

GENDER EQUALITY AND IT'S CONTRIBUTION TO ECONOMIC GROWTH AND DEVELOPMENT IN ALBANIA.

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Abstract

This research aims to give an overview of the contribution of Gender Equality to economic growth and sustainable development of Albania. Despite the research on the studies and the actual situation, it will present a regression analyze on economic data as well.

Albania is a small country with a young open economy, from 1992 Albania operates in a democratic country with an open trade. In years one of the basic goals of the state and economy of Albania has been the EU Accession and each valuable law considering this basic fact has been part of the Albanian policy. Essential for the Albanian democracy but as well for the EU integration is the Gender Equality.

Impact of the Gender Equality in Economic Growth is very considerable and essential for the progress. According to the researches made from Chathan House and Vivid Economics the study considered many facts. Firstly, Gender Equality makes market more competitive, as well as it increases investments in physical capital, also it has an impact on the macroeconomic stability. Opposite to that the gender inequality reduces agricultural productivity etc.

Over the past three years and more in Albania have been operating many projects and initiatives from the UN Women in order to promote and implement equality in Albania within men and women. A significant effort has been given in the strengthening of laws in promotion of gender equality, basically can be mentioned; law of 2004 on "Gender Equality", law of 2006 on "National Violence" and law of 2008 on "Gender Equality in Society" etc.

As previously mentioned this paper will give a picture of the Gender Equality situation in Albania in the moment and what has been done from the first forward actions. One of the basic principles of the equality is being equal in the work value, payment, trainings etc, that's why a factor highlighting this equality is the increase of the women employment compared to the men's. Methodology used is the regression analyzes. Official data uploaded from the official website of the stats cover the real percentage of the women employment and the annual real growth of GDP, for a ten year range. This analyze will conclude on actual statistical facts of the true impact that the Gender Equality has had in the Albanian economy.

Key Words: Gender Equality, Development, Employment, GDP Growth, Albania.

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INTRODUCTION

Albania is a small country with a young open economy, from 1992 Albania operates in a democratic country with an open trade. In years one of the basic goals of the state and economy of Albania has been the EU Accession and each valuable law considering this basic fact has been part of the Albanian policy. Essential for the Albanian democracy but as well for the EU integration is the Gender Equality.

Gender equality has been observed not only one of the fundamental human right but also an important essential for the decrease of the poverty in a country and obviously for the economic growth. The contrary has been an evidence for many studies. Countries that have improved the role and the status of the women were a step ahead to stronger economic growth. Governments should tend to implement more policies toward the gender equality, as it needs to be valued for the determinant effect on the poverty or the economic growth of a country.

People of the same economy must have same opportunities to contribute equally to the improvement of an economy. In many countries the economic development and the gender equality have been improved in parallel motion. According to many countries or societies, the women's access to different sectors as health care, employment, education etc, have limit the space between the women and men in the economic opportunities and this obviously have increase the impact in the economic development and growth. (Cathan House; Vivid Economics, 2010)

In years the EU Legislation has been focused on Gender Equality as a basic step in each state. It is important to have equal opportunities for men and women. Many studies and researches did conclude in the fact that the Gender Equality was a strong step toward sustainable growth and development for every country. The fundamental principle in the EU is: "Equal Pay for Equal Work", which was very good promoted in every project settled. It was the Treaty of Amsterdam introducing the equal payment not only for equal work but also for work in equal value; despite this a considerable focus was also in the special cases to the minority in a workplace, trainings, promotions etc. (Office of the Equal Opportunities Ombudsman, 2006)

This paper aims to search the position of the gender equality in Albania and the impact it has to the economic growth. The search is focused mainly on the legislation of Albania and how this works or where is the gender equality positioned in the priorities of Albania. It has been given a strong importance on the official data imported from the official webpage INSTAT, in order to evaluate the labor market in Albania and the differences observed in the male and female employment and the changes over years. Then the impact of the Gender Equality on the economic growth of the Albanian is statistically observed over the regression analysis that will be focused on the data of the labor market and the economic growth of Albania in a range of 10 years. Concluding with the real impact on percentage unit of the gender equality in the economic

growth of Albania, the research will present some policy recommendations in order to reach the narrowest difference on gender and a stronger development.

