Gender Wage Differential in Albania

By

Risilda DJALA

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Author   **:** Risilda Djala

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I certify that this thesis satisfies all the legal requirements as a thesis for the degree of Bachelor.

Assoc. Prof. Dr. Ugur ERGUN

Head of Department

I certify that I have read this study that is fully adequate, in scope and quality, as a thesis for the degree of Bachelor.

Assist. Prof. Dr. Abdulmenaf SEJDINI
Supervisor

Exam Board of Thesis

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Members

Assoc. Prof. Dr. Ugur ERGUN ……………………….

Assist. Prof. Dr. Urmat RYSKULOV ……………………….

Assist. Prof. Dr. Abdulmenaf SEJDINI ……………………….

Abstract

This study aims at providing a. gender-sensitive approach which determines the factors contributing to gender wage inequalities in the Albanian case, through which there is going to be provided a general picture of the situation for these years. This study is being conducted for the first time in Albania for the 2008-2012 year period.

This study provides data and information about the gaps that exist in wages in Albania. Data are represented through figures and tables, which make it easier to be understood, as well as creates a clearer picture of the current situation. Conclusions and recommendations are used to address the problems that exist and to give a contribution to closing the gender wage gap that exists in Albania.

Key words: gender; wage; gap; labor market; discrimination; LSMS

Abstrakti

Ky studim ka si qëllim te sigurojë nje qasje e cila përcakton faktorët që kontribojnë në pabarazitë gjinore në paga në rastin e Shqipërisë, përmes të cilit do të jepet një tablo e përgjithshme e situatës për këto vite. Ky studim është bërë për herë të parë në Shqipëri për periudhën kohore 2008-2012.

Ky studim ka të dhëna dhe informacione rreth hendeqeve qe ekzistojnë në pagat në Shqipëri. Të dhënat janë të shprehura me anë të figurave dhe tabelave, të cilat e bëjnë më të lehtë për tu kuptuar, si dhe krijojnë një tablo më të qartë të situates aktuale. Konkluzione dhe rekomandime janë nxjerrë për të adresuar problemet qe ekzistojnë si dhe per të dhënë një kontribut në mbylljen e hendeqeve që ekzistojnë në pagat midis gjinive në Shqipëri.

Fjalë kyçe: gjinor; pagë; hendek; treg pune; diskriminim; LSMS

Dedication

To my parents Muhamet and Arta, for the sacrifices they made and the dreams they had to let go, just to give me a shot at achieving mine. Behind every young person who believes in himself is a parent who believed first.

Acknowledgements

Firstly I'd like to thank God, then I'd like to extend my gratitude to Epoka University. It has been a special honor for me to be a student of this University for five years. I also want to thank my supervisor Assist. Prof. Dr. Abdulmenaf SEJDINI, as well as Assist. Prof. Dr. Urmat RYSKULOV, and out head of department Assist. Prof Dr. Ugur Ergun, for their contribute.

My deepest gratitude goes to my family, a source of unconditional love and continuous motivation in every aspect of my life.

Declaration Statement

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Epoka University or other institutions.

Risilda Djala

March 2017

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LIST OF ABBREVIATIONS

LSMS   **:** Living Standards Measurement Survey

INSTAT   **:** Institute of Statistics

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I. INTRODUCTION

"… It is indisputable that there's a real pay gap. People can argue about how big, but that's almost beside the point. The point is that every woman, every girl, deserves to get paid what they are worth."

Sheryl Sandberg, 2014

Among the most important indicators of economic wellbeing there can be listed employment, unemployment, wages, and inactivity, especially for developing countries like Albania, which are striving to reach an economic growth and a certain development. Women have been prone to gender discrimination in the labor market for a really long time, that's why gender indicators are a very important factor in the labor market. Another reason why they are so important is that half of the population. The study intends to investigate the gap that exists between the wages of women and men in Albania, as one of the main issues of concern in the world economy as a whole, and especially in the Albanian economy. An economy's growth and development is negatively affected by the exclusion of women from the labor force, which comes as a result of the labor force discrimination. The gap that exists between wages of men and women in the labor market has been an issue of great interest and it has grabbed attention continuously. In the case of Albania, which is part of developing countries, it is really essential to understand the labor market discrimination as well as the differences that exist in wages, because they have a great impact in the future generation's education, as far as the parents' expectations are high. (Juna Milika, 2011). This has an impact on the opportunities given to women, occupational segregation, income inequality, old age pension, poverty, and intergenerational inequality. Empowerment of the women's status as well as an increase in the access to the labor market is one of the main objectives of the gender policies of the Government. Despite these, access to opportunities for having a business, official or a political career is considered to be of main importance. The Albanian labor market before 1990s was a centralized one, with a highly controlled individual decision-making by the state. In the first year of the 1990s, there was a liberalized labor market. During this period, the unemployment rate was relatively high, because of an overcrowding in administrative jobs, as well as due to closing major industries.

II. THEORITICAL BACKGROUND and LITERATURE REVIEW

The main burden of the wellbeing of a family has been traditionally been carried by women. In spite of this, controlling of the needed resources and means for accomplishing these responsibilities has been more in the hands of men. In Albania, there exist phenomena like low education level of women, high unemployment level, reduced opportunities of qualification, lack of access to methods of family planning, etc, which deepen the gap that exists between men and women in Albania, increasing the inequality that exists between them. The majority of college students is comprised by women, as well as half of the medical and low students are women. Despite that fact, they keep earning less than men. Even though the gender wage gap starts to get narrower, there still remains a considerable gap. There is many academic research conducted, in the focus of which there are the factors contributing to this gender wage gap. Sex discrimination keeps playing a considerable role in that. For almost all of the inexperienced workers, there remains a gender gap which is unexplained. Women earn less than men, despite the working conditions, their characteristics, productivity, or market conditions. Many questions are raised related to that fact, because the something which is unexplained and unobserved, is hard to be measured.

Men earn more than women, and despite the working conditions, the number of children, time women spend for the housework, there is always a gender pay gap which is kind of unexplained. (Hersch, 2006). The Republic of Albania Government has placed the gender equity issue at the center of to be solved issues. The steps include administrative as well as legislative measures, which aim at improving the women's status and going towards gender equity. (Ministry of Labor, Social Affairs and Equal Opportunities, 2009).

The reason why labor market gender equality is important is that it is closely related to the fundamental rights of women, including here income, the right to work, to make a career, etc. Equal pay is not the only case, equal women and men participation in the labor market is the case of equality. (Xheka, 2014). The social and economic changes in Albania have been profound in the past two decades. The main reason for that keeps being the political systems radical change. Transition period, the unpalatable plans, and the low job creation rate have been the main contributors to the creation of a labor market which functions out of rules, and is a root of several

social and economic problems. Despite the fact that the market environment is unfriendly, parents have always tried not to get discouraged and educate their daughters, provide them with a qualitative education. Their main objective of doing this was for their daughters to have a well-designed job in the future, a job which would hopefully run in accordance with the European standards. (Gender Alliance Development Centre, 2011).

The number of private businesses increased substantially after the mid 1990s. One of the main reasons were remittances by the emigrants. Despite that, the unemployment in the long term keeps being in high levels, to a distinctly greater extent in women. (Cuka et al., 2003).

The wage discrimination in the labor market is a phenomenon which is commonly found in almost every economy. Especially in the context of a developing country like Albania, the economy of which is in the process of development, the impacts may be lasting and stronger. Finding empirical studies regarding this issue in Albania is relatively hard. (Milika, 2010).

As Milika, 2010 has mentioned, the number of transformations through which Albania has undergone are several in number. The main one is the transformation in the labor market. The reason for that is considered to be the change of the economy form a state-controlled planning economy to an open market economy. The position of the women in the labor market as measured by the gender wage gap and wage decomposition should be analyzed in order to understand what are the factors contributing to an unequal reward between males and females.

