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# THE IMPACT OF CLOUD COMPUTING ON BUSINESS COMMUNICATION

## 1 Ejup Rustemi

Dr.Sc. at State University of Tetova,

## 2 Mefail Tahiri

Docent at State University of Tetova

### **Abstract:**

*In order for businesses to move forward they certainly need to communicate with each other. In various periods businesses have had different ways of exchanging data. Whatever the methods may have been the goal was always the same, achieving more success which in return will generate more profit. Cloud computing is the next step in business communication. It provides the best possible tools of instant cooperation and reliable results. Our paper will give an overview of how the cloud platform is impacting the enterprise with a specific emphasize on Microsoft Windows Azure.*

**Key words:** Cloud computing, business, cooperation, communication.

### **Introduction**

The introduction of the Internet has changed the entire landscape of human communication. In its infancy, it was mainly regarded as tool for personal communication and presentation. As time went on and platforms such as Google, begun to appear, everything changed. Today, the Internet is the gateway to vast amounts of data and information. It is the main ground upon which we all view the world.

Cloud computing, on the other hand is a subset of the Internet. It uses it to operate but it specifically deals with the application side of Internet communication. In other words, it is not just a communication tool, but a productivity tool to.

### **What does Cloud computing mean?**

We are all familiar with Operating Systems, hard drives, applications, etc. they are the foundation upon which we operate on the computer world. The “conventional” way of computing, which still used in the majority of world enterprises and organizations, deals with apps installed on personal computers or company servers. People who work on these sites, use their company databases to communicate and share data and information. This is a very good operative environment when we deal with issue inside a particular company. Problems start to rise when a certain company have to communicate with another. There is no doubt that there are many ways by which they can cooperate with each other, but it certainly won’t hurt if there is a better and quicker way to do the same. This is when Cloud computing takes the scene.

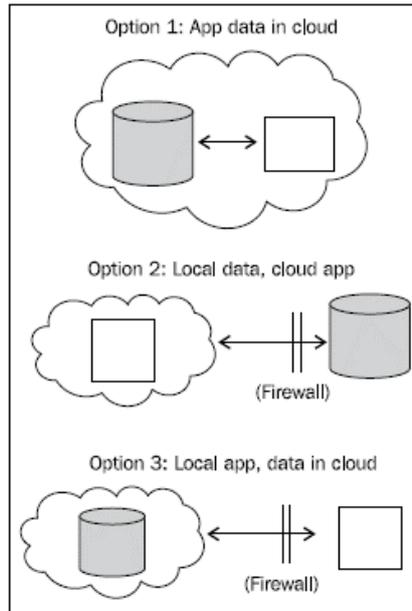


Fig. 1. A visual representation of Cloud Computing (1)

Cloud computing represents a web based platform that mainly operates on external servers and always online. Large companies such as Microsoft, Apple and Google, have all established cloud platforms upon which enterprises can build their businesses. The appointment of Satay Nadella as Microsoft CEO, is a very important sign of where things were going, considering the fact that he was the head of the cloud sector at Microsoft.

**Cloud computing as a process**

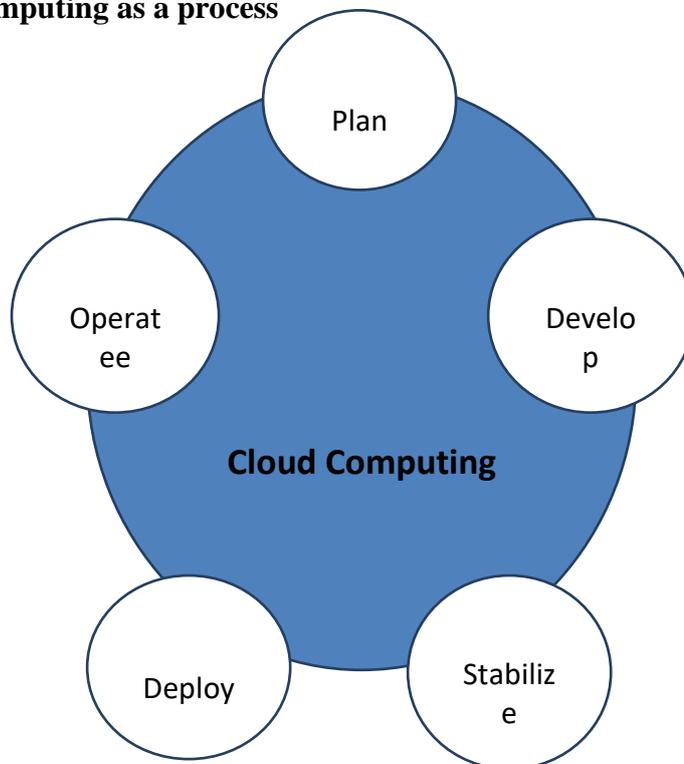


Fig. 2. The Cloud Computing Process

According to Tejaswi Redkar on his book “Windows Azure Platform”, Cloud computing goes through the phases presented on fig. 2.

These particular phases are almost self-explanatory. In the beginning we plan what application we need to develop. The next phase is the development of the application itself. After we have our application ready, it most certainly needs testing, which will be done on the stabilization phase. If it passes the testing, our application is ready for deployment. When it’s all set and done we can start using it in our business.(2)

## Security

All who have done business with online application know one thing: Security is extremely important. Businesses deal with valuable data and information that are of crucial importance. Companies that provide cloud services must provide very reliable security options to their clients, because single data breach can have a disastrous impact on a given business. Figure 3 shows the most important security aspects that cloud computing must provide.



Fig. 4. Cloud security(3)

## Cloud computing service providers

As we mentioned before, the main IT players such as Microsoft, Google and Apple are using cloud computing for their operational environment. In order to establish an cloud computing environment companies must have the needed infrastructure where they will operate. There are many companies that provide such infrastructures, but according to crn.com, these are the twenty most important companies for Cloud computing infrastructure:

1. Atlantic.net
2. AT & T
3. CenturyLink
4. Cisco Systems

5. CloudSigma
6. Datapipe
7. DigitalOcean
8. ElasticHosts
9. Equinix
10. HP
11. IBM
12. Internap
13. Microsoft
14. NTT Communications
15. OrionVM
16. ProfitBricks
17. Rackspace
18. Sherweb
19. Verizon Terremark
20. Virtustream(4)

This shows that although Cloud computing represents a relatively new technology, nevertheless, there are a lot of companies that have embraced it, which on the other hand undoubtedly establishes the fact that it is certainly going to be the way we will do business in the foreseeable future.

### **Windows Azure**

We mentioned before that the appointment of Satya Nadella as Microsoft CEO was not just a simple step of change, but it represented a crucial step forward for the company as whole. Nadella was very successful on his position as head of the Cloud services, and considering that Microsoft's goal was to establish itself as a competitor to Google AppEngine or Amazon Web Services it needed a change. Knowing that Microsoft has a great market share with its Windows operating system, SQL Server and Visual Studio software development environment, it was without a doubt that the combination of all these services in one environment would provide them a huge opportunity to enter the Cloud computing market.

Windows Azure was introduced on 2008 and by the end of 2009 it started to show its true Cloud capabilities. But the most important changes were made on 2012 when Windows Azure became a truly rich computing environment where developers were able to deploy fully functional applications.

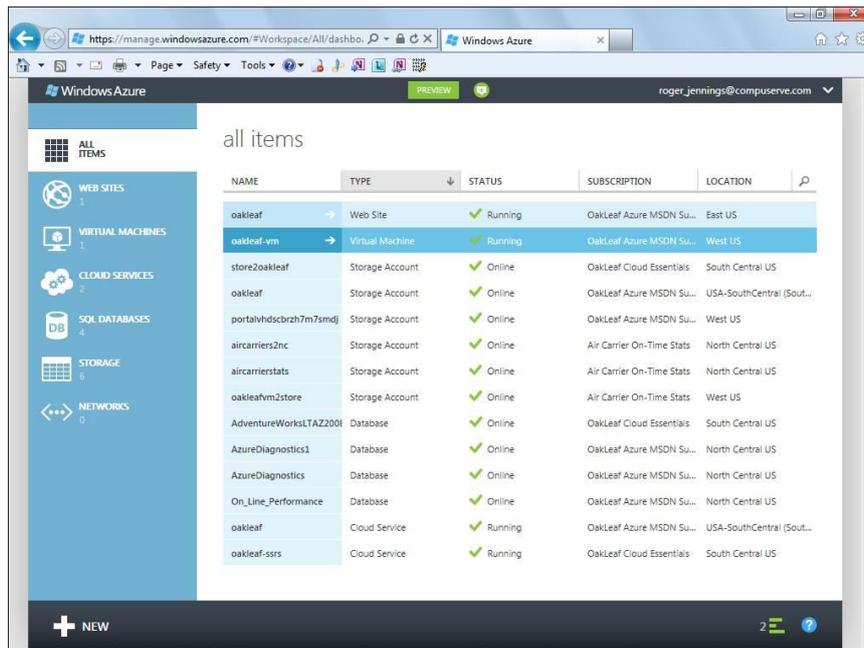


Fig. 3. Windows Azure Interface (5)

Here are some important facts about the platform:

- Numbers really do talk. Over 400 billion identity authentications have been handled by Windows Azure Active Directory
- According to Microsoft, around 50% of Fortune 500 companies are using its platform
- Around 40% of Windows Azure revenues come from startups
- It is said that there are around 10 trillion objects stored on Windows Azure
- According to Microsoft there are over 1000 new customers on daily basis
- To establish its Cloud computing environment, Microsoft has invested more than 15 billion dollars

### Not all that glitters is gold

As with all other IT tools there is always something that is not quite as it should be. Cloud computing is no exception to this rule. The main concern is the ability to control the application environment. This is very important when considering that many database managers want a complete supervision of their application are developed, evaluated and operate. This is also highly important on a security level.

Another debatable aspect of Cloud computing is its cost. We are aware that every new technology is expensive when it is in its inception stage. When high costs are combined with the fear of adapting to something new, managers will be faced with a lot of pressure.

Hosting is another issue that makes things a bit difficult at times, because it is more complex than remote server deployment.

And probably the most important downside of Cloud computing is the possibility of downtime. It is the most problematic issue that can happen in a business environment. We all know how furious we can become when our Internet connection is down and we can watch our favorite show, or play our beloved games. We can just imagine the negative impact it can have on entire businesses that will rely on Cloud services. Fortunately the downtimes are very rare, but they do happen indeed. It has happened to Microsoft Azure a few times.(6)

## Conclusion

There was a time when we thought that smartphones are science fiction; there was a time when we thought that bigger hard drives will solve our data storage problems. Today, we now that smartphones are devices of our daily life, hard drives are not as important as they used to be, because cloud based storage is “limitless”. Businesses are done through mobile apps that we can access from anywhere. It all looks so good and so perfect. Unfortunately it’s not quite that simple. It is true that Cloud computing has facilitated the way we communicate, but there is ALWAYS the issue of privacy. No matter how a Cloud service provider can propagate its cloud security, still the truth is darker than most of us would believe. Data breaches are happening to a lot of companies, consumer privacy is at stake. These are issues that will continue to burden the Cloud computing services, but with some careful attention from all sides of a business relationship, humanity still has a chance to do things with fair rules.

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# THE IMPACT OF FDI AND THE STABILIZATION AND ASSOCIATION AGREEMENT IN A BALKAN COUNTRY SUCH AS KOSOVO

## 3 Mirlinda Kuçi

College ISPE, Kosovo,

### Abstract:

*The intent of this paper is to identify Kosovo's current economic situation, its needs of improvement and the advantages of FDI, and the effects the Stabilization and Association Agreement between Kosovo and EU will have on the economy. According to several papers and discussions and the EU Commission regarding the improvement of the situation of the economy in Kosovo, several EU representatives as well as the World Bank have been declaring that Kosovo has to improve its investment climate in order to stimulate growth and attract foreign investments. An attraction, which will take a positive turn after the implementation of the Stabilization and Association Agreement. According to several findings, advantages will be assured since the SAA will allow to establish an area that allows free trade and the application of European standards in areas such as intellectual property rights, involving state aid, competition, as well as generally the improvement of the countries welfare. It will furthermore help's Kosovo to implement reforms designed to achieve the adoption of European standards by Kosovo, while other provision will cover political dialogues, followed by cooperation in a wide variety of sectors ranging from education and employment to energy, justice, home affair and environment.*

**Keywords:** Kosovo, European Union, Economy, FDI, European Integration, Stabilization Agreement

**JEL-Classification:** A10, E20, F15, O57, P50

## 1. Introduction

The intent of this paper is to identify Kosovo's current economic situation, its needs of improvement and the advantages of FDI, and the effects the Stabilization and Association Agreement between Kosovo and EU will have on the economy. The first part of the paper covers Kosovo's current situation, by giving brief information's about its economic obstacles and its struggling situation. Since Balkan countries, despite the several years of growth since 1999, there are still longstanding economic deficiencies (Kekic L., 2004).

The second part of the paper is focused on the FDI advantages and of great need for a country such as Kosovo. There are several Benefits listed and positive outcomes, pre-assumed for the current situation of Kosovo. This furthermore is accompanied with the different EU-Commissioners declarations, which note the need of investments, respectively FDI in Kosovo would automatically solve the need for flow of financial capital in the country's economy, which has been becoming very relevant to the extent that the government has occasionally reshaped political decisions to specifically attract FDI (Bukari A.P, 2011).

The FDI inflows will automatically rise, by creating a stable and harmonized legal framework in order to attract foreign investors. Such regulations, which should be harmonized with the EU-legal framework, since Kosovo is a potential EU-membership candidate. This furthermore covers the third part of the paper, where the Stabilization and Association Agreement is the top theme. The SAA was signed in Strasbourg and will now have significant

impacts on the economy of Kosovo, based on the fact that our neighbor country Albania provide us with an insight in its economy changes after the implementation of the SAA. Significant gains are notable, especially in the export sector. Also notable for Kosovo regarding the export data provided, which will be then presented in the coming part of the paper.

## **2. Kosovo's Situation**

As it is familiar for all of us Kosovo has gained recognition from over 100 countries, since it declared its independence from Serbia in 2008. It is engaged in a gradual transition from a centrally planned economy to a market-based economy. Since Kosovo's actions of opening its borders to trade, it has been undertaking a number of structural reforms, including divestment of inefficient state-owned assets and modernization of the regulatory regime. Yet, despite the progress since the break off of Serbia, institutional capacity is, and the judiciary is not independent (Economic Freedom Score, 2015).

However, taking a look at the economy situation there are indeed several serious problems followed by International Assistance Poverty, unemployment, and a lack of economic opportunities (Steven Woehrel, 2013). The unemployment situation is enormously high, where according to the European Commission's 2012 report on Kosovo noted a percentage of over 40% unemployment rate. Although, when it comes to the Youth unemployment is even higher compromising about 70% (Steven Woehrel, 2013; Economic Freedom Score, 2015).

Besides this serious issues with the unemployment rate, there is also the great uncertainty with the highest risks stemming from the country's dependency on public and external sectors. Not to forget the fact that it deals with weak investment climate and a bad condition of human capital. All this issues and circumstances can be harmful not even for the improvement of the country itself, but also for the EU according to Euinside, since these negative problems like high unemployment situations and rates keep creating still large number of economic refugees that create stronger opposition in many member states (Euinside, 2015). This furthermore led to the fact that more member countries of the EU started now to pay more attention to the countries in the region after a long time of looking the other way (European Semester for the Balkans, 2015).

However, according to several papers and discussions and the EU Commission regarding the improvement of the situation of the economy in Kosovo, several EU representatives as well as the World Bank have been declaring that Kosovo has to improve its investment climate in order to stimulate growth and attract foreign investments. This would help to ensure a stable job market in which growth can be achieved (Export Abroad Blog, 2015).

## **3. The Benefits of FDI in Kosovo**

Considering Foreign Direct Investments as a major source of capital for most developed and developing countries, and the statements mentioned above, we are certainly informed about the fact that the current economy circumstances in Kosovo would indeed be in great need of FDI, in order to experience particular economy growth and help to ensure more stability regarding the different sectors. The need of investments, respectively FDI in Kosovo would automatically solve the need for flow of financial capital in the country's economy, which has been becoming very relevant to the extent that the government has occasionally reshaped political decisions to specifically attract FDI (Bukari A.P, 2011).

Considering the past data in which it is clearly to see that Kosovo has been dependent on international aid and expenditures by international staff in Kosovo. Although, the sources of income seem to have declined in the recent years. This includes also the data that the

remittances from the large number of Kosovars abroad, which makes 7.5 % of Kosovo's Gross Domestic Product. However, due to Kosovo's low level of integration into the global economy, it has not been as strongly affected by the global economic crisis comparing to other countries (Steven Woehrel, 2013).

According to the Economic Reform Programme of the Republic of Kosovo for 2016, the share of FDI inflows as a percentage of GDP stood at an average of 7% for the particular period 2009-2013. As well as similarly gross capital formation as a percentage of GDP, stood for the same period at 30.5%, compared to Albania with 20.1%, Bosnia with 20.8% and Macedonia with 21.4% (Republic of Kosovo, 2016).

Considering the statements above we are able to make further assumptions and predictions about the benefits Kosovo would take, as the EU-Commission recommends, by improving its investments furthermore in each sector of its economy as a whole.

This involves furthermore advantages for both sides, the domestic market and the investor. However, it is for sure that FDI would enable the opportunity to explore new global markets, generating higher profits and incomes through the production and sale of their products and services. Followed by the advantage of investors from foreign markets, which would then take advantage of the natural resources available in abundance, other than theirs and at cheaper prices in some cases (Bukari A.P, 2011). For instance, the significant deposits of metals and lignite Kosovo owns.

The benefits can be listed sector by sector covered comprised in an economy yet it is not simply done, since we all are aware of the image that Western Balkan countries are perceived as highly risky and the situation of each of them, including Kosovo with respect to corruption and organized crime. This was noted also by several different authors, which uttered that many still associate the former Yugoslavia with war, and do not perceive it as a potential market. While others noted that it is impossible for foreign investors to invest in a country such as Kosovo, since it has a not suitable legal framework (SouthEasternTVExchange, 2016).

Despite these above mentioned statements, Kosovo has achieved stunning success politically and has removed many obstacles since 1999. Including new economic laws, transparent policies, which have been considered as the borne fruit in tempting FDI and getting away from being prejudiced in political and economical way (Kida N. 2013, p. 62).