LITERATURE REVIEW

Gender equality is a strong issue analyzed and supported broadly in many fields and sectors. The strong impact on the economic growth is briefly affirmed from many studies and real statistical data. According to Series of the Women's Economic Empowerment study on the gender equality and the pro-poor link, there are some evidences that support the connection of the gender equality and growth. Firstly, the gender equality in education would increase the human capital in the society and the possibilities to allocate the resources would be better off. The study explains that the gender equality increases the economic growth indirectly through the improving of the health and education of the next generation. Supportive evidence deals with the fact that the smaller the gender gaps leads to more effective strategy to boost growth. Accordingly: "Growth as a result of higher gender equality in the labor market 'increases the size of the pie'", picked from the study explains the fact that some considerable losses might be led from the gender discrimination, so the economy would get through a loss that has come up from the women. Research suggests that if the women wages would be increased, by narrowing the barrier between the women and men, there would be a slice loss in the men wage but if the overall economy would be studied; there would be an "increase of the size of the pie". (SIDA, 2010)

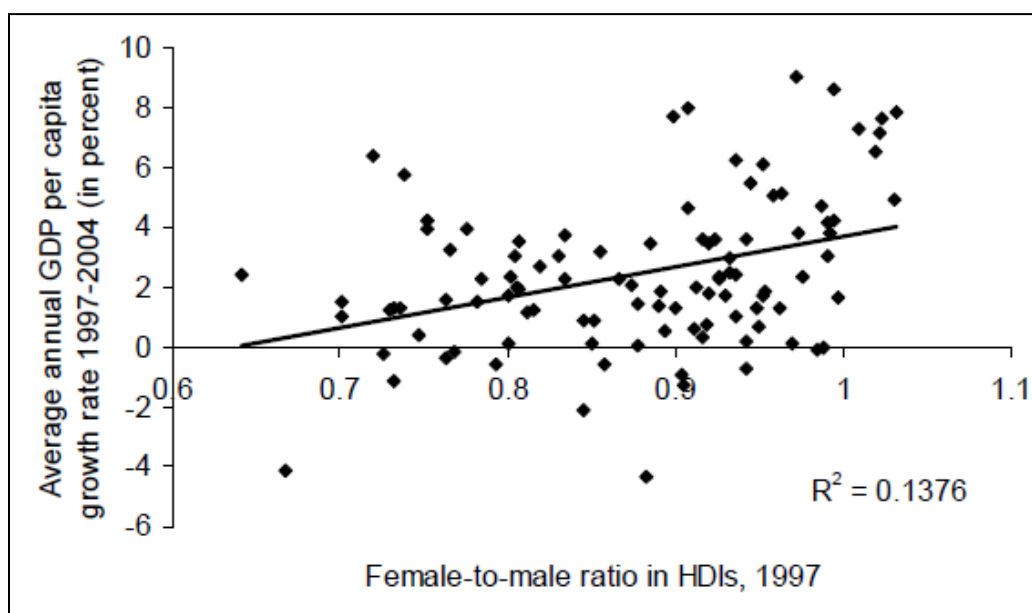
The study of Agenon and Canuto covers the long-run impact of policies aiming the encouraging of the gender equality on the economic growth in Brasil. This research concluded that fostering gender equality, which may partly depend on the sides that groundwork creates in terms of the allocation of the women time and exchange power, may have an impact on the growth, as well as the health and education outcomes, in Brazil. (Ageon & Otaviano, 2013)

Inspired by many studies, collaboration between Chathan House and Vivid Economics, have concluded on a brief study of the situation and brought some evidences for action. Gender equality is a critical fundamental of the social progress. There are some global development objectives dealing with gender equality, as it has been considered as a positive indication of economic and social development. Maternal mortality is a significant issue that should be reduced, as an aim to promote gender equality and empower women; that might not be reached at the current progress situation. The research brings out some indications on how the gender equality could impact the world economic growth by setting eight key factors. The factors as human and physical capital, competitive market, stability, infrastructure, the rule of law, availability to trade and investments and higher agricultural productivity, can be considered as the important conditions which would ensure strong economic performance. (Cathan House; Vivid Economics, 2010)

The correlation and the impact of the gender equality to the economic growth is a broad subject studied in many aspects and analyzed in many methodologies. The research of Raju, Morrison

and Sinha covers the gender equality, poverty and economic growth. In conclusion to this relation the research shows that the gender equality effect on the economic growth in different forms and through various channels. Firstly, there is an increase in the quality of the human capital which would impact directly on the productivity of the labor force and other equivalent factors of production. Some studies cited in the research have concluded that in different societies the impact of schooling in women bring more effort in growth comparing to the men schooling. Another link of gender equality and the economic growth deals with the proper allocation of the economic inputs. The women discrimination brings big gaps in the right share and the reach of the needed growth. The correlation of economic growth and gender equality appears to be positive. The figure 1 below shows better the correlation and position of the capita GDP growth rates and gender equality by the female to male ratio in HDIs. (Morrison, Raju, & Sinha, 2007)

