

**AN ANALYSIS OF EXPENDITURE AND SATISFACTION ON
EDUCATION**

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AN ANALYSIS OF EXPENDITURE AND SATISFACTION ON EDUCATION

ABSTRACT

The purpose of this study is to explore the impact of education spending on personal income and satisfaction. Statistical data is obtained from Institute of statistics in Albania (INSTAT) to measure trends over years. In addition, survey is implemented. 612 surveys are collected from four different cities from youths and their parents (330 surveys for young's and 280 from their parents). Descriptive analysis and ANOVA is conducted. The empirical results indicate that there exists a positive strong correlation between education level and income levels. The result has some implications to policy makers, individuals and investors.

Keywords: Education spending, income, job satisfaction, ANOVA

ABSTRAKT

Qëllimi i këtij studimi është eksplorimi i impaktit të shpenzimeve në edukim në të ardhurat personale dhe kënaqësinë e individëve. Të dhënat statistikore janë marrë nga Instituti i të dhënave statistikore në Shqipëri (INSTAT) në mënyrë që të bëhet matja e trendeve ndër vite. Në vazhdimësi, janë përdorur edhe anketat. 612 anketa janë mbledhur nga katër qytete të ndryshme në Shqipëri, anketat u janë shpërndarë të rinjve dhe prindërve të tyre (330 anketa për të rinjte dhe 282 për prindërit e tyre). Analiza përshkruese dhe ANOVA është bërë. Studimet empirike tregojnë që ekziston një lidhje pozitive dhe e fortëndërmjet nivelit të edukimit dhe të ardhurave. Rezultati ka disa implikime për politikbërsat, individualët dhe investitorët.

Fjalët Kyçe: Shpenzimet në edukim, Të ardhurat, Kënaqësia në punë, ANOVA

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DECLARATION STATEMENT

I declare that this Master's Thesis titled An Analysis of Expenditure and Satisfaction on Education has not been submitted wholly or in part for any academic award or qualification other than that for which it is now submitted and is based on my original work except where states otherwise by reference or acknowledgment, the work presented is entirely my own.

Anisa Hithi

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LIST OF ABBREVIATIONS

INSTAT- Institute of Statistics in Albania

MAS- Ministry of Education and Science

GDP- Gross Domestic Product

GPA- Grade Point Average

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Expenditures for education are constantly increasing in Albania. Research made by INSTAT over the years have shown that an Albanian family comprised by an average of 3.8 persons, during the period of 2007, have spent 1.7 percent of the total budget (1.191 values in ALL) while in 2009, expenditures for education have increased in the value of 2 percent (1,327 value in ALL). Meanwhile during the period of 2014 this number is more than doubled, to 4.2 percent of the total budget (2901 values in ALL). (INSTAT 2015) From the same study it is clearly specified that the largest part of payments for education occupies the category of Master program. Education is a key element in every economy and it should have a higher attention from all the institutions and society. Education and the right to education is one of the key priorities of the dynamic development of society in particular to children and young people and aims to provide opportunities for participation in education. The government should develop additional policies concerning the immediate need for employment of graduates, putting achieved results. Quality in education is a challenge for every generation, since the quality would reflect values and comprehensive coexistence for all. To build a comprehensive and economically successful state where each individual takes responsibility for the welfare of the country is the main factor of education. This right is provided in the Constitution of the Republic of Albania, which states: "Everyone has the right to education" and Article 59 "social objectives" paragraph (ç), education and qualification of children and young people according to abilities, as well as unemployed persons. (R. e. Shqiperise n.d.)

Also "The right to education", is expressed in Article 28 of the European Convention "On the Children's Rights", which states: "States Parties recognize the right of the children's to education'. (European Court of Human Right n.d.). A range of economic, social, psychological, political and other natures have their impact on people's ability to engage and compete in the market and thereby to contribute and benefit from economic development in Albania.

The future of a competitive and flourishing economy depends largely on the development of education. The main challenge for education in our country is to develop a genuine and efficient system for the preparation of graduates in order to be efficient when they enter the labor market. The creation of institutions will contribute to increase the people competitiveness and to keep them active through ongoing investment in this sector.

The population of Albania is young and the majority of them belong to the age of 15 to 19 years old, and their priorities seem to be archiving as much classification as possible. This is clearly showing by the fact that the most expenditures about education goes for master program (INSTAT, Anketa e Buxhetit të Familjes 2014), which in the majority of cases it is not really important.

In a research done by World Bank, is shown that it is more important in effecting productivity growth are differences in learning achievements than the average number of years of studding. Also in order to have an effective strategy in development of education, it is important not only focusing on sending more and more children to school but also maintaining the quality of education. (François Bourguignon 2007).

From a study done by UNICEF for Albania in 2000, it was concluded that some students and their families seems to have lost their motivation in education. They find it difficult to see connections between current education and their prospects in the future, while the future of the students and the society is less treated. Also the future does not occupy the right place in the activities of teachers or students in the class and school (Carolyn Ashton and Global 2000). Considering the fact that when this study was done, Albania has only

two decades in a free economy and the majority of people have recently understand the importance of studding and it can clearly be understand from budget expenditures of an average family. They spend more and more every year in education.

Rexhep Meidani, former president of Albania, in an article writes that Albanian citizens have as a primary characteristic their will for education, which remains a serious orientation and commitment for the family and society and this, is encountered in every community or social-political groups in Albania. He states that when a society losses faith in educational values, she loses the citizen spirit, losses every form of it and is deformed as a scary octopus that absorbs every single hope and evokes only primitive aggressively and citizen ignorance. (Meidani 2013).

Education and only education may change the way of primitive thinking. It's the only weapon that can turn the society towards values, citizen awareness, humanism and innovation. It's the only powerful weapon that may change Albania from its foundations. Education it's not preparation for the life but its life itself and our state forming base. (Rexhepi 2013, 22 Prill).

If quality differences are ignored we have significantly distorted the image of how education and economic outcome are related with each other (Eric A. Hanushek, Education Quality and Economic Growth 2007). The authors in this report also stated that it exist a higher evidence that quality in education have a strong casual impact on individual earning and in economic growth.

1.2 Historical Background of Education Institutions in Albania

According to many different studies carried out in connection with the relationship through educational and income levels, the significant part of authors claim that the level and quality of education that we follow have a direct impact on our revenues. In recent years the level of experience and different qualifications are some of the basic factors influencing the decision to hire an individual or not.

Rules and professional skills need more and more to be updated. Employers in various sectors can see if staff members have or don't have the right profile and qualifications for a particular job. (Weale 2003) Nowadays market in our country requires quality and professionalism. Today we are on the verge of a revolution of thinking about higher education and its benefits. Higher education is a necessity in today's world to suit the professional and social new needs.

Education and the fight against illiteracy are important elements that encourage the development of a country. Therefore one of the strategic goals of this policy in Albania is also contributing to the efficient carrying out of studies, reducing school dropout and reduction of failing to pass in class, contribution to improving the quality of education through the restoration of schools, equipping it with tools, training teaching staff, strengthening the school community and the public and private education system. (Ministria e Arsimit dhe Sportit 2014)

As most of social and cultural institutions during the period of political and socio-economic transition in Albania, education also suffered substantial damage. Although the rate of illiteracy and school dropouts is significantly reduced during these years, it still remains one of the biggest problems in the teaching process, mainly in rural areas of Albania.

Other problems encountered mainly in the education process in Albania are providing schools with teaching tools and necessary infrastructure to enable the development of educational activity at satisfactory levels. Also techniques and educational and pedagogical materials should be updated and adapted to the needs of the new generation that are changing every day more and more.

If all the objectives mentioned above would be fulfilled, it would lead to the reduction of students who drop out of school and also would promote higher motivation for the younger generation. This is essential especially in rural areas where many of them dream of going to other countries to improve the economic situation of their families.

According to the Report on the Millennium Development Goals (MDG) for 2010, a significant progress has been reached in terms of achieving a universal 9-year education. (NATIONS 2010). The project "Enhancing human capacity" by strengthening Albanian education system has brought a positive impact on the educational level of the Albanians. (Cani 2013) Support educational reform, training of human resources and improvement in infrastructure and equipment, which includes a detailed analysis of the current situation in the 9-year-old system schools in Shkoder and Tirana, by providing data on the quality of schools, infrastructure, equipment, materials and their staff qualification. It also analyzes the main reasons of failure to pass the class and school dropout rates, with an emphasis on the economic aspect of families. Finally, it proposes recommendations for the teaching staff involved in school and local and national authorities, to promote quality education in Albania:

Inclusion of new components in the structure of the undergraduate curriculum.

Modernization of teaching methodologies through projects based on region or school, taking the student in center to develop his thoughts in a creative and independent way.

Capacity enhancement of teachers through trainings, to convey the contemporary mentality and manage situations created by the transition.

Reduction of education week in undergraduate education from 6 days to 5 days, in accordance with the new economic-social conditions.

Significant improvement of the quality of higher education curricula, through continued work of research and important interventions in content, system studies, assessment of quality and in terms of institutional capacity building. The above changes have been and continue to be important elements of the entire education system reform in Albania. (Doda 2013)

1.3 The first educational institution in Albania

Albanians, historically, have considered education a precious heritage. Following the tradition of previous generations, not only in years but in centuries, education continues to be one of the fundamental values of Albanian society and one of the keys to its future.

The first Albanian school officially recognized is “Mësonjëtorja of Korca” opened on 7 March 1887 but its roots date earlier. However it is worth emphasizing that we don’t have only one Albanian school, but several Albanian schools and their years of establishment date back about 1632, so 255 years before the opening of Mësonjëtorja of Korca. Most of these schools were opened to learn and keep religion alive and they were located in deep mountain distant areas, hidden, because at that time Albania was under Ottoman rule. In history of the beginning of education in Albania, these are not considered schools for two main reasons. Firstly these schools do not have a continuation because were interrupted by First World War and the second reason has to do with their nature as religious schools. (Jacques and Christo 2008)

In the Republic of Albania since 1887, 7 March is celebrated as National Teacher Day. Until today, in the footsteps of Albanian educations many significant facts have been mentioned, which highlight the desire and achievements for education. Many prominent figures have left their traces in this process, whose efforts have been focused on enriching Albanians minds and to improve and increase the values of the Albanian nation.

