

WOMEN PARTICIPATION IN THE LABOR FORCE: THE CASE OF ALBANIA

LOREDANA SULEJMANI

University of Tirana, Faculty of Economy, Tirana, Albania
loredana.sulejmani@unitir.edu.al

Abstract Despite the increase in the labour force of women and the focus given of gender equality, women still do not have the same opportunity as men to participate in economic activity. Yet, after 7 years where 193 countries pledged to achieve SDG goals, including gender equality goal, there are still 20 percent less women than men participating in the work force on average globally, and there are major disparities between genders in pay and educational opportunities. These disparities are particularly high in developing countries such as Albania, where even though statistics on women's employment have improved recently, they still fall short of the average for EU nations. The findings suggest that the most important factors determining the labor force participation of women are social norms, social support, and education. In this aspect, the economy of Albania has much potential to further increase economic development by empowering women. The aim of this paper is to assess the extent of gender inequality and estimate the determinants of labor force participation of women, as it is fundamental for policymakers in developing successful and sustainable fiscal policies that tackle down these differences. An important limitation of this paper is the insufficiency of gender-disaggregated data.

Keywords:

equal opportunity,
SDGs, labour
market
participation,
female
participation,
gender inequality

JEL:

J16, J21, J31

1 Introduction

One of the most important issues currently facing the job markets is gender inequalities. Women are significantly less likely than males to engage in the labor force globally, and once they do, they are also less likely to find employment than men. Their access to quality employment opportunities remains restricted especially in developing countries such as Albania. Historically, women have faced significant barriers to full participation in the labor force due to societal and cultural norms that have perpetuated gender-based stereotypes and discrimination. The importance of women participation in labor force lies in the fact that it can benefit both individuals and society as a whole in a variety of ways, according to United Nation, which included the gender equality goal in the sustainable development goals to be reached within the year 2030. Women who work, typically enjoy higher degrees of economic independence, better health, and more social and political influence. Also, increasing the number of women in the labor force can promote economic growth and lower poverty (United Nations, 2015).

Women's participation in the labor force has been driven by a range of factors, including changes in societal attitudes towards women and work, increased access to education and training, and government policies aimed at promoting gender equality. However, despite the progress, women still face significant challenges in the labor force, including lower pay and fewer opportunities for advancement. There is still a significant gender pay gap, and women continue to be underrepresented in leadership positions across industries. To address these challenges, there is a need for continued efforts to assess and address gender equality in the labor force and to support women in their human capital accumulation.

2 Theoretical Background

The participation of women in the labor force has been a topic of interest for many researchers and policymakers. Over the years, there have been various studies conducted to analyze the factors that influence women's participation in the labor force. According to the World Bank, 2022 the global labor force participation rate for women has maintained a steady pattern over the last three decades reaching 46.2% in 2021, compared to 71.7% for men.

According to Blau and Kahn (2017), the gender wage gap has decreased in most countries, and women's labor force participation rates have increased. However, there are significant variations in women's labor force participation rates across regions and countries. In general, women's participation in the labor force tends to be lower in developing countries compared to developed countries. Within countries, women's participation rates vary by age, education level, marital status, and other factors. Numerous studies have identified various factors that influence women's participation in the labor force (Sachs et al., 2022).

Kabeer (2017) notes that education is a key factor that influences women's participation in the labor force. More educated women are more likely to work and participate in the labor force and hold occupations with better salaries. Women's engagement in the job force can be significantly impacted also by family obligations. According to (Henau et al., 2019) women who are responsible for caring for children or older family members may have more difficulties when trying to enter the workforce, particularly if they lack access to affordable eldercare or childcare. These findings are in accordance with the report of International Labor Organization (Matthew et al., 2016).

Strong social norms may exist in some countries that discourage women from working outside the home, especially in professions where men predominate (OECD, 2020). Women's engagement in the work force may also be impacted by legal considerations and social policies. Women's participation in the labor sector can be encouraged by laws and policies that uphold women's rights and offer equal opportunity to men and women such as offering gender-responsive fiscal policies (ILO, 2021). The literature review for the case of Albania supports all the above findings and suggests that the factors that affect women participation in labor market are education, marital status, patriarchal society, and government policies in form of social support (Miluka & Tsushima, 2017; Ekonomi et al., 2019).

3 Methodology

National statistics from public national institutions and national and international reports on gender equality were some of the key documents that this research study consulted in conducting its analyses. To explore the many elements of gender discrepancy, the study is based on a mixed method approach which combines qualitative and quantitative methodologies. The paper reviews the most recent

international and micro national literature on this subject in order to be able to undertake an in-depth study of the factors that contribute to the women participation in labor force in Albania. Statistics on labor market were drawn from the annual Labor Force Survey conducted from Institution of Statistics of Albania (INSTAT, 2022) which uses the same methodology to estimate the indicators (labor force participation rate, employment, etc.) as Eurostat.