This can be argued by Kosovo's improvement in each sector of its economy. For instance, the improvement of infrastructure since 2008 where it invested significantly to improve its road infrastructure by completing a highway with Albania and has commended the construction of a new highway with its biggest regional trade partner, Macedonia. Not to forget the leading contributor to national GDP, accounting for about 14% of GDP in 2011, Agriculture. Also notable the service sector, which is not considered to be an obstacle to growth. The economic activities has been focused mainly in the service sector, which has grown through large remittance inflows and the large international presence in Kosovo (Republic of Kosovo, 2016).

#### **4. Kosovo and EU**

The Republic of Kosovo unilaterally called out its independence on the 17<sup>th</sup> of February in 2008. It is well known for its past years struggling with its official status, since there are EU member states that do not recognize its independence. Out of 28 the recognition was followed by 23 EU-members. Yet, the non-membership of Kosovo in the United Nations remains a key obstacle to political integration and socioeconomic development. This remains a remote prospect for Kosovo, given the fact that only three of the five permanent members of the UN Security Council and less than the required two-thirds of UN member states have accepted Kosovo's statehood (European Forum for Democracy and Solidarity, 2014).

It is well known for Kosovo's expression of desire to join the EU and welcomed a feasibility study in 2012 to look at the possibilities for joining. Yet, their ties with Serbia and the divide in the EU on accepting Kosovo's independence continuously remain obstacles and concerns to be overcome. In order to establish contractual relations with a country unanimity among EU member states is demanded, and not all member states recognize its independence. This makes Kosovo the only Balkan country without contractual relations with the EU (The World Bank Group, 2015).

These agreements are foundational to Kosovo's integration within the global economy, including its economic development through ensuring stable free trade flows. Agreements such as CEFTA (Central European Free Trade Agreement) (Republic of Kosovo, 2016, p. 31)

Howsoever, Kosovo seems to be a potential candidate for European Union membership, where in recent years it has accelerated its integration process into the European Union. This, including through the negotiation of the Stabilization and Association Agreement, its ongoing coordination's with the European Commission on economic policies and governance issues. Not to forget its bilateral discussion with Serbian, in order to normalize bilateral relations and overcome the obstacle it is causing them being part of the EU (European Forum for Democracy and Solidarity, 2014).

There was indeed the day and date when between Kosovo and the European Union was signed the so called SAA (Stabilization and Association Agreement) in Strasbourg. According to this agreement for Kosovo is opening a new phase in the EU-Kosovo relationship, which furthermore leads to important contribution to stability and prosperity in Kosovo. This is a big step for Kosovo, since it includes the help Kosovo needs in reforms and creating trade and investment opportunities (Council of the European Union, 2015).

According to these statements mentioned above, this agreement seem to be very positive and promising improvement in the whole economy for Kosovo. Since, it will attract foreign investment and therefore continue to improve the infrastructure, fighting corruption, improvements in public procurement, enhancing trade integration, and so on. This means each sector of the Kosovo economy will experience the positive advantage of this particular agreement, which will focus on respect for key democratic principles and core elements that are at the heart of the EU's single market (Euinside, 2015).

The benefit might be better represented following the outcomes of our neighbor country Albania after signing the SAA (Stabilization and Association Agreement) in June 2006. According to these findings the regional integration under the SAA promises significant benefits. The findings imply that these are not as substantial as what could potentially be achieved through unilateral liberalization, in case Albania would open its markets to all regions.

Howsoever, it is notable Albanians increased trade dependence on the EU, which will drive welfare gains rather than trade with other countries in the South-Eastern Europe. Also very notable gains can be recognized by the non-tariff liberalization under the EU-Albania. This includes harmonization of customs administration, legislation on standards and related technical barriers to trade fully with the EU. Yet, this harmonization process will proceed gradually, this kind of gains cannot be realized immediately (Zahariadis Z., 2007).

Based on these findings, we are able to suggest that this particular gains outcomes can be assumed further to be called out for Kosovo too. This, however is already notable on export, which grew by 0.23% in 2015 accounting total export income of 325.3 million euros. The country's leading export at around 45% is represented by industrial goods, mainly raw metals. Meanwhile, the country has imported more than 2.5 billion euros worth of goods last year, which caused a 2.2 billion trade deficit. The imports of Kosovo comprise a percentage of 75% consisting of construction and transport-related goods.

Exports from Kosovo grew by just 0.23 per cent in 2015, accounting for a total export income of 325.3 million euros, according to the latest report on foreign trade by the country's

statistical agency. Industrial goods, mainly raw metals, represented the country's leading exports at around 45 per cent of the total amount. Kosovo meanwhile imported more than 2.5 billion euros worth of goods last year, causing a 2.2 billion trade deficit. More than 75 per cent of Kosovo's imports consist of construction and transport-related goods (BalkanInsight, 2015).

However, despite the advantages and positive outcomes a number of obstacles are hindering further development, such as customs problems. Problems, which now according to the SAA can be overcome and neutralized especially those involving the very strict rules to export to the EU markets.

## 5. Conclusion

According to the subject treated in the upper part of the paper, Kosovo as one of the Western Balkan countries faces several serious economic obstacles and problems. This includes the fact the country deals with very high unemployment rate, weak trade integration, poor infrastructure, energy obstacles, private and public sector deregulations, poor policy regulation in the financial procurement, business environment, ect.

Based on this, FDI is represented as a potential country rescuer, which is indeed very beneficial for a country such as Kosovo. According to several papers and discussions and the EU Commission regarding the improvement of the situation of the economy in Kosovo, several EU representatives as well as the World Bank have been declaring that Kosovo has to improve its investment climate in order to stimulate growth and attract foreign investments. This would help to ensure a stable job market in which growth can be achieved (Export Abroad Blog, 2015).

This, based on the fact that the improvement of the overall Investment Climate through FDI strategy development, the strengthening of intellectual property rights, reduced informal economy, and tax administration would contribute to attracting investment, and ultimately increasing Kosovo's sustainable economic growth (Republic of Kosovo, 2016, p. 32).

The benefits can be listed sector by sector covered comprised in an economy yet it is not simply done, since we all are aware of the image that Western Balkan countries are perceived as highly risky and the situation of each of them, including Kosovo with respect to corruption and organized crime. The fear of investing in a country such as Kosovo is associated with a weak legal framework (SouthEasternTVExchange, 2016).

Yet, other articles prove that this belongs to the past. Kosovo has removed many obstacles since 1999. Including new economic laws, transparent policies, which have been considered as the borne fruit in tempting FDI and getting away from being prejudiced in political and economical way (Kida N. 2013, p. 62).

This can be argued by Kosovo's improvement in each sector of its economy. For instance, the improvement of infrastructure since 2008 where it invested significantly to improve its road infrastructure by completing a highway with Albania and has commended the construction of a new highway with its biggest regional trade partner, Macedonia. Not to forget the leading contributor to national GDP, accounting for about 14% of GDP in 2011, Agriculture. Also notable the service sector, which is not considered to be an obstacle to growth. The economic activities has been focused mainly in the service sector, which has grown through large remittance inflows and the large international presence in Kosovo (Republic of Kosovo, 2016). However, it is well known for Kosovo's expression of desire to join the EU and welcomed a feasibility study in 2012 to look at the possibilities for joining (The World Bank Group, 2015).

Moreover, Kosovo seems to be a potential candidate for European Union membership, where in recent years it has accelerated its integration process into the European Union. This, including through the negotiation of the Stabilization and Association Agreement, its ongoing

coordination's with the European Commission on economic policies and governance issues (European Forum for Democracy and Solidarity, 2014).

An agreement, which was signed in Strasbourg by Federica Mogherini and Johannes Hahn on the other side Prime Minister Isa Mustafa and Minister of European Integration and Chief Negotiator BekimÇollaku.

The agreement implies economic implications and identifies potential winners. Its gain is to strengthen Kosovo's integration into the EU single market. A milestone, which would lead Kosovo to further economic stabilization and growth, by also ensuring economic growth. This especially when analyzing the significant imbalances Kosovo faces in the current trade accounts. Its capacity to export is very weak, although growing. A result of a lack of compliance with EU quality standards (Republic of Kosovo, 2016, p. 31).

The advantages will be assured since the SAA will allow to establish an area that will allow free trade and the application of European standards in areas such as intellectual property rights, involving state aid and last but not least competition. It will furthermore help Kosovo to implement reforms designed to achieve the adoption of European standards by Kosovo, while other provision will cover political dialogues, followed by cooperation in a wide variety of sectors ranging from education and employment to energy, justice, home affair and environment (European Council Council of the European Union, 2015).

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# PROTECTION SERVER FROM UNAUTHORIZED ACCESS OF FOREIGN

## 4 Naim Baftiu

University "UkshinHoti" Prizren, Kosovo

## 5 Samedin Krrabaj

University "UkshinHoti" Prizren, Kosovo,

### **Abstract:**

*Information security experts and they always tend to undermine the security of information constantly endeavor, one party to preserve information inviolable, and the other to possess.*

*Of course that the security of information most intelligence agencies look that even the simplest information, which others may seem insignificant, efforts to preserve the greatest zeal.*

*Servers used for storage and transmission of information for many people and entities of nature. Therefore, based on what information preserves and transmits it the server can be set a target of attacks. Therefore, as the first principle of environmental assessment and the formulation of security requirements during this period the system where safety rules are formulated and implementation plans of safety rules.*

*Although the rules of the attempted security and protection of information, it does not prevent the infringer attack. Therefore, at this stage it is more useful to attacks and breaking safety rules to register through the use of techniques such as monitoring, analyzing records and interference detection.*

*Security plan should foresee the steps of responses to attacks. Therefore, based on attacks that have been taken have taken the necessary steps foreseen in the plan.*

*Server Apache has certainly the highest and most common purpose offers a highly secure, however, because that Apache is widely used by entities that need to raise the level of security it is important that installation and configuration are designed strengthening security at maximum.*

**Key words:** information protection, Apache server, security

**JEL Classification:** C82, C88, E00, P00,

## 1. Introduction

### **Principles and strategies Apache server security**

Information security experts and they always tend to undermine the security of information constantly endeavor, one party to preserve information inviolable, and the other to possess.

While both sides have the same kind of knowledge they use for purposes, it plays a major role level of knowledge. However, knowledge in this field will be useless if they do not abide by the principles and strategies. Even an attacker with average knowledge and good strategy in the field of information security will prevail facing a security expert with extensive knowledge, but not based on principles and strategy.

Therefore, the technical issues are a matter of tactics. This confrontation of two opposing goals requires principles formulated strategy and good tactics and in this chapter will be presented with the aim of protecting information.

### **1.1. Definitions of security**

Of course that the security of information most intelligence agencies look that even the simplest information, which others may seem insignificant, efforts to preserve the greatest zeal. Therefore, it will be presented called "CIA triad"

### **2. Confidentiality**

As its name indicates, this definition tends confidentiality of information. This definition is short, clear and strict, one that should not have an information that information must not be in his hands.

### **3. Availability**

Information is power itself. Therefore, at certain times, people assigned to perform a specific job need certain information. For this reason, information should always be available or ready for access by authorized persons.

However, this triad of principles used by intelligence agencies were added a fourth principle is responsibility. This controls the authorized people that are doing their work properly through the control and responsibility of their research for their actions. Control cannot be exercised without becoming their identification and registration of their actions.

While these four definitions are functional and represent solid basis for security of information (are definitions static), others use four definitions others, which are not wrong and offer a high level of security if applied as single (are definitions dynamic). However, these last four principles in combination with the previous four principles represent a very difficult field of information security infringer.

### **4. Evaluation**

Servers used for storage and transmission of information for many people and entities of nature. Therefore, based on what information preserves and transmits it the server can be set a target of attacks. Therefore, as the first principle of environmental assessment and the formulation of security requirements during this period the system where safety rules are formulated and implementation plans of safety rules.<sup>1</sup>

### **5. Protection**

Protection represents the practical implementation of the plan of implementation of safety rules and as a result achieved the protection of information.

Security plan should foresee the steps of responses to attacks. Therefore, based on attacks that have been taken have taken the necessary steps foreseen in the plan. There are some mistakes that are made in views and beliefs. Believing that everything is absolutely sure is wrong, also the conviction that everything is completely wrong is uncertain

Therefore, the information security requires constant effort and vigilance until create reality of information security experts to be one step ahead of security breakers. The aim is to create such a system for which in case of attack exist protection tools and strategies.

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<sup>1</sup> *"Hacking Exposed: Network Security Secrets and Solutions, 6th Edition"* – Stuart McClure, Joel Scambray, George Kurtz/ page 34

## **6. Deep Protection**

This principle represents the allocation of server security layer. If the server will have only one layer of security, the compromise of that layer would compromise the entire server. However, when the server is divided into layers of security then compromise a security layer would not affect the other layer. In practice, this would be described best with the main entrance door and the door of each room. If only they locked the main door of the house but not the doors of each room, then if a thief manages to open the main door then it will be available in each room. However, if the doors of the rooms also are involved then it will be available only in the lobby but not in rooms.

It seems strange, but if there is a failure should promote safe steps. For example, when the system fails authentication with username and password, then access should be blocked until the authentication system to fix it. It would be fatal if allowed access without a password until the authentication system is regulated.

### **6.1. Providing weaknesses**

Certainly no one would attempt to break the stone a good armored door, but will require a window or door open behind the house of forgotten or at least as weak as broken stones. Therefore, they should always be sought weaknesses and become strong, because the strengths of no value if the violation was left weak points ready to be misused.

### **6.2. Threat Modeling**

There is no threat environment and the environment must be recognized and then as a result of known threats. At the moment the known threats can be taken the steps to protect themselves from those threats. This methodology is known as threat modeling. The best action is whether the system will be built as early as the first steps in mind the attacks and how to defend against them. Then, it is best to become the testing system by launching attacks truths as that would make a real striker. Thus, it would be seen the power of the system but also the security staff skills.

There are many reasons why a web server attack. Some of them are mentioned in the introduction, but there are cases when the attack is done for pleasure. If a web server is secure enough word spreads a network then this presents a challenge irresistible for those who call themselves "hackers genius" to attack the web server in order to prove themselves and to maintain their lead in the community It owns or even just to refine their skills. However, it not infrequently happens that someone neglect safety rules and this is seen as an attack by server administrators.

## **7. Server security methods**

We longed to go on sale as soon as possible makes more people and companies to neglect the security aspect and only when they are under attack directed security experts. This is not a good practice because the attack may have reached the point where it cannot become anything. The best solution would be if the safety steps undertaken since the installation of Apache and taken all the necessary steps for hindering the work of strikers. This action is to strengthen the server.

Strengthening the server needs to be done in four stages: a critical stage in the development stage, the production stage and at the stage of testing.

Actions to be taken during these stages may be different for different companies and should be adjusted according to specific needs, however they must be taken. These steps include installing patches to the core, changing the identity of the server ports secure (port 443 SSL),

the use of security certificates from CA known in this field, monitoring and recording every movement in the server, analyzing the records, removal of unnecessary modules that will cause burden and uncertainty, installing security module (mod security), installation of walls of flame in computer networks.

### **7.1. Calculating risk**

Some problems in the field of security are minor and can be fixed quickly. However, there are some problems for which it is difficult to find a solution and it costs time and money. Therefore, in such situations performs math in estimating risk.

The calculation of risk is made by adding points to the advantages and disadvantages of each security aspect separately. There are three points to be focused to make accurate estimates:

1. Misuse - it shows how much can be abused a weakness in the server.
2. Potential damage - represents the extent of the damage that misuse can cause a certain weakness server.
3. The value of the asset - presents prize to restore a certain asset before compromising security situation, including the price of the technology and the price of human labor.
4. Based on these three points can be calculated "expectation of annual losses" (ALE). In this aspect can be the asset value and the frequency of how often certain problems occur that asset security for the year. When these two values are multiplied then the output will be correct value than paying a firm security.

### **Steps primary server security**

The most important steps to be taken in terms of safety since installation. If the necessary actions are not taken during these two phases and then comes up to attack security experts they need to return to these two stages and make necessary actions.

In this chapter there will be explained the details of installation and configuration of the server's normal but will clarify the steps needed to be taken which relate to server security.

Through the installation of safety components, the server is given the means necessary to protect against attacks through server configuration while creating preconditions to prevent possible attacks by creating a safe operating environment of Severus depending on where the industry server to operate it.

Apache has an assurance of the highest and most common purpose offers a highly secure, however, because that Apache is widely used by entities that needed to raise the level of security it is important that installation and configuration are designed to strengthening security at maximum.

### **Rear doors**

Apache server provides its services to the public on port 80. This port has become the target of attacks from outside and information security breakers have found a method to bypass normal access restrictions.

Her method called "back doors". In the Apache Web Server, the back door is a code which hears in a port high and gives access to the heart of the server to anyone who knows the password special leave by the infringer who wrote that code and access is granted through 80. This port does not have password ordinary users and they approached their normal space.

The solution to this kind of attack is constant scanning port 80 and other ports. If detected in other ports other than that or those configured in the main configuration file and through port 80 if a user enters the restricted zones be described, then lit all alarms and lock access to all users.

## Modules

Apache can best be described through the example of tractors in agriculture. One tractor contains key operational structure and management panel. In the language of the server is called Apache Web Server.

However, for performing other tasks in agriculture, such as mowing, processing of cut grass and hay into squares, grinding the corn, transport of agricultural products, are needed machinery to certain that depending on the needs of up and remove the tractor.

These machinery of view Apache module called. Modules are small programs that perform a certain task.

Since the information on server security requires performing some actions repeatedly needed the installation of modules which enable the performance of those duties.

The Open Source community has nearly modules programmed for each task, however the server administrator has to open itself possibility to program modules which shall adopt procedures that he will perform on the server.

Modules that are necessary for the security of the Apache server are:

- a. **mod\_userdir** - when Apache used to serve many web pages (shared server), then the space of each user defined by user name. This module enables each user to move each user identified by name. This option offers this module enables the user to accurately identify if that user has attempted to compromise the security of the entire server.
- b. **mod\_info** - enables the display of the server configuration in the form of the website.
- c. **mod\_status** - presents information on real-time Apache his status in the form of web sites
- d. **mod\_include** - it enables SSI (Server Side Includes). This enables simple scripting capabilities which are rarely used.
- e. **mod\_rewrite** - this module is also known as the "Swiss Army knife" after waiting enables applications to be rewritten as something else.
- f. **mod\_headers** - enables manipulation of requests and chairs response (response headers).