The long Ottoman invasion and spread in almost all the country brought a general backwardness in economy, culture and education. Over the XVII-XVIII centuries a great development got the construction of Islamic schools which developed scientific subjects but the principal place was Islamic learning.

During this time many schools were opened also by clergy but teaching in these schools was held in the Greek language. In 1750 Voskopoja Academy was established, which at the time became an important center with European dimension for the development of culture and didactic thoughts.

During the National Albanian Renaissance era efforts for education development had a significant development. Albanian League of Prizren (1878-1881) developed the program for the official recognition of the Albanian language and school. A common alphabet was appointed and the book "Alfabetorja e Gjuhës Shqipe" was published. Later other scholar

texts for Albanian schools were published. Mësonjëtorja was the first Albanian school with clear national idea and democratic character; unlike religious schools it was common for boys and girls of all social strata and different religious beliefs. Later, in 1909 the first high school of national education was opened "Normale" of Elbasan and its function was the preparation of teachers for primary schools. Since the opening of the first school and until the declaration of independence, the country had about 250 foreign schools. Illiteracy in the country was of a very high scale and largely consisted of women.

In 1912, with the declaration of independence, the Albanian education and schools were organized and led by the National Government for the first time in the history of Albania, thereby throwing the initial bases of the Albanian education legislation. In the following years many attempts were made to organize the rule of law and for the introduction in Albania Western European legislation. Those years were characterized by the stability in education, consolidation of compulsory elementary school (5 years in the city) and (6 years in the village) and the creation of complete high school education system. (Dedaj 13 March 2015)

1.4 Education during 1925-1939

During this period in Albania illiteracy was in a very high degree. More than 85% of the population could not read or write, while in mountain areas this figure amounted to 90% and in some other areas of illiteracy was complete. In 1925 the country numbered about 447 primary schools, 757 teachers and 25,187 students. On average a school had two or fewer teachers and from 36 people only one continued school. (Benita Stavre 2013)

Education in that period was an important issue and was considered a priority due to be held in parallel with the political, economic, social and cultural development of the country. The main priority was the development of education for women and the spread of schools in rural areas. However, no fundamental change was made from the geographical expansion standpoint.

During this period, the number of schools, teachers and students was higher in the southern part of the country than in the rest. Major schools opened in the villages were opened by the contributions of people because the government budget was insufficient in that period. The government imposed by progressive countries, issued laws and ordinances that made basic education compulsory, while parents due to weak economic conditions force children to work. Italy's economic relationship with Albania passed gradually even to educational policy. Many primary schools were opened during that period with justification for the children of Italian citizens but the main goal was to introduce the Italian language and culture to younger generations. (A. e. Shqiperise 2007)

In 1933 happened the nationalization of schools. During World War II, hundreds of volunteer teachers were deployed in Kosovo and in other areas where the foundations of the Albanian national education were set.

1.5 Education during the monarchy

After World War II, in the country dictatorship of the proletariat was established. Back in 1946 they approved other important reforms to the education of population. Development of education during this period was mainly in primary schools that began spreading throughout the country. At that time there were about 600 schools, 5,4 and 3 years and 1 436 teachers. While higher education did not exist. (Shehu 2006)

With all the efforts made for the development of education on a national scale and again its development in Deep Mountain regions remained at very small rates. Luma provinces, Puke, Tropoje, Mirdita, Skrapar and some other areas, the majority of children of school age did not attend school because of lack of staff, the distance from the center, also bigotry in general. In this difficult situation the government tried to improve the situation somewhat by giving scholarships to teachers issuing (Luma case where about 20 scholarships were awarded to support the studies of 20 girls in Tirana Women's Institute for teachers). (Shteteror 1938)

So during the monarchy, education had a consolidation even though it was slow. Education was free and primary school was compulsory.

1.6 Education reform of year 1946

War never had good results in any sector, economic, educational or cultural. After the war the Albanian state faced a very serious situation in the education sector. More than 123 schools were destroyed and the rest were partially damaged and unsuitable to teach. Educational reform, which took place in 1946, was a major step for the country's education system. In this reform was determined the education system with entire structure and its components. It consisted of preschool education, general education, professional and higher education. General education would be 11 years. Its components were four-year primary education, unique seven-year education and general secondary education. A special place in law constituted the creation of professional education and later Higher Education.

Establishment of professional education aimed to prepared well-trained staff in different life branches like economical, social and cultural of the country. Besides refurbishing, the opening of new schools and providing a teaching staff, a significant problem would be that of raising the general level of education of the population were the mass was illiterate. As a result of socio-economic and cultural underdevelopment, the illiteracy rate stood very high.

Part of the new system enshrined in law reform would be the creation of adult education. In the case of Albania, where most of the population was illiterate or low level of education first steps of a regular system for all those who were unable to attend day schools, took a special significance. The illiteracy level in years in proportion to the overall population changed according the following table. (Duro 2012)

TABLE 1.1 Illiteracy level in years in proportion to the overall population

Years	Population	Illiterate	Total	Male	Females
1945	1.122.044	864.022	75,4	61,7	86,0
1950	1.218.943	657.010	53,9	41,3	67,1
1955	1.391.499	393.794	28,3	20,3	36,9

Source: Higher education in Albania 1946-1968 (Duro Clirim)

Creation or development of a comprehensive educational system, with its basic levels of education opened the way for massive new generations and increased the chances of a rapid progress of the country.

Efforts for the rapid elimination of illiteracy spread of education and the emancipation of the Albanian society; public opinion and known personalities in educational field would direct attention along daily problems also in perspective. Although in after war reality there was no infrastructure in the service of higher education they would start on establishing the foundations.

A large proportion of young people were taken in various countries, mainly communist countries, to obtain a higher and specialized education. Although during the communist era a large part of the literature or different authors were detained, during that period the education had the greatest development.

In 1946 Albania announced educational reforms. The Council of Ministers took measures about putting toward education in life: formed Educational Reform Commission, Popular Assembly enacted laws on "Compulsory primary education " and "Education Reform", those are documents that had an important role in the development of education.

During 1948-1949 elementary schools increased by about 73%, while the number of students about 110%. The 7-year education comparing with 1945 expanded with 71.5 % in terms of the number of schools and with 29% in terms of the number of students. To

face the needs for teachers the network of pedagogical schools was expanded and was opened.

Compulsory elementary education was almost realized in 1951-1952 and was passed in seven years compulsory education. In 1955, there were 2515 of seven elementary schools with 193,619 students. High school professional and high school general education also received a great development. The high schools began to expand the network of technical-professional schools of all categories throughout Albania. In 1952-1953 there were 15 low professional schools, 24 secondary technical and pedagogical educational and 6 universities. (Elmasllari 2014)

1.7 The education system in transition

During the last two decades the education system in the country suffered concussion and major changes, mainly physical and psychosocial that prevented the creation of the necessary conditions for a normal learning activity. With all the actors going through the new system (Pupil-teacher-administration-family-community) it was necessary to have new rules in this institution. Exposure to market economy has created a much more complicated situation. The education system during that period suffered substantial changes. It was characterized by a mix of content, management and development elements, appropriate for a transition period, but tending towards an open and democratic system.

Education is one of the main challenges of a developing country, which aims to be an active part of international organizations. The success of a state, in its internal or external role, depends closely on the quality of generations it issues. The performance of the education sector is an important determinant of competitiveness abilities and economic and social growth of a nation, education is an investment that substantially influences the overall development of the country and is one of the fundamental factors for the eradication of poverty.

Seeing that we live in a world that is changing very fast pace, the challenge we face is building an inclusive education system, which will provide equal opportunities for all, respecting at the same time individual differences.

1.8 Education nowadays

Nowadays, basic education or otherwise compulsory education in Albania is 9 years. All children aged 6 to 16 must attend school and basic education. Parents have the right to choose among public schools where education is free and private schools, where education is provided for a fee set depending to different schools. According to Albanian law, there are no exclusion criteria for entry into the first grade of primary education, with the exception of very special cases, when the child is presented with very poor development or needs special medical treatments. Basic education aims to develop the intellectual, creative, practical and physical capacities of the students, also to develop their personality and to provide them with the basic elements of general culture and civil education.

Schools in our country are divided into the following levels as recommended by UNESCO:

- (i) - Pre-school education (age 3,4,5 and 6 years old not compulsory)
- (ii) – Basic Education of 9-year school (obligatory attendance, starts at age 6 and it is separated in two cycles. Lower level from grades 1 to 5 and higher level for grades 6 to 9)
- (iii) General secondary education (not obligatory, include general high schools, professional and non professional ones.)
- (iv) - Post high school education but not university (not obligatory)
- (v) - Higher education (not obligatory)
- (vi) - Post university education, BD, PHD etc (not obligatory) (I. i. INSTAT 2012)

TABLE 1.2 Number of students in pre - university education

Academic year	Pre-primary education	Basic education	High school	Professional education
2004/05	11	68.1	17.4	3.6
2005/06	11	65.7	19.2	4.1
2006/07	10.9	64.2	20.5	4.4
2007/08	11.2	62.8	21.7	4.3
2008/09	11.3	68.7	16.7	3.3
2009/10	11.4	67.1	18.4	3.1
2010/11	11.8	65	20.3	2.9
2011/12	12.6	63.4	20.9	3
2012/13	13.1	62.3	20.8	3.9
2013/14	13.3	61.8	20.4	4.5

Source: Ministry of Sport and Education

(<http://www.arsimi.gov.al/files/userfiles/statistika/Vjetari-Statistikor-13-14.pdf>)

In Table 1.2 are shown the percentage proportion that each of the educational level has (primary education, basic education, high school and professional education) from 2004 to 2014. From the table we can observe that basic education which is mandatory, from the year 2009/10 has had a decrease. This is explained by two main reasons, the decrease in births and the phenomenon of migration. Meanwhile for high school sector we have a constant increase which it may be affected by the politics and reforms followed by government and the ministry of education, improves done in infrastructure of schools, increase on education qualification and improvement of school textbooks. The drop that has happened in 2008/09 is because the changes that were done in basic education (from 8 years to 9 years).