According to Bertrand (2010), the process of searching for a job helps a lot to understand the differences that exist in the wages of women and men. Little research attention has been drawn by personality traits, gender identity, and psychological attributes, although there is laboratory experimental evidence on them. Competitive environments are less preferred by women as they are natures which tend to avoid risk. Their productivity is low in such environments, and their negotiation abilities are not the same as those of men. Men tend to have better negotiation abilities (Bertrand (2010)). As a summary, gender wage gap is seen more in the desired and reservation wages rather in the actual ones. Also there are women who require little amount of wages, which is a factor contributing to the result of the gender wage gap. Regarding the behavior of GDP and unemployment, it is generally expected that restrictive macroeconomic

policies make the transition start with a recession and the economy is restructured and shifted to a market economy (Fischer et al., 1996). The initial over-industrialization and trade dependency of these countries have also contributed to have a start with recession (Blanchard, 1997a). As a result, at the start of the 1990s all the transition economies went through a fall in output.

As a matter of fact the earnings of women are considerably lower than the earnings of men, despite the fact that the gender pay gap differs according to the economic development degree of a country and its characteristics of the labor market institutions (Blau and Kahn 2003, Brainerd 2000). Considerable differences have ben seen in wages between genders in social economies, less developed economies, developed market economies, as well as in transition economies. (Blau and Kahn 2003, Brainerd 2000, Moskoff 1974, Newell and Reilly 2001). The most important role in the gender pay gap in developed economies is attributed to differences in education and experience (Gunderson 1989). While in transition economies, the most important indicator in the gender pay gap was considered to be occupational segregation (Jurajda 2003, Ogloblin 1999).

Lack of economic rights, as well as social protection, have reinforced the homemaking roles of women (Tarifa, 1994). Despite the poverty reduction that the Albanian economy has managed to achieve, the women's position in the labor market are not considered to be fully recovered. The employment rates and labor force participation rates of women keeps being lower. The inactivity rates and unemployment rates are high. Wages in the labor market are lower.

Many real statistical data, as well as other studies affirm the economic growth and the gender equality policy effect on it. In a study made by (SIDA, 2010), there are many evidences supporting the relationship that exists between economic growth and gender equality. First of all, if gender equality would exist, the human capital would increase in the society, and the resource allocation would be better off. The study explains that by the growth of gender equality, a country sees an indirect growth in economy, which is achieved through the next generation's health and education. The smaller the gender wage gap is, the more the economy sees growth. According to the study, if the women men barrier would be narrowed, the economy would become better off.

III. DATA and METHODOLOGY

3.1 Objectives of the Study

- The main factors contributing to the gender wage gap

- The sector in which gender wage gap is the highest

- How can gender wage gap be reduced +

The main objectives based on which data is collected are as listed above. Firstly information on the main factors which cause gender wage gap is gathered. They include work experience, % occupation by gender, children under 6, and the number of works per week. Education, clerks, healthcare, technicians, and public administration are the most common occupations of women. These sectors are indeed less rewarded. And because most of the women tend to go after these occupations, employers take advantage and the wages are lowered by them. The factor mentioned above, which helps reduce the gender wage gap is considered to be education. Such an advantage reduces the gender wage gap, given the higher average education level of women.

3.2 The data collection process

This gap is shown through data collected from Living Standards Measurement Survey study (LSMS), which is the survey used to conduct the report analysis. It is important to stress the fact that the aim of this study was to retrieve the Gender Wage Gap that was existent in 2012, and make a kind of comparison with that of 2008. The institution which collects the data is INSTAT, technically supported by the World Bank. The LSMS Albania 2012 collects data at the household level as well as at the individual level. The modules included in this survey include education, social capital, agriculture, labor, household roster, etc. The labor module provides information about employment and unemployment, wages, labor force participation, as well as economic activity. This type of data is considered to be favorable to analyze the gender wage gap. The survey used in this study is not only representative at a national stage, it also represents the urban and rural areas. Data is represented through tables and figures which are going to be interpreted accordingly.

IV. DESCRIPTIVE ANALYSIS

4.1 Overview of the Employment Trends

Figure 1: Employment Rate for 2008-2012 period
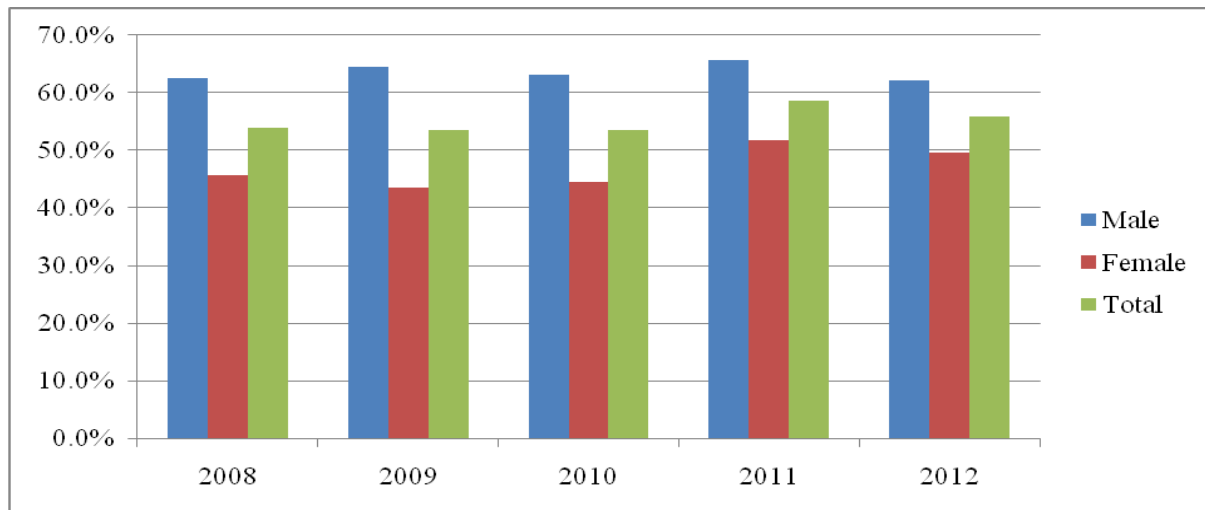
Source: INSTAT

In figure 1 it is represented the employment rate for males, females and in total regarding 2008 to 2012 period. As it is seen, males have a higher employment rate than females in 5 of the years. The highest employment rate by males is seen in year 2011, which is 65%, and the lowest one in 2012, 61%. The highest employment rate by females is seen in year 2011, 50%. The lowest one in years 2009 and 2010, 43%.

