



Informality and Its Impact on the Poor of the Albanian Society

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Doi:10.5901/jesr.2017.v7n1p105

Abstract

Poverty is a complex phenomenon involving various dimensions of not only the lack of goods and services. Being poor means being sick and not being able to see a doctor; all that it means to be unemployed and do not have a secure future; the poor rate it mean to be illiterate, not being able to attend school or abandon eaten; poverty rate means lack of many services and tools for everyday life. It 'hard to give a final definition of poverty because it varies from one period to another and from one country to another. Furthermore, poverty can be measured and evaluated in different ways. The evaluation of poverty based on a multidimensional definition of poverty and deprivation in income or consumption, seen from the flows, but also the non-monetary context poverty defined on my inadequacy of a series of welfare measures that have no income, as in education, health, empowerment, access to basic services and infrastructure.

Keywords: poverty, the poverty gap, poverty map, according to the international migration, internal population movements, Immigrants split-off, fiscal policies, remittances, employment, the Dual labor markets, employment informal, informality

1. Introduction

1.1 What is it. and why should informality be studied?

Determination of informality in a unique concept is very difficult since it appears in various forms and ways. However, the term "informal" activities "illegal" or "confidential", the benefits of which have not been declared to the tax authorities for two reasons:

1. Before Because the term "illegal activities" includes activities related accepting bribes, smuggling of weapons, drugs, etc., ie activities by their very nature, are contrary to the provisions of law; and
2. Secondly, the term "secret activities" includes activities which, in addition to the violation of tax law, are mostly legitimate, as a small business without a license, unregistered barter, and contraband goods not Understatement stop.

As a result, these types of activities are seen as a source of tax evasion and pose a challenge to the economic decision-making. Informality has been and is a fundamental component for the countries of Eastern Europe as an important part of the reconstruction of political, social and economic development of these countries after the transition took place outside official channels through the reports and activities informal. Poor informality addressed as a means of survival, due to the failure of the formal system, the lack of jobs and the inability of state institutions to consistently provide health care services and education, the following rules and safety public. Becoming such a phenomenon present in the economies of all countries, its study is important as it reduces the efficiency, increases the prices of public goods and services, increased costs of doing business, weakens the law, greater inequality, reduces society wellness with a negative impact on per capita income, investments, revenues, expenditures for education and health, etc. But despite these negative effects, individuals have had to cope with informality as a way out of poverty, through both informal employment, conducting informal activities that informal payments or giving access to social services.

1.2 Informality in view of informal payments to gain access to services and their impact on poverty.

Qualitative assessments conducted by the World Bank of its countries studied showed that informality can exacerbate poverty, directly or indirectly, through increased disparities in access to services and opportunities and human abuse. But

it is also clear that informality is a coping mechanism when formal systems (legal) are reversed or not functioning normally. People know that informality is harmful to their standards of living and income distribution in general, but in most cases do not have a solution because there are no formal alternative. In some cases, however, there is a perception that through informal means may be possible to get the best deal, and this can be achieved by using the knowledge or attract direct or persons that provide this service. In fact, although some countries have established formal cost for services in order to reduce payments under the table, which has not shown that the poor are better, then you have no other payment services. Even in Albania, as well as in the poorest countries of Eastern Europe, the informal as a coping mechanism is spreading due to many factors. First, the lack of fiscal capacity of the government. For example, the benefits (assistance) and social pensions are too low to survive; in some cases they are below the line (border) of poverty. Health and education are not sufficiently protected and staff employed in social services is underpaid, which stimulates informal payments. Stop this phenomenon is very difficult, and after making sure the staff and the strengthening of law enforcement is generally underpaid. Alexandre Marc and Zeynep Kudatgobilik, poverty and informality in Southeast Europe. Secondly, the lack of capacity of state institutions, where the ability to direct benefits is low due to the high level of informal sector, but also due to the limited support. For the government it is very difficult targetoje subsidies for the poor and for the rich set fee. In addition, non-governmental organizations (NGOs) and civil society in our country are very weak and not well organized to provide this type of support services and distribution to needy families as they do in the EU countries. Third, the lack of formal organizations Reclining trade and economic activity. Private sector activity is limited when the poor are numerous. This is both a cause and consequence of poverty. Regional inequality has risen sharply during the transition to a market economy, especially since the substantial subsidies that support the poor and isolated regions are reduced. Furthermore, also, a large number of state industries, which provide means of existence of all the regions, in the past have been destroyed or fell economically.