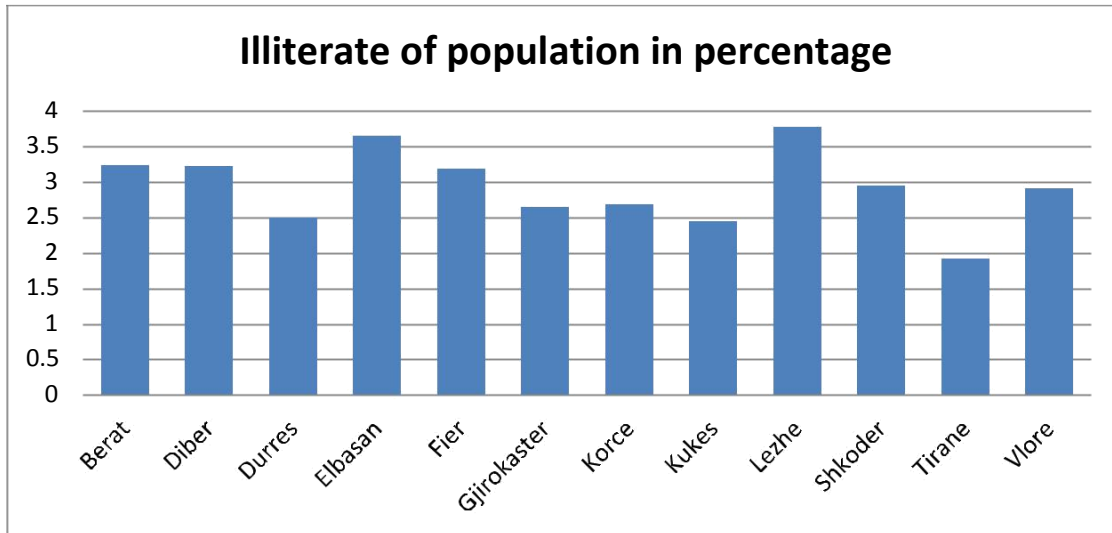


FIGURE 1.1 Illiterate of population by prefecture (from age of 10 and above) Source: Population and housing census 2011

(http://www.instat.gov.al/media/177354/main_results_population_and_housing_census_2011.pdf)

In this graph are shown the percentage of illiterate in the major cities. Tirana has the lowest percentage with 1.92 % followed by Kukes and Durres respectively with 2.44 and 2.5. Meanwhile the cities with the highest percentage are Lezha, Elbasan and Berat respectively with 3.77%, 3.65% and 3.23%. (R. e. INSTAT 2012)

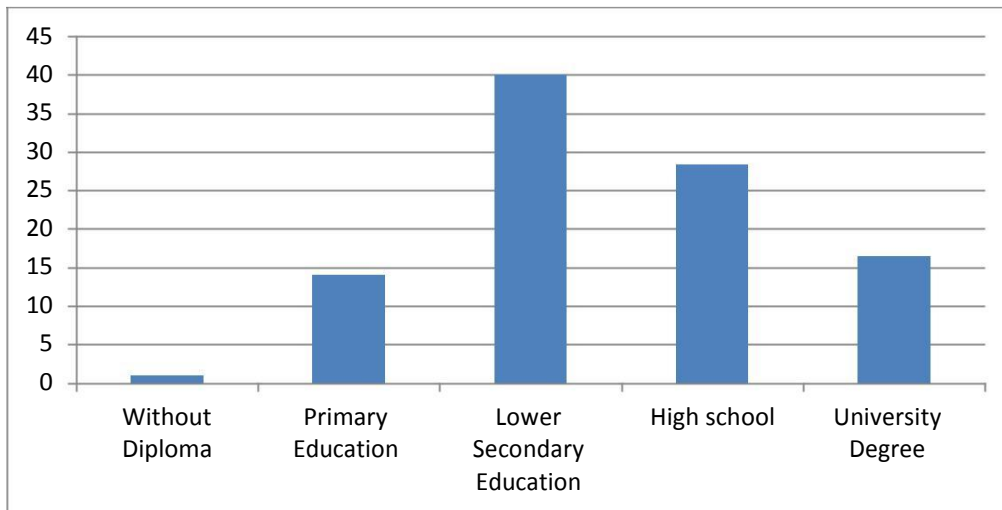


FIGURE 1.2 Education attendances in percentage (from 15 years old and above) Source: Population and Housing Census 2011

(http://www.instat.gov.al/media/177354/main_results_population_and_housing_census_2011.pdf)

From the graph we can see that the majority of the interviewees have lower secondary education 40.9%, followed by high school education with 28.4%. The percentage of them without an education base is only 1% which is low considering our geographic position and the time that we were under social regime. Women represent 53.4% among those that have finished only primary education and 44.5% in high school level. From this study it can be concluded that attendance in school is high and there is not a significant difference in gender. The average time that a person above 15 years old spends on their education is 10 years. (R. e. INSTAT 2012)

The main features of education in recent years based on the analyses for education done by INSTAT are:

- Increase the number of students in professional and technical schools and also the profiling of general high schools.
- Increase of new admissions in higher education for part-time, in response to the high demand of students who complete high school. Also increase the number of higher education private institutions.
- Improvement of educational facilities and textbooks.
- Increase in numbers of non-public universities. In recent years it is rapidly increasing the number of non-public schools (private), particularly in the main cities of the country. In the academic year in 2005 were recorded in all levels of education 769.6 thousand children, pupils and students, 4.3 percent of the total number of them are from private education, marking an increase of 1 percent compared with the year 2003-04 and 2.3 percent by the year 2001-02.

In the graph below it is showed the number of students from the year 1994 to 2014. As it is obviously the number of students has been increasing in a constant way.

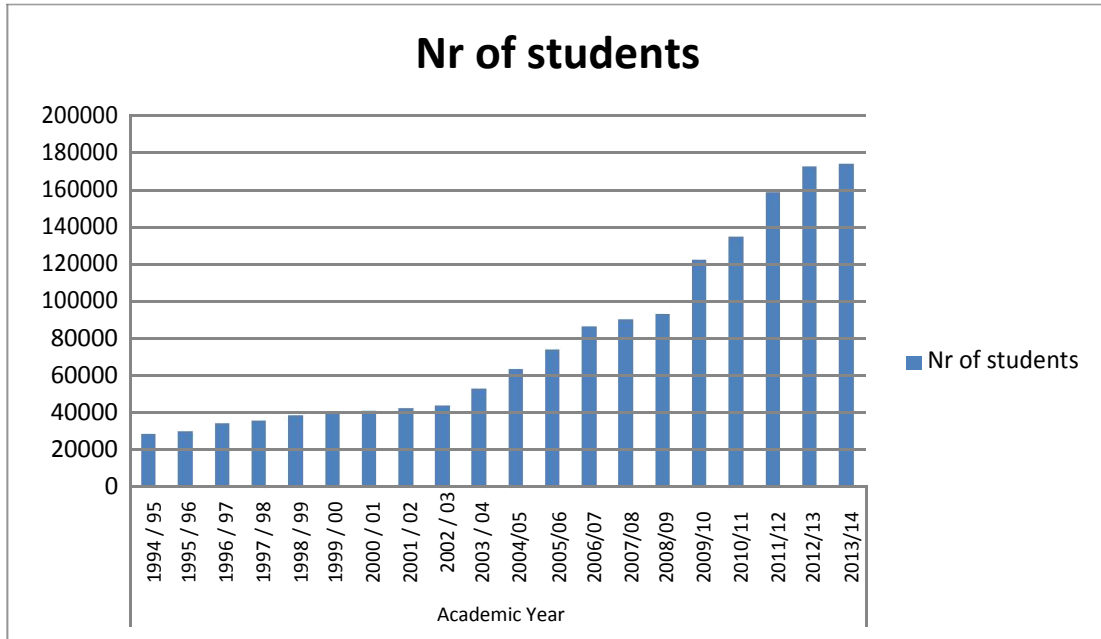


FIGURE 1.3 Number of students in Albania from 1994-2014

Source: Own calculation based on the data of INSTAT

After the fall of communism and the migration of people from rural to urban areas has contributed to this increase. Also the increase in economic growth of Albanian families and raise awareness of the importance of education, have contributed by increasing it year by year. Another significant factor that influenced is the convenience of school continuation, the reduction of criteria to follow a certain branch (the bulk of private universities have no admission criteria).

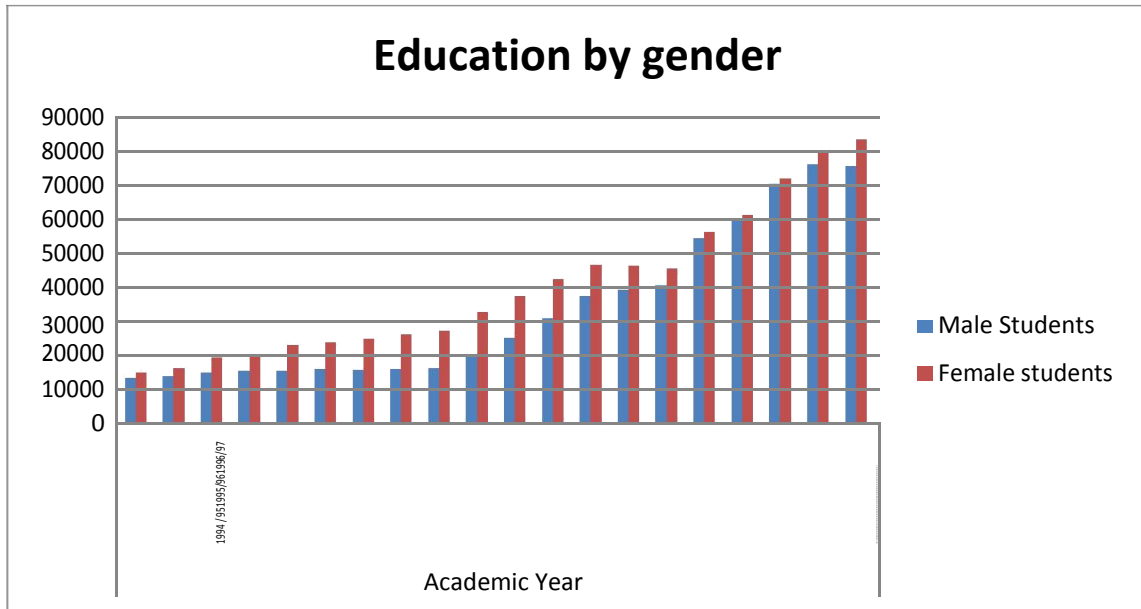


FIGURE 1.4 Education by gender

Source: Own calculation based on the data of INSTAT

As we can see from the graph the number of females that follow their studies is always higher than males. In 1994 the structure was almost 50/50. Women in auditors were only about 1500 more than men but over the years the situation changes significantly. In 2003 the number of women was increased with 82% since 1994, against 22% of males. From 2003 the number of students has come more and more increased.

