Consumer Perception on Informality

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Abstract: Informality is a widespread global problem, which has become a feature of developed and developing countries. The term informality includes concepts such as: tax evasion, informal employment and under-declaration of workers' wages. This paper aims to focus more on the causes of socio-cultural nature that affect this phenomenon. Beyond the economic factors that force individuals to accept and coexist with informality, they are also influenced by social factors. Albania's young age in the capitalist market, tax policies often wrong and lack of awareness and information of consumers as taxpayers, have brought economic costs on the state, putting social stability at risk.Informality in Albania is one of the most serious problems that has affected the economic environment in recent years. It can be considered a phenomenon that Albanians face every day, and which is already considered an integral part of daily activities. Although surrounded by neighbors who have a similar political and economic background, it seems that Albania has forgotten the strict organization in the period of communist rule, and is trying to embrace in all spheres of society, this new way of thinking out of the picture.

Key Words: factor, informality,phenomenon,tax evasion

1. INTRODUCTION

Studies by international organizations show that Albania has a significant degree of informality in the economy, which is estimated to be over 50%. Although informality is not a phenomenon encountered only in Albania or in countries in transition, we can say that we are among the only countries in the region where concrete steps are missing or invisible to combat it and get the right results.

The degree of informality is also a reflection of the model of economic development of the country, where agriculture occupies the main place in the country's economy and most of the population are employed in it, which is known as the sector with the highest degree of informality.

On the other hand, some of the key indicators that identify informal enterprises relate to the size, status of registration or recognition of the enterprise by a government agency, paid social security contributions, the legal form of enterprise organization and the nature of financial accounts; legal and property rights, which display shortcomings that may leave room and promote informality. In the case of Albania, the concrete factors that promote informality are related to the tax system, the quality of institutions, access to finance, punitive measures and the indifference of society.

Despite the advertising of the fight against informality, we can say that in fact there was no awareness of the necessity and benefits that the formalization of the economy could generate in the long run.

Most businesses consider it more of a cost than a benefit to be informal. However even being profitable is seen more in the short run driven by the current legal and administrative context, while it is acknowledged that there are more costs associated with cash payments, business security and fear of tax audits.

There is a lack of trust from businesses to public institutions in general and those in fiscal administration in particular. Corruption and political influence are factors that have generated a high degree of informality.

There are concerns from businesses about the procedures of recognition of their expenses by the tax administration and the lack of capacity of the latter to understand certain technological processes. Numerous reactions from businesses, but also from fiscal experts are related to the existence of a non-professional tax administration that does not respond to the intensity and professionalism required by reforms against informality.

Social change occurs when the individual changes internal attitudes, external structures, and / or works to make behavior unnecessary. We can try to change the behavior of individuals by persuading them through education and we can change the external structures, those which are controllable by the individual, using appropriate public policies to achieve the desired result.

2. MATERIAL AND METHODS

To carry out a more complete work, we decided to analyze one of the aspects of informality which is that of tax evasion, and more specifically the cutting

or releasing of the tax coupon. It is clear that this issue has two ways of dealing with it: we can treat it from the point of view of the subjects, separating the economic factors that influence it, as well as from the consumer point of view, focusing mostly on the social factors that influence this phenomenon. The questionnaire method was chosen for this study as the nature of the questions addressed to the interviewees was standardized. This is due to the answers that are thought to be of the same nature by the interviewees.

Questionnaires can be used for descriptive and explanatory research.

Descriptive research, such as that undertaken using attitude and opinion questionnaires, as well as organizational practice questionnaires, will enable the identification and description of variability in various phenomena. Rather, explanatory or analytical research will enable the examination and explanation of the relationships between variables in the given cause-and-effect relationships.

There are three types of data variables that can be collected through questionnaires that are:

- Opinions

- The behavior

- Characteristics.

These differences are important, as they influence the way the questionnaire is formulated. When recording what respondents do, questionnaires record their behavior. This differs from the opinions of the respondents because the questionnaire is recording a concrete experience of the respondent. Behavioral variables contain data about what people have done in the past, do now, or will do in the future.

Rather, characteristic variables contain data about the characteristics of the respondents. Characteristics are best thought of as things the respondent possesses rather than things the respondent does. They are used to explore how opinions and behaviors differ between respondents as well as to check that the data collected are representative of the total population. Attributes include characteristics such as age, gender, marital status, education, work and income.

The type of questionnaire chosen for this study is the self-administered one.

The way of choosing for its distribution is with distribution and collection as well as online.

The length of the questionnaire is relatively short as even the nature of the phenomenon studied does not present the need for an excessive length. For this reason, the nature of the questions is closed and not too complex to interpret.

In the "distribute and collect" mode, the questionnaires were addressed, selecting, a population that is of interest for the studied phenomenon. For this reason, the belief that the right respondent has been selected by the interviewer is high. However, it should be said that this way leaves room for misinterpretations as the respondent may be influenced by other persons at the time of completing the questionnaire. The size of the sample is not limited and therefore in this case it is composed of about 150 different individuals. The time devoted to distributing and collecting the questionnaires varies depending on the sample size and the number of respondents. The structure of the questionnaire is important to make it attractive and appealing to the respondent to encourage him to complete it and return it without holding it too long. The length of the questionnaire is of particular importance. A short questionnaire risks conveying the message that the questionnaire is meaningless and therefore not worth it. On the other hand, a very long questionnaire risks tiring the respondent and not being as effective as we would like. This questionnaire is not addressed to a specific target group as we are all consumers and face the issues addressed every day.

Thus, this questionnaire aims to identify the most encountered behaviors by consumers in relation to the phenomenon addressed as well as to identify a typical individual, who is more problematic in adopting a legally appropriate consumer and civic behavior.