1.3 *Informality in access to care*

The difference between a formal and an informal payment charge is not clear. Often confused when individuals are called informal payments, due to circumstances surrounding the payment, such as when a payment before the medical treatment is carried out when the payment is made as an incentive. But the informal payments for health services to gain access to these services, have become critical in the countries of Eastern Europe. Numerous social evaluations show that the loss of free access to health care is a growing concern for the poor and contributes to their feeling helpless and vulnerable. The problem of the growth of informal payments to doctors, hospital administrators, nurses and other health professionals associated with people (where such payments are subject to audit and unreported revision), has an implication in governance, equity and access. Research has identified a number of potential negative impacts that informal payments in the health sector, including reduced access to health services for women and the poor. However, informal These payments allow the continued existence of these services can not be that the end of the state. So the problem is not. It is located in informal payments soft under-funding of health services. The relationship between the informal payments and access to health care is very complex. In fact, they do not pose much of a difference for the poor if the formal or informal payments are, as service obstacles to reach is the same in both cases. informal payments makes it impossible for the government to temper the payments to health in order to facilitate access of the poor. That health indicators suggest growth outside of pocket payments have weakened, the use of therapeutic Health Care Facilities. These people your own structures to be used only in exceptional cases. The evidence on the effects of payments showed that price has a powerful effect on the decision-making process to start a medical treatment that the amount of receive care when they started treatment. On the other hand, the demand for informal payments come just as the need to survive as the official salaries of the medical staff are below the average public sector employees. The health insurance system has a negative impact on access as a result of the informal sector high. Because of the poor in the informal sector have no formal employment contract, so he deposited the contributions of the employer or by themselves to declare pension or health care benefits funds

1.4 *Informal payments and inequality*

Studies on poverty for Albania Showed That the quality of health and access to health care is a serious problem in Albania. The quality of health care has fallen in towns, villages and rural areas in general. Many doctors and nurses are leaving Their profession two to low income. Without sufficient staff health care in many rural areas practically do not exist anymore. Consequently, many of the medical staff working informally outside Their homes and require informal

payments for Their services but many of the poor can not afford to pay These fines. All These factors contribute to the decline of the health of the population. The collapse of state spending on health care has reduced the ability of the system to Provide affordable health care and the potential to have any, something called accepted for Albania, Because of past history in delivering health care. While the fall in revenue for the health system is moving rapidly, it Creates a layer of poorly paid medical specialists, lack of equipment and medical treatments, as well as supplies of medicines to other devices. To meet the payments wages, many employees of health personnel, try to seek informal payments, in addition pcs to other payment system itself (Lewis, M. 2000). At the start of this started out as a rarity, today it has become the norm in most of the former communist countries of Eastern Europe and is Also a common practice in Albania. Table 1 presents the informal payments that were made public health personnel

Table 1.1. Informal payments amount paid by medical personnel, 2009-2015 informal payments for public health services as a percentage

	2009	2015
Free	71.18	81
100 - 1.000ALL	27.12	17.1
1.000 - 10.000ALL	1.46	1.9
10.000 ALL +	0.24	0.0
TOTAL	100	100

Source: LSMS 2009.2015

It is interesting to note that a large part of the population not afford or can not afford informal payments. This percentage of the population is around 81 percent, a figure that has increased since 2009. About 17 percent of the population that remains, pay between 100 and 1,000 ALL, and apparently, so was the norm. As a general rule in the country paid about 200-500 ALL tip for a visit to the medical personnel. Informal payments that are given voluntarily declined to 48 percent in 2015 versus 61.7 percent in 2009, but the percentage of medical personnel who requests has increased, despite the reformations that have occurred in the health system, about 52 percent. These results should be interpreted with caution because most people still pay gratuities voluntarily and it is a fact that 52 percent of people who go to visit the public sector, were asked to pay Native tip, including all fees so informally within the system and thus create a trend for "voluntary payments required". Informal payments are made mostly by people who live in urban areas (60 percent), having undergone a model change in 2009 compared to rural areas where it was to pay more. As might be expected, it is clear that those who are not poor can hold more and therefore it happens that they come with a higher percentage of those who give informal payments to about 90 percent, compared with 80 percent in year 2015.