Privileges and Apache Web Server accounts

Apache security privileges based on the server and there is a strong possibility of combinations. Apache has three main rights which are called "allowances" (permissions):

- **Read** - This privilege allows only reading certain files on the server.
- **Write** - gives the right to write to files located on the server.
- **Execute** - allows execution of files located on the server.
- **Also**, Apache separates users at different levels.
- **User** - enables the granting of privileges to certain users separately.
- **Group** - gives certain privileges to a group of users.
- **The world** - gives certain privileges to the public.

The combination of privileges to certain user levels allows a large number of precise settings. However, attackers have two primary goals: getting access to all of the rights (root) or taking control of an account that has as many privileges on the server.

The solution to this would be to create an account for each office where that account is given minimal space and privileges to perform that task

This provides two benefits because if an attacker to take control of an account then:

- ✓ The attacker would have access only to a limited server space with limited rights

- ✓ All his actions will be registered under the username and are very easy to identify

### **Apache Slapper Worm**

This type of attack is known as "worm" is the most dangerous violation of security for an Apache server and works on all operating systems Linux with Intel architecture. Use a bug in OpenSSL subsystem to enter in a system that operates with Apache HTTP. He infects other systems and transfer the information from the computer initiating the launch DDoS attacks. Apache is the most used servers in the world with about 65% of all global market and thus the technology is also on target to attack. It not infrequently happens to discover a defect, greatly missed by cenusve the information and wait a long time to come patch known as "patching".

### **Imprisonment of Apache**

One additional security components that helps a lot in real life for the protection of information in case of infection with "Slapper Worm" and the Apache DDoS is imprisoned. This term has the same meaning as human imprisoned or putting the animal in a cage. Folders, files and user privileges given to certain isolated within a certain area of Apache, in case of penetration within a cell isolates "malware code" or user and disables the release or transfer of information outside of that cell. This is known as "jailing" or and "chrooting". Apache has a user called "root". The user can enter and exit the cell, but not other users. Therefore, it is very important that the user root not included in confinement. Imprisonment server module is done through mod\_chroot.

### **Layers of security**

HTTP protocol is dedicated protocol for transmitting information over the Internet. Even before this protocol had other dedicated protocols for transmission of information and all had the same goal since the beginning: to provide security in the transmission of information. To this day it has been achieved quite well, but there are rare cases where there has been significant failures.

That's because that HTTP is dependent on the human factor and this protocol provides the means to ensure the transmission of information, is the man to know it in depth, to make wise solutions and implement them in practice.

Not every web site needs to be ensured to the maximum. It is important to note that the views about the information is highly influenced by the media industry, especially which of movies and customers expect a computer expert to do similar actions with film scenes.<sup>2</sup> Charge extra for security experts and technology, how i reinforced security since the first steps, because it is always difficult to obtain information as to be compromised. Large firms, servers and websites use to access not only to customers but also use for their daily work to accomplish their tasks.

These companies use their servers to provide Internet services (such as external network) as well use the same servers in the Intranet (internal network). Therefore, the websites of these companies use the networks of the computer within the company that are accessed workers with the right of all kinds and through which pass information also the most varied, ranging from such information at all relevant to information too sensitive.

These servers, these websites and these networks become targets of attacks of all kinds. To reinforce security to the maximum extent used technology as SSL, TLS or OpenSSL.

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<sup>2</sup> *"Apache: the Definitive Guide, 3rd Edition" – Ben Laurie, Peter Laurie/page 57*

These technologies, in fact everything have based on different areas of mathematics. Explaining the fields of mathematics applied in these technologies is beyond the scope of The topic of the diploma and therefore will be treated topics on how to implement these technologies in practice to provide better protection of information.

However, these technologies also have a darker side. They charge tact network and require high processing by the processor and whether the firm's clients are located in regions with poor Internet connection or where old computers are used, these technologies are the worst to the best that can be It happens because worth waiting a little longer and not stolen bank accounts or personal data (protection of "identity theft").

### **Cryptography**

Cryptography is the science of mathematics which aim is protect information during transmission. This science develops algorithms that take time to break down. Here lies all the power of cryptography: time. These algorithms can be broken down, but people were unbuttoned to receive millions of years while computers thousands of years.

There are four basic concepts of cryptography:

- ✓ Symmetric encryption
- ✓ Asymmetric encryption
- ✓ One-way encryption
- ✓ Digital Certificates

In combination with these four concepts, information reached the recipient to decrypt the information in less time.

This can be achieved through digital certificates and keys, both public and private, which contain information on how it is encrypted and decrypted instructions to, and have a short period of time and then are invalid. This is the method by which technology SSL provides information during transmission, while computer infringer of the information the needed time extremely long to decrypt the information, computer makers are needed only a few seconds based on the guidelines in the private key and transmitting completed by not giving the infringer time to complete decryption.

Cryptography is mostly used by government institutions such as the police, the military, law enforcement agencies, intelligence agencies and also by criminals. Cryptography in countries where the rule of law is regulated by law and used by non-state entities is limited by law.

### **Attacks**

Information security is based on two points: the first is knowledge or awareness raising about possible attacks, and application of knowledge in practice showing high alertness. This rarely happens, especially to those users who do not have the technical skills to create breakers information advantage because technology without connecting knowledge and vigilance of the human factor is difficult to achieve the desired results.

Although security layers of SSL and TLS provide a high level of security, they can still be compromised.

One of the attacks that can be taken against these two layers is called MITM (Man-In-The-Middle-Attack). MITM has my personification essentially, that means that one party thinks is communicating with the other side but in fact it is communicating with the striker who my personification if it was the other party. The main condition to be successful MITM attacker has to be on the same physical network as the victim.

MITM attack initiated by sniffs technique. When the victim's browser to send domain IP address is then returned to the attacker hijacks the request and returns a false IP posing as the server, but in fact the victim's browser gives attackers IP address.

However, because the SSL certificate must contain the public key and this makes it difficult for attackers. For this reason, the attacker needs to take some other steps to end all attacks successfully. Attackers must use self-signed certificate

Issued to any other web site and the browser will inform the victim that the certificate is not trusted, and asks if he wants to continue. Most of the victims confirm that they want to continue. The next step forward must be taken is to persuade the victim to accept the root certificate to the attackers. If the victim accepts this, then the attacker can sign certificates for any Web on Internet and browser of the victim to accept as credible certificate without any alarm. The best defense against these steps is restarted the computer using the operating system CD. However, if the attacker had used "social engineering" ("social engineering" - a non-technical method of attack) to the original root certificate issued by an employee in CA then it would be too harmful. Fortunately, there is never such a thing happened.

These attacks can be avoided by activating the authentication server and the client and this would force the striker to fail from the stage of "handshake" because the attacker could not verify yourself for granted. MITM is not because of the deficiencies of SSL and TLS but due to the shortcomings of DNS, a problem that can be remedied through an add-on which is called "DNS Security".

### **Securing Apache with SSL**

The layers of the above mentioned security (SSL and TLSv3 who also called SSL) can be implemented in Apache server to make it safer.

Based in which the operating system used Apache, the details differ, therefore below will clarify the general steps to be followed to implement SSL on Apache server.

To integrate SSL into Apache mod\_ssl module activation needed in the Apache configuration file httpd.conf key. If this module is not found in the main configuration file then it should be installed.

The next step is the configuration of a private key and a certificate. The private key is protected by a password which is called "passphrase" and the password is required whenever the server started with or re-configured.

Making a request made through the certificate CSR (Certificate Signing Request). This electronic document containing the request addressed to the certification authority (CA) to sign the certificate and public key entity features and information seekers to the requesting entity are included in the certificate. Also, the private key is generated by Apache incoming information CA. It takes several days until realized after CA should verify all information provided by the requesting entity.

In case the certificate is self-signed then CSR requirements used to sign the certificate.

When the certificate is issued by a trusted CA then alerts the browser does nothing, whereas when it is self-signed certificate only once browser alerts that the certificate is not from a trusted CA.

In addition to sensitive information, the server can also be found information which are not sensitive and is not necessary that the security layer SSL. Because the SSL can cause load on the server then SSL should be used only for the transmission of sensitive information. Insensitive information should be stored in a virtual location which is established by Directive server <VirtualHost> in httpd.conf file and thus separate from important international information.

However, it also threatens the separation of the protected area with SSL. A technique called "eavesdropping" (listening in secret - tapping) used to steal "cookie" that contains the identification number of the session and with this "cookie" to get access to SSL-protected area. The best defense against this shortcoming is to create exclusive two separate sessions, one for

the information session are not subject to protection with SSL and another session for sensitive information.

### **Security conditions**

First clarified broader goals of the username and password in the system.

The first is that some people are allowed to see that information for which they are authorized, while others are kept away and the next goal is to see who has done what and when made. Consequently are necessary four terms:

- Identification - a process in which the user submits his identity
- Authentication - is a process during which presented verified user has the right to access the system
- Authorization - which sets out the process to verify that the authenticated user which has the right resources be accessed
- Accountability - is the ability to see who has accessed which source and has made changes during the approach and what changes it has made and when.

All these terms appear as a single step in their execution, but they are stages through which passed the order. To meet these terms must be met by the user conditions which are known as "safety factors":

- ✚ Safety first condition is that the user must submit something you know, through this indicates that the user has knowledge of secret information as a password, passphrase (passphrase) or PIN (Personal Information Number)
- ✚ The second condition is that the user security must present possession of a control element which is the personal approach that includes smart cards (SMARDE card or bank card) or "token".
- ✚ The third condition is that the user security must be able to show who he is and they included elements of biometric access control including user personal unique properties as fingerprints, voice or even the color of the retina of the eye.<sup>3</sup>

Some systems use a safety factor for access to and these usually are systems with low security level. Other systems use two safety factors as possession of an item Personal for access control and possession of a secret information in the case of bank accounts when the user to withdraw money from a cash machine (ATM) must submit that is the owner of the bank card and PIN din secret information. These systems are called both factors contributed systems.

However, everything depends on the level of accountability that the system requires. If conditions are more stringent accountability can then be three factors system combining elements of biometric access control with two other elements of material possession personal and secret information. When a system keeps highly sensitive information then it requires that the conditions of accountability are very high and each organization can develop individual security conditions, such as time and place of access.

This is because that information can flow and in such case nobody takes the blame and in these cases they are good for controlling the flow of work which cannot be done without the basic elements of security and therefore culprit can it found without making any single question anyone but only analyzing census approaches.

### **What is behind the attack?**

Until now they clarified many attack methods and measures to be taken to prevent those attacks. But what to do when faced with a situation where the attack already happened?

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<sup>3</sup> "Apache Cookbook, 2nd Edition" – Ken Coar, Rich Bowen/page 89

The first step that must be done is to gather network statistics which is done through network management system NMS (Network Management System). Each computer network has the capabilities, limits and rules on which operates and this system makes it possible to collect statistics if the capacities and limits are exceeded and if those rules are broken, when and by whom, information that is valuable to find the essence of the problem for which subsequently taken measures to adjust.

The second step to be taken is validation of integrity who monitors the files on the server and the server administrator alerts if noticed any changes in files that would threaten the integrity of the information in those files. These programs are called "software for detecting interference in host '(host intrusion detection software) and used to find the hidden attackers.

Other steps previously mentioned processes such as calculation and recording of events and errors as well as their detailed analysis.

Besides care that is necessary to show in server and applications, an element which also has an urgent need for care are also computer networks.

### **Conclusion**

Detection of interference in web application is a vast field with an endless list of instructions. Web programmers and managers of knowledge despite their applications are forced to bypass the rules of technology to be subjected to the rules of the economy.

Skilled programmers are forced to program web applications with poor quality of the security because the requirements of firms mainly focus on the application functionality to meet the needs of business and in the shortest time. Also, administrator's applications are faced with the needs of firms to work without tools or with an insufficient number of tools for the security of the application is scheduled to be poor by integrating shortage of tools and thus making it difficult work administrators maximum.

Programmers have found ways for this to be economically advantageous for them and there are few companies that have changed the rules of the economy to respond to the infinite selfishness firms. An application programmed with high quality in terms of functions in terms of security requires more time and more money, but that app reaches return on investment - ROI (Return of Investment) and profit in the long run because that app used to long time because there are fewer problems, needed staff smallest administrators who paid cheaper if you work directly for the company and also offer customers functionality, good experience (user friendly), credibility (reliability) and speed as well as design satisfactory.

While in case urgent programmed applications they seem cheaper and appear to be more expensive. This is because programmers have established businesses that offer management services firms, consulting and training, and for these services out large sums of money for services rather simple.

Programmers hold information for applications that are programmed, they know the security flaws and how those flaws to improve, wait until firms face attacks those flaws exposed and managers as to be helpless in the face of these attacks because there has the vessels scheduled to face the attacks.

The firm is forced to seek help from outside firms for administration application programming which actually send programmers to program the vessels which had been planned from the beginning and receive money almost as 6-month salary of an administrator for a fortnight.

Finally it is worth noting that the impact of content management systems - CMS (Content Management System) servers and WWW, flaws and their strengths.

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# THE CHALLENGES OF THE INTEGRATION OF KOSOVO TO THE EUROPEAN UNION DURING THE TRANSITION

**6 Prof.Ass.Dr.Hysni TERZIU**

Public University “UKSHIN HOTI”, Kosovo

## **Abstract:**

*The focuses of this paper are the policies and the structural and institutional reforms of Kosovo in creating the appropriate conditions to become closer to the European Union. This paper also treats on how to be organized from the structural and human aspect in order to react according to the request for the accession of the country into the largest European family.*

*Kosovo needs to continue to develop and implement policies and numerous reforms in the political and economic field in its way toward the European Integration.*

*Although work to be done, Kosovo has continued its progress in the consolidation of the democracy and rule of law, has reinforced fundamental reforms in the judicial and electoral system, has shown efforts to reinforce the rule of law, public administration continues the process of stabilization, its progress in its way towards a free market economy, new efforts in terms of reforms in the field of economic in order to cope with competitive pressure and market forces within the EU, a positive role in the protection of regional stability and in the promotion of good relations with the countries of the Western Balkans and others.*

**Keywords:** Transition, integration, European Union, process, reforms, Kosovo

**JEL Classification:** A12, E22, E29, F13, F15

## Introduction

Kosovo is facing different challenges during this transitional period but is doing everything that it is possible to become part of the Europe's big family. The integration into the European Union is a major challenge for Kosovo, but it means that it is nearer the fundamental values, on the basis of which it is built and lives this large interstate organism. Democracy, rule of law, the protection of human rights, the respect and protection of national minority rights, the functional market economy, all these make the state able to face the different competitive pressures and market forces within the EU. The fulfilment of these criteria mentioned above, together with the obligation needed to adopt the EU legislation, the so-called *acquis communautaire*, are the main prerequisite in order to enable the introduction of a third country in the European Union.

Kosovo has continued its progress in the consolidation of the democracy and rule of law. Thanks to the consensus among the political forces, there have been conducted fundamental reforms in the judicial and electoral system. In addition, there have been efforts to reinforce the rule of law. Public administration continues the process of stabilization. However, it is necessary to strengthen even further the governance of the public sector by increasing the independence of the public administration as a key priority of the European Partnership. Our country has continued to play a positive role in the protection of regional stability and in the promotion of good relations with the countries of the Western Balkans, other neighbouring countries and with the EU member states.

Kosovo has progressed in its way towards a free market economy through the decreased unemployment rate, controlled inflation, progression in the field of privatization and more convenient environment for enterprises. Kosovo needs to implement significant new efforts in terms of reforms in the field of economic in order to cope with competitive pressure and market forces within the EU during the long run perspective. Kosovo is one of the countries where the transition to a market economy is closely linked with the development of the private sector and with the definition of the basic strategic models as a condition for integration and national and international coordination.

## **2. What is European Union?**

With the establishment of the European Union was fulfilled the desire to rebuild Europe after the devastating events of the Second World War as well as the good will to prevent the burst of similar conflicts in the future. The European Union is composed of sovereign states, which have concentrated their sovereignty in many areas of fundamental importance for their citizens. The European Union has created a common currency and a common market in which people, services, goods and capital move freely, without borders. On the other side, the Western Balkan countries can join the EU after they meet certain conditions. There exist political and economic criteria and different requirements regarding the capacities of these countries to respect all the legislative provisions and rules of the EU. The agreements with the EU, help these countries to define their priorities and in doing so, to facilitate their efforts on reform issues. Multi-annual indicative financial framework, presents the financial assistance necessary to support these efforts.

The accession of a country in the EU, passes through several stages which are: filing the candidacy of each country to accede to the EU, the benefit of the status of each country to be a candidate for EU (European and democratic country), the strategy prior to accession, the opening of negotiations, the signing of the accession treaty, and in the end is the EU accession.

Candidate countries from the Western Balkans to access the EU are: Former Yugoslav Republic of Macedonia, Bosnia-Herzegovina, Montenegro, Albania, Serbia, and as a potential candidate country is our country, Kosovo.

## **3. The Stabilization and Association Process**

The need to support the economic and political stability in Southeast Europe, as well as the need to promote reforms in the rule of law, to have stable institutions and a free economy in the region by opening up the prospects for potential EU membership and by supporting the bilateral agreements in the region, prompted the EU to propose the Stabilisation and Association Process (SAP). This process is based on the gradual establishment of free trade zone and the implementation of reforms, which aim to embrace European standards, to be closer to the EU. In itself, the Stabilisation and Association Agreement does not constitute a commitment to integration. It puts the emphasis on stabilizing the situation in respective countries to further establish the relationship with the EU. In addition, this agreement aims to promote the economic development of the country, supported by parallel aid programs designed to help these countries meet the obligations of the agreement.

The insistence for common regional cooperation by the countries that aim to join the EU is an integral part of SAP.

*The Stabilisation and Association Process* has two stages. After the EU takes a positive decision on the adequacy of the interested country and on its ability to meet the obligations set in the Agreement (the finalization of the first phase), is opened the way for the start of the second phase of SAP. Kosovo is already in the second stage of the process which includes the process of Stabilisation and Association Agreement (SAA) and the effective implementation of the Agreement. The negotiations on the SAA are particularly important in this stage because

are set the conditions for base rates that determine the commercial relations between the signatory country and the EU Agreement. SAA does not determine in advance a date for European Union membership.