Figure 2: Main Labour Market Indicators, 2012
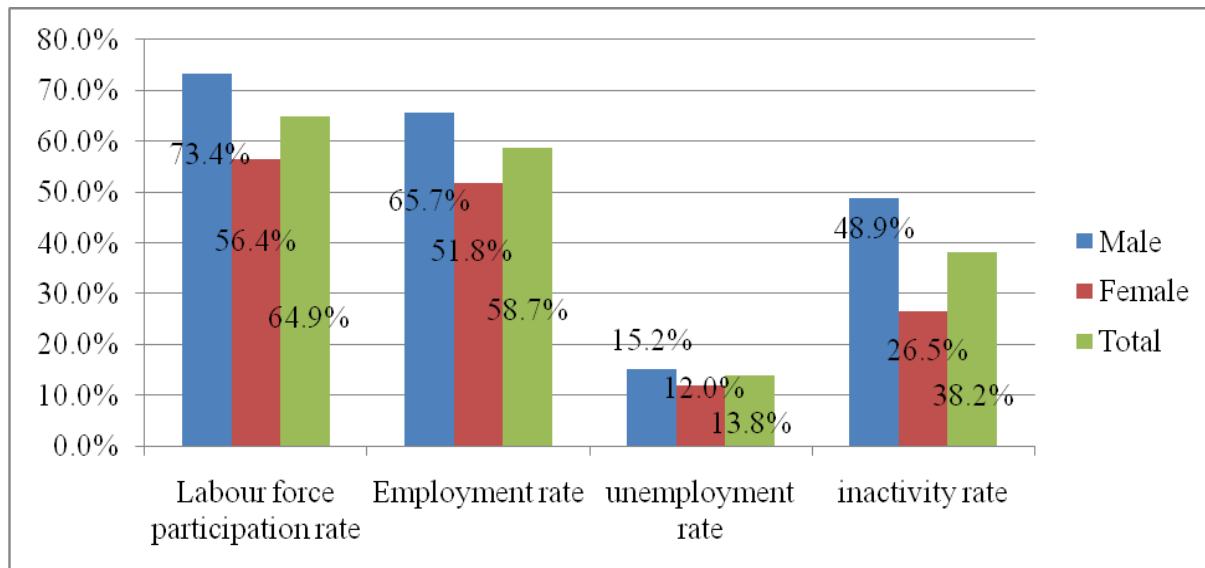
Gender imbalances are caused by not recognizing the women's position in the labor market. As a matter of fact, Albania is in its efforts of joining the European Union, so this would be harmful for it. In this report it is presented the gender wage gap in Albania using 2012 Albanian Living Standard Measurement survey data. The sources of the gender wage gap are identified through the necessary literature and methodology. Lastly, there are mentioned recommendations which help in the reduction of the gender wage gap.

Figure 3: Age Education Gender Profile
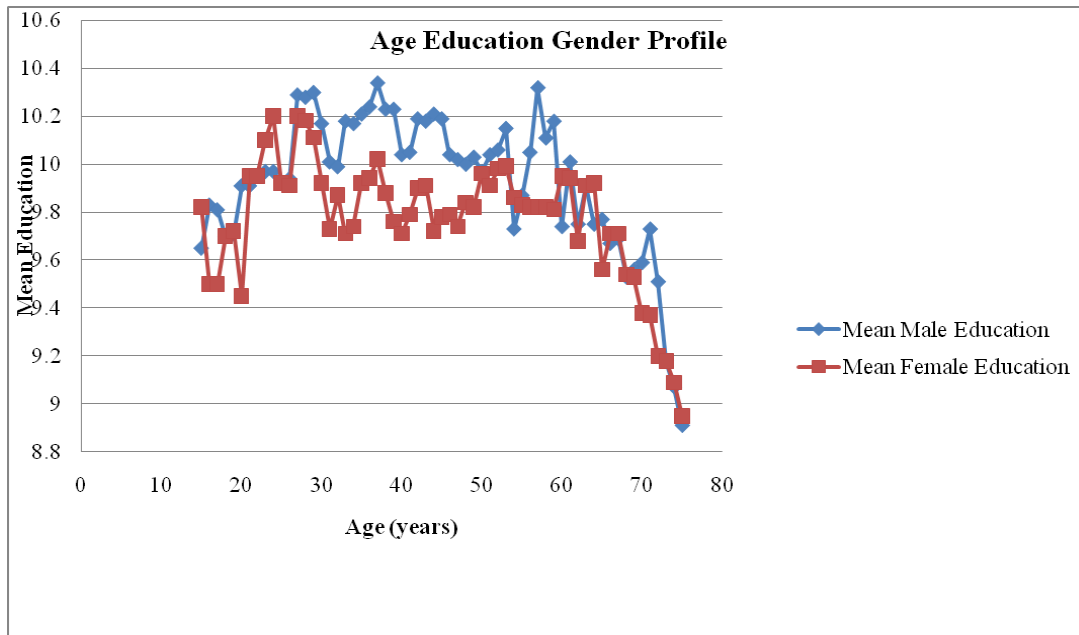
Despite the fact that women the education levels with which females start working is higher, and through the age distribution (larger gap for people from 20 to 30 years old). They maintain the education advantage, in terms of wages. But the discontinuity of women in the labor market unfortunately outweighs the positive impact that the education has. This is shown in Figure 3.

Figure 4: Estimates of Experience by Gender

Kernel Density Estimates of Experience by Gender

kernel = epanechnikov, bandwidth = 2.3266

Kernel Density Estimates of Experience by Gender

kernel = epanechnikov, bandwidth = 2.3266
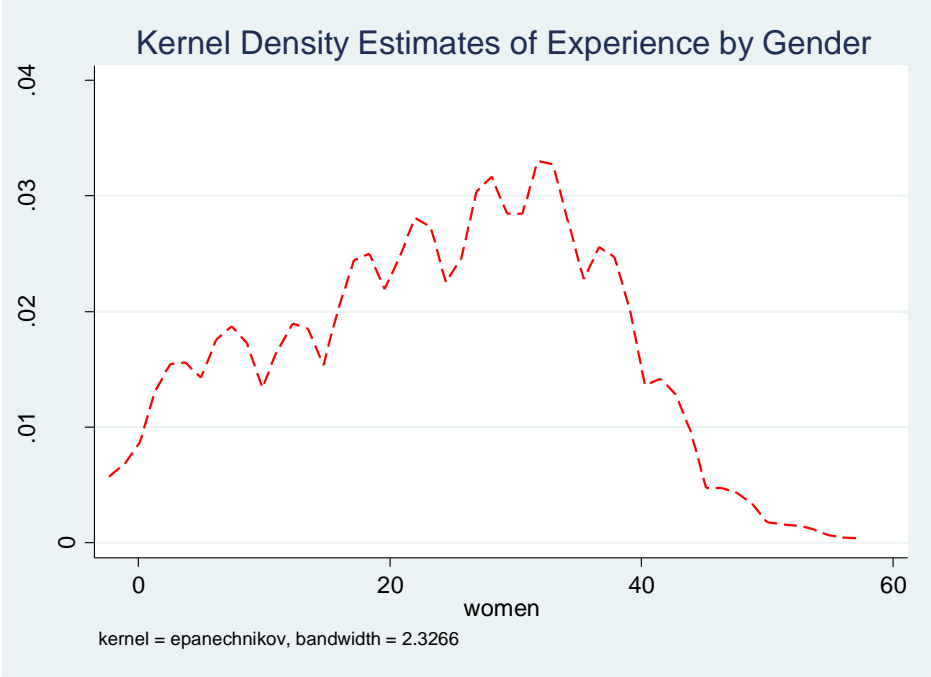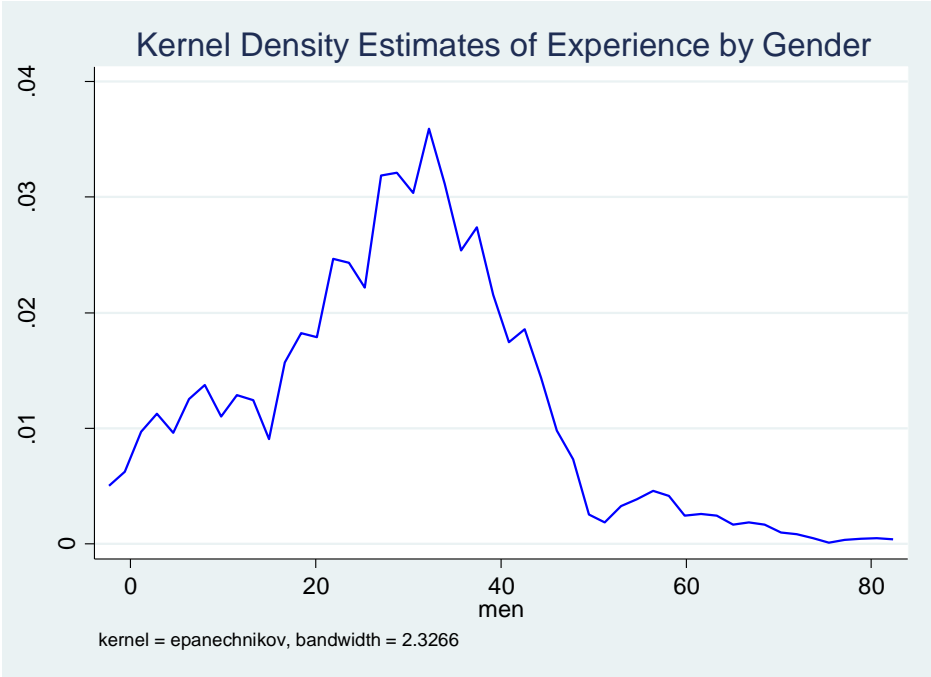
The low work experience women possess has a negative effect on their labor market rewards. As education has a positive impact, this is a kind of counterbalance.

