At the book "*Selvitë e Tivarit*", we can discuss the comic style, which opens a road to new strategies: semantically overturn, irony, paradox, satire, the ridiculous, that discover the value and its opposite, the time of which the occurrences are evaluated and not. The paradox is the main feature in the novels of modern and postmodern literature. Researchers insist that the poetic language is disruptive, differently from the science one (which intention is the stabilization of the dictionary), that is why the "state" paradox use in natural. The irony, at the same time, is the esthetical dictionary of C. Brooks is "twin" to the paradox when it comes to their function [Cleanth Brooks, (1947). *The Well Wrought Urn*. New York: Harcourt Brace]. Irony is a feature of the novel, with a high level of order, not just like a regular verbal irony (rhetorical figure that is risen above ambiguity), but a situational irony, with the intention to point out "the inconsistency identification", that dominates in literature.

At "*Selvitë e Tivarit*", the city is being surrounded from several armies: the army of the Krajl of Cetina (Serbia), the army of Dovlet (ottoman army) and the army of Inqlaterra (England) who keeps its ships on the sea. From time to time, the armies can attack the city and create a catastrophe. Meanwhile, the stories that have been told are not related to the war and the fear from it. We can tell for example the history of one of the most interesting characters, Nel Gjeshku. He travels with his donkey, who wherever they go is wanted from the other horses and donkeys. For this reason, for protecting his donkey, Nel Gjeshku chops the head of one of the horse's owner, the horse who was actually molesting her. His head, during the road, was the third, because he had chopped two other owner heads before while fighting them. Nel Gjaku has a habit of talking to himself and talking about all of his troubles with the donkey. Further, in his road, he has sexual relations with the gypsies he meets. After doing this, he castrates himself, maybe because he cannot tolerate this fact. Sani Kaduri is another character of the novel, who sings love songs on the roads and that has done an ominous prediction about the city. Johan von Bergman is an Austrian citizen, who has come to the city and insists that Sani Kaduri sings to him a bravery song (epic heroes' songs, but Sani Kaduri as we said sings only love songs. In addition, deaths, in this incredible city are paradoxical. We can remember of the death of Cuf Idiriz, who after playing with the worlds and its events, is found hanged in the restaurant, and with the legs on the ceiling and the head tucked in a tank full of rubbish. At the end of the story, the city is invaded without any obvious reason from the Turkish and Serbian armies. They rape whomever they have in front; they kill the girls of the brothel of Zuke Kaliman and do a series of other massacres

The logic guiding the characters to show their "awareness of the existence's truth" after many adventures is the same what is considered as the postmodern parody. It is created through some revising of past forms who's being critically different ironically marks the difference in their own similarity.

Umberto Eco claims: "the postmodern wants the past to be revisited as it cannot be destroyed because its destruction would lead to complete stillness"²⁰³.

One of many constructive units of the text, focus on time concept, while the most frequent character, Ilham Shaqir Suma is always being in search of self-questioning over space and time.

*Chapter 21 – time keeping; Ilham Shaqir Suma came to the conclusion that in fact it was pointless trying to keep the time because it was stationary*²⁰⁴.

The perception of spatial as timing "disorientation" is related to the stillness of the present. In Kraja's novel, we find some static present situation of various troubled characters.

Tivari, being surrounded by armies is living out of reality, while its inner space is as real and symbolic as to play an important role over narration.

Time is fragmentary and decentralized guiding the reader to such polyphony where narration of the characters and the limit between reality and imagination is impenetrable, are intertwined.

The more the reader feels the narrated world of Tivari, the more the events are multiplied; the starting point of which is the return of Zuke Kalimani and the opening of "paradise doors" in a time when the town faces the war threat.

The sarcastic tone of the narrator unveils the mechanism of belonging to the "old world" represented by the causeway, house inside the castle, Zuke's house, abandoned donjons, temples, the Bosnian's shop etc.

Tivari "lives" the tragedy of paralysis or "death of the time".

The town got wet by the autumn rain in complete saddening solitude.

The fact that its horologe was out of order, means that there is no time there (mechanically speaking).

Nothing new happens here, just "accidents" or repeated "adventures", the same things every day, people fulfill their sexual desires, have dreams, sing, die.

Therefore, that embodies the time concept of the town:

Ilham Shaqir Suma had started to look at the sky through spyglasses finding sunrays melting with clouds; it was then exactly when the horologe had knocked 12 times. He wanted to look at the world through spyglasses to see what happened when the horologe worked differently.