*Benefits of the Stabilisation and Association Agreement* - The most important benefits, directly from SAA, are in the area of trade and a freer entry of the domestic products into the European common market. With the improvement of export condition, arise opportunities for the development of local companies and of national economy in general. On the other hand, SAA enables an easier entry of the European goods into domestic markets for local buyers and local consumers, through shorter administrative procedures, more efficient and with lower prices. The Signing of the SAA also creates the possibility for obtaining financial resources from various structural funds, as well as to gain support for institutional capacity building, regional development and participation in several EU projects, such as exchange programs for professors and students, or cooperation between research centres in the country with those of the EU.

#### **4. Kosovo and European Union**

The fulfilment of the priorities of the Government of the Republic of Kosovo includes the necessary reforms in certain sectors, through which will be met economic, social and institutional preconditions for the integration process in the EU, more specifically for become closer to the European Union, NATO and other relevant international mechanisms. Government priorities are summarized in the following four pillars:

International economic relations - The government aims at increasing economic cooperation with countries of the region, of Europe and beyond. It is committed to continue its activity for the membership of Kosovo in organizations, institutions and international financial and trade mechanisms. In addition to the importance of confirming the nationality of the country, it will also provide powerful effects for the economic and social developments of the country. It is working on the membership of Kosovo in the European Investment Bank, the Islamic Bank for Development and then also in the negotiation of Free Trade Agreements among others.

Stabilization and Association Agreement – The Action Plan for the negotiation of the Stabilisation and Association Agreement (SAA Action Plan) embodies in concrete terms the Government's vision for the membership into the European Union. Progress in its implementation, will bring citizens closer to the EU and will ensure that Kosovo is making steady progress towards EU membership. In this role, the Action Plan for SAA is a descendant of the Action Plan for European Partnership (APEP) and in building on the experience and institutional mechanisms established over the years.

The implementation of Kosovo's European agenda is a priority for Kosovo's institutions. In this regard, a special priority in the medium term will be the implementation of the SAA through coordinated dialogues among all the involved parties. In particular will be intensified the efforts for the visa liberalization process. The government knows that in order to achieve these priorities is needed an integrated approach in implementing the European agenda, especially, in building the administrative capacity to meet obligations arising from SAA, respectively in the approximation and harmonization of the legal framework with the EU, as well as building capacities for the implementation the legal framework.

Due to limited financial and human capacities, the government intends to prioritize its objectives for a medium-term by harmonizing them with the requirements that come from the European agenda. At the same time ensures a planned and integrated access which ensures that the financial and human resources of the Government are oriented towards the achievement of the obligations arising from the agreement and reforms announced by the Government Program and in accordance with plans for the development of a strategic framework for national development.

With such an approach, the Government will continue reforms in different areas that will enable proper implementation of the SAA. Its implementation will be strongly supported by the Government. In order to achieve the European Agenda, the Government will maximize the use of funds provided by the EU as part of the Instrument for Pre-Accession and the Western Balkans Investment Framework, as well as the funds from other donors. The Government of Kosovo will undertake the necessary reforms to ensure access of Kosovo to EU funds in the form of direct budget support<sup>4</sup>.

The integration into the European Union is a major challenge for Kosovo, but it means that it is nearer the fundamental values, on the basis of which it is built and lives this large interstate organism. Democracy, rule of law, the protection of human rights, the respect and protection of national minority rights, the functional market economy, all these make the state able to face the different competitive pressures and market forces within the EU.

The fulfilment of these criteria mentioned above, together with the obligation needed to adopt the EU legislation, the so-called *acquis communautaire*, are the main prerequisite in order to enable the introduction of a third country in the European Union.

### **Political Criteria**

Kosovo has continued its progress in the consolidation of the democracy and rule of law. Thanks to the consensus among the political forces, there have been conducted fundamental reforms in the judicial and electoral system. In addition, there have been efforts to reinforce the rule of law. Public administration continues the process of stabilization. However, it is necessary to strengthen even further the governance of the public sector by increasing the independence of the public administration as a key priority of the European Partnership. Our country has continued to play a positive role in the protection of regional stability and in the promotion of good relations with the countries of the Western Balkans and other neighbouring countries.

### **Economic Criteria**

Kosovo has made progress in its way toward the free market economy. The opening of the economy has increased significantly, especially in terms of foreign trade in goods and services with amounted up to 81% of GDP in 2007 (compared with 72% in 2006). Trade has increased considerably as a result of increased imports, while competitiveness in exports remains weak (exports of goods and services accounted for 10% and 18% of GDP, respectively, in 2007). There are also high energy imports (30% of total growth). Overall, the EU is a key partner in international economic relations.

The economy has experienced an increase of 4% in real terms in 2015. The promotion of businesses through administrative and fiscal easing policies has had a positive impact on their performance. Improvement of infrastructure, renovation of technologies in various sectors, the development of human capacities, have all increased the efficiency of the economy turning the latter into a factor of economic growth.

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<sup>4</sup>Ministry of Finances. "Medium Term Expenditure Framework 2016-2018". <https://mf.rks.gov.net/en-us/Reports/Reports-and-Publications/Medium-Term-Expenditure-Framework> (accessed April 2015)

**Table 1.** Main aggregators (in mln Euros)

Description	2008	2009	2010	2011	2012	2013	2014	2015
Consumption	3,912.8	4,218.2	4,325.0	4,652.1	5,256.0	5,390.9	5,675.0	5,999.0
Investments	1,123.7	1,340.3	1,405.0	1,565.0	1,397.3	1,427.2	1,467.9	1,499.0
Exports	1,420.4	1,536.1	1,525.8	1,622.4	1,576.7	1,665.2	1,748.8	
GDP	3,905.0	3,912	4,289	4,639	4,916.0	5,125.2	5,446.1	6,117.0
Real Growth of GDP, in %	6.9	2.9	4.0	5.3	5.1	5.4	6.0	
GDP per capita	1,847.2	1,848.0	1,966.6	2,127.3	2,686	2,757	2,884.0	3,141
Inflation Rates	9.2	-2.4	3.5	5.3	2.1	1.5	1.4	1.6

1. **Source:** Ministry of Finances. “Economic Bulletin of Kosovo, January-June 2015”. <https://mf.rks-gov.net/en-us/Reports/Reports-and-Publications/Macroeconomic-Bulletin> (accessed August 2015)

## 5. Trade Relationships, Foreign Direct Investments and Remittances

If we refer to table 1, it is obvious that the trend of imports and exports has increased during the period 2008-2015, but the imports increased at much higher pace compared to exports. Data on the structure of imports shows an increase of 5.4% in the imports of investment goods. The import of these goods represents about 30% of total imports. FDI were over four times higher compared to the same period of 2014, 130 million Euros more. FDI during this period were concentrated more in the sectors of construction and real estates, even though there was also a significant increase in the financial services sector and in energy sector.

The Government of Kosovo, in June 2015, has negotiated with the IMF the Stand-By program. This program focuses on strengthening the public finances through the implementation of the fiscal rule, conduction of an adequate level of bank balance and through the improvement of cost structure. In addition, it works through the creation of fiscal space for large development investments financed by International Financial Institutions.

EU Guide, for the draft of the Economic Reform Programme, considers the position in which Kosovo is today. It suggests that the efforts should be focused on competitiveness (particularly in the regional competitiveness) as a development priority for Kosovo. This is expressed through the ongoing efforts of the Government towards the capital investment, the improvement of the business climate, and the support of local production in various forms. The year of 2015 was marked with a new style of government, which is expected to bring significant positive changes in the economy of the country<sup>2</sup>

More specifically, it is about the changes in the tax system of Kosovo such as: removing the barriers for the fiscalisation of all businesses, reduction of administrative procedures (e.g. abolishing the requirement for export certificate), exemption from customs duty the equipments of information technology in order to stimulate this sector and consequently other sectors that use these devices), decreasing of VAT in order to expand the tax base of this tax, escalating the VAT in order to be reduced for the products that are considered as basics for daily consumption), providing tax holidays through which aims to facilitate the tax burden for businesses that invest up to certain levels of money and that hire a considerable number of

workers, and expanding the list of products that are exempted from customs duties, with which will be stimulated the manufacturing businesses in order to be more competitive in the market<sup>5</sup>.

The value of exports and imports in 2008 account for 54.6% of GDP, while in 2015 they account for the 75.8% of GDP, implying an openness and greater integration of Kosovo into European markets and beyond. Over 90% of Kosovo's exports are destined for the EU markets as 70% of imported goods are from the EU. Regional trade is intensified as a result of commitments on the implementation of Agreements for Free Trade by reducing and eliminating a significant part of the customs duties, which in addition to the positive impact they have on facilitating trade transactions and on more favourable price of imported goods, they reduce also the budget revenues and damage the level of exports.

The figures tell us that Kosovo, despite the benefit from the EU's assistance programs that aimed at opening the European market by eliminating customs duties on all industrial products and on most agricultural products, could not take advantage of the full trade preferences to EU mainly for low competitiveness and poor quality of products.

Above all, foreign investors seek from the countries where they see a potential investment to have Rule of Law and an efficient Judicial System. In addition, there should be no problems with property titles, as the solution of property issue is the primary focus of foreign investors. Another barrier for foreign investors is small market and its poor integration into major European markets which make lower the possibility for investors to exploit economies of scale for their businesses. However, a universal principle of investment finance is the right report of Risk and Return that implies that countries in transition due to the higher business environment risk than as a result the investors demand a higher yielding of their activity.

*The high degree of informality* contributed negatively on the level of FDI inflow during the period 2008-2015 despite that FDIs had a modest upward trend during this period. In the last two years, FDI had a significant increase, but which are more due to the privatizations of public sector rather due to the private investments in manufacturing businesses. Energy market and the Telecommunication market are more attractive for foreign investors, where the greatest interest was shown from American-Turk investors and then also from Swiss investors. However, until now it is difficult to conclude whether this initiative has proved to be successful because foreign investors continue to think that Kosovo must still improve the business environment, fight corruption and solve the problem with the issue of property based on some indexed they see. Regarding the business climate, there were some positive steps laid to facilitating administrative procedures for doing business<sup>6</sup>.

*Remittances* have played an extraordinary contribution during this period not only in the consumption levels of Kosovo households but also on the stabilization of the balance of payments by compensating also the low level of capital account (investment), macroeconomic stability and fiscal consolidation. In real terms, the amount of remittances (although the real figure may be higher) is 600 million Euros. With the development of the banking system and with the introduction of remittance companies (e.g. Western Union), every year more and more remittances were sent through the formal banking system. This is not a positive indicator only for the remittance system and for the formalization of the Kosovo's economy but also serve as

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<sup>5</sup>Ministry of Finances. "Economic Bulletin of Kosovo, January-June 2015". <https://mf.rks-gov.net/en-us/Reports/Reports-and-Publications/Macroeconomic-Bulletin> (accessed August 2015)

<sup>6</sup>World Bank, "Doing Business 2014: Understanding Regulations for SMEs". <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB14-Full-Report.pdf>

a mechanism for the inhabitation of money laundering and also serves as a reference for the design of monetary and fiscal adjusted policies. Empirical studies conclude that this high level of remittances is due to high motivation of Kosovars to emigrate elsewhere, in order to bring to their relatively poor families money. Until now remittances are the primary mechanism to reduce poverty, to finance imports and to stimulate aggregate demand, to develop the financial and construction sector, to strengthen the private investment, etc. Thanks to the high flow of remittances, the gap of trade deficit is narrowing thus minimizing the negative effects on macroeconomic stability. Remittances serve mostly for consumption and for housing. Especially after 1999 it was one of the reasons why the construction sector has its highest success and consequently there was also a significant contribution on GDP.

Remittances have increased not only because each year the number of Kosovar emigrants has increased, but also because their economic and social position has improved as majority of them have been fully integrated in the respective economies where they are located. This fact has also a negative impact in terms of the amount of remittances which are expected to fall after the period of 20 years of emigration as a good part of the immigrants will be fully integrated with their families in European countries and as such will gradually disconnect their ties with Kosovo. The report of the Central Bank of Kosovo, regarding the inflow of remittances in 2015, notes that they are decreasing significantly compared to the previous year, mainly due to the economic crisis that has caused thousands of jobs to be lost and of course the immigrants are the first to suffer. In fact, some economists think that in time of economic crisis the informal economy (including remittances into informal channels) makes it possible major consequences of the crisis in the economy mitigated by the injection of these cash flows to stimulate economic activities<sup>7</sup>.

## **6. Official Reserves and Credit Offers**

Official reserves measure the change in the stock of foreign exchange reserves and foreign assets, which are available to the monetary authority as the Central Bank of Kosovo and which consist of gold reserves, foreign currency reserves and Special Drawing Rights in the IMF. A low level of official reserves in a country that is also characterized with a deep trade deficit, presents high financial risks by making pressure on the local currency because the solvency of the economy falls as long as imports grow faster than exports. This is translated in a crisis of the balance of payments which is then preceded by a financial crisis similar to the Asian Crisis of 1997-1998 and the Russian of 1999. Therefore, the Central Bank of Kosovo needs to target an optimal level of official reserves in order to be used as a defence mechanism against external shocks and financial crises. In addition, the gradual increase in reserves should be more as a result of economic growth (driven by exports) rather than as an objective in itself.

Regarding the supply of credit, in 2014 it has experienced a growth of 4.2% reaching up to 3.2 billion Euros. In 2014, the key indicators of the profitability of the banking sector were improved as a result of significant profit growth. This growth is attributed to a number of factors which are mainly relate to: 1) consolidation of the banking system during this period, 2) launch of seven banks that have expanded the market and the range of banking products, 3) more stabilized macroeconomic environment and more sustainable economic growth influenced by the liberalization of the banking market, 4) increased demand for lending as a result of the higher number of business and their higher potential for activity expansion, 5) monetary policies, generally more accommodative, 6) expository fiscal policies, 7) growing needs for consumer loans (e.g. for vacations, vehicles, etc.) and home loans (mortgage) that in

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<sup>7</sup>Central Bank of Kosovo. "Annual Report, 2014". <http://www.bqk-kos.org/repository/docs/2015/CBK-RV-2014.pdf> (accessed June 2015)

recent years occupied a good portion of loan portfolio, etc. However the offer of credit as a proportion of GDP remains low compared to other countries of the EU that have this ratio up to 60% of GDP. This does not happen only because the banking system is in the process of consolidation, but because we have a under developed money market and capital market which in the contrary would significantly lower the cost of money and consequently would increase the demand for loans to be covered by a higher supply of credit. Another reason for the relatively low supply of bank lending is also the underdeveloped bank culture of Kosovars and their fragile confidence in the borrowing.

However, Kosovo market is expanding its supply of credit dictated by the conditions of Kosovo's economy and in this context the pace of credit growth has been adequate. Even in 2014-2015, the Central Bank of Kosovo has been reserved in its analysis with regard to lending emphasizing that an accelerated growth creates premises for bad credits and inflationary pressures that could endanger the banking and financial stability as a whole. Economic growth reflects the growth of money supply, but not always the growth of money supply stimulates a sustainable economic growth. In 2008 the economic crisis in the US emerged as a financial crisis, caused by uncontrolled level of lending which turned the US into an economy where borrowing became lifestyle.

## **7. Fiscal Impact of Health Insurance and Pension System**

The health system, throughout the transition period in Kosovo, has not functioned properly and by many experts is considered as unsustainable and not financially implementable. In Kosovo, there is still a high degree of informality in the labour market, where less than half of the workforce is active contributors to this scheme, while the number of those covered by the state are not known precisely, or better to say there is no possible to regulate all the health insurance system.

Reforms undertaken in the implementation of health contributions and financial decentralization would allow for better management of funds at the regional hospital and the minimizing of corruption that constitutes an "added tax" to the public health service. So, the reforms undertaken by the government to increase the contributions to health insurance essentially seek to raise revenue for health funding that is extremely necessary. However, this could create a negative incentive in the labour market because it increases the employment taxation burden by increasingly more the informality. Fiscal consolidation would favour at medium term perspective full funding of public health support to the overall budget revenue against the current system of partial funding from tax on wages and salaries.

The pension system or the pension schemes, always have a fiscal implication due to the fact that there is an imbalance between the contributors of pension scheme who pay dues to the fund and pensioners who receive the benefits of their contributions over the years. The tendency of the transition countries but also of the developed countries was to have an increased contribution rate in order to keep the pension scheme functioning as it has a fiscal burden for the government and this burden is always growing. The pension scheme is a fiscal implication in some directions: 1. The optimization of the level of contributions for the pension scheme by taking into account that an increase of this level will encourage more the employment in the informal sector and would impact on the reduction of pensions; 2. Low return of benefits from the pension may discourage individuals to contribute to this scheme; 3. Small amount of money provided as pension that is not enough for the minimum living needs, can create a political pressure to increase the pensions in the short term, and if this would happen than it would damage the fiscal stability and sustainability of the scheme.

In Kosovo, were recorded 128 thousand beneficiaries of basic pension as of June 2015, with a total value of over 59 million Euros. There were also 18,318 beneficiaries of pensions for persons with disabilities, where in the same period of 2014 these payments have amounted 49

million euro. So it is estimated that this increase in 2015 was due to the entry into force of the decision to increase pensions and salaries in the public sector in April 2014. Although in Kosovo there are relatively 150 thousand pensioners, there is not yet the concerns for aging population that many countries in Europe have and which have been forced to intervene in the pension schemes to reduce fiscal burden by increasing the age of retirement at 65 (some countries are considering increasing it to 70 years). This is not done by Kosovo<sup>8</sup>.

## 8. Conclusion

Kosovo is a country that participates in the Stabilisation and Association Process of the European Union. This process contributes to the regional stability by involving every country in the European structures and by offering to them the prospective for future accession to the EU. The European Union has actively supported the reforms conducted in Kosovo since the 90s and has supported the priority of the Kosovo's Governments for European integration.

Integration should not be understood as a simple elimination of borders, which will enable free movement towards richer countries of the Europe. Due to a long history of isolation and economic hardship, integration is often perceived as an opportunity to move to Europe, leaving limbo the challenges and the fact that comes only as a result of the consolidation of democracy and economic development.