Figure 5: Age Wage Gender Profile
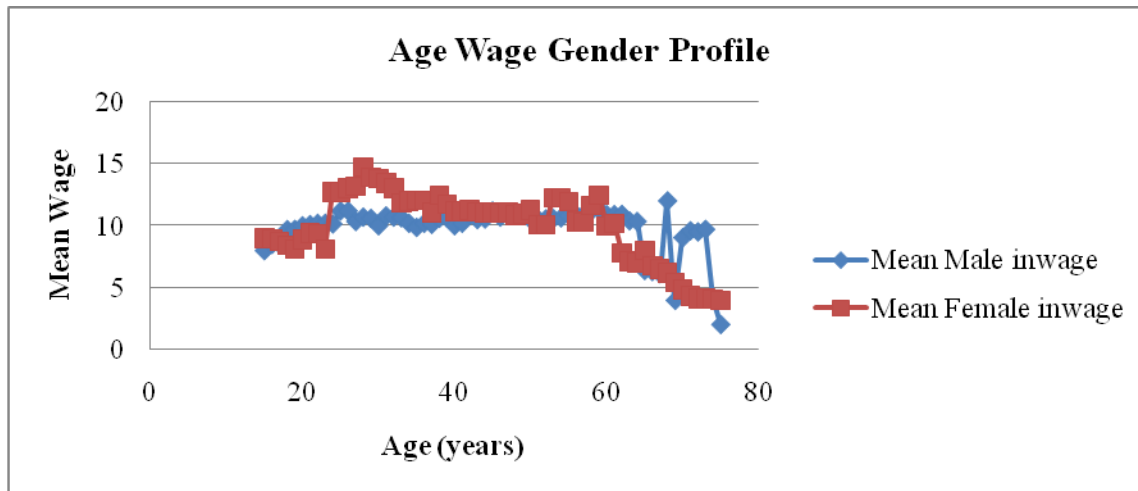
Figure 5, which shows the Age Education Gender Profile, it is seen that the largest wage gap appears at women at about their 30ies, as well as at women at their 50ies. As women take off from work at this period in order to have children, or to take care of children, being primary care givers, the gender wage gap continues be carried on, even after they return in the labor market. The discontinuity of work experience in the labor market, causes them not to be able to recover their returns.

Figure 6: Female Wages with Men's Regression Coefficients

Females with Males' Regression Cofficients

men

kernel = epanechnikov, bandwidth = 0.0812

Females with Males' Regression Cofficients

women

kernel = epanechnikov, bandwidth = 0.0812
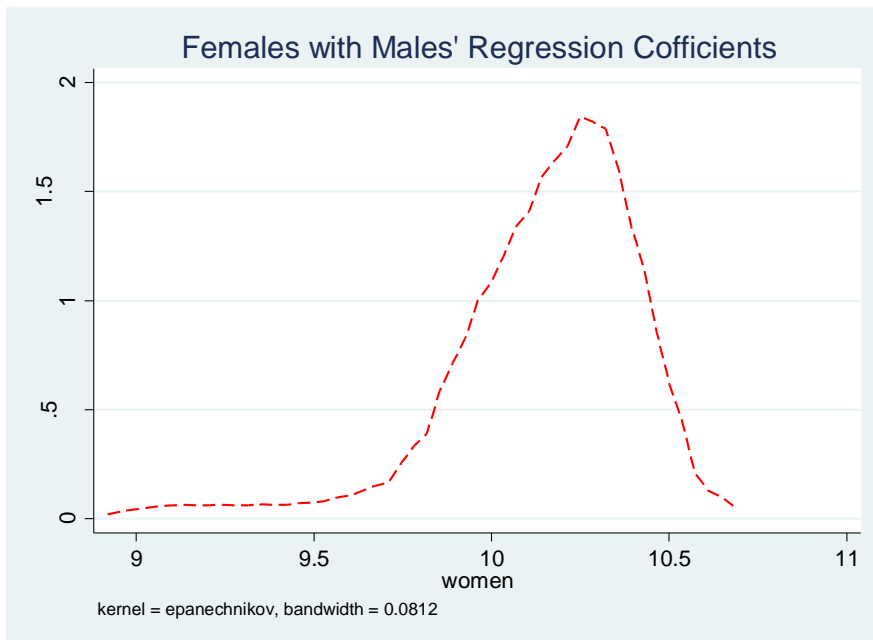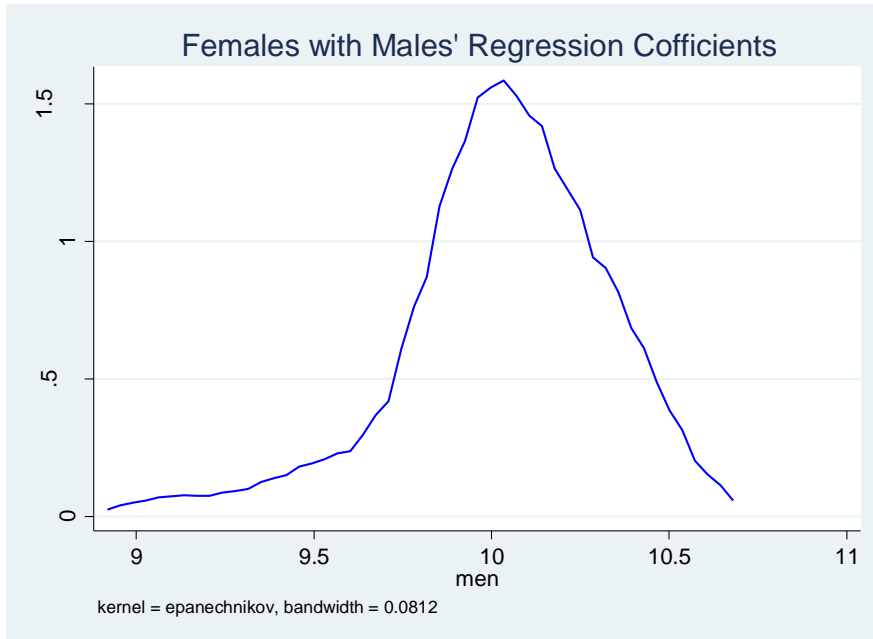
In Figure 6 it is shown that if women would be paid according to the men's wage structure, the gender wage gap would favor women. While in figure 7 it is shown that even if women were paid according to their wage structure, but were given men's characteristics, the gender wage gap would again go up.

Through this, it is pointed out how important is for women to keep their education level high and to continue accumulating human capital. If they wouldn't do so, the wage gap would deepen. In Figure 8 it is shown that give that the differences in coefficients overtake the labor market inequalities, women would be favored by the gender wage gap if they were given the covariates or characteristics as well as returns to those covariates of men.