Figure 1: Per capita GDP growth rates and gender equality



Source: (Morrison, Raju, & Sinha, 2007)

In addition to the review of studies above, another study of (Goldman Sachs Institutional Portal, 2007) gives some specific statistical based data for the situation of this linkage of gender equality or inequality and the economic growth all over the world. According to the study the narrowing of the female and male employment would have a great effect for the global economy, as the increase of US GDP by approximately 9%, Eurozone GDP by 13% and Japanese GDP by 16%. In the past 10 years in European countries the increase of the female employment has been a key driver of the economic growth. The right policies of that increase had given a positive effect by increasing the total employment rate. Encouraging more female in the labor market has been very successful for most of the countries growth. The Eurozone is projected to keep rising the

female employment and it would increase the economic growth by 0.25 percentage point. In Japan it is projected to have 0.1 pp, showing slow progress in the female employment rate, while in US, where the young female employment has been fallen from the stats of the past 10 years is projected to have a boost to growth of 0. Gender equality, mainly observed in the equal employment opportunities, so the rise of the female employment will continue to have important significance for equity market sector performance. Quoting: “Higher disposable income growth among women boosts, for instance, the consumption of luxury clothing and accessories.” (Goldman Sachs Institutional Portal, 2007)

GENDER EQUALITY FRAMEWORKS IN ALBANIA

The Legal Framework for Gender Equality in Albania

Gender Equality is part of the highest legal act of Albania, the Constitution, from 1998; Article 18, which guarantees equality between the men and women before the law. The country endorsed the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1993. Albania regularly reports to the CEDAW Committee on its progress in fulfilling with and implementing CEDAW provisions. As previously mentioned the European Union accession is an important goal for Albania and its legislation and policies of the gender equality are very essential for the process. Firstly, the basic step ahead initiated by the signing of the **Stabilization and Association Agreement** in 2006. As equality is one of the instructing principles of the EU, Albania’s gender mainstreaming obligations are contained in the five policy areas spelled out in the **EU Strategy for equality between women and men 2010-2015**. (Van der Leest, Xhelo, & Wittberger, 2012)

Legislation claims the equality between women and men also by the Law No. 9970 “On Gender Equality in Society”, which entered into force in 2008. This law would adjust important issues of the equality between men and women in different aspects, starting from the public life, the equal treatment and equal opportunities and chances for their engagement and contribution in the improvement of all social circles. The aim of this law is to a) assure right protection against gender discrimination; b) define measures to guarantee equal opportunities for men and women in order to eliminate gender-related discrimination; and c) specify the responsibilities of state authorities at all levels for drafting and implementing normative acts and policies that support gender equality. This law introduces specific precautions in political and public decision making areas, as well as in other areas as employment and education. (The Assembly of the Republic of Albania, 2008)

Gender equality is adjusted by two other laws in Albania as, Law No. 10221, “On Protection against Discrimination”, adopted in 2010, and Law No. 9669 “On Measures against Violence in Family Relations”, adopted in 2007. The first law prohibits discrimination in political, economic and social spheres not only on the grounds of race, ethnicity, disability or religion, but also on the grounds of sex, gender, gender identity and sexual orientation. The second law is designed to

prevent and reduce domestic violence, and prescribes the adequate response to as well as services for victims. (Van der Leest, Xhelo, & Wittberger, 2012)