The integration process should be seen as a reform program that brings the country closer to the European model of the state, democracy and functioning of the economy, and not simply the free movement towards west. Secondly, the process should include the commitment of all political and economic actors of the society.

In the framework of politics, the culture of dialogue between political parties and the independence of state institutions should be strengthened even more to enable the effective functioning of the political system. Naturally, the main test in the evaluation of the Kosovo will be about how it will be prepared for the next parliamentary elections to be held in 2018.

Kosovo has progressed in its way towards a free market economy through the decreased unemployment rate, controlled inflation, progression in the field of privatization and more convenient environment for enterprises. The informal economy effects on the reflection of the current dynamics of the labour market. Non-banking financial sector should have a greater impact on financial intermediate, which is dominated by the banking system. Kosovo needs to implement significant new efforts in terms of economic reforms in the face of the long term with competitive pressure and market forces within the EU.

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<sup>8</sup>Ministry of Finances. "Economic Bulletin of Kosovo, January-June 2015". <https://mf.rks.gov.net/en-us/Reports/Reports-and-Publications/Macroeconomic-Bulletin> (accessed August 2015)

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# **STRATEGIC MANAGEMENT AND ORGANIZATIONAL CHANGES IN BUSINESS ENTERPRISE**

## **7 MA. Sami A. MORINA**

NTP Gllareva & NPP AMO, Kosovo,

## **8 MA. can. Edisona G. KURHASKU**

Faculty of Economics, University of Prishtina,

## **9 MA. Ilir KRASNIQI**

Tax Administration of Kosovo

### Abstract

The problems we are facing in business enterprises are of great importance in our society because of the increase need to identify problems affecting the economic business and management strategy, but these problems can be eliminated through enterprise development and management rights them. The problems being addressed in this paper are required to engage more with the problems of operational control, the goods producing effects that make the enterprise, sales force management and control of enterprise management results. Strategic management is not defined only in making decisions about key issues facing that enterprise. Strategic management is vital to the economy as a whole today in relation to the internal market or in relation to the international market.

Key words: enterprises, strategic, management, economy.

### Entry

Strategic enterprise management and organizational change is their immanent requirement for all business organizations today, which are bound to change in order to remain competitive in the market. Change management studies resulting in many issues common to permanent change efforts such as the type of change, the process of changing factors, environmental factors and other results change. The paper contributes modestly to avoid problems and reduce enterprise risk. For the realization of paper are used in combination methodology consisting of primary data and secondary ones. Secondary data are the result of extensive review of literature on change management and strategic management, which serves to build hypotheses and theoretical model presented and tested in the paper.

The primary research was based on data collected through questionnaires distributed to businesses. Through examining empirical these factors (type of change process factors and environmental) that affect the success of the change, the paper contributes to the enhancement of knowledge about the factors that affect the success of the change in business organizations,

and aims to help managers business and managers at various levels to understand the importance of change management in their organizations and the factors that contribute to the successful realization of this process.

### **Role of Strategic Management in business enterprises in Kosovo**

Strategic thinking as before based on long and short term planning (total sales, revenues, costs, business profits etc.). Strategic planning is the process whereby members of an organization predict to the future and draw up the necessary procedures and operations to achieve their goal:

Because it results in higher organizational performance;

- It requires managers to consider and adapt to changes in the business environment;
- Coordinates the organization by helping them focus on organizational goals;

It is involved in managerial decision making.

What are the organizational changes in the enterprise

Change management studies show that changes from all forms and skills to manage these changes and are seen as an important component of the organization's ability to compete successfully<sup>9</sup>. Managing change is an important issue in today's business environment, and constantly changes. Today leaders work on the most dynamic environments ever seen, where the change is very fast and frequent. Increasing the daily market competition, general globalization, the reduction of barriers to the entry of products in the market today are the result of moving too fast internet and electronic business, the need to respond to customer needs, mergers the business, their purchases, innovation, technology, streamlining, sales decline etc, are some of the factors that are driving the changes very fast. Organizations differ because everything around them is changing.

Two of the biggest concerns for enterprises today are:

Performance still is not at the required level;

Belief today is getting constant change.

So change is not something new, it is a natural part of business enterprises. But what is more important is the increasing speed of change<sup>10</sup>. Risks of change have not been this high since the industrial revolution and many traditional organizations have understood, at least in theory, that they must change or die. And relying on studies by different authors, it shows that many of them agree on two important issues. The first rate of change has never been greater than in the premises of today's business, and the second change is caused by internal factors or external comes in all forms and measures, and affects all enterprises. So, change is dominating aspect

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<sup>9</sup> Bernard Burnes] Menaging Change, Page 162

<sup>10</sup> Alas R., (2007), 'Management in firms and organizations', Page 43-50.

of modern enterprises. There are major problems with the concept of change management such as:

Language change is vague and inadequate. There is no widely accepted terminology to guide the thinking and acting about the change;

The context of change is changing, so that appropriate concepts in another context are not appropriate now;

The change reflects the current language concepts and assumptions that make it difficult to address different types of dynamics of change<sup>11</sup>.

Because the change involves moving from a condition known to a new state, a state that is unknown to some extent. Because the change involves the attempt to change the current way of thinking and acting of the members of the organization. Change is defined as the change in assumptions, values and organizational practices that actors share while driven by environmental changes. In order to change the function, people should follow a plan to move from the current situation to a situation in the future. The future state is where the organization should be in order to survive in turbulent environments because as a result of change in the organizations is not an option but it is essential<sup>12</sup>.

What are the barriers to organizational changes in the enterprise

There are seven viewpoints in which obstacles to change are explained:

Making policy and strategic management inadequate, the reason of the failure of policies has to do with problems with implementation or lack of support for measures of policies;

Policy failure is a result of nature as well as the organization of the policy-making process itself;

Existing organizational structures, existing technologies and the division of labor constitute the main causes of problems in organizational behavior change;

Power and politics in organizations, organizational change implementation is hindered due to existing power relations in the organization;

Various interest groups focus on the protection of their interests and position in the organization;

Organizational culture, values and standards existing within the organization become the reason for resistance to change;

Individual uncertainty and psychological resistance to change, the process of changing problems mainly come as a result of the desire of people for security and stability.

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<sup>11</sup> Marshak R.J., (2002), 'Changing the language of change: Strategic Change, 279-286.

<sup>12</sup> Smith I., (2005), 'Continuing professional development and workplace learning 13, resistance to change-recognition and response', Library Management, 519-522.

Change excess occurs when: the organization undertakes some changes unrelated to the conflict and often at the same time, When introduces new changes before the changes are completed and evaluated before, without leaving time to collect profits.

Consequences expressed as individual reactions (stress, dissatisfaction, lack of motivation, etc.), organizational implications and impact on performance. According to many supporters management changes, seeing the change in view of the speed of occurrence, enterprises must change as much as possible and as soon as possible in order to remain competitive.

But this advice as wrong is not so much over generalized<sup>13</sup>. Enterprises always have different needs to change, eg, those that have consistently avoided it can take rapid change and significant, while those which have been changing quickly have to learn to slide towards milder changes.

y Leana & Barry organizations implement changes to improve their competitive advantage and adapt to unstable markets. But at the same time they aim to reduce uncertainty and preserve the inimitable resources that they provide stability.

As a result, stability and change are present in the organization and are both necessary for the effective functioning of the organization in the long run.

Seeing the high failure rate of change initiatives, the question naturally arises:

Does this change is manageable? By Leana & Barry response from various images of people and change management. There are two images on management, operations management as control and management capabilities that gives shape. In the first case organization treated as a machine, where managers tell people who have roles in the organization and allocate resources between units so that machines produce the necessary products and services.

While in the second case we are dealing with participatory management style where people are encouraged to be involved in decisions. The main goal is to give shape human behavior so that the company will benefit from their actions. The image of change as feeder manager/ developer assumes that enterprises are affected by small changes and managers are not able to control the results of these changes. According Mercurio change can be managed in the best possible way by: communicate frequently and honestly, to clarify the purpose of the change, providing a detailed implementation plan and monitoring plan share the facts.

Leadership and effective communication are clearly critical determinant of the process of change and change management is a core competence at all levels of business<sup>14</sup>.

A study realized by 'CHMLC'<sup>15</sup> 2007, with 426 participants from 59 different countries showed that the most important factors contributing to the success of change projects were:

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<sup>13</sup> Boonstra J.J., (2003), 'The change capacity of organizations: general assessment and five configurations', *Applied Psychology: An International Review*, 52,1, 83-105.

<sup>14</sup> CHMLC - Change Management Learning Center'

<sup>15</sup> CHMLC - Change Management Learning Center'

Active and visible support from the executive;

Change management efforts of structured;

Communicate often and openly about the need for change;

Resources dedicated change management;

Participation of employees;

Individual differences: some employees are more willing to support change, regardless of its nature;

A characteristic change that impacts employee feedback is the rate of change;

Second order changes usually faced with resistance from the workers, since the latter have to abstain from things with which they were familiar before the change;

Implementing changes<sup>16</sup>.

The analysis should also indicate the speed with which need to solve these problems and that is the type of change that needed doing an analysis of factors related to making the necessary changes. Parts of this analysis are the questions: who will resist change and why, who has the necessary information, who need to collaborate by choosing a strategy change based on the above analysis by monitoring the process of implementing change.

Monitoring is needed to detect unexpected events that may affect the process. In order for change to be managed in a strategic way by Tichy 'levers of change' below should be ready to use on an equal footing;

Because the external environment is becoming more complex, and to identify predictive pressures in this environment becomes more difficult to understand;

The realization of such a process requires new techniques and procedures.

As a result motivation of people become part of the management of change process<sup>17</sup>.

Resistance to change in the enterprise

Managing change is becoming increasingly important in today's business environment. Change Management has to do with acceptance of the amendment and its results of those involved and affected by it, as well as effective management of resistance to change. According to various researchers, wherever there is change there is resistance. Its presence is normal during changes and managers encounter resistance (however small it is) even when change is well planned before, are taking the necessary measures for better management<sup>18</sup>. Regardless

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<sup>16</sup> Change Management Learning Center' (Prosci 2007)

<sup>17</sup> Tichy N., (2007), 'The essentials of strategic change management', The Journal of Business Strategy, Emerald Backfiles 2007, pp 55-67.

<sup>18</sup> Kirkpatrick D, Managing Change, transfer learning to behaviour, Leadership Excellence, www.LeaderExcel.com.

the resistances of many researchers see as normal and inevitable response to change, there are others who see it from other viewpoints.

Resistance is a response to the changing methods used to exclude contenders from the process of change. People do not resist change so as to resist the fact that they are excluded from the process of change that affects the enterprise, including their work.

High-level managers, line managers and employees differ as regards the level of resistance of the display, but this difference is relatively small<sup>19</sup>. Resistance to change in itself is neither good nor bad, can be the basis or not, but it is always important signal that requires further investigation by the management. Therefore it is very important to understanding the true nature of the resistance to organizational changes in the enterprise. People can not resist technical change, but the change in human relationships that accompany technical change:

Resistance conveys a message, because it's way of saying that a person has needs that are not met;

Resistance is a sign to understand that the process of change has started in the enterprise;

Resistance is often misinterpreted as if people do not want to change. In fact people want to grow and develop in the enterprise;

- ✓ Open resistance is healthy because people understood the concerns and is easier to work with. While resistance unsaid is more difficult to treat because as long as the problems are not expressed and cannot be treated.

How resistance treated will affect whether it will become an obstacle to change or not consider resistance as an important form of feedback. If attention is paid to understanding and learning the behaviors that are perceived as threatening then they will be ultimately better results.

If you learn how to accept / include resistance, you can use it as a source and find your way to the best solution, distinguish between three types of resistance.

Two ways to answer this resistance are: providing as many assurances or guarantees and allowing the passage of time or giving people time;

1. Resistance political-people who exhibit this kind of resistance believe they are losing something of value from the change, eg loss of power, status, work, etc. In such cases require negotiation or exchange of something of value to secure the support of these people;
2. Ideological resistance to this group includes those people who believe that change will not work or he is spoiling significant value to the organization.

Different authors give many reasons why people resist change, which may include:

- ✓ Self-interest, as fear of job loss or fear of losing status. People were not consulted about the change, or are consulted but their opinions are not taken into account;
- ✓ People do not understand the reasons for the change, they believe that change will not be good for them, or feel that he too will harm than will make good organization;
- ✓ People are afraid that the change brings more responsibility and work for feel overwhelmed or afraid to fail in the new tasks;
- ✓ People do not feel the need to change or have little tolerance for the change;

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<sup>19</sup> Duncan R.B., (1987), 'The creation of momentum for change through the process of strategic issue diagnosis', Strategic Management Journal, vol 8, 300-305.

- ✓ People are afraid that they lack the ability to change or really do not have the skills to perform new tasks;
- ✓ Not like the way it is presented change;
- ✓ Individuals prefer to maintain their routine work;
- ✓ They were adversely affected by their peers or leaders of the group;
- ✓ Fear of the unknown<sup>20</sup>.

Resistance to change can also occur in the enterprise level. Resistance begins at the organizational level usually brings resistance at the individual level.

According to Robbins there are several reasons why companies resist change as:

- ✓ Structural inertia, has to do with the all the activities of the organization. If the change occurs will vary and these activities will cause resistance;
- ✓ Limited focus of change: this happens when the areas affected by the change does not make the required changes, as a result not fully accepted by all the changes in the enterprise;
- ✓ Inertia of the group, in this case the individuals can accept change but one group opposes it;
- ✓ The perceived threat, specialized groups or departments may feel threatened by the changes that could reduce the importance of their work;
- ✓ Threat to the established power relations: employees who have a strong position may feel that this change can reduce their power;
- ✓ Threat to the allocation of resources, change can bring a new way of allocating resources to various departments and units in the organization. Funding cuts bring resistance<sup>21</sup>.

What are the most important methods for the transfer of resistance to change

The most important methods for overcoming resistance to change are as follows:

Education and communication, it helps employees understand why the change is happening;

Participation and involvement of people (when people engage in efforts to change is more likely that they accept change rather than resist it);

Facilitate and support (support of employees by managers helps them to overcome fear and anxiety that accompanies the transition);

Negotiation (when a group is powerful to resist change, then you may be given incentives not to resist change);

Obligation (open and hidden) managers forcing employees to accept change by showing that his resistance could lead to their transfers, denial of opportunity for promotions, job loss, etc<sup>22</sup>.

## Conclusions and Recommendations

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<sup>20</sup> Lawrence P.,(2001), ‘‘How to Deal with Resistance to Change’’, HBR Classic.

<sup>21</sup> Robbins Sh., (2008), Leading and Managing Change in a Dynamic Environment, <http://blogs.capella.edu/organizationalperspectives/2008/12/15/leading-andmanaging-change-in-a-dynamic-environment>.

<sup>22</sup> Kume V., (2007), Strategic Menagment, Publishing house PEGI, Tiranë.

## Conclusions

Change in strategic management is considered one of the three most important challenges of management in the XXIst century and the ability to manage today considered as an important component of the organization's ability to compete successfully in the market.

Researchers are agree with the fact that the change in strategic management is becoming a constant for organizations and the pace of change is increasing, despite the change in strategic management has become necessary for organizations, it is not easy to manage.

In reality, the failure rates of change are quite high and are associated with high costs for the organization. If people feel threatened by change and they will expend more effort to overcome this problem, rather than to carry out their duties in the organization. People exhibit resistance to change, which could turn into an obstacle for the implementation of change. Researchers focus on the factors that lead to the success of change, but does not show how that success is measured. The success of the change can be measured in financial terms, such as profitability, market share, etc. It can be measured in terms of the effect the change has on people or their reactions: commitment, openness to change, etc. The type of change, the process and the environment are issues common to all efforts for change, including the results of the change. So the combination of these indicators is important to get as big results success of change. Despite the importance attached to each of the above cases, there are few cases where these issues are studied simultaneously.

## Recommendations

Necessarily analyze the situation of the enterprise and the need for change in the future, and create a common vision and a general direction. Enterprises to make durable and practical changes need to separate from the past. The strong support and strong leadership role in the enterprise. Strong political support and moral change of managers in the future.

Draft strategies and practical plans and their implementation. Usually managers in organizations should have good communication including workers and people who are honest.

The main factors that promote strategic change management in organizations are:

The globalization of markets;

The entry of new competitors into the market;

Reduce barriers to entry in the market as a result of the rapid development of internet and electronic business;

The need to respond to customers more quickly;

And rapid development of information technology, etc.

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# INFLUENCES OF GLOBALIZATION PROCESSES AND IMEGATRENDS INFLUENCE IN TOURISM OF KOSOVO

**10 Lavdim Lajci**

**11 BahrijeThaqi**

Abstract

*Globalization partially erases the boundaries of nation-states, but it is not inconsistent with the process of protecting culture and traditions of each nation. Globalization means interdependence and overlapping national cultures, so that they fused to form a common global culture. Tourism, through direct contact between tourists and hosts contributes closer and intermingling of different cultures.*

*The focus is on examining the intensity of impact of specific global trends on structural market changes in tourism demand within the macro environment at the level of demographic, cultural, political, technological and physical dimensions, and relations with the competition, which is a prerequisite to development of new trends in tourism.*

*Globalization induced changes in the environment give impetus to new trends in the tourism market which are evident in the emergence of new needs, behaviour of potential tourists and their preferences with regard to the choice of tourism products for which they show more or less interest.*

*Keywords: development, culture, tourism, globalization, global trends, tourism market*

Introduction

Globalization as a process of economic, social, cultural, and political activities across national boundaries and affects tourism.

The issue of whether globalization is beneficial remains controversial, particularly because globalization policies are often examined without consideration of their interactions with key sectors of economy, notably tourism. Tourism is arguably the world's largest industry and has been considered as an economic development option by many developing countries. However, it is questionable whether income generated through tourism can bring marginalized communities increased economic independence and life standards.

There is still no particular global product for all markets in which a tourist company would operate because of differences of potential consumers regarding: the travel experience, level of education, level of cultural awareness and influence of tradition, and hierarchy of priorities.

One of key arguments in favour of future success of tourism relates to the necessity of understanding the critical trends and using their positive effects while at the same time neutralizing or avoiding the negative ones. For example, the aging of world population and active lifestyle of older generation create new market segment. Changes in consumer behaviour

of younger generation shouldn't be neglected as better economic situation, employment and income allow them to actively participate in tourist movements and introduce changes in preferences focusing on new products and active participation in their creation.