Tivari, even according to the space concept, represents nothing about its identity. The only thing the reader can get to know are the ordinary stories of its inhabitants. Foucaet defines the following elements of the town as heterotopic:

The Castle of Tivari, the Prince Tower, the Cemetery, the Tavern of Caf Cadia, the Church of Saint Nolan, the Mosque, Bindi's stream, olive groves, the houses etc.

²⁰³ Eco, U. *Emri i trëndafilit (Tiranë: "Dituria", 2012), p. 473*

²⁰⁴ *Ibid, p. 100*

Here, time and space not only represent what happens with characters but also are a reflection over the situation and especially the author's simultaneity.

We cannot say that art has drastically changed, throughout history. Perhaps it is the way it is read that has undergone changes.

It is when Roland Barthes announced "the birth of the contemporary reader" that the act of contemporary novel reading became essential²⁰⁵.

The reader of historical meta fiction cannot be passive anymore, but "an active player of some collective perception"²⁰⁶.

Now, the novelist relies on the reader regarding not only "identity and sympathy" as Waugh suggests, but also for his success and achievement.

According to U. Eco, the concern of two types of readers (semantic and semiotic ones) over postmodern texts is a result of double coding: *Such texts represent two levels of reading. These levels mean two types of readers: the model and "naive" ones. Postmodernist writers prefer the first, but entertain the second*²⁰⁷.

Therefore, the writer double codes the novel. At "Selvitë e Tivarit", the reader finds himself part of a trapped place whose inhabitants seem aggressive, immoral and unbalanced. Therefore, this way he tries to find the cause of their behavior.

Meanwhile he asks himself "Has life always been enviable, evocative, fragile, absurd, heavy, surreal and meaningless at the same time?"

The setting of narrated events of some crucial period of Albanian history like the invasion of Tivari after the decisions of the Berlin Congress, is something well thought by the author.

Firstly, it aims to make the reader feel doubtful over truth facing them to that time, in which are beaten humans and nations fate.

On the other side, their fictionalization at "Selvitë e Tivarit", cannot be perceived as an emerge between history and imagination. Therefore, the reader could be set free of illusions over reality and can start be doubtful over any complete and accurate communication.

Wilhem Dilteit claims: people get to know themselves through history and not through self-analysis and what it means to be human, only history can give an answer.

²⁰⁵ At the essay "Vdekja e autorit" Barthes reminds us that the tradition has seen the author at the human person, giving him the most important role. This way the literature image is concentrated more in the personal life of the author than in the text of even the story and novel. Barthes in this way has a conclusion that the author is not more than an written sentence: modern "writer" is born at the same time with the text. For Barthes the text is a mix of citations issued from the infinite center of culture. This way, we deal with the stolen attention of the reader more than to the author. Simultaneously, through this relation is stolen the attention at "Vdekja e Autorit", a concept, that in an extensive way, is attributable to this critic. So, there is only one place for the writing plurality and this is the reader, so the attention is pulled to the destination not to the origin

²⁰⁶ Waugh, P. *Metafiction. The Theory and Practice of Self-Conscious Fiction* (London and New York: Routledge, 1996), p. 43

²⁰⁷ Eco, U. *Si shkruaj*, (Prishtinë: AIKD, 2003), p. 86 * Double encryption is related with the concepts of the author and the model reader, which, make two textual strategies, where one comes as the code of the issuer and the other of the receptor

Conclusions

As a conclusion, we may say that it is nice but difficult task to talk about Albanian historical novels. The choice of such a genre of interesting events after the 90s makes the research astounding similar to modern and postmodern deviation and of the term in the European model.

The Albanian Historical Novel, as a subject to study in synchronic scheme includes secular time extension.

In the diachronic plan, the study of typology encounters difficulties because of the fact that such terms as modernism and postmodernism generate questions.

In the comparative plan, the study is based on European models of European genres, which have developed and been accompanied by many theoretic and historiographical study.

In the first part of this work, we tried to analyze the typology of the Albanian Historical Novel based on representative forms of European Novels, especially on basic intertextual elements:

- History (fable) and changes of its relationship with fiction;
- Narrator and his changes through narrative hybrid poetics;
- Time and space relationship and the many transformations in their artistic way.

During the second half of the 20th century authors like S. Godo, B. Xhaferri, I. Kadare, S. Drini, Z. Rrahmani, M. Kraja etc. have tried to preserve the historical consciousness highlights realistic features serving actuality.

We have tried to analyze the modern characteristics of historical novels through some structural changes philosophical reevaluation of history, its critical reception by recreating universal historical figures.