3. RESULTS AND DISCUSSIONS

Below we will present the results of this questionnaire by analyzing how reliable and valid they are. We have presented the results of each of the questions asked to the respondents with a graphic figure to facilitate their interpretation by the reader. The first questions addressed to the interviewers have a demographic character giving us an overview of the sample under consideration

The highest percentage of respondents is 18-35 years old where individuals make up over 40% of respondents and those aged 26-35 years make up about 25% of respondents. This is a favorable indicator for this study as it will show us the new generation approach to the phenomenon in the study.

1.   Which is your gender?

Figure 1: Gender of the Interviewers
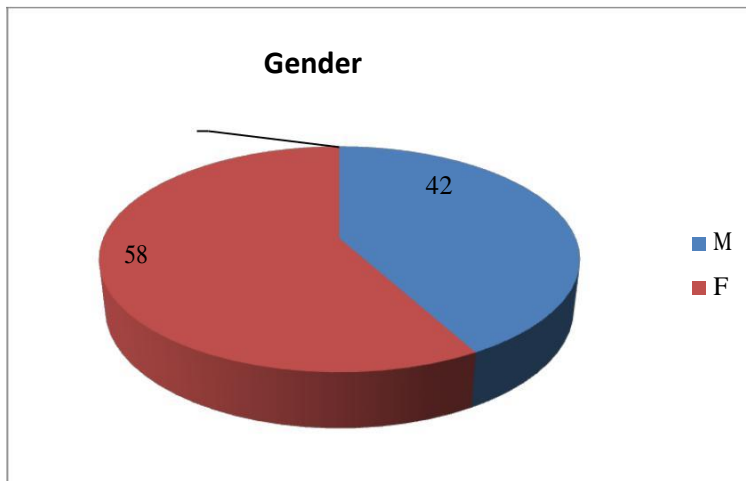
Individuals with the highest percentage 50% are with high school degree, a factor, which is very important for this study, because they are relatively informed about this phenomenon, so the answers are not based only on what they hear in the media , but making a deeper analysis by making a comparison and with the knowledge they have acquired during their studies.

We are presented with a percentage of 58% of the respondents, who have stated that they are not provided with a tax coupon often times during their purchases. The percentages of other answers are presented to us quite small compared to this alternative. So the phenomenon of non-compliance with the tax coupon is widely encountered by respondents

The most problematic sector is that of food consumption with 59% of respondents who have chosen it. This also confirms the result of the previous question which identified the consumer sector as the most problematic. In second place is the clothing sector with 24% and then that of entertainment with 16%.

The consumer is the first link in a long chain that initiates informality. Respondents answered that 40% of them rarely request the tax coupon after making a purchase and not being provided with it. However, the fact that we find the second and third position with the alternatives "always" and "often " respectively with the percentages of 21% and 18% makes us optimistic for the future. Perhaps even the predominance of the young age of the respondents influences the results obtained.

The respondents answered 63% that the seller provides them with a coupon after they have requested it. This percentage confirms the conscience of the sellers that they should take the action, but they are not motivated to do so. The second largest percentage in the given answers has the alternative of not being provided with a coupon through an excuse. Although the response of those who respond positively is great, we should not be content with that. If the consumer becomes aware and asks for the coupon, the seller will also be obliged to provide them with it.

Figure 2: Information campaign
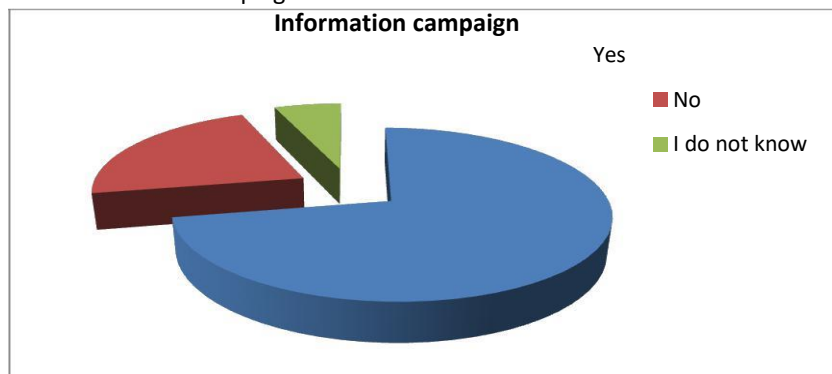
4. CONCLUSIONS

1. The Albanian consumer is concerned and aware of informality, however the study showed that he has not yet reached a sufficient level of awareness to denounce it, although the government has recently undertaken incentive policies to denounce informality.

2. The analysis of the questionnaire identifies that in case of not being provided with a tax coupon, a considerable mass of individuals have access, although not always, to request the coupon, a phenomenon which indicates a consumer awareness of informality.

3. The most problematic segment in which the highest measure of informality is identified is related to daily consumption purchases, an indicator which is related to the large number of small businesses that function as traders of food and daily consumption goods and who have the greatest access not to give a tax coupon.

4. From the answers received, it is identified that individuals have a low trust in the competent bodies, as these bodies do not punish violators of the law on informality. It seems as if the government has recently chosen to fight this phenomenon and through direct marketing, to show the work of the competent institutions so that individuals can build trust in these institutions.

5. There is a deficiency in the work of the tax administration in relation to consumer information. Frequent changes in tax laws are almost unknown to society, even though they are the first recipients of these changes. The tax administration should be closer to stakeholders.

6. A significant proportion of more than 70% of respondents are of the opinion that more frequent campaigns would raise public awareness about informality. Also over 50% of those who have followed the awareness campaigns claim that there is a change in their consumer behavior.

7. The change of a phenomenon or behavior comes first from the individual. If each of us is not conscious to understand and make the difference it would be imposible.

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