Figure 7: Females Wages with Male's Covariates
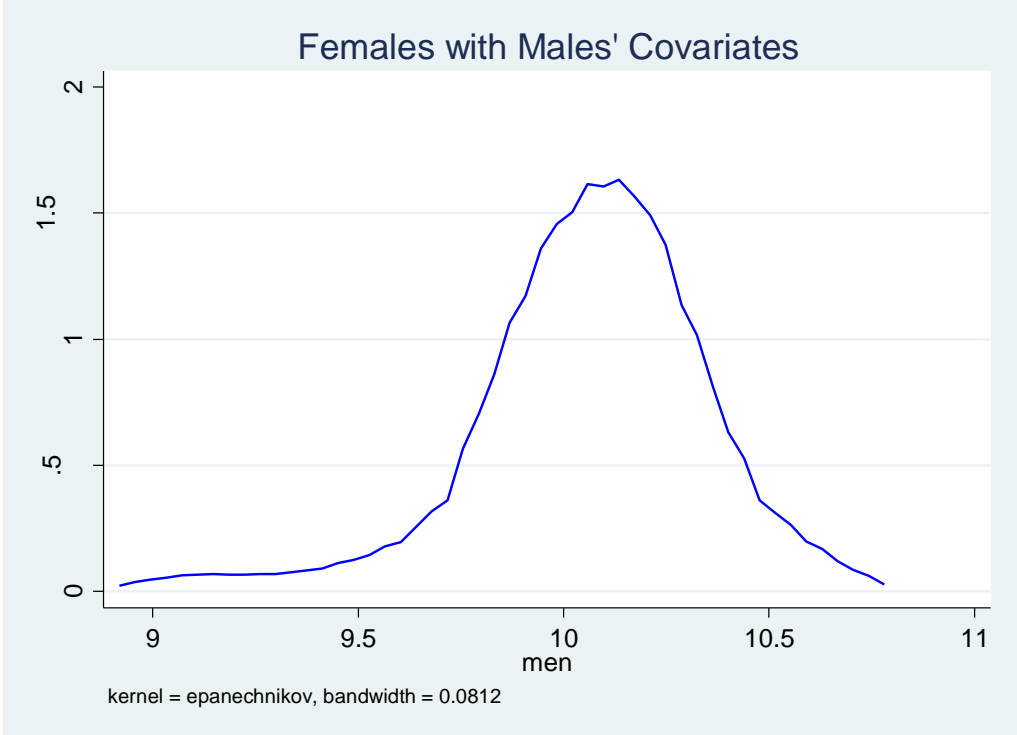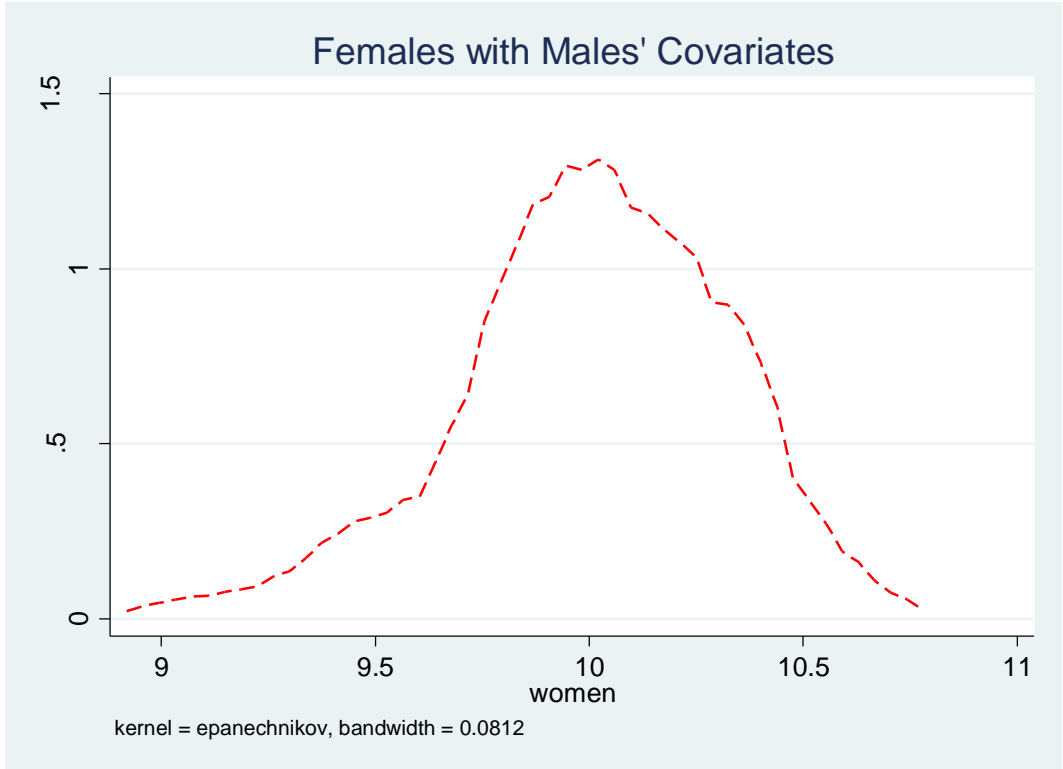
Females with Males' Covariates

kernel = epanechnikov, bandwidth = 0.0812

In Figure 7 it is shown that even if women were paid according to their wage structure, but were given men's characteristics, the gender wage gap would again go up. Through this, it is pointed out how important is for women to keep their education level high and to continue accumulating human capital. If they wouldn't do so, the wage gap would deepen.

Figure 8: Females with Male's Coefficients and Covariates

Females with Males' Regression Coefficients and Covariates

kernel = epanechnikov, bandwidth = 0.1412

Females with Males' Regression Coefficients and Covariates

kernel = epanechnikov, bandwidth = 0.1412

In Figure 8 it is shown that give that the differences in coefficients overtake the labor market inequalities, women would be favored by the gender wage gap if they were given the covariates or characteristics as well as returns to those covariates of men.

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4.2 Descriptive Analysis Tables