The most influential type over the Albanian Historical Novel is the Scottish and Manzoni's type, their common feature relates to the role that history plays in it. On the one side, we find love intrigues, while on the other side to national liberation.

Modern forms in which history serves as complimentary fiction are concretized in novels by: B. Xhaferri, I. Kadare, J. Buxhovi, N. Rrahmani, and Gj. Zheji resembling modern narrative techniques of Flaubert's or Stendhal's model. From this point of view, Kadare allegorically and symbolically describes Albania of 60-70s:

- B. Xhaferri characters make the modern reader shift aside in the past;
- K. Blushi and Gj. Zheji recreate the past through some "historical realism";
- Z. Rrahmani combines techniques of subjects with aesthetical elements of classical model.

"Syte e Simonides" resembles to such combinations.

The combination in the Albanian Historical Novel between fantasy and history expresses the consciousness of modernism of the Albanian Historical Novel under the influence of post-modern characteristics of Eco; the looking book in history, meta fiction, fragmentation, irony, characterizes Albanian novels.

In the second part of this work, we tried to analyze the way the narrator changes, depending on how authors consider History among classical modern and postmodern matrices of historical novels. Regarding novels based on romantic historicism ("Shkodra e Rrethieme", "Skënderbeu", "Mic Sokoli", "Rilindasit", "Vraje tradhëtine",

etc.) we argued that narration's subject to an authoritarian and omniscient narrator. Regarding novels of modern matrices, ("Kështjella", "Krastakraus", "Sheshi i unazës", "Sytë e Simonidës"), we illustrated the various ways and derivations being able to disintegrate monologue discourse.

Analyzing modernism through narrative instance, we could identify:

- The creation of changeable form as structural principle of the novel;
- The synthesis of narrative and discursive;
- The dialectics of voices conveying ideological and axiological messages.

The moral authority of the omniscient narrator has been substituted by some specific ways basing less on traditional Romanesque conventions and more on other extra literary act.

In postmodern novels, poetic saying is not based on the description of historical events, but on the recreation of such world being directed by aesthetical colloquialism.

We analyzed the "doubtful" narrator (Selvitë e Tivarit) represented by some unusual voice (we – 1st person plural) whose viewpoint of history is "damaged" full of "gaps, absences and enigmas".

In the second chapter of the second part, we analyzed time in the historical novel, which in fact creates various styles and artistic derivations.

In classical historical Albanian novels ("Zgjimi", "Ja vdekje ja liri", "Pishtarët dhe Skënderbeu", we admitted that time is the objective, the past, present and future. Authors of classical historical novels aim to communicate coded messages (S. Godo, S. Spase).

Of great interest to authors of modern and postmodern novels is not the mechanical time but the subjective one individually experienced.

Complex time structure, a characteristic of modern historical novels shows off disinterest over its plot, which highlights advantages of the form, style and especially the plot.

We argued that time refraction is widely used by authors of historical modern matrices.

Finally, we conclude that this literary genre appears as an invariant of the European genre as well a product of the Albanian cultural environment.

Similarities and differences between this creative aesthetics mark the literary development within European one, where Albanian authors try to impress in order to be subject of further studies.

SUPPLEMENT

Interview with the writer Mehmet Kraja (December 2015):

1) History is one of your favorite themes. Which is your artistic purpose in the representation of the past time, relating it with the present?

For the writers, going back to history is not a meaningless journey. In my opinion, history in our literary work is a search for a similar reality, which at a certain point resembles to what is happening now. It seems a little utilitarian, but in fact, this is exactly the meaning the history acquires in a literary work. History, in truth, may be a projection of the dream, another time it may be an escape from a

meaningless reality, poor from ideas and meaningful events. Many narrations of everyday life need to be distant in time so they are clarified and acquire meaning. Other times, history in a literary work may be a metaphor, an indirect way of speaking for the actual reality. What is history itself? Another collective noun, opting to identifying events in the past time. However, this past time begins today and goes up to the darkest distances of the past events. That labyrinth of events, sometimes witnessed and other times unwitnessed is an adequate space for writers' imagination. On the other side, in the gnosiological sense, so the sense of knowing and grasping the absolute time (if we can say so), which does not pass nor does it flow, what we do is something very insane. In understanding absolute time, there is no past nor future, there is only present, boring and eternal. What I also want to say is that the sum of past times in our language is a desperate but genial way of scattering after what we lose forever all the times, and that is eternally enough for us to be unfortunate and to feel pain and nostalgia that cannot be consoled. Maybe this is the reason why we have so many past tenses and sometimes only, the conjugation of a verb (the description of an action) in so many tenses are poetry in itself. Nevertheless, this is another matter. I only want to say that in our language there is the opportunity of a very specific division of the past time in the literary narration: there are the tenses of the historical narration (simple past and present perfect) and the tenses of the legendary narration (past perfect). The combination of these tenses of narration creates the historical background or the legendary narration, but our critics and researches do not even know how to identify such things in a literary work.