### Tourism and Globalization

Globalization has increased the interdependence between countries, economies and people. It does not involve only giant corporations, but also small and medium sized businesses together with family-run firms.<sup>23</sup> This process has led to the creation and operation of global tourism market where destinations, which are expected to compete on a equal basis regardless of the country of origin, function interactively. Globalization has opened a whole new world of development opportunities. 715 million people travelled abroad in the year 2002, by the year 2020 this number is expected to increase to 1.6 billion. The tourism turnover is 3500 billion US\$ and accounts for 10 percent of global trade.<sup>24</sup> Tourism has become big business and is run by great trusts.<sup>25</sup>

Creation of a global society means that tourism businesses have the ability to operate globally and many have opted for a competitive strategy of internationalization. Global enterprises view the world as their operating environment and establish both global strategies and global market presence.<sup>26</sup> In tourism globalization affects the supply and demand side in many ways. The important supply factors are: worldwide acting suppliers, as well as the impact of computerized information and reservation systems; decreasing costs of air travel and the possibilities of having access to destination with relatively low price and income levels, as well as relatively low social standards; emerging new destinations. Important demand factors for globalization are: increasing income and wealth; tourists are more experienced and knowledgeable.<sup>27</sup> The characteristics of globalization in tourism are:<sup>28</sup>

<i>ECONOMY</i>
<ul style="list-style-type: none"> <li>• <i>Horizontal and vertical integration strategies of tourism enterprises</i></li> <li>• <i>Foreign investment in hotels and tourist attractions("global tourism markets")</i></li> <li>• <i>Global players and strategic alliances(air companies, hotels,tour operators)</i></li> <li>• <i>Global tourism management</i></li> <li>• <i>Global competition of holiday resorts</i></li> </ul>
<i>TECHNOLOGY</i>
<ul style="list-style-type: none"> <li>• <i>Global booking systems</i></li> <li>• <i>Standardized technologies in transport systems</i></li> </ul>

<sup>23</sup>Klančnik 2003, 51

<sup>24</sup>ibid., 53

<sup>25</sup>Vesna Perić "Tourism and globalization" Proceedings of the 6th International Conference of the Faculty of Management November, 2005

<sup>26</sup>Knowles et al. 2001, 177

<sup>27</sup>Smeral 1998, 373

<sup>28</sup>Feige 1998, 111

<i>CULTURE</i>
<ul style="list-style-type: none"> <li>• <i>Global tourist: uniform traveller behaviour</i></li> <li>• <i>Creation of "global tourist village"</i></li> </ul>
<i>ECOLOGY</i>
<ul style="list-style-type: none"> <li>• <i>Tourism as a "global syndrome of ecology problem"</i></li> <li>• <i>Climate changes and their effects on destinations</i></li> </ul>
<i>POLITICS</i>
<ul style="list-style-type: none"> <li>• <i>Increasing importance of international tourism organizations</i></li> <li>• <i>Necessity for global coordination and regulation of passenger circulation</i></li> <li>• <i>Sustainable development as quality and dominant idea</i></li> </ul>

### Destinations in the Global Market

Destinations compete with other destinations in the global market for international tourists. The international marketing of destinations occurs on several levels. The public sector is usually involved at national level, but also at regional and local level. The public sector is poorly equipped to take leadership in this field. The private sector has its own interests to put forward, but as 90 percent of tourism firms are small and medium-size enterprises (SMEs) with limited resources, they benefit from and often rely on education, training and marketing efforts coordinated and directed by the public sector. Successful destination policy rests on strong partnership between the different stake holders and on a coherent, consistent and collaborative marketing approach to create identities that are unique. Destinations must find identities that differentiate them from other destinations in the global market place. Therefore all public sector and private sector organizations must work in partnership to pursue differentiation strategies.<sup>29</sup>

Large tour operators have a strong influence on the way hotels operate in the destinations they feature and the prices that they charge, particularly in mass market beach resorts and in ski resorts. Tour operators may also impose conditions on local suppliers. For example, Explore Worldwide, the adventure tour operator from the UK has a strong commitment to protecting the environment of the destinations it features. Part of that commitment includes ensuring that their suppliers comply with their norms vis-à-vis protecting the environment and use environment-friendly equipment, products and materials. The adaptation of the service management system in internationalization is problematic due to unique local conditions and cultural values, the simultaneous need for critical mass in the network for purposes of scale economies, and differentiated learning.<sup>30</sup>

Much of the writing on globalization is focused not on services, but on manufacturing, and the concepts are derived from traditional economic theory. Many of the forces and consequences of globalization will benefit tourism and the service sector. Technology, information and the reduction of boundaries have created new forms of service company, not only the large trans-national corporations (TNC) such as the Disney Corporation, but also the

<sup>29</sup>Knowles et al. 2001, 178

<sup>30</sup>Go, Pine 1995, 269

small niche specialist that can take advantage of the internet, international communications, and market positioning.<sup>31</sup> Compared with the manufacturing sector where goods may be produced globally, tourism services are consumed where they are produced, at the local level. The fragmented and interdependent nature of the tourism product means that various agents with influence on the product offered must co-ordinate their operations to provide the overall experience. Competitive advantage depends on organizational competences and capabilities, and in most networks lead firms play an important role. These are generally the larger, wealthier firms in the network and often have political influence. In a tourism resort, the lead firm, for instance a big hotel, may support the costs of developing and running a public facility, sponsor local events or provide marketing actions for the area.<sup>32</sup>

### Factors influencing changes in tourism demand

Market and structural changes typical for 21st century lead to changes in social macro environment and business generally and in tourism also. Therefore, it is necessary to analyze tourism in the context of economic, social, cultural and even political changes which are result of globalization. (Figure 1) These changes are opening key questions:<sup>33</sup>

- 1) Which trends will impact tourism development?
- 2) Which types of tourism will dominate in the future?
- 3) Which implications new factors and types of tourism will have on interest groups in tourism?

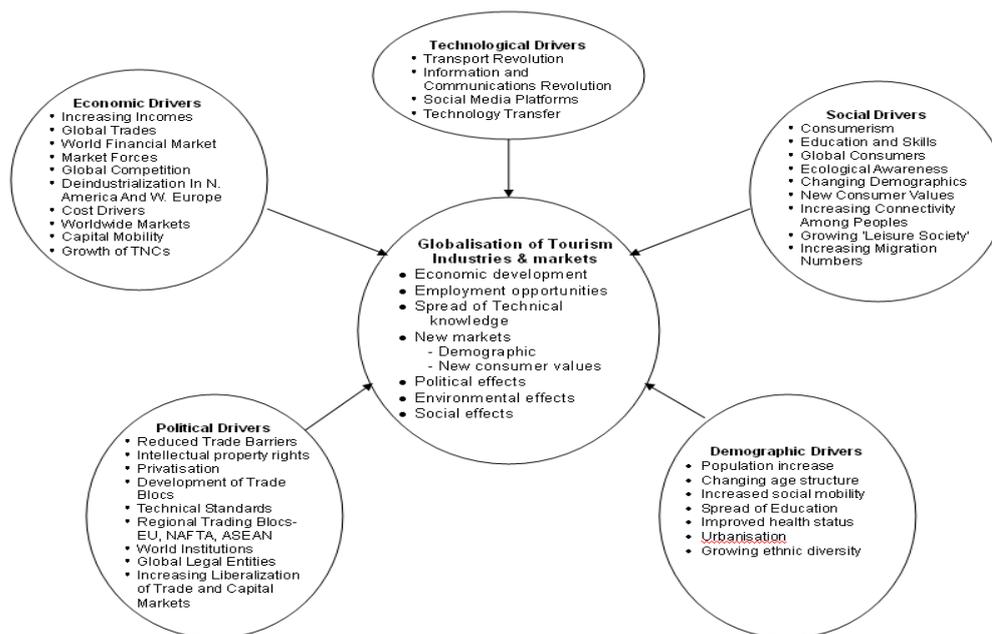


Figure 1. Influences of Megatrends on Tourism Dwyer, L.(2008), *Megatrends underpinning tourism to 2020: analysis of key drivers for change*. CRC for Sustainable Tourism Pty Ltd.

Customers' reactions today, their perception of value and quality which are integrated in products and services, will depend on their influences and roles in the process of interaction.

<sup>31</sup>Knowles et al. 2001, 176

<sup>32</sup>ibid., 212

<sup>33</sup>VesnaBabicHodovic<sup>o</sup> Influences of globalization trends and social changes on the structure of tourist demand and supply.

An experience indifferent phases of tourist services providing includes elements which are appearing in the process of value creation by service providers, and other participants in service process. Due to this, influences of mega and micro trends as well as changes in structure of demand and tourists' characteristics caused by those changes have to be taken into consideration.<sup>34</sup>

Demographic changes among potential and active tourists are mostly related to high increase of number of population, their age and gender structure changing. On the other side, social changes impact current relationship among subjects and elements of service supply and demand. Modern society are facing with important changes of social structure of people and their way of working, higher level of education, while at the same time preferences, the expectations of individuals, their lifestyles and values are changing.

However, the biggest influence on the level and structure of tourism demand has size and structure of family, customers' way of life, and the fact that four different generations parallel exist on global market—traditionalists, baby-boomers, X generation and Y generation. It is especially important that economic power of Y generation, known as *Millennials*, is growing. This tendency will cause further changes in tourism area, because of the fact that Y generation has substantially differences, habits and way of buying in comparison with other three generation. Mangold claim that:<sup>35</sup>

*“...Millennials access digital media on daily basis and have the ability to communicate with and purchase from suppliers anywhere in the world.”*

Since this generation has specific characteristics regarding us age of digital media, communication and buying from supplier around the world it will increase potential customers' power even more than it was the case at the end of 20<sup>th</sup> century known as customer market.<sup>36</sup> Namely, exponential technological development and growing dependence on technology in society are becoming central paradigm of social and economic development and this fact will radically change limitations and way of business. Internet has a critical role in these changes, mostly through moving markets in to the virtual world. Everything of those dimensions impact the marketing and management in tourist firms<sup>37</sup>; while they are trying to answer to the challenges of globalized tourist markets. Here the case is about growing competition, especially the one from emerging destinations, lack of data about socio-economic trends, increasing requests for economic, social and environmentally sustainability of tourism, traditional problems of demand seasonality and variable tourism service quality, tourist offer diversification, growing accessibility of tourism travelling and holidays for members of society, lack of transparency and coherence in the quality of tourist services' evaluation, as well as cooperation in promotional efforts, lack of visual identity, policies coordination and financial instruments mobility.

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<sup>34</sup>VesnaBabicHodovic“ Influences of globalization trends and social changes on the structure of tourist demand and supply.

<sup>35</sup>Mangold,W.&Smith, K.(2012),„SellingtoMillennials withonline reviews”.*BusinessHorizons*,55(2),141-153.<http://dx.doi.org/10.1016/j.bushor.2011.11.001>

<sup>36</sup>Chen,Z.(2007),„Buyer Power: EconomicTheoryandAntitrustPolicy”,*Research in Law and Economics*,ElsevierLtd.Volume22,17-40,ISSN: 0193-5895/doi:10.1016/50193-5895(06)22002-5

<sup>37</sup>Abate,G.,Fraquelli,G.&Viglia,G.(2012),„DynamicPricing Strategies: EvidencefromEuropeanHotels”.*International Journal ofHospitality Management*,31(1),160-168. <http://dx.doi.org/10.1016/j.ijhm.2011.06.003>

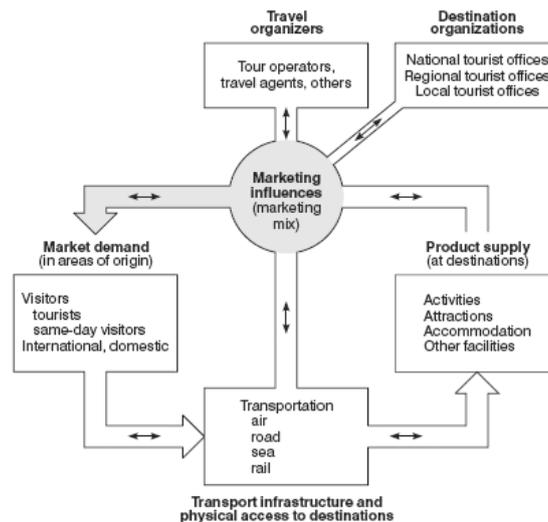


Figure 2. Relationship between Tourist Demand and Supply *The Meaning of Marketing in Travel and Tourism*, July 30, 2010, <http://www.hotelmule.com/html/76/n-3076-8.html>

In Figure 2 vital relations between tourist demand and supply are presented, as well as their relationships with transport firms and intermediaries. The key tool for keeping successful relations among subjects in tourist value chain is implied in marketing strategy and marketing mix that tourism firms have created based on information and knowledge about tourists' characteristics and behavior. Knowledge about customers / tourists, changes in their features and motives for travelling form the essence of marketing orientation centered on customers and tourists.

Depending on tourist segments, potential tourists and visitors' features, effects of marketing activities will vary. Tourists who independently (individually) make their plans and reservations for travelling are less exposed to the influences of marketing instruments designed by tourism supplier or intermediaries. Choosing individually source of information, comparing available alternatives and making decisions based on their own preferences and limiting factors, these tourists are often in the position to, more or less successfully, diminish pressures from tourist firms. On the other side, when it comes to the tourists who are still buying traditional tourist packages, alternatives which they are considering, evaluation factors and final decisions about the service and tourist destinations are mostly under the influences of marketing activities of tourism firms and intermediaries which are creating tourism supply and sales instruments.

### Social and Cultural changes

Culture implies all the social legacy of a group of people, community or society, which is materialized through the learned patterns of opinion, feelings, or activities.<sup>38</sup> Characteristics of culture are marked by similar behavior of individuals who, from the immediate surrounding based on perception and learning, adopt the same criteria of values, build them into their way of thinking and living, and capitalize them with specific behavior and activities related to the choice of product and purchase. One of the characteristics of culture is its susceptibility to

<sup>38</sup>Previšić and Bratko, 2009, pp. 86

changes surrounding us, so it is important to emphasize that susceptibility in a longer time frame. Culture is reflected in a way people spend their time. In developed countries there is a trend to spend more time for fun, which comes from the change in values reflected in the shift from materialism to self-actualization, from quantity to quality, and from passivity to interactivity.<sup>39</sup> Cultural values affect tourism, and new trends emerge and may be used to design new products. Due to the fast lifestyle and intense work there is a need for relaxation – related tourist products.<sup>40</sup>

Internet has also created cohesion of informal groups linked by common interests and needs met through tourist trips. It is also possible to create highly specialized tourist products that intermediaries can represent as specific travel arrangements, dynamic by their creation, and with programme acceptable to geographically dispersed market segments and tailored to their requirements.

Changes in character and structure of tourist demand are affected by changes in the value system and lifestyle. Striving for experiences encourages tourists to travel. For example, promotion of healthy lifestyle and food fosters ecological awareness noticeable in the balance and harmony with nature. That approach is contained in the concept of sustainable development which must be a part of the development strategy.

There is a tendency towards individual approach to trip organization, where service providers must guarantee the programme quality, and there is also a stronger interest in programmes of those providers whose services are directly or indirectly participating in the creation of new tourist products and their placement. Tourists become “loyal” to the entities who can meet their specific needs, while providing “authentic atmosphere” and surrounding.<sup>41</sup>

## Environmental trends

- Climate change is a global phenomenon and its impacts are transboundary, however the major effects will be felt on the local and regional scale.
- Impacts of climate change and warming trends include: sea-level rise, changes to ocean currents, glacial and polar ice melts, loss of snow cover, high heat index and high diurnal temperatures, and changes to precipitation patterns.<sup>42</sup>
- Rising population and economic development are affecting the availability of natural resources—food production, water and energy.
- Fossil-fuel based energy sources will become more expensive.
- The new ‘carbon economy’ is set to increase the demand for energy efficiency and investment in renewable forms of energy.
- Water shortages will leave over half the world’s population facing water-stress and conflict over scarce water resources will increase into the future.

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<sup>39</sup>Coates et. al., 1997, pp. 95

<sup>40</sup>Parks and Steelman, 2008, pp. 63

<sup>41</sup>Čavleket. al., 2011, pp. 75

<sup>42</sup>Larry Dwyer, Deborah Edwards, Nina Mistilis, Carolina Roman, Noel Scott and Chris Cooper, “ Megatrends underpinning Tourism to 2020” Cooperative Research Centre

- Demands for higher food production will increase impacts of extensive and intensive forms of agriculture.
- Broad-scale land clearing will impact on arable land and diminish native bushland.
- Habitat loss is the main threat to species loss and biodiversity.
- Decreasing ozone will increase sun radiation.
- Increasing soil salinity impacts upon agriculture and hinders productive land use.

### Technological trends

- More quantum leaps in information and communication technology (ICT).
- ICT the foremost management tool in achieving results and competitiveness.
- Networking is the most important element of the ICT revolution.
- New internet technologies are agents of the consumer.
- E-communities direct trends and ‘advertise’ for the destination / operator.
- Internet capability advanced from online booking to artificial intelligence.

### Influences of political factors on tourist supply

Political trends and geopolitical changes have been increasing sensitivity of potential tourists and visitors on different types of risks. Safety of visits to specific destinations today becomes one of key influencing factors in the process of making a choice about destination. That means that destinations in crisis areas are facing with huge challenges, but unfortunately even their neighbor countries. Of course, as it was the case with environmental responsible destinations, here some new destinations get chance to increase number of visitors, because of their political and economical stability and because of positive recommendations spread by previous visitors to their referent groups. These problems are complicating even more due to the fact that growing number of older tourists insist on the security and at the same time they try to escape risks at areas and destinations where different types of political and other forms of conflicts appear.<sup>43</sup>

In this situation tourist destinations are facing with the challenges how to decrease risks in pre purchase phase and to convince potential tourists to travel at some of destinations near town secure areas, and high responsibility about keeping promises regarding tourists’ safety. They have moral and material responsibility for tourists’ lives and safety; success in the set asks completing will positively impact readiness of potential tourists to travel to the destination. On the other side, unknown tourist destinations in these situations have opportunity to get tourists having low level of risk tolerance (high risk a version), those that insist on the political stability and personal safety at the destinations where they are travelling to. Despite all guaranties these tourists won’t accept the risk and to travel to unsafe areas; this is a chance for emerging destinations to attract new visitors.