Labor Market and Economic Growth in Albania

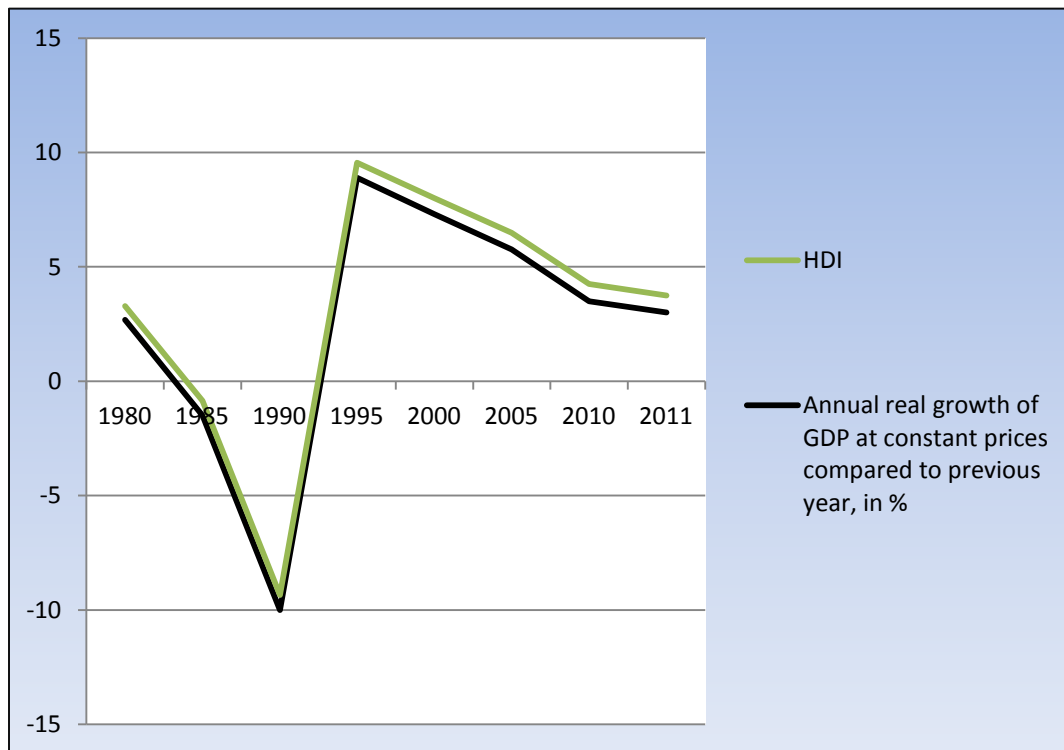
According to the main official data regarding the Labor market in Albania, INSTAT, labor market and the employment and unemployment rates reflect gender relations among the coverage of special roles and percentages of women and men. This does divide and shows up the concentration of differences between men and women in different sectors of labor market. Women are part of the basic part of textile sector workers and a high number of the service sector workers. When there is a study of the distribution of the men and women workers across main sectors (agriculture, construction, services etc), there should be a search also on the distribution of men and women through different positions in job hierarchies. Therefore it is important to study the labor market not only in the plain structure but also in the “logic” it has been structured. (Sejdini, 2012)

Human Development Index (HDI) is a summary of measures in the long term progress in three basic dimensions of human development as the long and healthy life, the access to knowledge and decent standard living. This index would mainly explain also the equality that exist between men and women and is taken in consideration as a right observatory. The HDI in Albania from 1980 to 2011 is positively increased from 0.6 to 0.748. (UNDP, 2013)

Economic growth has been in an increasing motion in each year too. The data taken from the official site of statistics of Albania shows it. According to the data GDP annual growth rate for the 1980 year has been 2.684 and in the 2011 have been 3. (INSTAT, 2013)

According to the data above, the chart below will show the positive correlation that exists between the gender equality (HDI) and the GDP growth rate in Albania from 1980 to 2011 in a five year periodical collection.

Figure2. HDI and GDP growth rate in Albania.



Source: (INSTAT, 2013)

Data & Methodology

The aim of this research is focused in the impact that gender equality has in the economic growth of Albania. According to many other studies all over the world there is observed that there is a positive correlation between the equality of the women and men and the economic growth and development in all the countries. There is a slight percentage point of growth that is caused from the gender equality. As previously mentioned from the data proceeded from the official site of statistics in Albania, research will consider a regression analysis between the GDP growth rate of Albania from 2000 to 2011 and the data of the labor market mainly the Female and Male percentage employment, basically focused on the female employment rate from year 2000 to 2011. (INSTAT, 2013). Table below shows all the data used for the regression analyses.

Table1. Labor Market and GDP growth rate.

Year	Employment				Annual real growth of GDP at constant prices compared to previous year, in %
	Male	Female			
	%	%	%	%	%
2000	55.1	66.0	44.1		6.7
2001	51.9	63.8	39.4		7.9
2002	51.1	62.8	38.9		4.2
2003	50.7	61.4	38.2		5.8
2004	50.3	61.2	38.9		5.7
2005	49.7	60.0	38.8		5.7
2006	46.2	58.8	38.1		5.4
2007	44.7	55.2	34.2		5.9
2008	45.8	57.4	34.3		7.5
2009	41.9	50.4	33.4		3.3
2010	42.3	51.0	33.5		3.8

Source: (INSTAT, 2013)

According to this data the positive correlation is easily observed despite the conclusion that the regression would provide.