Now I will try to explain why it is told that there is history in my works. Because, in some novels I have made a historical or legendary projection of the past events. It does not have to do with proper history. There are two basic reasons after this: First, I have been formed as an author in a political environment, where it has been almost impossible to write for the current events, because we, in Kosovo, had the restrictions of censorship and self-censorship. Just like the Albanian writers, with the only difference being that we had politico-national restrictions while in Albania the restrictions were politico-ideological. At that time, history has been a choice: an escape to avoid censorship and self-censorship. Nevertheless, I tried to go a step further to use the historical events as metaphors. Therefore, it is an indirect speech for reality. In essence, literature in its own is nothing else but a speech containing meanings.

2) The historical novel, traditionally, can also be called as the novel of nations and people's identity. How does history help in your literary work to the topic of Albanian identity?

I do not know nor do I pay any attention to genres and their definitions. To be clear on what I said before, I will explain a occurrence: three novels of my first phase, that are often called novel with historical theme, "The Great Weather", "Instructions for Overcoming the Sea" and "Byzantine Nights", are either metaphors or they speak allegorically on the circumstances of Kosovo in that time. "The Great Weather" was written in a time of national euphoria in Kosovo, in the end of 70s;

"Instructions for Overcoming the Sea" was written in the long gloomy nights of 1981-1982, and "Byzantine Nights" in the scary years of mental and intellectual violence in Kosovo that started in the end of the 80s. I remember pretty well, let us say, when I wrote "Instructions for Overcoming the Sea". I had an apartment on the fifth floor in a neighbourhood of Prishtina known as "Kodra e Diellit". It was the first anniversary of the demonstrations of 1981, it was curfew and the image I had in front of me, was a squad of policemen guarding at a crossroad not far from my apartment. They were dark, silent, scary nights of Mars. These situations, in their whole essence cannot be captured by journalism or history. They can only be captured by art, literature. I had an answer for that desperate situation: I found a reflection of such a reality that was a dark medieval time, with scary events, treasons, murder on infidelity, but also with an effort to create and authenticate the identity. The medieval darkness had fallen on the Kosovo of those years. I thought of that time, while I was looking at the crossroad under my apartment. There was only a difference: the helmets and their reflections under the streetlights where not medieval knights' helmets that were guarding near the castles under the moonlight, but they were helmets of Serbian police officers that were guarding the curfew. Therefore, there was a very visible connection between historic times and current times. Such a thing can also be said for the novel "Byzantine Nights": medieval opted to expand in all historic times, conquering the minds, the memory, everything, even the syntax of the language.

3) How do you set the boundaries between fiction and reality in some of your historical novels, e.g. "The Great Weather", "Instructions for Overcoming the Sea", "Bar's Cypresses"? What did you have to do as a writer before starting working in each of these novels?

We discussed earlier how and why I have treated history in the novels of the first phase of career (including here "The Great Weather" and "Instructions for Overcoming the Sea"). The novels "Bar's Cypresses", "My Father Loved Adolph" and the last one "Black and Red" belong to the second phase of my writing career. In a way, there are two additional novels that do not have a historical theme, but they consider the historical time, "Even the Crazy Ones Fly" and "Hotel Arberia". Therefore, in this phase we do not have to do with censorship, self-censorship, metaphors or hidden messages. It has to do with the treating the historical events in a totally free and unbiased way. Then, why historical events? If there is a need for explanation that is very simple: there are events in which the fates of the people break, there are big dramas that are experienced collectively and individually. In these five novels, I have treated five neuralgic moments of our history from the 19th century to now. In the "Bar's Cypresses", the background is the Congress of Berlin and its consequences for a castle town that happens after the craziness of the departure of one conqueror and the arrival of another one. In the "My Father Loved Adolph", there is the background of WWII, together with the "big ideas", respectively, Fascism, Nazism, and Communism, which they create endless tragedies when experienced in a small place. In the novel "Hotel Arberia", I have treated the war of Kosovo in 1999, experienced as madness of those who do not know to

understand freedom. In addition, the last one, the novel "Black and Red" deals with an A-Hundred-Year-Old Albania and A-Hundred-Year-Old boundaries that made the Albanians live in two different "Albanians", one that was called inner Albania and another that called outer Albania... What did I have to do? Essentially nothing. (I had) to do a work that I believe that I can do better than anyone else can.