### Globalization in Kosovo

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<sup>43</sup>Kotler,P.andArmstrong,G.(2007)*Principlesof Marketing*12thed Upper SaddleRiver,PrenticeHall

Globalization of tourism has not started in Kosovo yet, at least there is not much evidence of globalization. Kosovo tourism is very unlikely to play a significant role in international market unless we invest heavily in tourism infrastructure.

As the most important and global objective of tourism development in Kosovo in the period after the war, is oriented in economic development of Kosovo in the activation of existing and important resources of tourism, which have affected the increase of Kosovo's revenues, the most important objective is to increase employment especially in Kosovo municipalities that have more touristic potentials

To understand the real situation of tourism in Kosovo's municipalities, there are some interesting statistics presented in the table below.

Table 1. The number of foreign visitors and their nights of stay in the regions of Kosovo for the period Q2 of the years 2013 – 2015

<i>Identificatio</i>	<i>Regi</i>	<i>O32013</i>		<i>O32014</i>		<i>O32015</i>	
		<i>V</i>	<i>N</i>	<i>V</i>	<i>N</i>	<i>V</i>	<i>N</i>
<i>1</i>	<i>Gjak</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>8</i>	<i>3</i>	<i>1</i>
<i>2</i>	<i>Gjila</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>5</i>
<i>3</i>	<i>Mitr</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>
<i>4</i>	<i>Pejë</i>	<i>6</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>4</i>	<i>6</i>
<i>5</i>	<i>Prizr</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>	<i>4</i>	<i>5</i>
<i>6</i>	<i>Prish</i>	<i>9</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>1</i>
<i>7</i>	<i>Feriz</i>	<i>2</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>3</i>	<i>3</i>
		<i>1</i>	<i>2</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>3</i>

Source: Statistical Agency of Kosovo, Statistics of hotels TM3 – 2015.

As shown in table 1, with the largest number of visitors during for dhe Q3 2015 leads the Prishtina region with a total of 12,452 visitors, Peja ranks second with 4,982 visitors, Prizren ranks third with 4,174 visitors. The largest number of foreign visitors is concentrated in Pristina, Peja and so on.<sup>44</sup>

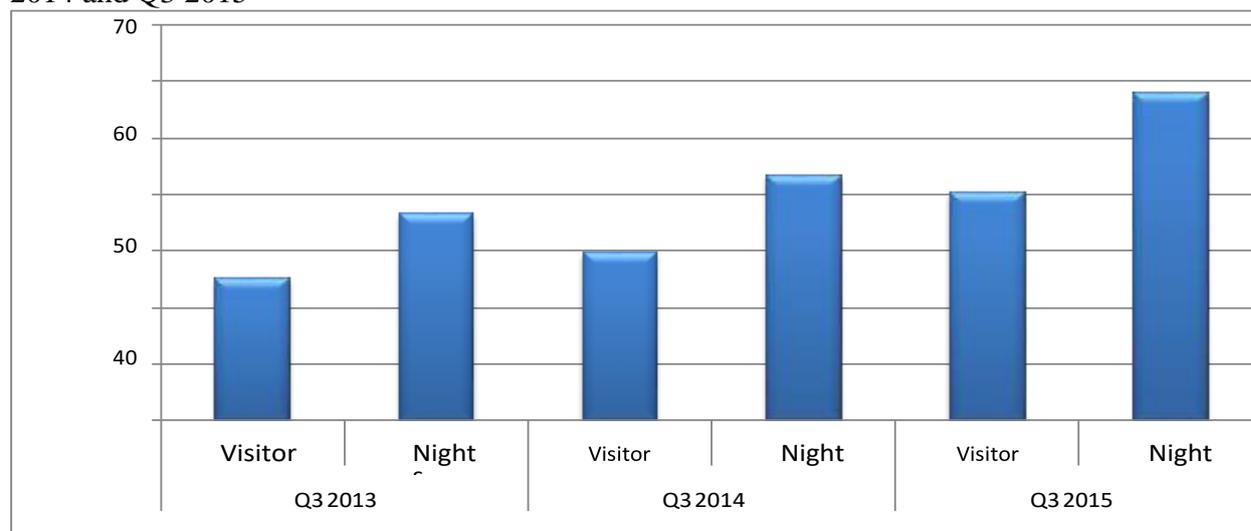
<sup>44</sup>Agjencia e Statistikës të Kosovës, Statistikat e hotelerisë TM3 – 2015.

Table 2. The number of foreign visitors and nights of stay by country of origin, for the period Q3 2013, Q3 2014 and Q3 2015

Order No.	Country	Q 3 2013		Q 3 2014		Q 3 2015	
		Visitor	Nights	Nights	Nights	Nights	Nights
1	Austria	23	26	508	860	1,359	1,636
2	Belgium	28	32	215	238	325	541
3	Bosna&Hercegovina	25	44	98	199	238	360
4	UK	386	568	570	1,025	631	1,038
5	France	239	326	274	512	359	578
6	Gjermany	1,133	1,831	1,577	2,654	1,957	3,002
7	Greece	30	34	15	16	159	272
8	Netherlands	49	61	34	60	171	299
9	Italy	965	1,467	507	935	634	1,060
10	Croatia	516	1,142	368	743	1,787	2,057
11	Montenegro	101	270	43	65	475	723
12	Macedonia	195	378	379	517	840	1,367
13	Poland	28	28	30	31	34	85
14	Serbia	208	377	347	589	551	994
15	USA	1,209	2,738	1,493	3,141	1,741	2,754
16	Albania	2,274	3,095	2,224	3,050	4,334	5,396
17	Slovenia	355	2,085	546	1,223	779	1,293
18	Spain	16	20	9	9	136	221
19	Turkey	1,462	2,253	886	1,519	1,368	1,994
20	Switzerland	1,049	2,017	969	1,691	1,848	2,610
21	Other	2,382	3,634	7,067	10,495	3,151	5,037
	<b>Total</b>	<b>12,673</b>	<b>22,426</b>	<b>18,159</b>	<b>29,572</b>	<b>22,877</b>	<b>33,317</b>

Source : Statistical Agency of Kosovo, Statistics of hotels TM3 – 2015.

Graph 1. The number of foreign visitors and their nights of stay for the periods Q3 2013, Q3 2014 and Q3 2015

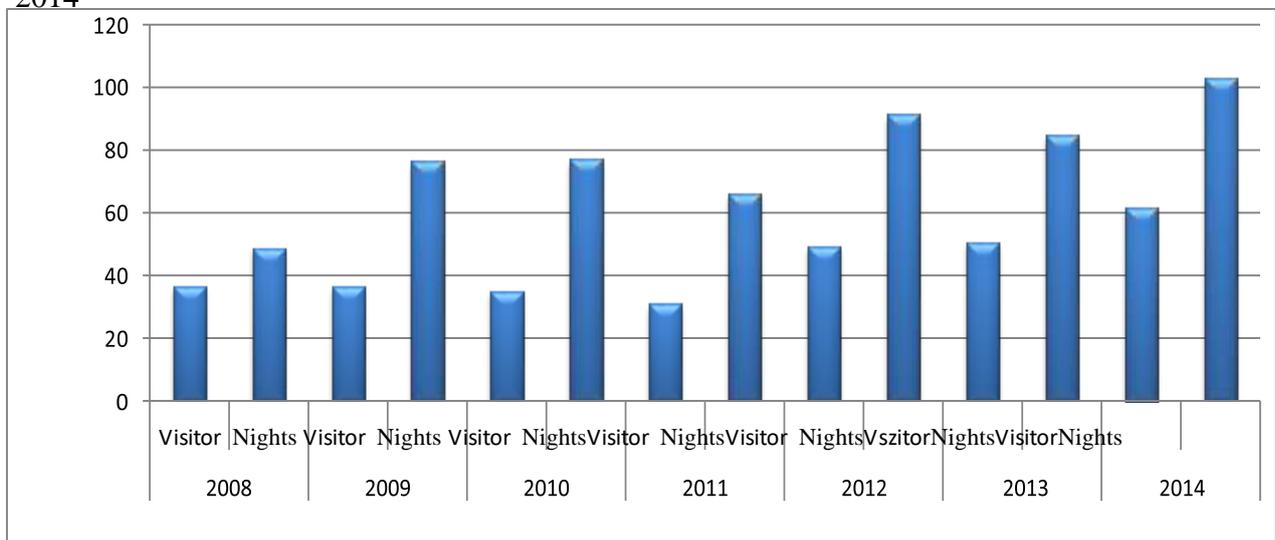


Source : Statistical Agency of Kosovo, Statistics of hotels TM3 – 2015.

Kosovo is the most visited country in 2015 was there was an increase of number of visitors, compared to previous years from 2008 to 2014. In terms of foreign visitors the highest number comes from of Albania, the United States, Germany and other states

Accommodation of capacities units is the indicator that best reflects the situation that the tourist offer can be accessed for visitor’s hospitality. Depending in the number of available objects we can know that how much we are able to fulfill visitors demands based on quantitative and their qualitative requests. This means that the accommodation facilities are not prepared for any big organized event, because the touristic capacities are restricted and limited.

Graph 2. The number of foreign visitors and nights of stay in Kosovo during the period 2008-2014



#### Globalisation has positive effects

- promotes global economic growth,
- creates jobs,
- makes companies more competitive,
- expands consumer choice
- lowers product prices.
- the basis for disseminating technical knowledge and education
- improves global communication and transport,
- creates new markets for firms and countries,
- generates innovation and enhanced product quality,
- fosters democratic ideals and cultural exchange and international understanding

Globalisation has negative effects

- generates income inequalities,
- destroys local industries,
- creates greater dependency of developing economies on developed ones, with adverse effects on small business
- Local level negative effects include
- increased prices of consumer goods and services,
- increased price of land and housing beyond local affordability,
- increased demands on public services and facilities.
- Some critics advance stronger claims that the effects of globalisation, through the operation of TNCs, include
- displacement of indigenous peoples from lands,
- human rights abuses,
- unfair labour and wages,
- commodification of cultures,
- environmental degradation

Conclusions

We cannot generalise too broadly on globalisation's impacts on tourism and the subsequent effects on economies, communities and natural environments.

Globalisation has positive and negative effects.

More case studies are required to identify the effects in particular locations. As the drivers of globalisation show no signs of a slowdown, the challenges facing tourism are formidable. Since the same forces that drove mass tourism are sewing the seeds of its demise, it is very likely that a complete change of paradigm, is required if tourism globally is to develop in a sustainable way. Some critics argue that the growing incidence of crises, environmental, political and economic, encourages a counter trend to the globalisation process, with possible significant implications for the future of the global travel system.

All elements of the tourism industry need to be sensitive to the needs of the 'new tourists'. Communities must ask: What do tourists want? What types of experiences do they value? How can we meet those needs? Do we want to?

Perhaps even more important than catering for visitor needs, destination residents should be developing a vision for the type of community they wish to live in, and the role that tourism might play (if at all) in achieving that vision. The tourism industry can do more to critically engage with the main international institutions and governments, providing a link from stakeholders who are marginalised and exploited by the processes of globalisation.

The international tourism industry, through organisations such as the UNWTO, can play an important advocacy role, helping to build the capacity of developing countries to participate more fully and negotiate more effectively in the discussion about trade rules, subsidies, liberalisation and corporate responsibility and regulation.

Most new trends characterizing contemporary tourism can definitely be found in the choices made by young people. The great variety of their needs and interests polarizes their aims and motivations for travelling. As a result, they engage in very diverse types of active tourism and frequently travel abroad. Young people are also more susceptible to fashion trends. In the survey, they indicated them as one of the major factors that make them choose particular foreign destinations. Having a great amount of free time and being able to use it freely makes spontaneous decision-making easier. An extremely important factor determining high tourist activity among young people is their special perception of the travelling constraints and their determination and skills of overcoming them.

To track changes in the natural environment the following procedures for monitoring development indicators should be implemented in the analysis: monitor correlation between variables of eco awareness and urban planning, monitor the level of exploited natural resources per unit of GDP with the possibility to use alternative, substitute resources and energy-generating products, which directly boosts innovations. The mass concentration of tourists in certain areas in the time-determined, short periods throughout the year results in the excessive use of space which challenges its development continuity. The concept of sustainable development becomes an integral part of strategic planning in tourism. Cultural changes leave trace at the level of confronting global cultural identity and specific interest of potential consumers. In the tourist market there is a visible shift in preferences from standard products based on genuine natural elements in the destination (sea, sand, sun) to specific tourist products, with additional efforts invested in activities that are concentrated around anthropogenic factors in the destination.

Political changes and disasters caused by human factors result in uncertainty which makes a destination less appealing to potential tourists. Studies show that safety represents one of key factors by which tourists choose a destination.

Globalization is largely possible owing to technological changes. ICT is a catalyst of changes in the environment and has a strong impact on tourist movements. ICT contributes to spatial – temporal convergence. Innovative approach and new business techniques implemented by entities in tourism particularly come to the fore in the creation, distribution, and information on tourist products.

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## *THE MOMENT OF INSIGHT IN TO THE LIGHTHOUSE*

### **12 Prof. Dr. Sonia Vitanova**

**Strezova-Ss Cyril and Methodius University of Skopje**

I have some restless searcher in me. Why is there not a discovery in life? Something one can lay hands on and say "This is it"? My depression is a harassed feeling. I'm looking: but that's not it - that's not it. What is it? And shall I die before I find it? Then (as I was walking through Russell Square last night) I see the mountains in the sky: the great clouds; and the moon which is risen over Persia; I have a great and astonishing sense of something there, which is "it". It is not exactly beauty that I mean. It is that the thing is in itself enough: satisfactory; achieved. A sense of my own strangeness, walking on the earth is there too: of the infinite oddity of the human position; ... Who am I, what am I, and so on: these questions are always floating about in me; and then I bump against some exact fact - a letter, a person, and come to them again with the great sense of freshness. And so it goes on. But, on this showing, which is true, I think, I do fairly frequently come upon this "it"; and then feel quite at rest.

This is how Virginia Woolf describes her unsatisfying search for something which is beyond knowledge, for the unknown 'it' which can only be guessed, intuited, wished or assumed. Only through a combination of senses, thoughts and exact facts can this unknown "it" be dimly suggested, bringing for a moment rest and relief. Time stops for a moment, a little moment of insight revealing a more genuine and deeper truth somewhere on the verge of the realm of reality.

In June 1927, Woolf wrote in her Diary: "Now one stable moment vanquishes chaos. But I said that in *To the Lighthouse* T (Diary, III, p. 243.) Searching for this stable moment in *To the Lighthouse*, Virginia Woolf actually transfers her unsatisfying quest for the moment of insight into the realm of literary art. In Part III Lily Briscoe tells us what is implicit in the whole book:

What is the meaning of life? That was all - a simple question; one that tended to close in on one with years. The great revelation had never come. The great revelation perhaps never did come. Instead there were little daily miracles, illuminations, matches struck unexpectedly in the dark .... Mrs. Ramsay saying "Life stand still here"; Mrs. Ramsay making of the moment something permanent (as in another sphere Lily herself tried to make of the moment something permanent) - this was of the nature of a revelation. (p. 249)

Instead of the "great revelation", what we have in *To the Lighthouse*, are moments of "little daily miracles, illuminations, matches struck unexpectedly in the dark". Experiencing these revelatory moments in their inner subjective universe, Mrs. Ramsay and Lily Briscoe "make of the moment something permanent".

These pivotal moments, standing outside the passing of linear time, coincide with Julia Kristeva's notion of time as "monumental temporality". As Kristeva explains in "Women's Time":

There is the massive presence of a monumental temporality, without cleavage or escape, which has so little to do with linear time (which passes) that the very word “temporality” hardly fits: all-encompassing and infinite like imaginary space, this temporality reminds one of Kronos in Hesiod’s mythology, the incestuous son whose massive presence covered all of Gea in order to separate her from Ouranos, the father.

According to Kristeva, linear time is the time of history, involving departure, progression and arrival. Contrary to it, monumental temporality, being without “cleavage or escape”, implies eternity. The comparison to Kronos reinforces the idea that there are no boundaries for monumental temporality; it is “all-encompassing and infinite like imaginary space”. Kristeva relates this concept of time to female subjectivity.

Like Kristeva’s monumental temporality, the moment of insight in *To the Lighthouse* stands beyond the boundaries of time and space. It is only through the wealth of the subjective universe of inner thought, or through the perceived world, that it can be experienced, satisfying the mind with the sensation of wholeness and plenitude. Such is the experience of Mrs. Ramsay sitting by the window, when her eyes meet the beam of the lighthouse, or her revelatory moment at the dinner table in Part I of the novel. Mr. Ramsay’s accomplishment of the journey to the lighthouse or Lily Briscoe’s ‘vision’ at the end of the novel are also moments illustrating some special experience in their lives.

Woolf’s experience, described in her *Diary*, comes from the little miracles of everyday life: “I bump against some exact fact - a letter, a person, and come to them again with the great sense of freshness. And so it goes on. ... I think, I do fairly frequently come upon this ‘it’; and then feel quite at rest.” In a similar way, Mrs. Ramsay’s moment of insight, described in section 11 (pp. 99-104) of the first part of the novel, *The Window*, comes as a result of her routine experience when, sitting by the window alone one evening, her eyes meet the third stroke of the lighthouse.

Lily Briscoe, however, experiences her revelatory moment, as she completes her work of art in a culminating vision at the end of the novel. This is described in section 14 (pp. 318-319) of the third part of the novel, entitled *The Lighthouse*. Lily’s artistic accomplishment at the end of the novel represents at the same time the rounded achievement of Woolf’s work.

These two moments of “monumental temporality” are singled out from the other moments of high emotion in *To the Lighthouse*, for nowhere else in the novel is the author’s experience so closely infused in her literary art, so that it seems to be directly represented in the revelatory moments of the two pivotal female characters in the novel, Mrs. Ramsay and Lily Briscoe. Therefore, this essay will attempt to explore the manifold experience of the moment of insight through an analysis of section 11 (Part I) and section 14 (Part III) of the novel.