1.9 Educational institutions

In 2014 in Albania were 62 universities public and private ones that operated in the education market. In public sector from the year 1994 to 2014 were enrolled 1 376 391 students from which 575 917 males and 800 474 females. Private sector started to operate in 2004 and since then it has developed with major steps. Since 2004 and now in this sector were enrolled 180 286 students from which 91 877 males and 88 409 females. Before the new reform that was implemented, in Albania were 16 public universities and 44 private ones.

Tirana University, Polytechnic University, Medicine University, Agriculture University, University of Elbasan, University of Shkodra, Academy of Art Shkodra, University of Gjirokastra, University of Korca, University of Vlora, Arts Academy, Institute of Gymnastics, Shkolla e Larte e infermierise, University of Durrës, Center of Albano logical Study, Academy of Defense. "New York" University, "Luarasi" University, Albanian University ("UFO Dental") , "Zoja Këshillit Mirë" University, " Marubi" Academy, "Polis" University, " Marin Barleti" University, "S&P Qiriazi" University, "Justicia" University, "Kristal" University, "European i Tiranës" University, "Justiniani i pare" University, "Aldent" University, "Medikadent" University, Professional Colleges "Luigj Benussi", "EPOKA" University, "Pavarsia" University , "New Generation" University, "WISDOM" University, "Planetar" University, " Mesdhetar" University, "ILLYRIA" University, "NMG" University, "IV&P" University, "Ndërkombëtar Tiranë" University, "European për Turizmin" University, "Amerikan i Tiranës" University, "Vitrina" University, Nehemia University, High school of Education, SHLUJ ISSAT, Reald University, Tirana Bussines University, Bedër University, Medikom University, Metropolitan University, Pedagogical Academy of Tirana, Canadian Institute of Technology – CIT, Professional Academy of Business, Logos University, "Gjon Buzuku", Elite University, Academy of Applied Study, "Argent" University Shkodra and College of Sports Fier. (Sportit, Arsimi i larte publik 2016).

When the reform was implemented 18 of those universities were closed ultimately and 13 of them suspended for a short period of time. Students THAT were in these universities have the opportunity to continue in other universities according to their credits.

1.10 Employment and unemployment

Under conditions of the totalitarian communist regime were the state was the employer and employee was depended totally by him. Employees mainly carried a large volume of work and the reward was too small, influenced even more by the absence of private property. Unemployment was considered the wound of capitalist economy and on the other hand the lack of employment in socialism was considered as one of the advantages

of the socialist economy. Based on that time provisions the communist regime should ensure work all those who were of working age and that should work. At that time there was a law that forcefully obliged men of working age to work, otherwise they were punished.

By overrating employment of the labor force and under rating productivity indicator at work and working effectiveness, it happened that the increase in employment level affected in reducing efficiency and effectiveness at work. (Tahir Zyberaj 2013)

Albania during that period, in terms of economic development, was and remained an underdeveloped country in Europe and even among the most underdeveloped in the world. The transition of property from state-owned to private was associated with privatization program, which had many side effects in implementation and created social injustice in property redistribution. The privatization program and criteria have been approved only by politicians and rulers and have not been subject to economic-scientific thought. By not making the right property revaluation she has been "donated" several persons and is then resold several times more expensive. Likewise there has been also abuse of objects that were state property. In communism the prices in terms of means of production and consumption were far from the real value, especially so-called underlying fund. (Saraci 2012)

At that time, this was justified as the sole owner of these funds was the state itself and their owner (the state) wasn't changed even when they were transferred from one enterprise to another. This is the basic requirement of economics that unfortunately wasn't implemented and isn't implemented at the moment in our country. This led to the unjust enrichment of some layers of the population with the property of all people. In this way in our country a criminal and corrupt bourgeoisie were born which was enriched dishonestly, while the population remained in poverty. Privatization in our country had a pronounced militant character unduly favoring some people, sympathizer's parties or government officials.

Although unions did not participate in privatization commissions, were they should protect social and economic interests of employees (reducing unemployment, increasing employment, retraining of staff and in particular the protection of existing population welfare levels and not worsening it). Privatization so far hasn't led to the development of the economy with higher pace. For this there are facts that corruption in our country had much larger size than in any other country in Eastern Europe. The Albanian labor market after the 90s was accompanied by lower employment levels characteristic of countries in transition. The reduction in the level of employment of 90s comes as a result of the fall in public sector employment.

This decline in employment rate in this sector came as a result of the mass privatization of state enterprises. The price liberalization, the end of the communist regime, the lack of capital and foreign competition, measures taken to make the national economy competitive in long-term significantly weakened the new privatized enterprises and led them into bankruptcy. Industrial sector - extraction of minerals, metallurgy, manufacturing of equipment and spare parts, chemical industry, paper and textiles were the hardest hit. Reduced annual income led to the reduction of the number of jobs in the state structures.

1.11 Unemployment and demographic movements

The population migration is a result of changes in economic and cultural development in territorial terms. On the other hand the migratory movement of the population itself, helps economically in social and economic development. The importance of migratory movement of the population can be concluded that a population that doesn't move cannot be developed. Migration in our country began rapidly after 90s because in communism emigration was prohibited. As a result of social and economic policy changes that are made in our country, there was a massive migration through putting people in foreign embassies in Tirana, crossing the maritime border in the direction of Italy and especially through terrestrial border towards Greece. Greece and Italy are set the majority of Albanian emigrants. Legal immigrants had a specific weight, compared to the overall number of immigrants in Italy and Greece, in 1997 was only 16%, indicating very low so

that means the majority of immigrants are clandestine. (INSTAT, Migration in Albania May, 2014)

Remittances have played a key role in economic and social development of our country for a very long period since the fall of communism. Nowadays, remittances still continue to have a major weight in incoming revenues in our country although its weight is significantly reduced for several key reasons. Firstly emigrants are permanently set in countries where they work together with their family. Secondly, most of them have returned finally due to financial crisis that affected the countries in which they were working, and finally emigrants have created their own families and they use the incomes in countries in which they live. (Esmeralda Uruci n.d.)

1.12 Occupation nowadays

Employment is one of the most urgent concerning problems for Albania. Like other countries that have been in a planned economy, even for Albania transition from a model that guaranteed full employment in a market-based employment model has been difficult. The highest level of unemployment (22.3%) was recorded in 1993 in the first years of political pluralism, while the lowest level in 1996 (12.4%). Although the unemployment rate has been decreasing in recent years, this level has not yet reached that level of year 1996. (Economics 2014)

Albania is one of the countries with the youngest population in the region. This favors the development of a sustainable work force that will affect the economic and social development of the country. At the end of 2014, more than half (50.05%) aged 15 to 64 years old is employed. Only 11% is unemployed and the remaining 38.5% is out of the labor force.

Men are the ones that make up the majority of the employees in this age group (58% versus 43.4% female) as well as the greatest percentage of unemployed 14.2% versus 7.9%, while women constitute the majority of the percentage of persons out the labor force,

respectively 48.7% versus 27.8%. (Bart de Bruijn 2015). One of the key problems in relation to the labor market is the large number of informal employment in which classified the persons who work without pay in a family business. Also a big weight in this part plays the migration. Young people who have made a huge investment for their education often fail to find themselves in the labor market in the country, therefore a major part of them have their eyes in Western countries, which provide better conditions and better working life.

A huge part of young people who have a university degree and have made a very large investment in their education, unable to find a job in line with their studies, have started working as a operators mainly in foreign companies for a substantially lower income for life quality. Workforce in the country is very high. The workforce is considered the key resource for economic development of a country, but if there is not a commitment for improving the level for the creation of new jobs then this workforce will be converted into a huge problem to the level of unemployment in mainly in younger ages.

The number of adults who do not work and do not seek a job has always been increasing. By calculating the formal and informal market, labor force and employment rates were smaller in comparison to the population working age.

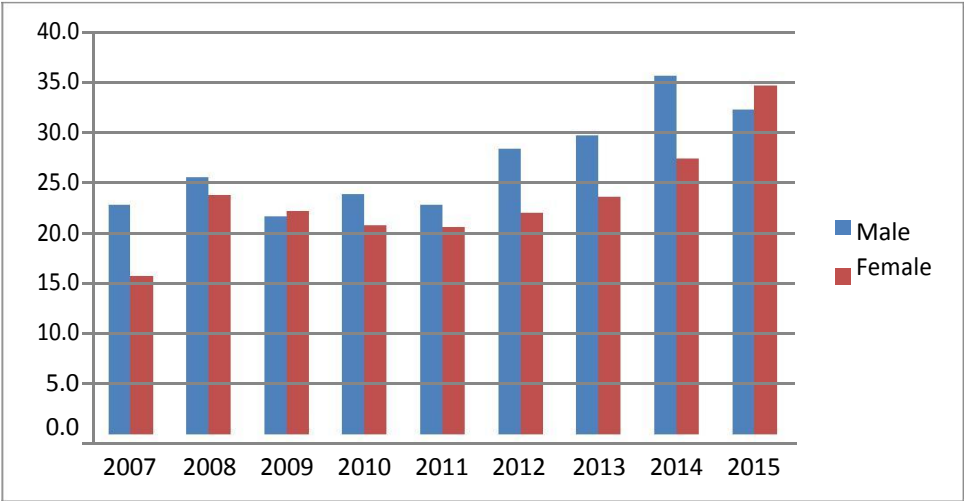


FIGURE 1.5 Unemployed rate among young's

Source: INSTAT

In the graph number 5 it is shown unemployment rate from the year 2007 to 2015 among young's for the ages 15 to 29. The highest rate for men is in 2014 with 35.6% and the lowest in 2009 with 21.6%. For females the highest rate is in 2015 with 34.7% which is higher than the rate of man which is 32.3%, and the lowest rate for females is in 2007 with 15.8% and it is the lowest rate for both genders since that time. (Bart de Bruijn 2015)