2. Faced Health Care

LSMS survey collected information about the ability to address health care for people in need. Most of them (about 58 percent) said it was difficult to cope with health problems, in contrast to 2009, where about 43 percent of individuals report something similar. Percentage of households who report find it difficult or very difficult to pay for health services, almost halved since 2009 (29 percent in 2009 compared to 49 percent in 2015)

Reasons for not requiring assistance	2009	2015
They thought it would get better without help medical	33.6	50.4
They thought it would get better with medications popular	5.8	9.6
They thought it would improve with medication at home	9.2	14.3
Not have asked for help that can not afford it	36.3	19.1
The health center was too far	14.2	6.2
Other reasons	0.8	0.5
TOTAL	100.0	100.0

Source: LSMS 2009.2015

2.1 *Informality in access to social services*

Social services for vulnerable categories provided mainly by state or non-profit organizations (NPOs). Realistically many families in need little or no benefit from social services and therefore they try to informally provide such services. The interaction between informality and social defense is the result of two different problems:

First, The poor tend to engage in informal mechanisms in the traditional areas of social defense, including helping the elderly, to families, to the disabled and those in extreme poverty. The high demand for state benefits and low level of public funding available for this purpose limits the effectiveness of the social protection system. Consequently many people among the elderly, big families, the disabled or others are left adrift, alone in their hand or by any family support.

Second, The high level of informal activities limits the potential financing formal social protection, especially in countries where taxes account for the largest source of funds for pensions and other forms of support such as unemployment benefits (social assistance or aid economic). Also the quality of services provided by NGOs operating in the field of social protection for the desired left or have relatively high fees to deal with the people in need.

Generally in Albania identified a high level of support mechanisms informal among neighbors and relatives and the most common forms are the material assistance or money, donating food and good things, sharing collective commitments, cooperating in the construction or repair of houses or interacting on maintenance of their apartments. Aid flows are more frequent in tragic cases like illness, accidents, fires, death. This kind of solidarity is especially common in rural areas.

2.2 *Policies to reduce informality in access to social services*

The difficulty of transition in many countries has led many social actors, firms and institutions' operating even in the informal sector. This has aggravated the livelihoods of the poor but the complete elimination of informality is utopian to be realized. Only if there was improvements in overall economic situation or policy of support for those seeking to survive in the informal sector then SDO had any form of informality. If the government of a country would try to reduce the informal economy while punish those who operate in the informal and not to stop her by using incentive laws and institutions created to control and fight the black market and tax evasion, then policies it will not be effective and informality will continue to spread in this country. What is more important is to try to make a distinction between informality, which helps the poor to cope with poverty and informality that has a negative externality on the economy as a whole and the well-being and basic rights of the poor. This distinction is particularly important in situations where the state does not take its full responsibility to support social and human development due to shortage of funds and weak capacity. In this case try to Reducing support and services that gives informal, can bring the risk of further exclusion of the poor. Generally, governments are unable to provide appropriate protective tools that will allow the poor to survive without informal relations. It is therefore necessary to ensure that any means be taken towards the informal sector do not contribute to the deterioration of the situation of the poor. Therefore, it requires great care and a deep study of the real reasons to choose the right policies. Among them we can mention:

1. Improving access to social services

Incentives are badly needed to promote self-help among the poor and finding mechanisms allowing "formalization" flexible informal coping mechanism, which should be part of a strategy to deal with informality and can have a positive impact on poverty. That can be achieved by giving responsibilities parent-teacher associations for some part of school maintenance and teaching materials and at the same time to create educational funds, which include mechanisms to liberate the poor from these obligations. Also NGOs should be encouraged to support the maintenance of schools, especially in poor regions. To create such systems near the communities to allow municipalities to exclude some families to pay fees for services but in a transparent and informed. To encouraged local associations that deal with food distribution or other programs to help the poor.

2. Reforming the legal and regulatory framework

For management best in the field of community services, to enhance the quality of services and access control for the implementation of approved standards, should create a supportive environment for organizations, NGOs or other organizations social services provide care for vulnerable categories . Government should facilitate the licensing of these public and private entities by reducing the minimum administrative requirements to register, report, etc. licensed. However the mechanism must be very clear, well-defined and transparent enough. More often it work, governments need to act at national level, by

building a legal framework for NGOs Convenient. The framework should provide flexibility and facilitate entry but must also protect the rights of members and avoid abuses. In some countries, things can be quite complicated, especially if these associations are supposed to enter into partnership with local governments and local and use public funds.