In *Moments of Being* Woolf describes the process of scene-making as ‘the origin of (her) writing impulse’. Thus, section 11 opens with a scene taken from the everyday life of Mrs. Ramsay. The children have gone to bed and Mrs. Ramsay is finally alone. The only outward action is her routine work of putting together James’s pictures. This outwardly meaningless event triggers her stream of consciousness as she thinks about the excursion to the lighthouse

that cannot be fulfilled, and painfully realises that James will never forget the disappointment of that moment. Then follows her feeling of relief, “for now she need not think about anybody. She could be herself, by herself” (p. 99). Thus, when Mrs. Ramsay finds a moment in which to uncover her essential self, she feels herself a “wedge-shaped core of darkness, something invisible to others” (p. 99).

The wandering of Mrs. Ramsay’s thoughts is rendered simultaneously with the external event of her knitting the stocking, but the significance falls on the act of meditation itself. It seems as if time stopped: “When life sank down for a moment, the range of experience seemed limitless” (p. 99). The flux of Mrs. Ramsay’s consciousness, traversing a whole subjective universe, flows in film-like sequences one following another. The rhythmic, wave-like form of undulating sentences reflects, as in music, the continuous flow of thoughts. The frequent use of indeterminate words, such as “it”, “that” and “this”, indicates the vagueness of language and its inadequacy to pin down meaning in the reader’s imagination:

Beneath it is all dark, it is all spreading, it is unfathomably deep; but now and again we rise to the surface and that is all you see us by. Her horizon seemed to her limitless ... This core of darkness could go anywhere, for no one saw it (p. 100).

Analysing the same interior monologue of Mrs. Ramsay, Stella McNichol says: “A significant comment is made on the freedom and power of the human consciousness acting and living unseen by, and unknown to, others, though it can occasionally be glimpsed.” According to McNichol, the “core of darkness” that “can go anywhere” is part of the experience that is explored below the surface of the concrete world which is firmly fixed in time and space.

Indeed, Mrs. Ramsay’s stream of consciousness has no boundaries of time and space as her thoughts quietly move to images of far-away unattainable places - India and Rome - creating in the reader the sense of human diminution in the macrocosm of the universe, similar to the feeling “of the infinite oddity of the human position” described in Woolf’s Diary. The abstract thoughts of the section are surrounded by their visionary atmosphere: “she felt herself pushing aside the thick leather curtain of a church in Rome” (p. 100). Mrs. Ramsay is aware that only in her essential self can she find rest “on a platform of stability.” In these momentary engagements with the unknown ‘it’, Mrs. Ramsay experiences herself as “a wedge of darkness” - a sense of affirmation of the unconscious and languageless sources of self as meaningful plenitudes which we cannot know but can only intuit or guess unconscious and languageless sources of self as meaningful plenitudes which we cannot know but can only intuit or guess. Her thought is accompanied by a simultaneous external event rendered in parentheses: “(she accomplished here something dextrous with her needles)”. The word “dextrous” indicates her comfortable feeling as the intensity of her private experience is increased with each subsequent thought. Then, looking at the third steady stroke of the Lighthouse, Mrs Ramsay’s sense of wholeness seems like a direct projection of Woolf’s own experience, described in her Diary: “I see the mountains in the sky; the great clouds; and the moon which is risen over Persia; I have a great and astonishing sense of something there, which is ... in itself enough, satisfactory; achieved.” Thus, identifying with the lighthouse beam, Mrs Ramsay undergoes the moment of peace, rest and eternity:

Losing personality, one lost the fret, the hurry, the stir; and there rose to her lips always some exclamation of triumph over life when things came together in this peace, this rest, this eternity; and pausing there she looked out to meet that stroke of the Lighthouse, the long steady stroke, the last of the three, which was her stroke, for watching them in this mood always at this hour one could not help attaching oneself to one thing especially of the things one saw; and this thing, the long steady stroke, was her stroke, (p. 100).

The identification of what one sees with what one is, is not an extension of the ego, but a dissolution of it. This dissolution offers later in the section a promise of union: “There rose ... from the lake of one’s being, a mist, a bride to meet her lover” (p. 102). This brings about an ultimate fulfilment.

Just beyond the expressive capacity of language, there lies some transcendent meaning or ontological certainty. The reader, thus, experiences a world behind the screen, somewhere in the realm beyond reality and the truth opens up before him.

screen, somewhere in the realm beyond reality and the truth opens up before him. Looking at the light Mrs. Ramsay has become the thing looked at, and just as the shining eye of the lighthouse emanates light and steadiness for everybody lost in the endless space and immeasurable transience of the blue waves, so Mrs. Ramsay, with her simplicity and certainty, draws people around her, with her miraculous power to unite.

The lighthouse brings Mrs. Ramsay rest, peace and stability, but at the same time its light is destructive, for it invokes involuntary phrases somewhere from the dark corners of Mrs. Ramsay’s consciousness: “Children don’t forget, children don’t forget”, “It will end, It will end”, “It will come, it will come”, “We are in the hands of the Lord” ( p.101). It seems that communal faith usurps individual will. Gillian Beer explains that when Mrs. Ramsay finds herself repeating these phrases, “Hume’s name appears interrupting, and yet almost a part of, the current of thought generated by Mrs. Ramsay as she thinks about ‘losing personality’, eternity, the lighthouse.”

When her eyes meet the third stroke of the lighthouse for the second time, as if looking for salvation from her macabre thoughts, she experiences not only her union with it, but her union with the whole of the inanimate world: “It was odd she thought, how if one was alone, one leant to things, inanimate things; trees, streams, flowers; felt they expressed one; felt they became one; felt they knew one, in a sense were one” (p. 101).

The moment of insight stands still while she experiences again the other side of the multiple truth: “How could any Lord have made this world?” (p. 102). The shift of thought is once more accompanied by an external event: “She returned to her knitting again” (p. 102). As Mrs. Ramsay’s stream of consciousness focuses on suffering, death, poverty and unhappiness, the

expression of her face is stem. Just as the external occurrences indicate inner movements, so the inner movements are accompanied by their exterior correspondences poverty and unhappiness, the expression of her face is stem. Just as the external occurrences indicate inner movements, so the inner movements are accompanied by their exterior correspondences.

The narration then passes on to Mr. Ramsay's flux of consciousness as Hume's name is repeated again. What we have here is Woolf's technique of multipersonal representation of consciousness - we are following the consciousness of more than one person and there is a shift from one to another. This technique is employed in the endeavour to investigate the objective reality of Mrs. Ramsay's impenetrable, private moment, by means of a subjective impression received by another individual. Mr. Ramsay's mind does not work by intuitive flashes as his wife's does. The stream of his thoughts immediately shifts to the stem expression of his wife's face, as she is withdrawn into her "wedge of darkness": "It saddened him, and her remoteness pained him, and he felt, as he passed, that he could not protect her, and when he reached the hedge, he was sad" (p. 102). His thought is accompanied by an external event, his looking at the darkness and the intricacy of the hedge, alluding to the labyrinth of impenetrably dark corners of Mrs. Ramsay's flux of thoughts.

The narration then re-focuses on Mrs. Ramsay's thought. Arriving at the dark side of truth of her moment of insight, she is searching for salvation in the external world, but everything is quiet, except for the waves breaking the shore, resonating with the necessity of destruction and death. No other external occurrences disturb the silence. In her urge to shift the focus of her thought, Mrs. Ramsay abandons her knitting. This is followed by another external occurrence, as her eyes again meet the revelatory lighthouse beam. The rhythmic movement of prose creates an intensive sensual effect:

watching it with fascination, hypnotised, as if it was stroking with its silver fingers some sealed vessel in her brain whose bursting would flood her with delight, she had known happiness, exquisite happiness, intense happiness, and it silvered the rough waves a little more brightly, as daylight faded, and the blue went out of the sea and it rolled in waves of pure lemon which curved and swelled and broke upon the beach and the ecstasy burst in her eyes and waves of pure delight raced over the floor of her mind and she felt, It is enough! It is enough! (pp. 103-104)

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In her moment of insight Mrs. Ramsay experiences a "fondling sensation" focusing on the extraordinary image of "some sealed vessel in the brain", or as Stevie Davies

explains in his essay "A Modernist Prose":

This strange anatomical organ suggests perhaps a womb in the mind, whose bursting resembles the rapture of the membrane to break the waters of birth. Or, as one reads on, and ‘the ecstasy burst in her eyes and waves of pure delight raced over the floor of her mind’, one conceives a sort of orgasm in the eye .

It seems that bodily functions, needs and issues are transferred to the sphere of mind, as Mrs. Ramsay experiences the sensation of her private moment.

N. C. Thakur relates this spiritual experience, “or what T. S Eliot would call ‘the intense moment’”, to the oriental wisdom of the writers of Chandogya-Upanishad and the Geeta, who proclaim that God or reality is “Satya - that which is.” According to Thakur, Virginia Woolf, just like these Greek philosophers and Indian yogis, believes in the existence of “something stable and everlasting”, something that the Upanishads call ‘the still point of the turning wheel’”.

The experience described in this section does not, however, imply infinity alone. Its climax brings Mrs. Ramsay a premonition of a terrifying truth for the necessity of conclusion of a life: “It is enough! It is enough!”

still point of the turning wheel’”.

The experience described in this section does not, however, imply infinity alone. Its climax brings Mrs. Ramsay a premonition of a terrifying truth for the necessity of conclusion of a life: “It is enough! It is enough!”. This is the turning point of Mrs. Ramsay’s revelation. She has come to know the multiplicity of truth, the holistic integration of diversities, resulting in a unity of all things, including the unity of life and death figured as a combination of visual images and inner thoughts, not capable of translation into discursive or empirical language. Even as it reaches consummation, the luminous moment fades into the past, as Mrs Ramsay goes to her husband satisfying his wish to protect her.

As we have seen in this section, Woolf has actually conveyed the moment of insight, as recorded in her Diary, through the experience of Mrs. Ramsay, by means of various techniques. The first thing that strikes us when reading this section is the purposeless freedom of the rumination of thoughts. The stream of consciousness, however, is interspersed with external occurrences and feelings. Although outwardly insignificant, the external occurrences, rendered as actions, visual impressions or sounds, have a special purpose in this section. They frame the scene, representing either an opening in the inner world of thought, or a shift in the stream of consciousness. The section opens with an external occurrence, as Mrs. Ramsay is putting together James’s pictures. This releases the more significant process of thought. The predominant external occurrence is that of Mrs. Ramsay’s knitting the stocking, which has a special purpose of directing the stream of consciousness. Other external occurrences are the visual impressions, as Mrs. Ramsay looks at the lighthouse, or the sound of waves breaking the shore.

Thus, recording the visual and auditory impressions of her character, Woolf at the same time renders the subjective impressions of Mrs. Ramsay's inner consciousness so that the entire constellation of emotional and mental processes which make up the human experience is revealed to the reader impressions, as Mrs. Ramsay looks at the lighthouse, or listens to the sound of waves breaking at the shore.

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Auerbach explains in his analysis in "The Brown Stocking" that there is "a sharp contrast... between the brief span of time occupied by the exterior event and the dreamlike wealth of a process of consciousness which traverses a whole subjective universe". Considering time, the external occurrences have a similar purpose in this section. They indicate Kristeva's linear time, whereas the subjective universe of inner thought belongs to monumental temporality.

Thoughts as well as feelings are described in relation to external occurrences. Although the weight of the section is on the continuous rumination of thought, there is also a shift from Mrs. Ramsay's feelings to a transcription of her thoughts in ways that explain rather than simply present thoughts.

As we have seen, Mrs. Ramsay's revelatory moment, described in this section, is part of her everyday life-experience, just as Woolf described in her Diary the moment of insight she experienced while "walking through Russell Square." Thus, Woolf has conveyed the revelatory experience through Mrs. Ramsay's subjective universe in a combination of senses, thoughts and exact facts, at the same time interspersing her own experience with that of her character.

Section 14 of Part III represents another moment of high emotion, experienced by Lily Briscoe in her vision at the end of the book. Critics have come up with many diverging interpretations of this last section of the novel. Norman Friedman in 1955 lists six different interpretations and others have been offered since then.<sup>10</sup> According to some critics, Lily's completion of her picture as the book ends means that life has triumphed over art or, according to others, that art has triumphed over life. Lily Briscoe in her vision at the end of the book. Critics have come up with many diverging interpretations of this last section of the novel. Norman Friedman in 1955 lists six different interpretations and others have been offered since then. According to some critics, Lily's completion of her picture as the novel ends means that life has triumphed over art or, according to others, that art has triumphed over life.

Whatever the interpretation of the last section might be, one thing is certain: it brings about a sense of rounded achievement, consummation and plenitude of the moment of insight in its typical ambiguous atmosphere of guess, intuition and assumption. This can be elucidated only through an analysis of the text.

The last section of the book (pp. 318-20) opens in an atmosphere of accomplishment with Lily's sentence: "He must have reached it." (p. 318) This is an allusion to Mr. Ramsay's

revelatory moment, his spring 'into space' and belated, faithful fulfilment of Mrs. Ramsay's errand - the accomplishment of his journey to the lighthouse.

Thoughts and feelings are swarming around Lily's visual impressions. She feels exhausted, thinking about the accomplishment of Mr. Ramsay's journey, as the lighthouse disappears from her field of vision, melted away "into a blue haze". She has journeyed in her mind to the lighthouse by means of her field of vision, and has shared the experience of the journey together with Mr. Ramsay and his children. Uniting her effort with the passengers of the journey, Lily surpasses herself in the joint craving to accomplish the errand and reach the lighthouse. Her states of feelings follow one another by degrees. Next comes the feeling of relief. Realising and enjoying Mrs. Ramsay's miraculous power of giving and uniting, she knows that she has given Mr. Ramsay what he wanted from her - understanding and sympathy. This is the revelatory moment of her self-realisation. The aim being achieved, she utters in triumph: "He has landed", "It is finished" (p. 319) of giving and uniting, she knows that she has given Mr. Ramsay what he wanted from her - understanding and sympathy. This is the revelatory moment of her self-realisation. The aim being achieved, she utters in triumph: "He has landed", "It is finished" (p. 319).

The narration then changes its focus to Mr. Carmichael. There is a touch of irony in the description of him as an old pagan God: "with weeds in his hair and the trident (it was only a French novel) in his hand" (p. 319). His words, "They will have landed" (p. 319), sound to Lily as a confirmation of her intuition: "She felt that she had been right." (319) Although Mr. Carmichael's stream of consciousness remains unveiled for Lily as they stand on the lawn, she knows that they are united in the silence of the moment, sympathising with the destiny of the whole of mankind: "He stood there spreading his hands over all the weakness and suffering of mankind." (p. 319) The theme of giving and sympathising is transposed to the whole of mankind, and is thereby reinforced.

Then, as Lily watches how Mr. Carmichael's hand falls, the focus of narration shifts again to a visual image, this time not part of Lily's perception, but a figment of her imagination. Although Lily does not see it, the effect of the created image is so powerful that the wreath of flowers which, "fluttering slowly", falls upon the earth, bursts before our eyes. This beautiful image is an allusion to Lily's vision of Mrs. Ramsay after her death, disappearing in the distance with a wreath of flowers. With Mrs. Ramsay's indwelling spirit the universal union of people, life and death is achieved.

As the moment of truth opens before her eyes, Lily Briscoe quickly turns to her painting and the narration shifts to her perception of it: "in all its green and blues, its lines running up and across" (pp. 319-20). The "green and blues" are the colours of the blue bay and the green garden hedge respectively. We hear Lily's feverish thoughts: "It would be hung in the attics", "It would be destroyed", "But what did it matter?" (p. 320). It seems that the author acknowledges loss, completion and ending, as the inevitable part of experience.

The painter's vision, as Avrom Fleishman explains, "is completed when it functions both optically and imaginatively, when it records both what is seen and what cannot be seen..."<sup>11</sup>

Thus it seems that Lily has finally found the solution to the problem of space which haunted her in the previous section: “She looked at the steps; they were empty; she looked at the canvas; it was blurred (p. 320).” that the author acknowledges loss, completion and ending, as the inevitable part of experience.

The painter’s vision, as Avrom Fleishman explains, “is completed when it functions both optically and imaginatively, when it records both what is seen and what cannot be seen.” Thus, it seems that Lily has finally found the solution to the problem of space which haunted her in the previous section: “She looked at the steps; they were empty; she looked at the canvas; it was blurred.” (p. 320)

Then, in the climactic experience of her moment of insight, Lily completes her work of art: “With a sudden intensity, as if she saw it clear for a second, she drew a line there, in the centre.” (p. 320) In the extreme fatigue of her cathartic experience, she concludes: “I have had my vision.” (p. 320)

Although the ending of the novel leaves questions opened, it is rendered in a mood of rounded accomplishment, not only of the belated journey to the lighthouse and Lily’s painting, but also of Woolf’s work of art. Lily Briscoe, the author and the reader are all united in the cathartic experience of the revelatory moment which brings rest and relief.

The moment of high emotion in this section is experienced as a vision, which culminates with the completion of Lily’s painting. Contrary to section 11, Part I, the focus here is no longer on the stream of consciousness, but on perception and vision. Ideas are elucidated by their visual correspondences: the “blue haze” of the disappearing lighthouse, the description of Mr. Carmichael, the wreath of flowers, alluding to Mrs. Ramsay, the “green and blues” of Lily’s painting and so on, just as the inner thoughts from the previous section were released by external occurrences. The triumphant utterances of accomplishment, deep emotions and investiture of ideas with visual correspondences, demonstrating our submission to the primacy of the visual, gesture toward a meaning beyond the visual. Camouflaging one art in another, Virginia Woolf presents a literary mimesis of an artistic mimesis and closing the book, we feel as if we have seen Lily’s picture. from the previous section were released by external occurrences. The triumphant utterances of accomplishment, deep emotions and investiture of ideas with visual correspondences, demonstrating our submission to the primacy of the visual, gesture toward a meaning beyond the visual. Camouflaging one art in another, Woolf presents a literary mimesis of an artistic mimesis and closing the novel, we feel as if we have seen Lily’s picture.

In her vision, Lily has turned the moment into eternity, but her picture, being an abstract composition, also implies that there is some cryptic, transcendent ‘reality’ just beyond the horizon of words and imagery.

This transcendent reality can only be glimpsed in a moment of insight. Virginia Woolf achieves this in *To the Lighthouse*, infusing her own experience in her literary art through Mrs. Ramsay’s inner world of thought and Lily Briscoe’s vision.

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