Table 1: Descriptive Statistics

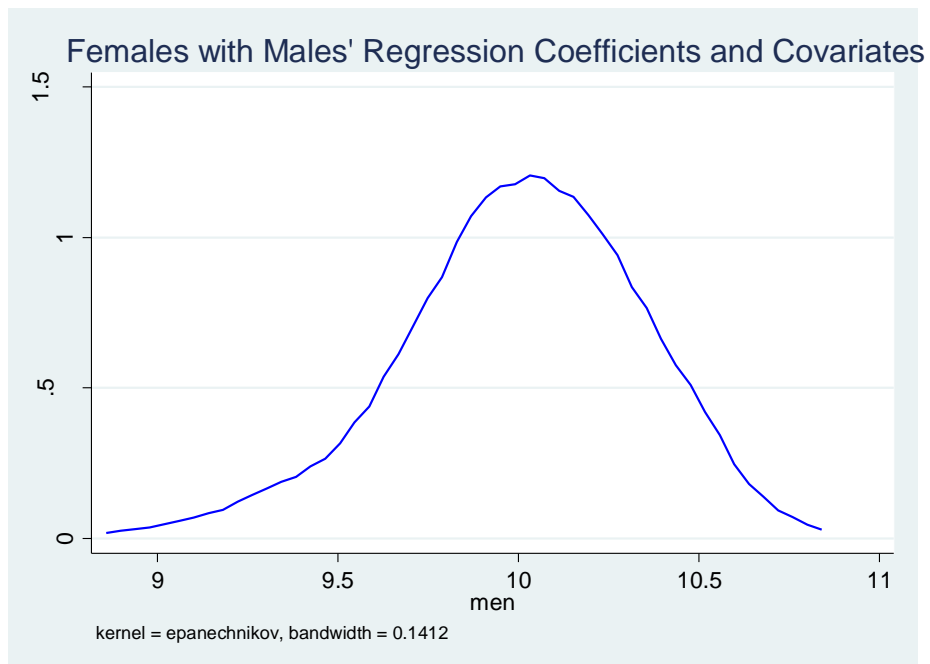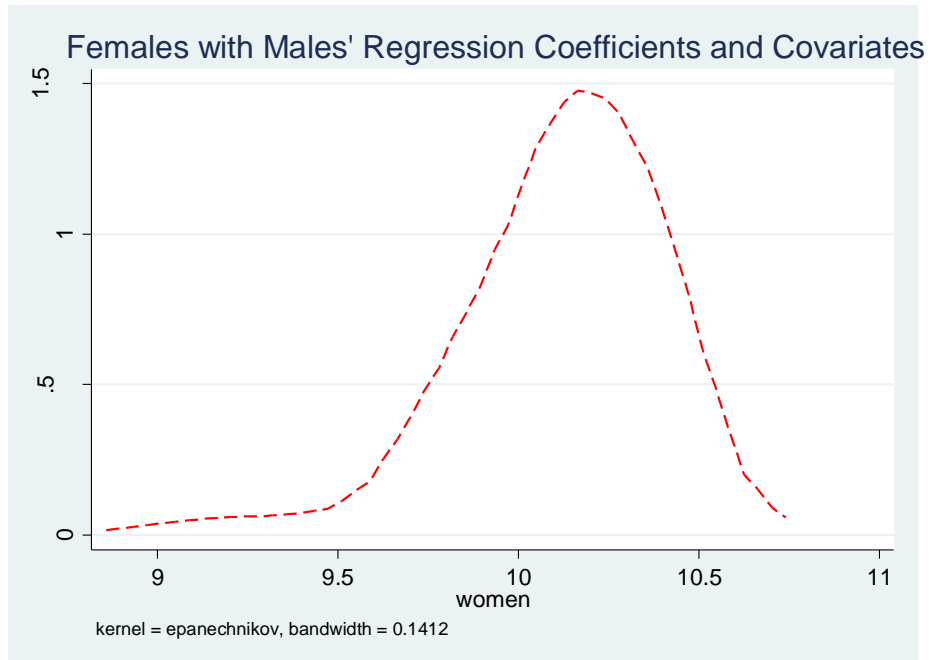| Variables	Males	Females	Total	P-Value
Ln Wage	10.122(MEAN)	9.877	10.132	**0.000**
Monthly Wage	29876	23122	27231	**0.000**
Age	42.566	39.433	41.543	**0.000**
Experience	26.123	21.845	24.734	**0.000**
Years of Schooling	10.382	11.655	10.887	**0.000**
No Diploma	0.82%	0.15%	0.60%	0.189
Primary 4	4.33%	1.76%	3.42%	**0.000**
Primary 8	44.45%	34.11%	41.23%	**0.000**
Secondary	22.23%	23.55%	22.98%	0.599
Vocational	17.53%	18.20%	17.75%	0.715
University	11.81%	23.56%	15.98%	**0.000**
Total Observations	2102	1134	3236	

As seen in the table 1, which represents descriptive statistics, there can be seen an important statistical relationship between ln wage and gender wage gap p=0.000<0.05. Gender wage gap shows that males have a higher mean (M=10.122) than females (M=9.877) in ln wage. There can be seen also an important statistical relationship between monthly wage and gender wage gap p=0.000<0.05. In Table 1, it can be seen that the monthly wage of men is relatively higher compared to that of women. Actually this also differs according to the level of education each of them possesses. So as a result education plays a positive role in the lowering of gender wage gap for women. A university degree lowers the gender wage gap in favor of women. Women having a university degree are paid more than men.

Table 2: Log Wages by Education Categories

Variables	Males	Females	Total	P-Value
No Diploma				
Ln Wage	9.499	9.822	9.563	0.343
Primary 4				
Ln Wage	9.858	9.343	9.751	**0.001**
Primary 8				
Ln Wage	9.982	9.632	9.912	**0.000**
Secondary				
Ln Wage	10.232	10.001	10.103	**0.000**
Vocational				
Ln Wage	10.148	9.955	10.091	**0.000**
University				
Ln Wage	10.571	10.445	10.509	**0.072**
Total Observations	2102	1134	3236	

As seen in Table 2, for people not possessing a diploma, the p-value is seen to be high, which means that there is an imbalance between the wages of women and men. Women are more predisposed to have a higher wage if they possess a diploma. If they have a Primary 4 education, men have a higher wage in small differences in case the error term is 1%. In case both of them possess Primary 8, men have a higher wage, and this could happen because of the job they have and the working hours of each of them. The same thing happens in case they are secondary or vocational school graduates. Wage levels are similar and there is no error term. In the case of log wages in university, there are found to be higher values, which mean that each of them takes higher wages in such conditions, and the general difference is 7.2% higher for men.

Table 3: Monthly Wages by Education Categories

Variables	Males	Females	Total	P-Value
No Diploma				
Wage	20734.8	19000	19923.2	0.875
Primary 4				
Wage	22480.1	14059.2	21310.4	**0.002**
Primary 8				
Wage	25822.4	16232.1	23212.4	**0.000**
Secondary				
Wage	32023.2	22454.4	28133.4	**0.000**
Vocational				
Wage	30123.3	23343.4	28232.4	**0.000**
University				
Wage	42232.4	34232.3	38455.4	**0.003**
Total Observations	2102	1134	3236	

In the Monthly Wages by Education Categories Table nr 3, it is seen that there is no important statistical relationship between gender wage gap and the lack of a diploma, because p=0.875>0.05, despite the differences in means for males (M=20734.8) and females (M=19000). In the case of monthly wages by education categories, Table 3, females have a lot of inequality related to the man when they don't have any education. The relative change or the error that they incur is 87.5 % which is a very high value. If they have a Primary 4 education, men have a higher monthly wage compared to women. In case of Primary 8, the difference is seen to be deeper, in favor of men. Passing to University degree, monthly wages are said to be higher for both of them, but the difference is really slight, 0.3%.

Table 4: Monthly Wages by Occupations

Variables	Males	Females	Total	P-Value
Legislators and Managers				
Wage	561232.2	32213.2	54223.3	**0.005**
Professionals				
Wage	40122.4	35332.4	37433.4	**0.134**
Technicians				
Wage	34334.3	24334.3	30122.3	**0.000**
Clerks				
Wage	27263.4	29837.3	28776.3	0.711
Service Workers				
Wage	27662.2	23332.2	25333.4	**0.015**
Skilled Agricultural				
Wage	21220.2	13022.2	19221.2	**0.000**
Craft and Trade				
Wage	30222.2	19562.3	28234.3	**0.000**
Plant and Machine Operators				
Wage	28121.2	17212.2	26242.3	**0.000**
Elementary Occupations				
Wage	24493.3	15976.1	22243.2	**0.000**
Total Observations	2102	1134	3236	

In the Monthly Wages by Occupations Table nr 4, it is seen that there is an important statistical relationship between gender pay gap and the wage of Legislators and Managers, as far as $p=0.005<0.05$. This is also seen in the difference that exists in the mean of males (M=561232.2) and females (M=32213.2). This shows that men are more probable to become Legislators and Managers. As shown in the Table 4, unfortunately, even within the same occupation, the positions women hold are lower than the ones men hold. Even if the occupation is the same for men and women, their rewards are different, favoring men. The reason is that the wage premium of the market for men is pure, or as said above, because of the lower positions women hold. This can also result to a mismatch between skills and occupations. It happens not only in Albania that even though women have their certain education levels, and higher education, the job they do does not always match their workplace or the position they're occupying.