3. Creation of Employment

Poverty reduction depends on economic growth and especially the development of the private sector. This sector should not only provide employment and high incomes, but also the tax base, which supported the state public financing of care, education, social security, and other programs that have a positive impact on the poor. Improving the conditions of the poor, who survive through informal, and will also create a more favorable climate for business and investment. But the lack of an effective legislative and regulatory framework remains a major obstacle to the successful development of the private sector.

In the area of income generation and employment creation, microcredit play an important role. The field of micro-credit offers an important potential for development and is definitely a way to compete with the informal credit system in order to benefit the poor. Technical support is very important for micro-enterprises, especially those in rural areas and in agriculture. Market in the field of legislation needs to change in order not to criminalize people who commit small business to survive. Is necessary simplification of the tax system and the registration process for small traders. The law must be earmarked to reduce taxes and provide clear rules of the game in order to reduce corruption by officials of the law, who can be a great source of obstacles for the poor.

In poor countries, where the potential for major savings is limited and informal activity is widespread, the financing of social protection and health insurance through taxes does not seem appropriate. It can only increase the freezing of the labor market, be very costly in terms of tax collection and ineffective in mobilizing savings. Also contributing to social exclusion not cover people employed in the informal sector that is particularly relevant for health insurance. A major effort in this area is required by the government and donors to find more effective ways to finance social programs.

4. Improving Public-Private Partnership

It is important to give the community a strong voice in order to fight corruption and create mechanisms which require that employees of the municipality and localities count more poor.

4.1 Informality in view of the formal non-payment of debts

Economists trying to measure informality or informal economy cope with the difficulties of its definition. Different terms are used to give a definition of the informal economy as a phenomenon: shadow economy, black, underground, parallel, informal, etc. But despite the Diversity of definitions it can be said that the informal economy is that part of the economy of "legitimate", which does not respect the legal framework in force and will be subject to taxation in the case would be reported to tax authorities. Deliberate omission of this economic activity rule the following reasons:

- To avoid paying income tax, VAT-n, etc.
- To avoid paying social security contributions
- To avoid dealing with several legal standards of the labor market such as minimum allowable wage, maximum working hours, safety standards, etc.
- To avoid complying with certain administrative procedures some as the fulfillment of the statistical questionnaires or other administrative forms

5. Conclusions

Poverty is a more dimensional concept. It varies by level of education, by geography, there are various structural features of the family. These characteristics are closely linked and correlated with the possibility of being poor. During the analysis it was found that the regional division or geographic aspect is diversity of features in terms of poverty status. The possibility and the risk of being poor is higher for Mountain region, especially in Kukes and Dibra and especially in rural areas. The importance of appropriate security networks for a large number of individuals who are around the poverty line draws attention to care. Moreover, given the fact that poverty is superficial, well-targeted transfers will bring tangible

results with regard to poverty alleviation. The structure of poor households is somewhat different from non-poor families. Poor households tend to have more children depending on, a lower education level, number of individuals more and more high unemployment rate, especially on the head. Have increased access to basic services and housing conditions improved compared to 2002.

- Poor households most of their consumer spend for food. Although we have a significant decrease in this indicator and non-food cost increases still remains at high levels and, what is most characteristic; It is higher for poor families. While and tax evasion brings reduction in economic and social welfare, as costs for goods and services relevant public will be lower and will influence the further impoverishment of the areas that have an urgent need for investment such as infrastructure, hospitals, schools, universities or continuous supply of energy and water.
- The non-payment of social security will cause problems both in the short and in the long run. In the short-term increase in informality will ndikojëe in reducing the number of contributors and consequently problems in the payment of current pensions for the elderly. Also these uninsured individuals fail to receive free health services or economic support if ailment or disability worsening their position in society. While real wage non-declaration and payment of lower contributions will bring lower benefits for these individuals when they have the retirement age.
- For a country like Albania where unemployment is high and wages are low, due to supply excess and limited demand for labor, fiscal reforms such as the introduction of the flat tax on income or reduction of social security coupled with the determination of wages reference will be in a position the most disadvantaged individuals who are their only source of income wages and businesses operating in informality which are more labor-intensive force

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