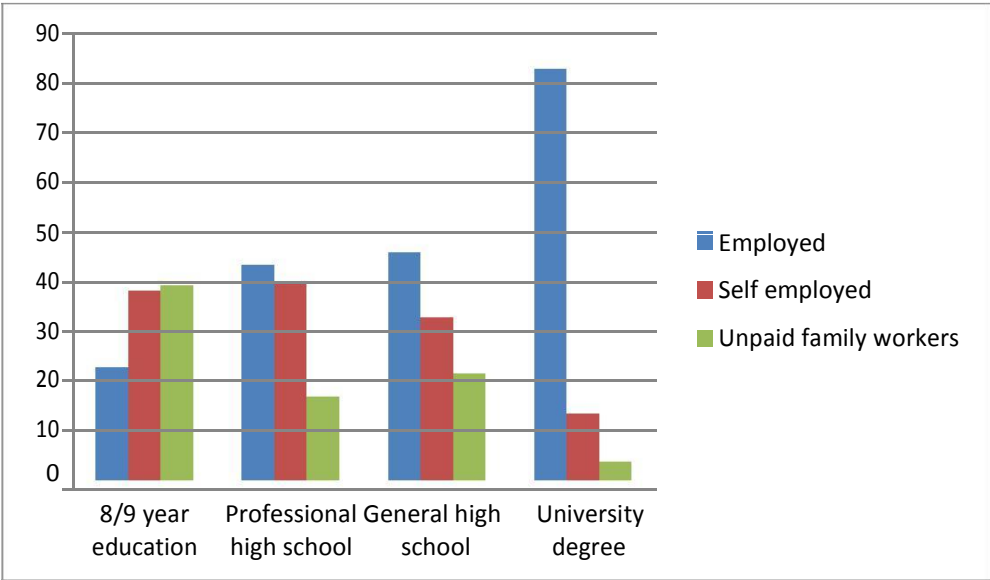


FIGURE 1.6 Employment rates by employment status and educational level

Source: INSTAT

From the data's of INSTAT the employment rate (age group 15-64) is higher for employees with professional education (64.8%) followed by those with higher education (62.2%). The data show that the percentage of wage employees is higher for people with higher education and the opposite is seen to employees educated 8/9 years where predominant unpaid family workers. If we analyze employees with secondary education, the employment rate is higher for persons with professional secondary education compared to those who have completed general secondary education, respectively 64.8% and 49%.

The weight of employees with wage increases with their education level. From employees with higher education 82.6% are employees and only 3.8% are employed as unpaid family workers. On employees with professional middle education and general secondary

education the percentage of salaried employees are respectively 43.4% and 45.8% According to INSTAT analyzes and statistics, the labor market gender perspective highlights that women are 1.7 times more likely than men to be unpaid workers in a family business. 42% of employed women and 25.1% of employed men are unpaid family workers. (Bart de Bruijn 2015)

1.13 Research Objectives

The objective of this study is to analyze the impact of education spending on personal income and satisfaction from this investment. Education has a huge impact in our individual benefits rather than in national benefits. There are not many studies done related to the contribution of education in our growth and national growth, even this impact is essential for social and economic development.

The main objectives are:

- To examine education in Albania over transition period
- To explore the impact of education spending on income level

CHAPTER 2

LITERATURE REVIEW

2.1. Relationship between higher education and economic growth

Higher education can lead to economic growth through private and public roads. Private benefits for individuals are well established and include the prospects for better jobs, higher wages, and a greater capacity to save and invest. These benefits can result in better health and improved quality of life and higher expectations for a better life enables individuals to work with productivity for a longer time increasing their lifetime income. Public benefits are less known, which explains the neglect of many governments that higher education serves as a tool for public investment but individual gains can also benefit the society as a whole. Higher revenues for well-educated individuals increase tax revenues for governments and facilitate the allocation of state finances. It can also translate into higher consumption which consequently benefits the manufacturers.

Higher education can also have less direct benefits to economies. By producing educated and well trained individuals it can increase the quality of education systems and create greater opportunities for economic development. Improvements in training and education of qualified doctors and other health workers can improve the health of a society by increasing productivity at work. It can provide countries with the talented individuals needed to create a more favorable political environment for economic growth. Establishing strong legal institutions and political and honest and developing work culture and business creation for example calls for advanced knowledge and decision-making skills.

Higher education has been an engine of economic growth (Milne, 1999). Many higher education institutions have been established to meet the needs of industry and trade (Gray, 1999). Over the decades the number of students in higher education and the number of higher education institutions has increased. Higher education institutions in the world had about 500,000 students in 1900 and the extend by 2 times of these institutions made that number to rise to 100 million in the next century, constituting about 20 percent(Banks, 2001; Schofer& Meyer, 2005).

Education can be understood as the process of obtaining and continuing to benefit from the wisdom and knowledge of individuals in public and private educational institutions or knowledge acquisition in formal, non-formal and informal. Education in every aspect of development is the overriding factor for this reason, this sector in almost every country is treated as a priority sector. No country can achieve sustainable economic and social development without proper investment in human factor. Historically it's proven that the development of education has led to increased labor productivity, for example in some Western European countries, such as Germany, France, England etc. and the US. Since the end of World War II, labor productivity in the US has been increasing steadily since 1947 and in 1994 it increased three times more. Only because of education in these countries scientific breakthroughs and technological revolutions are made which have been crucial for humanity in general. Indeed, education is knowledge and knowledge is the driving force behind the development of a society.

The role of higher education in economic growth is widely recognized by economists and policy makers(Gilead, 2012).The role of higher education in the use of infrastructure and technology is crucial and fundamental to regional economic development(Schlottmann, 2010).Economists believe that investments in education or human capital increase product and labor productivity. Investing in human capital is key to the future because the economy is being driven by knowledge after postindustrial economy (Dickens et al., 2006).

Psacharopoulos (1994) demonstrates that education has higher returns in individual and social level, higher returns are reflected in the economy level. From its review of the

literature he concludes that the inclusion of human capital or labor quality in the production function has explained a great deal. This conclusion confirms his findings, which show that investment in education explains double the percentage of growth in African countries from that in developed economies.

(Romer, 2001: 134). He says that in elementary school, children learn basic knowledge (such as literacy) which can improve their ability to contribute more in production. Instead, it can be a precondition for the acquisition of skills productivity improvement throughout the rest of their education and their professional career. Nelson and Phelps (1966) were the first to claim that increased education can have a significant impact on their ability to adapt to change and to introduce new technologies. Therefore, a higher level of human capital will accelerate the process of technological diffusion in the economy. Technological progress and growth also depends on the human capital stock. In the Romer model, a percentage increase in the stock of human capital is not enough to ensure economic growth forever.

Education is not just about learning and getting good grades but is much more than that. What actually represents is learning many new phenomena for which we do not know much and aimed at expanding our knowledge. An educated person knows to distinguish right from wrong and evil from good, (Zeneli) it's an impact left when you hear the word "educated". Those who will learn how to read and write will ensure a better future for their families and the state. So education has the power to make the world a better place. Although the value of education is considered to be big and important, (Education 2013) it's not that the advantages and positive results are seen very clear. Every year of schooling increases earnings per person by 10% and increases the average annual gross domestic product (GDP) by 0.37%. (United Nations Educational 2010)

From a theoretical standpoint, there are at least three mechanisms through which education can affect economic growth. First of all, the microeconomic point of view, human capital education substantial increases in the labor force, which increased labor productivity and thus economic growth will steadily toward a higher level of equilibrium output. Secondly,

education can increase the innovative capacity of the economy, as well as new knowledge about technology, new products and processes that promote growth. Thirdly, education can facilitate the dissemination and transmission of knowledge necessary to understand and process new information and to successfully implement new technology developed by others, which again promote economic growth. (Eric A. Hanushek February, 2007)

Which effect more the increase in the quality of education in economic growth or economic development in raising the quality of education? It is not easy to (i) give a definitive answer to this. Both findings have their advantages and disadvantages. According from the first view, in order for a country to have economic and social development, basic to people must be education on quality education institutions. According to the second view, if you do not invest in education then the quality will hardly be achieved. So the economic development to have an impact in increasing the quality of education it should have higher salaries for teachers, greater funds to analysis and research, investment in laboratories and information technology and this can only be achieved if the state budget has sufficient funds for investments in education. Above all, quality education can impact more on economic development than economic development to quality education. As measured by the European Organization for Cooperation and Development (EOCD) the countries with high quality educational are experiencing a more sustainable economic growth. (Deda n.d.) A great advantage of education is to promote gender equality and empower the position of women, and it has its advantages in economic terms. Wages, income and productivity in agriculture, (which are crucial to ban poverty) are higher if women that are involved in agriculture are better educated. (NATIONS 2010) In Latin America, children of mothers who have attended some school time remain in school for two to three more years than children of mothers who have lower education levels. Enrollment of school followed from generation to generation is an indication of the country's situation in the future taking into account the current situation. Examples so far were more general and to global scale to show how different factors influence the course of education to economic development of a country. Whatever, the relationship between education and economic growth has been one of the main veins of earlier economic analyzes. Adam Smith in the eighteenth century and Alfred Marshall in the nineteenth

century, two important figures in the field of economy have raised the question of how individual investment in education affects the wealth of nations. Access literature on this phenomenon can be divided into two general areas:

- Microeconomic literature, which sees the relationship between different ways of measuring the educational attainment of a person and how much they earn. Most studies show results related to what might be called personal or private payback from education. Individually, this means that each year of schooling raises their income to 10%. This is an extraordinary degree of return.
- Macroeconomic literature which looks at the relationship between different measures of total level of achievement in the field of education for a country as a whole and in most cases the standard measure of economic growth in the expression of GDP. Most studies find evidence of higher growth of GDP in countries where the population has performed more average years of schooling and has achieved higher scores on tests of knowledge. (Miller n.d.)

No doubt that Albania is excluded from any case of the above theses. Human capital is considered as the most important asset for economic development. When we say human capital we consider the role of education in building and shaping it, thus providing key skills required in the labor market. The higher the level of education, the higher will be the level of income.