4) Irony and grotesque are two of the most protruding derivate, through which the history in "Bar's Cypresses" is perceived. Which is the point of view that you, as an author would like to incite to today's reader?

Literature is not done to give explanations, as, let us say, a history handbook, or such stuff do. Literature speaks, rebuilds, observes, overall the narrative literature, where the novel is included, it narrates, narrates and only narrates. The elegance of the narration is the most important component of a good novel, but this elegance is very complex: first, it is language, it is an idea, it is a drama, it is a character, it is an action, it is an emotion, and it is a thought. Let us say, I very much appreciate the text and its language. However, in a novel, not everything can be edited in the language, because the novel, as I said, is the art of narration and an important component of the narration is what is happening, the drama, the situation, the atmosphere, the characters' actions etc. In the novels of the second phase, so not only in the "Bar's Cypresses", I have opted a language that would match with reality. Meaning: if reality is grotesque, even the language has to be so. If there is irony in the language, the reality has an ironic background. Therefore, being an author of that entire universe that is called novel, whichever it is, I try not to limit the irony and the grotesque in stylistic and linguistic figures, but to elevate it to another higher level, to turn it in a narrative situation. This grotesque situation has been highlighted in the novels "My Father Loved Adolph" and "Black and Red". In the first novel the main character becomes a fascist and anti-communist, even against the "the popular power", because he likes to have his moustache as Hitler's. In the other novel, the representatives of three generations die in the boundaries: the grandfather and the father because they do not want the boundaries to be put where there are, while the third dies paradoxically the night Albania celebrates its 100 years anniversary. Therefore, I want to say that the elevation of the grotesque in dramatic situations is another quality of the narration that does not stay only to the linguistic level.

5) When it comes to characteristics of narration, experimentation of form, originality, your novels are elevated to a very high level. Which is your relationship that they create with the aesthetics such as romanticism, modernism, postmodernism? Which is your favorite literature that you think it is close to the literature you create?

All literature, no matter if is historical, non-historical, actual, non-actual; experimental, non-experimental; modern, postmodern, no matter if is a novel, a novelette, a short story, poetry, a poem, it is divided in two big genres: in good written literature and bad written literature. If a writer achieves to make good literature, he has achieved everything.

Interview with the author Mira Meksi (December 2015):

1) One of your favorite topics is the historical one. Which is your artistic purpose in representing the past, putting it in a relation with the present?

Everything related with the theme, the literary precedent, the autonomous time of the character within the universal time, my hard relation with time, the confrontation of times with one another, or better say, their interlacement, the erasure of the boundaries between them, the notion of eternity, or the fragility of a moment, so, everything in function for the artistic narration. Even what you are saying, the representation of a past time, putting a relation between it and the present, is in function for the artistic narration. I have explained that the idea or the first ideas, or even the beginnings that are not ideas but feelings, images, smells which later on are related with a certain theme of my literary constructions, have come from childhood. The later has defined my preference for the historical themes. My narrations are accomplished through memory as the main essence of man's identity, memory as a sense, as soul... In addition, because memory contains a time that has passed, it has become an obsession, almost unchangeable, which you can describe or narrate. You can even try to narrate the present or the future only by using the past. If I had to answer your question with a sentence, I would say that my artistic purpose has been to bring the distant Iliria of the 3rd century BC, very little known even to the historians, to the reader's present. I have wanted the life of Iliria and its characters, its main character, queen Teuta, its customs, loves, hatreds, wars, battles, ambitions, treasons, mystics, gods, death and Ilirians' suicide to be part of the reader's life today, as natural as possible. I have not taken the reader by the hand to bring him/her to Iliria; I have brought Iliria of the 3rd century BC to the reader of the 21st century.

2) The historical novel in its tradition, can also be called a monument of nation's and people's identity/ But, on the other side, it is also the novel that intimates the great historical figures by transforming them into characters of human dimensions. Which has been your intuition or aesthetics that have guided you in this transformation to portray the figure of the Illyrian queen, Teuta?