Table 5: Main Occupations by Gender

Variables	Males	Females	Total	P-Value
Legislators and Managers				
Wage	56057.42	333243.4	55243.3	**0.003**
Professionals				
Wage	38234.5	3323678.5	36565.5	**0.139**
Technicians				
Wage	334546.3	236677.8	28997.9	**0.002**
Clerks				
Wage	277765.5	26534.2	26454.5	0.516
Service Workers				
Wage	27435.2	23443.2	25001.3	**0.009**
Skilled Agricultural				
Wage	20887.9	19826.2	19688.9	**0.001**
Craft and Trade				
Wage	31001.1	20232.0	29536.5	**0.002**
Plant and Machine Operators				
Wage	28053.4	17099.8	26776.8	**0.000**
Elementary Occupations				
Wage	24356.8	15312.4	22009.5	**0.000**
Total Observations	2102	1134	3236	

In the Main Occupations by Gender Table nr 5, it is seen that there is an important statistical relationship between gender pay gap and the profession of Legislators and Managers, as far as $p=0.003<0.05$. What is seen in here, compared to the 2008 results, is that men are predominant in all of the mentioned positions in the table.

V. ANALYSIS and MAIN FINDINGS

The gender wage gap in year 2012 in Albania is16.4 %, in favor of men. In the study it is used cross-sectional data. For this reason, it can only be spoken of trends. The trend seems to have decreased from 2008 to 2012. While in 2008 the gender wage gap was 17.3%, in 2012 it appeared to be 16.4%. The gender wage gap is decomposed into three parts, respectively: 1) endowments, 2) coefficients, and 3) interaction between the two above factors, which shows that the differences in coefficients account for the most in the gender wage gap. Another way of expressing this is: to get different rewards for having the same skills. So, if the endowments are the same for men and women in the market, they receive different rewards. This type of phenomenon is called as gender discrimination in the labor market. In the results, there are shown the factors that contribute to gender wage gap increase, and the factor that helps in its reduction (Table 6).

5.1 Oaxaca Decomposition

The changes of wage inequality and its determinants have attempted to be explained by numerous studies in the last fifteen years. The most widely used technique to study mean outcome differences between groups is Blinder and Oaxaca (1973) decomposition technique. In the Blinder-Oaxaca decomposition technique, wage differentials are decomposed into two main components, the explained component and the unexplained component or portioned. Using the regression analysis terminology, they are called characteristics and coefficients effect. This makes the decomposition technique's basis. The interpretation of the coefficient effect is mainly called as labor market discrimination. In the Oaxaca decomposition, the main components are also mentioned as: 1) discrimination of being a specific gender, male or female; 2) differences in returns, coefficients or endowments, the explained part; 3) coefficients interactions, the unexplained part.

Below it is given the main equation used to conduct this analysis:

(1) $\qquad \ln w = c + rS + b_1 E + b_2 E^2 + e,$

w = hourly wage

c = constant

S = years of schooling

E = years of experience in the labor market

e = error term

$$(2) \qquad R = b^f_0 + \sum_i b^f_i \overline{X_i}^F - (b^m_0 + \sum_i b^m_i \overline{X_i}^M) = E + C + U$$

R = Raw range differential

E = differential portions which are attributed to endowments differences

$$(3) \qquad E = \sum_i b^f_i (\overline{X_i}^F - \overline{X_i}^M),$$

C = Change in coefficients differential portion

$$(4) \qquad C = \sum_i \overline{X_i}^M (b_i^f - b_i^m),$$

U = Differential unexplained portion, due to coefficients shifts

Table 6: Oaxaca Decomposition

Variables	Endowments	Coefficients	Interaction
education	0.062	0.544	0.068
	(0.009)***	(0.067)***	(0.008)***
work experience	-0.087	-0.839	0.008
	(0.016)***	(0.175)***	(0.022)***
work experience squared	0.092	0.575	-0.131
	(0.019)***	(0.159)***	(0.025)***
% occupation by gender	-0.006	0.044	0.011
	(0.022)***	-0.046	-0.009
distance index	0.004	0.002	0.002
	-0.005	-0.008	-0.007
children under 6	-0.003	-0.19	0.003
	(0.001)*	-0.012	-0.004
married	-0.003	0.007	-0.002
	-0.004	-0.056	-0.007
hours per week	-0.003	0.032	-0.004
	(0.006)***	-0.098	-0.088
Coastal	0.002	0.018	-0.003
	-0.004	-0.008	-0.028
central	0.004	0.021	-0.002
	-0.037	-0.021	-0.003
mountain	0.004	0.019	-0.001
	-0.028	-0.011	-0.002
Constant		-0.711	
		(0.152)***	
Observations	3236		

Standard errors in parentheses
[*]significant at 10%, [**]significant at 5%; [***]**significant at 1%**

In the Oaxaca Decomposition Table nr 6, it is seen that the education variable has a significant statistical relationship with endowments, $p=0.009<0.01$ (significant at 1%). At the other side, it is seen that there is no statistical relationship between the education variable and the coefficients $p=0.067>0.01$. And at last, there is seen that the education variable has a statistically significant relationship with interaction, $p=0.008<0.01$. According to the results shown in this table, the main factors contributing to the gender wage gap against women are: work experience, % occupation by gender, children under 6, and the number of works per week. The factor mentioned above, which helps reduce the gender wage gap is considered to be education. Such an advantage reduces the gender wage gap, given the higher average education level of women. But in order to counterbalance the factors having a negative impact, education is not sufficient as a factor. Gender wage gaps still continue to exist in the labor market. Regarding children under 6, as women are considered to be the primary caregivers, children bearing and raring activities make women take time off the labor. This discontinuity has a direct impact on their rewards, which deepens the gender wage gap against them. Also the number of children has to do a lot. If a woman has many children, she will devote even more time to them, so more time off is taken from work, or part-time work is preferred. Hours worked per week also play an important role in the deepening of the gender wage gap. This indicates whether men work more hours than women, or women work part-time. Gender wage gap is also affected a lot by the occupational segregation. As said previously as well, in Albania there are some traditional jobs done only by females for instance. Education, clerks, healthcare, technicians, and public administration are the most common occupations of women. These sectors are indeed less rewarded. And because most of the women tend to go after these occupations, employers take advantage and the wages are lowered by them. Also if other cases are taken into consideration, cases in which the occupations of men and women are not the same, again wages differ and the rewards are unequal. From year 2009 to 2012, the gender wage gap seems to be lower, the factors remain the same. As mentioned during the study, education helps reduce the gender pay gap, but there are the other factors which contribute to the deepening of it, including here children under 6, work experience, and occupational segregation.

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Table 7: Oaxaca Decomposition Urban

Variables	Endowments	Coefficients	Interaction
education	0.059 (0.010)***	0.298 (0.077)***	0.046 (0.011)***
work experience	-0.081 (0.017)***	0.735 (0.142)***	-0.108 (0.023)***
work experience squared	0.092 (0.019)***	0.575 (0.159)***	-0.131 (0.025)***
% occupation by gender	-0.005 -0.008	0.094 (0.049)***	0.015 (0.005)***
distance index	-0.003 -0.031	0.012 -0.007	0.006 -0.005
children_under6	-0.007 (0.004)***	-0.017 (0.011)*	0.007 -0.005
married	-0.003 -0.005	0.017 -0.057	-0.001 -0.006
hours per week	-0.013 (0.005)***	0.007 -0.091	-0.001 -0.006
Coastal	0.001 -0.002	0.019 -0.018	-0.001 -0.008
central	0.003 -0.041	0.023 (0.011)*	-0.003 -0.005
mountain	0.005 -0.004	0.023 (0.013)*	-0.004 -0.003
Constant		-0.296 (0.132)**	
Observations	1870		

Standard errors in parentheses
*significant at 10%, **significant at 5%; ***significant at 1%

In Table 7 there seems to be a positive impact of endowments, mainly due to the positive impact that education has. Because the wage structure for men in superior, there is a difference between what women are paid and what they would really get paid, given their endowment. The difference in coefficients is the main attributor to the gap in gender wages. This is in favor of men. Given the same endowments for men and women, the rewards that women get in the labor market are less than what men get. In the gender wage gap, there is found to be gender discrimination evidence. Regarding wages, the premium of being male keeps existing and even

growing. The factors contributing to the increase of this phenomenon include work experience, number of children under six, and hours worked per week, as mentioned during the study. Regarding the work experience and children under 6 factors, it is again stressed how important is to be present in the labor market and continue working. Because women get in and out of the labor market due to being primary caregivers, they are kind of penalized. This also affects their productivity at work as seen by employers.