Considering all the theories discussed and examples from practice today it is clear that education is of great importance in shaping the individual and the state as a whole. The more attention is paid to the importance of the more positive will be his feeds. The data (Employment. 2016) report that 28 public institutions in Colorado directly employ 48 732 people from universities, most of them suggested by the Department of Labor and Employment of the state of Colorado. It makes the public sector higher education one of the state's largest employers, mainly in the areas of natural resources/mining, heavy industry, public construction, telecommunications and others. He is responsible for more

than half of all jobs the public sector. The combined effect of directly employed 57 675 employees with an additional 39,888 indirectly employed (refer to part-time work) have driven a total of 97,563 jobs. Knowing that in Colorado these jobs paid an average salary of \$ 43,524, the contribution will be \$ 4.25 billion in salaries and wages and almost \$ 387 million a year in state and local taxes to the economy of Colorado.

Higher education influences at work in three ways. A scale often allows an employee to find a job that paid more. It enables a worker to find or keep a job in the labor market, where it is competing with workers from around the world who are often happy to work for lower wages, fewer benefits and conditions they are working hard with the intention of not to return to their country because it resembles much worse conditions than the foreign country that welcomed them. There is a huge difference on the salaries of less educated workers with wages of more educated ones.

2.2 Domino Effect

Employed persons who have completed higher education receive a salary almost twice higher than those who did not complete it. Higher salaries bring more contribution to the state tax and income tax. Consequently increase state revenues, thereby increasing the possibility of investing in more public spending. (Bradly May, 2005)

One of the most important items of public expenditure is those for education. A more developed education will bring more quality flow of individuals who will contribute to the economy. So called a domino effect when you factor in the impact brings factor B and factor B brings influential factor A.

Positive relationship and mutual revenue to higher education positive relationship and mutual revenue to education means a relationship that not only increase the level of higher education leads to increased income, but income growth affects increasing level of education. One reason for this may be that higher income leads to more savings and investments that increase access to education. Also, higher income can lead to improved

educational facilities, health care facilities and other local devices that increase the number of new jobs. The result is supported by a study Gyimah-Brempong (2006), which shows that all levels of education to develop human capital, including education for the development of human capital are statistically significant and have a positive effect on rate the growth of per capita income in African circles. The results further show that population growth has a negative relationship with higher education level. This is a common trend, which shows that people of higher education are controlling family size. Also (chu 2014) in many poor countries is also observed a general trend that individuals with higher education migrate abroad (ARC, 2010b).

A study conducted on the relationship between education and economic growth in West Virginia showed that education level increases productivity, increases revenue, reduces the risk of poverty and improves living standards. Thus, investment in education, especially in the poorest regions, will be essential to increase revenue. Second, the empirical analysis showed the impact of higher education on population growth. Highlighting those adequate measures is taken within the policies that are needed to control migration abroad and to create employment opportunities in the country. (Rosenzweig n.d.)

2.3 Individual Return of Higher Education

Education generates economic benefits for individuals in a society and in this group has an effect on the economy (Stevens &Weale, 2004). Based on microeconomic sense it has given a clearer picture of monetary benefits arising from higher education. In the classic study of Mincer (1974) that deals with individual incomes and higher education, it examines individual income in terms of years of schooling, age, experience, etc. His results showed that white men who do not work on farms, an additional year in their education have increased the income of an individual by about 7 percent. (The effect of the number of years of education of various years of experience and field of work).

Psacharopoulos (1994) made a comparison among countries for individual returns from education. His study covered 78 countries and the rate of return to education as defined by level of education. High return on higher education has been 24 percent per year in Yemen and was the lowest - 4.3 percent per year in Zimbabwe. Besides returns from education, Psacharopoulos study also revealed differences between the social rates of return to education levels using the average aggregate level of income. His results showed that social returns are reduced while the level of individual education has increased. He also revealed that the social return of education may be linked to the country's wealth. In countries with low income, social rates of return in the year were 23.4, 15.2, and 10.6 percent for primary, middle and high, respectively. In countries with medium income, social rate of return was 14.3 per cent a year in primary education, 10.6 per cent per annum in the medium, and 9.5 percent per year in higher education. He attributes the low rate of social return because there is an increase in the educated workforce that provides higher education. (Altinyelken 2015).

While theory indicates a strong impact and key role of higher education in economic growth, Sala-i-Martin (2002), Easterly (2001) and in particular Pritchett (2000) argue that the relationship empirically between education and growth is low. However in particular, Temple (2001) notes that the fragile correlation data between countries may be due to measurement error and exceptions that may have an impact.

For example, what is less clear is the link and poor growth rates of education in increasing production, the role of the different levels of education, as well as differences in the effects of education of women and men in economic growth. On the other hand, many other factors have been found to be more important for economic growth. Following Barro (2001), these include institutions, such as free markets, property rights and the rule of law. Similarly, more open economies and countries with low initial inequality seem to experience higher growth.

CHAPTER 3

DATA AND METHODOLOGY

3.1 Data

To measure the importance of education in the life of individuals, how much they are willing to spend on it and their rate of return are used primary and secondary data. In the indirect method, studies from UNICEF, World Bank or different worldwide organization about education are well treated in every part of this problem and give correct information about the situation with education nowadays. INSTAT every year publish information about how much a family spend for education in a year, which it will be used as an comparison with the surveys that will be distributed for the thesis, also publication for the level of employment among young's, employment for different levels of education and employment based on rural and urban areas.

The direct method is based on surveys. In order to have a better and correct information it is chosen to make two surveys, one for young people that have finished their studies or are about to finish, and already have a job. And the second survey is for old people that have children that have finished their studies or are currently in education sector.

3.2 Methodology

The level of income depends a lot from education status. So in order to study the impact of education in our lives, income is taken as a depended variable, which is the main indicator in our satisfaction from education. The explanatory variables are the level of expenditure that individuals and their parents have invested on education and the level of satisfaction from their kind of work and income level.

The data's for those variables are taken from 612 surveys that are spread in four different cities in Albania.

3.2.1 Descriptive Statistics:

Surveys are spread in Tirana, Durres, Elbasan and Berat. Those cities are chosen because the high number of students on those cities. In total are collected 330 surveys for young people and 282 surveys for old people. Surveys will be distributed in different sectors like banks, schools, public institutions and private businesses.

The first survey is divided in two parts. The first part is concentrated in education, level of education, expenses that are done for education and the opinion of young's for its importance in their future career. The second part is focused in employment, their current position is it or not in accordance with their studies, where they work, their wages and their satisfaction from their work and wage. This survey will help to conclude if it is worth is to invest in education sector as much as young's do and how they feel about this investment.

The second survey aims to highlight the amount of expenses that a family does for education of their children. This survey is concentrated in the number of family members, how many of them are still studding and how many of them work. Also an important part of this survey is the amount of monthly income and expenses for the family and about what they spend more.

3.2.2 Anova

ANOVA (Analysis of variance) is a collection of statistical models used to analyze the differences among group means and their associated procedures (such as "variation" among and between groups), developed by statistician and evolutionary biologist Ronald Fisher.

The ANOVA used in this paper is made of two variables, level of individual education and their income from their job.

CHAPTER 4

EMPIRICAL ANALYSIS

4.1 Data collection

Data's showed are collected from surveys that are spread in different cities and are explained as follow:

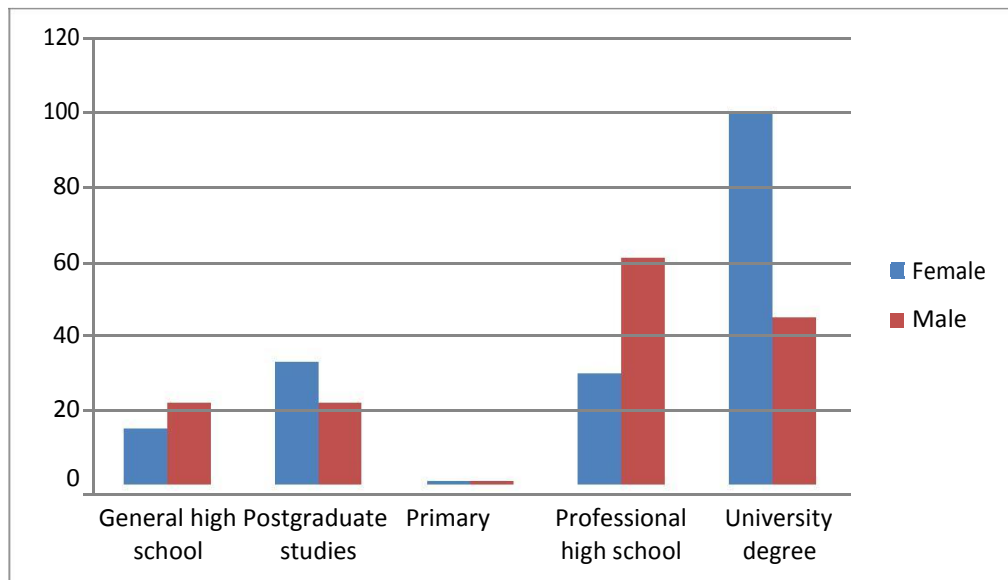


FIGURE 4.1 Relationship between gender and level of education

Source: On calculation based on surveys

Number of participations in this survey is 330 from which 54% of them are females and 46% males. In the graph above we can see the relationship between gender and the level of education. Since in the establishment of educational system, females have been more disposed for not attending the school

Nowadays this phenomenon doesn't exist anymore, at least in the urban areas. This is clearly shown in the graph, where the number of females with a university degree is higher than men, also in the postgraduate studies. Historically females have had more positive results in education system than males which is obviously shown by the graph too.

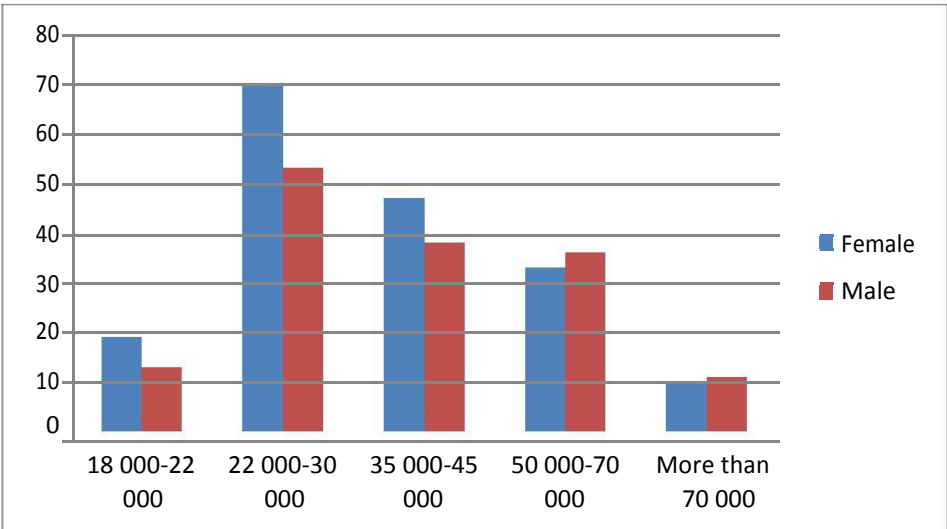


FIGURE 4.2 Gender and level of salary

Source: On calculation based on surveys

In this graph is shown the relationship between gender and the level of salary. As we concluded in the graph above that the women participate more in level of education than man, (there are more women with a university degree and postgraduate level than man) but the highest salary in this graph are taken by males. This can be explained by the fact that males can do more hard work and with long hours than females.