The novel gives another very different view that what history and science give for the events, and mainly for the characters. Even the epic, even what you are saying, the attribution of the nation's identity sign, even more than history, it is the literature the one that gives attributes to the great historical figures of the nations and the people. In the novel, the queen of Iliria, Teuta, has been created based on a heartfelt duality, which produces energy through its perfect fullness or deadly contradiction that she shows. She is at the same time a person and a reincarnation of god, she is the woman that loves and at the same time the epic missionary of the Ilirian soul. She is as intimate and touchable for the reader, as he/she manages to see her physical and spiritual portrait, and as distant and unreachable as half gods or the mysticism of an ancient people not lighted yet by history. The element that has been used in the novel to make Teuta a character close to the reader, as human as he/she is, is overall her womanly love. I would even say that love is the starting point to give the historical universe, and at the same point the mythical and the human of

Iliria of the 3rd century BC. As I have declared since the very beginning, the novel speaks on the time of Homer's heroes, when people and gods live side by side and are very close. The historical dimension of queen Teuta in literature could not be given to its truly value without the myths, the legends and overall without transforming her into the intimate and human character of the novel "The curse of the Illyrian priests".

3) What do the female characters represent compared to the total, in your historical novels, in the "Frosina of Janina" and "The curse of the Illyrian priests"? Which is their role in the perception of subjectivity of History?

I believe that those characters, Frosina of Janina of the 19th century and Teuta of Iliria of the 3rd century BC, are part of objective perception of history, so they are part of the facts, the data, and the historical dates. Frosina of Janina, niece of the bishop of Janina in the time of Ali Pasha Tepelena rule's is part of Janina's history not only as the lover of the oldest son of Janinas' Pasha, Muktar Pasha, but also by her tragic death, an outcome of the political decisions of the Janinas' vizier. Meanwhile, as part of history, Teuta is the queen that made Iliria one of the greatest powers of her time, which even stood against Rome. However, history is not only that. History is not just events coming to life, cataloguing them according to dates and places, space and time, but also the experiences before and after these historical events. These experiences consist the core of historical memory, expressed even in the living memory of the peoples, in the songs inherited generation to generation, in the traditions, myths, legends... This part, together with the writer's imagination or by adding the novelistic whim, can be called an interlacement of objective-subjective perception of history. My novel Frosina of Janina is not only a martyr of the hindered love, but also the soul of the Greek revolution. The same way as Teuta of Iliria is not only the queen, the warrior, the strategist, the diplomat, but also the soul of Ilirians; their mystic and religion, the woman of flesh and blood that falls in love, and the half-goddess that sacrifices love to let her inner god to lead Iliria. She a collective symbol, a symbol of identity for our nation.

4) How is the boundary between fiction and history set? (What did you have to do as an author, before starting your work on each of them?)

It cannot be divided. Everything is history, harvest by the ancient and modern authors, but also what I said before and is related with the experience of history, it has been subjected to the alchemy of the writing imagination and the novelistic whim.

5) In the novel "The curse of the Illyrian priests" to clarify this relation (history-fiction) is achieved through dressing Memory in the role of the narrator. This helps the reader understand that history is not the main goal of the literary work. Which is the main goal, starting from the interlacements that are built in the novel between myth and history?

The truth is that "The curse of the Illyrian priests" is a historical novel unique in its kind. Even though the main historical elements are portrayed in details, they are not a goal on their own, as mean of showing the past with objective truthfulness, on the contrary, they are subjected to the needs and the goals of the narration and they

serve to give more truthfulness, life and importance to the historical figures.

6) What is life? What is love? What is death? What is misunderstanding? How are these notions codified in your novels?

Life, for me, is the metaphor of the Heracles River: "No one is washed twice in the same river". It is time, that flows and never stops, but at the same time tries not to accept time. In my work, it may be a moment, a mite moment, or eternity itself. It is in a complex relation with time. When it comes to love, it is an incredible force, capable making every dream and desire come true, no matter how crazy, unreachable or absurd it may seem. I believe in this force. My work is like the sponge, overfilled with love in all its pores. It has as much love as I have been called a writer of love. I have also been told the writer of death and the writer of misunderstanding. Death is another great force that attracts me and intrigues me with everything it has: its mystery, its strict authority, power, cruelty, absolute inevitability and its inextricable connection with the soul. Death has an important place in my literature as love does. A redhead who has an aroma of chrysanthemums personifies it, who once is young and very beautiful, and the other time is an old actor or an old prostitute. I have said it and I am repeating it that I have the belief deep inside of me that all the evils and the absurdity of this world derives from evil. In all my four novels, the colours of misunderstanding paint the absurd horror.

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