Analysis

According to the data above the regression analyses was applied and the below results are concluded:

SUMMARY
OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.954769597
R Square	0.911584984
Adjusted R Square	0.893901981

Standard Error	0.881247289
Observations	7

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	40.03471	40.03471	51.55148	0.000816
Residual	5	3.882984	0.776597		
Total	6	43.9177			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-5.820385436	7.674147	-0.75844	0.482386	-25.5474	13.90664	-25.5474	13.90664
66	0.910446639	0.126804	7.179936	0.000816	0.584486	1.236407	0.584486	1.236407

The linear regression equation is as follows:

$$Y = \alpha + \beta * X + \varepsilon$$

Where:

(Y) The dependent variable = *GDP growth rate*

(X) The independent variable = *Female employment*

(β) The coefficient of the independent variable

(α) Intercept parameter

(ε) The standard error

The summary output of the regression is in the Annex according to the result the graph below shows the negative relation of the two variables.

X Variable coefficient = 0.910446639

Intercept coefficient = -5.820385436

R Square = 0.911584984

Standard Error = 0.881247289

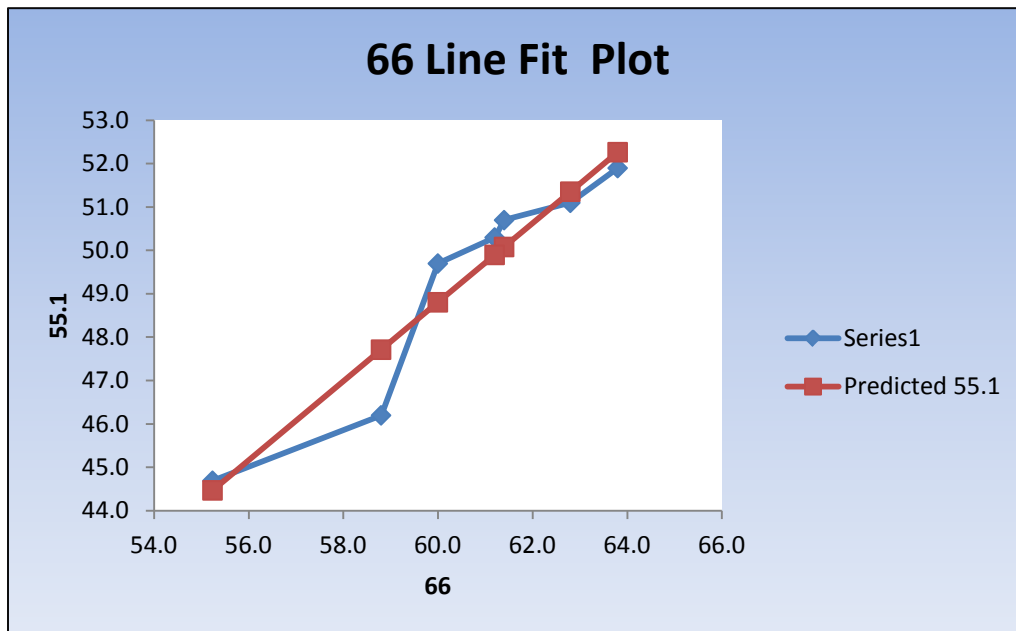
t Statistics = -0.75844

So, estimated regression equation is as follows:

$$Y_t = -5.820385436 + 0.910446639 * X_t$$

Due to results of the analyses there is the expected observation of a slight impact of the gender equality to the economic growth. So the change, as we expected the female employment, has a slight impact on the economic growth even though in small percentage point. The graph below would consider showing also the Residual graph, presenting how much deviates the observation through the expected values.

Figure3. Line Fit Plot.



CONCLUSION

Aim of the research was to study the impact or the effect of the gender equality to the economic growth. Considering all the overview and the real statistical data observation, it can be concluded that there exists an impact of the gender equality to the economic growth of Albania. Albanian economic is small and there exists many factors affecting its economic growth and development but with the improvement of the gender equality policies it is expected to have higher economic growth and as well as an improvement of the social development. The impact in the last 10 years

is considered to be slight but the positive correlation gives high potential to accept the impact of the equality between men and women in the economic growth and development in Albania.

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