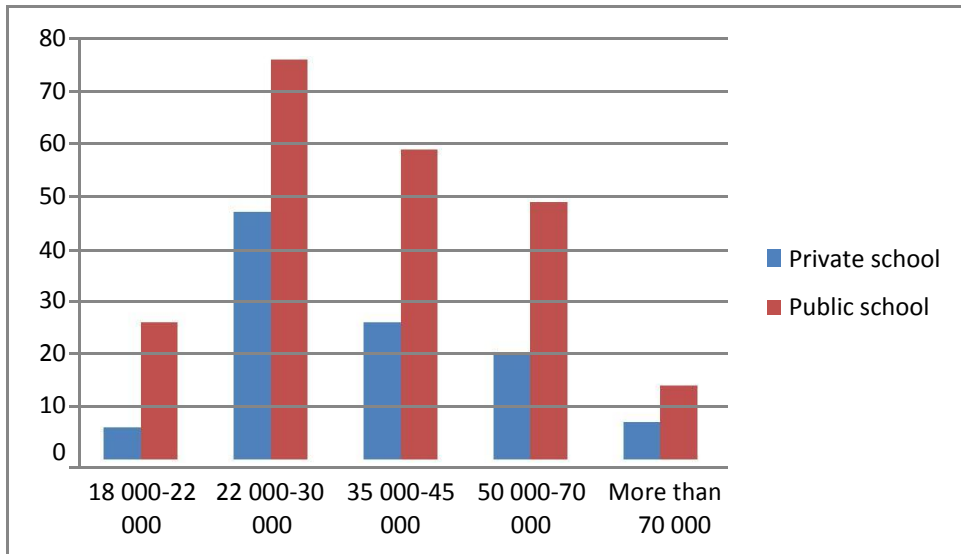


FIGURE 4.3 School sector and revenue

Source: On calculation based on surveys

The percentage of persons that have studied in a public institution and in a private institution in this survey is respectively 68% for public institution and 32% for private sector. So to make a comparison it would not make sense because it is not only the type of institution that matters but also the name of that institution, the rate of employment of students that have finished from that institution and also the GPA of students. For example in Albania operate in market more private universities than public ones but this doesn't determine that persons that have finished from private sector would have a higher salary in their future. The same is for the public sector as well.

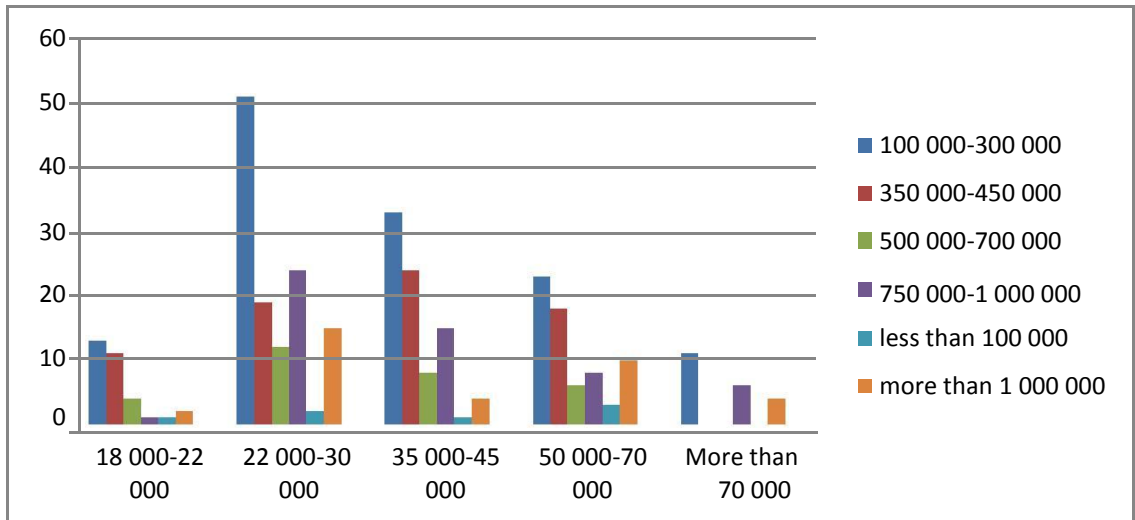


FIGURE 4.4 Relationship between expenses done for education and the level of wages.
Source: On calculation based on surveys

Since the majority of interviewers (68%) have studied in public sector, their expenses are not as high compared with persons that have studied in private sector. From the graph we can say that it can be a positive relationship between expenses done for education and the level of income but the relationship is weak.

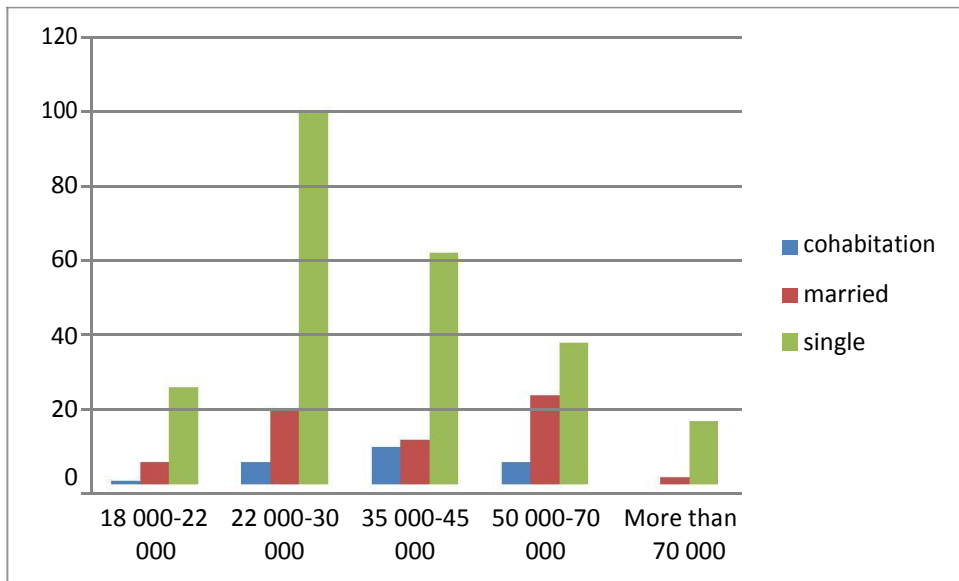


FIGURE 4.5 Salary and civil status
Source: On calculation based on surveys

The majority of interviewers belong to the age of 21 to 35 (74%), more than half of them are single and without preoccupations. But we can observe that the majority of persons that are married have a wage of 50 000 to 70 000, so when a person have more preoccupations consequently they will ask for more.

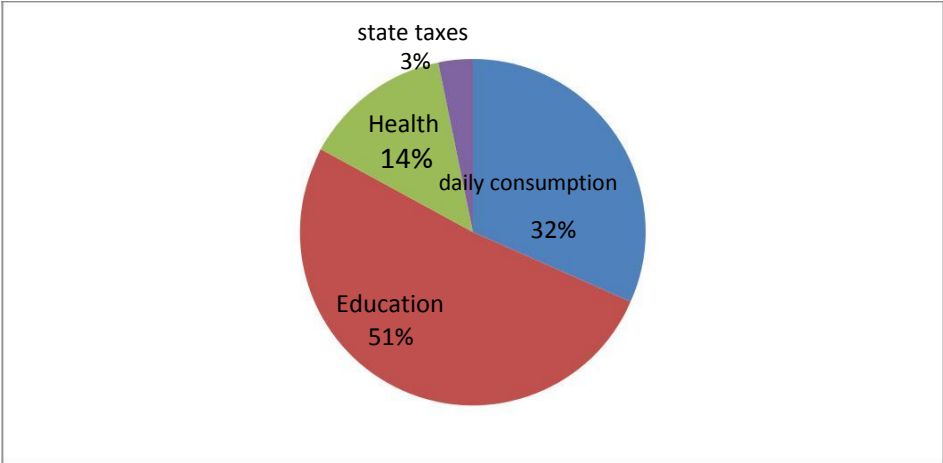
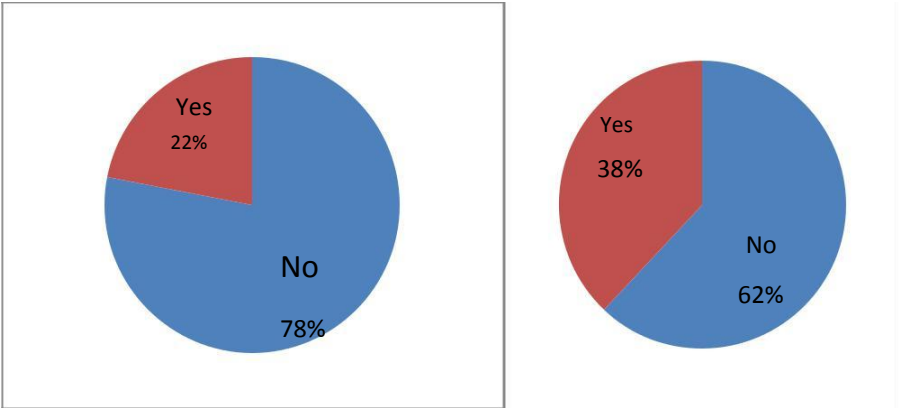


FIGURE 4.6 What people spend more for

Source: *On calculation based on surveys*

From the perspective of parents, education is a sector very expensive and they are really concerned about this investment for their children. Often they don't pay attention in choosing the right institutional but they choose the most expensive one. 51% of interviewers spend from their revenues more for education of their children than for daily consumption or healthcare, which in different countries would be differently.