Table 8: Oaxaca Decomposition Rural

Variables	Endowments	Coefficients	Interaction
education	0.021	0.546	0.045
	(0.010)**	(0.132)***	(0.019)**
work experience	-0.064	-0.841	0.128
	(0.031)*	-0.475	(0.062)**
work experience squared	0.082	0.599	-0.139
	(0.038)**	(0.179)***	(0.048)***
% occupation by gender	0.006	-0.223	0.001
	-0.005	-0.146	-0.006
distance index	0.004	0.007	-0.005
	-0.004	-0.009	-0.005
children_under6	-0.002	-0.017	0.005
	-0.005	-0.022	-0.009
married	-0.002	0.047	-0.004
	-0.012	-0.106	-0.010
hours per week	-0.033	-0.132	-0.014
	(0.013)***	-0.148	-0.018
Coastal	-0.012	-0.017	-0.003
	-0.014	-0.028	-0.004
central	-0.004	-0.019	-0.008
	-0.037	-0.028	-0.003
Constant		-0.411	
		(0.252)*	
Observations	1426		

Standard errors in parentheses
*significant at 10%, **significant at 5%; ***significant at 1%

In the Table nr 8,Oaxaca Decomposition rural, it is seen that the education variable has a significant statistical relationship with endowments, p=0.01=0.01 (significant at 1%). At the other side, there is so statistical relationship between the education variable and the coefficients p=0.132>0.01. At last, education has no significant statistical relationship with interaction, p=0.019>0.01. The difference in coefficients or returns in the labor market in rural areas is the main driving mechanism of the gender wage gap. As it can be seen, the largest differences in coefficients against women are seen in rural areas, compared these to the urban areas and to the national average. As previously said, the factor contributing to the downsizing of gender wage gap is education. Despite that, hours worked and work experience, deepen the gender wage gap. The impact of occupational segregation

does not seem to be significant on the increasing of the gender wage gap. The main reason for that in rural areas can be the limited number of the occupations available there. The main activity with which the population here is occupied includes elementary jobs, as well as agricultural activities.

Table 9: Oaxaca Decomposition High Education

Variables	Endowments	Coefficients	Interaction
education	0.02	0.541	-0.005
	-0.010	-0.723	-0.009
work experience	-0.035	0.032	-0.006
	-0.086	-0.375	-0.262
work experience squared	0.012	-0.051	0.012
	-0.078	-0.243	-0.147
% occupation by gender	0.512	0.234	0.602
	(0.135)***	(0.046)***	(0.141)***
distance index	0.002	0.027	-0.002
	-0.005	-0.002	-0.003
children_under6	-0.003	-0.011	0.003
	-0.006	-0.032	-0.006
married	-0.003	0.048	-0.014
	-0.022	-0.117	-0.021
hours per week	-0.003	0.155	-0.011
	-0.012	-0.178	-0.012
Coastal	-0.011	-0.013	-0.003
	-0.015	-0.022	-0.004
central	-0.003	-0.009	-0.003
	-0.004	-0.018	-0.017
Mountain	0.002	0.012	-0.001
	-0.056	-0.031	-0.023
Constant		-1.312	
		(0.944)*	
Observations	1426		

Standard errors in parentheses * signifcant at 10%; ** signifcant at 5%; *** signifcant at 1%

As seen in Table 9, education helps in lowering the gender wage gap, the higher it is, the lower the gender wage gap is. However, the impact they have is not considered to be so high, for the fact that endowments act negatively, and they counterbalance it. Women which are highly educated have more access to better employment opportunities.

Table 10: Oaxaca Decomposition Lower Education

Variables	Endowments	Coefficients	Interaction
education	0.022 (0.008)**	0.516 (0.072)***	0.033 (0.008)**
work experience	-0.061 (0.021)*	-0.941 (0.274)***	0.048 (0.022)**
work experience squared	0.073 (0.018)**	0.691 -0.169	-0.091 (0.028)***
% occupation by gender	0.007 -0.005	-0.134 (0.043)***	0.021 (0.004)**
distance index	0.001 -0.003	0.001 -0.001	-0.001 -0.004
children_under6	-0.005 -0.023	-0.018 -0.012	0.008 -0.004
married	-0.003 -0.013	0 -0.146	0 -0.005
hours per week	-0.023 (0.001)***	0.038 -0.078	-0.004 -0.008
coastal	0 -0.004	0.019 -0.018	-0.001 -0.001
central	0.001 -0.007	0.021 -0.018	-0.002 -0.002

In Table 10 it is shown how the gender wage gap of this group is driven by education and overall endowments. Actually education plays a positive role. In the mentioned category there are included individuals having lower education. Endowment is a factor contributing positively to the reduction of gender wage gap, but what else is important in the gender wage gap against women is the difference in coefficients. Another way how this can be called is discrimination in the labor market. It is called discrimination because for the same characteristics, different returns are rewarded. The wage premium of being male keeps being present. And still the main factors contributing to gender wage gap keep being work experience, number of hours worked per week, and occupation segregation. It must be given importance to the fact that the largest impact is caused by the work experience. Women having lower education, find it difficult to find a job, that's why they may stay for a long time out of the labor market.

VI. CONCLUSIONS AND RECOMMENDATIONS

The analysis shows that gender wage gap keeps being one of the most challenging issues, especially for Albania, which is a post-communist country. The gender wage gap for year 2012 is seen to be 16.4%, which is 1.13% lower than in the previous report made in 2008. In order to achieve labor market gender equality, the state has to undergo many challenges. The first objectives to be achieved include equal pay and equal labor market participation rate by men and women. For eliminating gender pay inequalities, many measures should be adopted. The existing ones also must be strengthened. All the society actors must be committed to doing so. As seen during the study, child rearing and bearing, a duty accomplished by women, makes them discontinue in the labor market, which impacts directly the lack of experience, which affect wages when they get back to work. A possible solution is better duty and responsibility sharing. Women must not be the only ones who take care about their children and lose a lot in their career life. Discrimination is also an issue on which there must be made efforts to be alleviated. As mentioned, in Albania there are some cultural barriers especially in the rural areas. In order to alleviate this discrimination made to women, there must be designed policies which bring rural areas closer to the urban ones and which prompt women to participate more and overcome cultural taboos.

As far as education is a factor contributing to the reduction of gender wage gap, more importance should be given to it. Given that in rural areas the labor market opportunities, as well as education levels are low compared to urban areas, the focus must be on them. If data would be collected by sectors of the economy accordingly, gender differences would have been revealed by sectors and the analysis would be more complete.

The main conclusions that come out of this study include:

1. Education is the main factor which contributes to the lowering of gender wage gap. As a result, more importance should be given to induce it for the following generations as well as for the present ones.

2. The main factors contributing to the gender wage gap against women are: work experience, % occupation by gender, children under 6, and the number of works per week.

3. Education, clerks, healthcare, technicians, and public administration are the most common occupations of women. Men are more probable to become Legislators and Managers.

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