Students

Parents

FIGURE 4.7 Satisfaction with the job of their children and their revenues

Source: *On calculation based on surveys*

This high rate of dissatisfaction arises as the result of high expenses that parents do for the education of their children. In 79% of the interviewer the expenses for their education are provide by their parents and in only 14% those expenses are covered by their self.

4.2 ANOVA Crosstabs and Descriptive Statistics Analysis Result

Relationship between level of education and salary

Since this is the essential question, it is explained by regression analyses to give us a better perspective of the importance of education level.

Ho- the correlation between X and Y is 0

Ho- there is no supported relationship between X and Y

Hypotheses: There is not a statistically significant relationship between education level and revenues.

TABLE 4.1 ANOVA Result

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	54.236	1	54.236	53.540	.000 ^b
Residual	332.261	328	1.013		
Total	386.497	329			

a. Dependent Variable: Your salary ranges from:

b. Predictors: (Constant), Level of education

Dependent variable is question: Your salary ranges from: and constant variable is the question: what is your educational level. According to the data that are showed, R square is 0.375 translated in percentage is 37.5% that means that education level accounts for 37.5% of the variation level of wage. So education levels have effect on determining the level of wage.

The constant is 0.585 that tells us that when persons have one level of education, their level of wage increases by 0.585. The number 0.447 tell us that when people increase their education level, they will have an increase per unit in their wage with 44.7%. Seeing

the correlation we can see that direction is positive correlation between education level and salary and the strength of the relationship is good

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Level of education * Are you satisfied with your income	330	98.8%	4	1.2%	334	100.0%

Level of education * Are you satisfied with your income Crosstabulation

			Are you satisfied with your income		Total
			Yes	No	
Primary school	Count		0	2	2
	% within Level of education		0.0%	100.0%	100.0%
	% within Are you satisfied with your income		0.0%	1.0%	0.6%
General high school	Count		5	32	37
	% within Level of education		13.5%	86.5%	100.0%
	% within Are you satisfied with your income		3.9%	15.8%	11.2%
Professional high school	Count		33	58	91
	% within Level of education		36.3%	63.7%	100.0%
	% within Are you satisfied with your income		26.0%	28.6%	27.6%
University degree	Count		59	86	145
	% within Level of education		40.7%	59.3%	100.0%
	% within Are you satisfied with your income		46.5%	42.4%	43.9%
Postgraduate studies	Count		30	25	55
	% within Level of education		54.5%	45.5%	100.0%
	% within Are you satisfied with your income		23.6%	12.3%	16.7%
Total	Count		127	203	330
	% within Level of education		38.5%	61.5%	100.0%
	% within Are you satisfied with your income		100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.477 ^a	4	.002
Likelihood Ratio	19.567	4	.001
Linear-by-Linear Association	15.546	1	.000
N of Valid Cases	330		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is .77.

The cross tab and Chi-Square Tests is made with the same hypothesis as anova:

There is not a statistically significant relationship between education level and revenues.

As we can conclude from the values of Chi-Square Test, The Pearson Chi-Square is low than 1, is 0.002 so we reject the null hypothesis.

From the data's we can conclude that there is very strong evidence of a relationship between education level satisfaction from education and revenues.

CHAPTER 5

CONCLUSION

To build a comprehensive and economically successful state where each individual takes responsibility for the welfare of the country and doing so the main factor for that is education.

Albania's citizens each year are increasing their expenses for education. The majority of them believe that as higher the level of education, higher the chances to be successful. Generally, persons that leave school or have a minimal education are expected to end in a job not well paid or in a lower job position. This way of thinking we can see every day reflected in the number of private education institutions that are blooming, and the rising of students on those institutions.

From the survey, females are more participants in education institutions. Since in the establishment of educational system, females have been more disposed for not attending the school. Nowadays this phenomenon doesn't exist anymore, at least in the urban areas. This is clearly shown from the data's collected through surveys but also from the data's from INSTAT where the number of females with a university degree is higher than men, also in the postgraduate studies. Historically females have had more positive results in education system than males which is obviously shown from the data's too.

From the perspective of parents, education is a sector very expensive and they are really concerned about this investment for their children. Often they don't pay attention in choosing the right institutional but they choose the most expensive one. 51% of interviewers spend from their revenues more for education of their children than for daily consumption or healthcare, which in different countries would be differently. The rate of dissatisfaction for the job and the wage is high for both, parents and young's too.

From the data's concluded of the regression analyses, when persons have one level of education, their level of wage increases by 58.5%. And when people increase their education level, they will have an increase per unit in their wage with 44.7%. Seeing the correlation we can see that direction is positive correlation between education level and salary and the strength of the relationship is good.

The population of Albania is young and the majority of them belong to the age of 15 to 19 years old, and their priorities seem to be archiving as much classification as possible. Workforce in the country is very high. The workforce is considered the key resource for economic development of a country, but if there is not a commitment for improving the level for the creation of new jobs then this workforce will be converted into a huge problem to the level of unemployment in mainly in younger ages. The number of adults who do not work and do not seek a job has always been increasing. By calculating the formal and informal market, labor force and employment rates were smaller in comparison to the population working age.

According to the data's collected, the employment rate is higher for employees with professional education, followed by those with higher education, general education and primary education.

So in our market is more important to have a profession and to be good in one field, than looking for diplomas that has no value in our market. The majority of employers do not believe in the value of diplomas issued by many education institutions, especially private ones because the time has showed that what is important is qualification of an individual and not the number of diplomas.

Education not only prepares individuals that have adopted the basic knowledge, capabilities, and values through education, but it should be able to help them in application of those accumulated knowledge by disclosed those as skills in workplace in order to contribute in society through a measurable contribution to the field of economics.

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Appendix 1: Regression analysis

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Level of education		Enter

a. Dependent Variable: Your salary ranges from:

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.375 ^a	.140	.138	1.006

a. Predictors: (Constant), Level of education

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.236	1	54.236	53.540	.000 ^b
	Residual	332.261	328	1.013		
	Total	386.497	329			

a. Dependent Variable: Your salary ranges from:

b. Predictors: (Constant), Level of education

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.585	.171		3.422	.001
Level of education	.447	.061	.375	7.317	.000

a. Dependent Variable: Your salary ranges from:

Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Level of education	330	0	4	2.65	.908
Are you satisfied with your income	330	0	1	.62	.487
What is your age	329	0	3	1.28	.846
Gender	330	0	1	.54	.499
Civil status	330	0	3	2.28	1.228
Where do you live	330	0	2	.82	.404
Are you employed	330	0	1	.01	.078
Valid N (listwise)	329				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Are you satisfied with your work	330	0	1	.39	.488
Do you benefit social and health insurance	330	0	1	.14	.347
Does your work consist with the studies that you have finished	330	0	1	.82	.386
Valid N (listwise)	330				

Survey 2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Do you work	282	0	1	.26	.437
By how many persons your family consists	282	2	9	5.61	1.624
How many of them work	282	0	6	2.60	1.298
average monthly earnings of your family	282	0	3	1.75	.811
for what do you spend more	282	0	3	1.52	1.078
how much have you spend on average for the education of your children	282	0	5	3.53	1.384
Valid N (listwise)	282				

Appendix 2: Survey

This survey is for research purposes, in connection with their education and youth employment. The data obtained in this form are totally discretionary and will be used only for study purposes.

General information

Gender - M -F Your age

18-20

21-26

27-35

Other (_____)

Family Status:

Married

Relationship

Divorced

Single

Your residence:

Rural zone

Urban zone

Semi urban zone

Education:

Level of education:

Primary school General

high school Professional

high school University

degree

Postgraduate studies (Master, PhD, etc. specify.)

Attended school:

Private

Public

Attended school:

In Albania

Other countries

Expenditures for your education are provided

by: Parents

Yourself

Relatives

Different scholarships

Other (_____)

Expenses for your education from primary school to the end have costed:

Less than se 100 000

100 000-300 000

350 000-450 000

500 000- 700 000

750 000- 1 000 000

Other (_____)

Do you think that university gives abilities to be professionally qualified to start a job in the market after you finish it?

(_____)

Do you think that investment in doctoral or master's programs is an alternative that opens a lot of doors for your future??

(_____)

Employment

Are you employed? -Yes -No

If yes in:

State sector

Private sector

Self-employed

Unemployed- housewife

Pensioner, invalid

What is your working position in the institution you are working?

(_____)

How long have you been working in that position? (_____)

Is your position consistent with studies that you have performed? -Yes -No

Your salary ranges from:

18 000-22 000

22 000-30 000

35 000-45 000

50 000-70 000

More than 70 000

Other (_____)

Do you benefit social and health insurance?

-Yes

-No

17. Are you satisfied with your job? (_____)

18. Are you satisfied with your salary? (_____)

Survey 2

This survey is for research purposes, in connection with the investment of parents in their children's studies and their economic opportunities. The data obtained in this form are totally discretionary and will be used only for study purposes.

Profession: (_____) (_____)

Working years: (_____) (_____)

Education level: Primary

school General high

school Professional high

school University degree

Postgraduate studies (Master, PhD, etc. specify.)

Are you employed?

-Yes

-No

If yes in:

State sector

Private sector

Self-employed

Unemployed- housewife

Pensioner, invalid

What is your working position in the institution you are working?

From how many persons is your family formed? (_____)

How many of them work? (_____)

How many of them still study?

(_____)

What is the total monthly average income of your family? 400 000- 600 000 650 000-

850 000 900 000- 2 000 000

Other (_____)

The biggest expenses in your family go to: (lists by importance. 1 more 5 less)

Health

Education

Taxes

Daily consume

Luxury goods

Other (_____)

Total monthly average of your family expenses?

400 000- 600 000 650 000- 850 000 900 000- 2

000 000

Other (_____)

Expenses for your children's studies were powered by

earnings: Monthly wage

Family business

Relatives

Loan

Scholarship

Other (_____)

How much did you spend on average for your children's education:

Less than se 100 000

100 000-300 000

350 000-450 000

500 000- 700 000

750 000- 1 000 000

Other (_____)

Are you satisfied with your children's work? (_____)

Are you satisfied with their income (_____)

Thank you for your time!