4 Results

The data on working-age population and the labor force participation rate in Albania, for the last fifteen years, are presented in Figure 1. The chart provides information on the progress over time of the components of the working-age population, composed from the labor force (employed and unemployed) and the economically inactive population, which includes all economically disengaged individuals in society. During the last 15 years, the working-age population has included about 2/3 of the entire population of the country. 63.6% of the working-age population - about 1.3 million individuals - are included in the labor force, while the remaining part is the economically inactive population.

Although apparently the number of women in the working age of 15+ years is greater than men, the labor force participation rate by gender shows that women participate less than men in the labor market. As shown in the graph, these differences are important and persistent over time. During the last 8 years, the gap between the rate of participation in the labor force between men and women has decreased, without going below 15%.

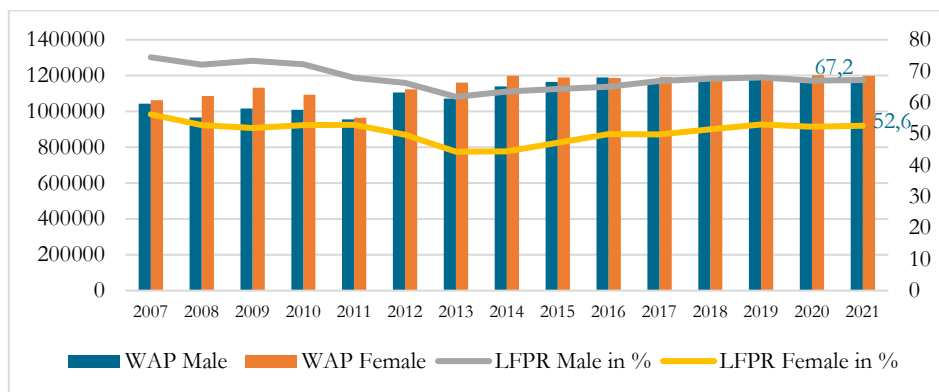


Figure 1: Working Age Population (WAP) and labor force participation rate (LFPR)

Source: INSTAT (2008-2022).

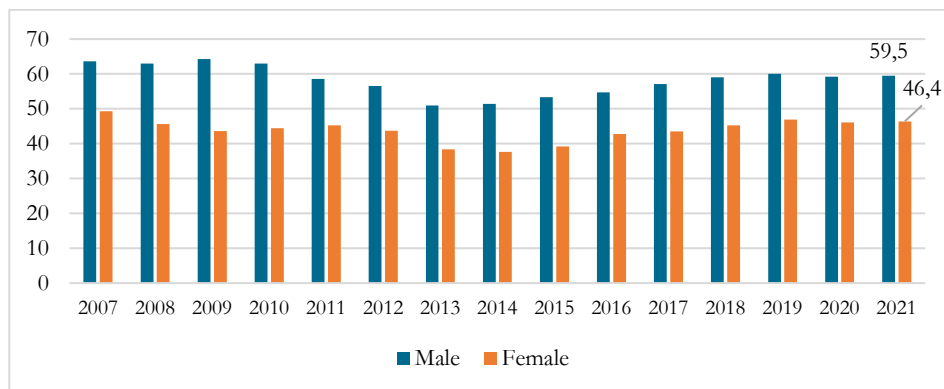


Figure 2: Employment rate by gender, age 15+ (%)

Source: INSTAT (2008-2022).

While the data in Figure 2 show that in Albania during the last 15 years, the gap between men and women in the proportion of employees remains relatively constant in 14.4 percentage points with about 153 thousand more men on average.

There is a harmonized dynamic between economic growth trends and rates of employment. In the short term, it seems that economic growth precedes the decline in the rate of employment. The sudden drop in the labor force participation and the level of employment in 2013-2015 reflects the slowdown economic of the country in the period 2011-2014 (because it happens exactly two years after the period), during which economic growth recorded the lowest values of these 15 years, with an average of 1.3%. During the recession, it is important to note that, female individuals are affected more than their male counterparts. For the year 2012, the rate of employment for male fell by 9%, while as that of female fell by 12%. This pattern is repeated in 2020, where as a result of the economic decline from the Covid Pandemic, the employment rate of men decreased only by 13% while that of women by 17%, showing once again their vulnerability.

Women compound the largest weight of the economically inactive population: almost only half (52.6%) of the total number of Albanian women of working age 15+ is included in the workforce of work. Meanwhile, for men of working age 15+, inclusion in the labor force is about 67.2%. These figures highlight the tendency of Albanian women to avoid long periods of being unemployed and looking for it, remaining in economic inactivity in the absence of secure employment.

The structure of the population outside labor market as shown in Figure 3 is dominated by pupils/students (33.3%) but only 28.1% of inactive female aged 15-64 follow secondary/tertiary education in comparison to 42.2% of male individuals. Along with the statistics of 30.3% of female fulfilling their domestic tasks (family care, etc.) compared to just 0.9% male, this graph shows where the priorities of female individual lie and the reason of the low participation rate in labor force. Social norms, social support, and education are among the most important factors determining the labor force participation of women.

One of the major obstacles to developing gender equality in Albania are society's conservative gender norms that make men and women to think differently about traditional gender roles. Women's rights and gender non-discrimination legislation and policies are not well known, and this includes many people and women themselves.

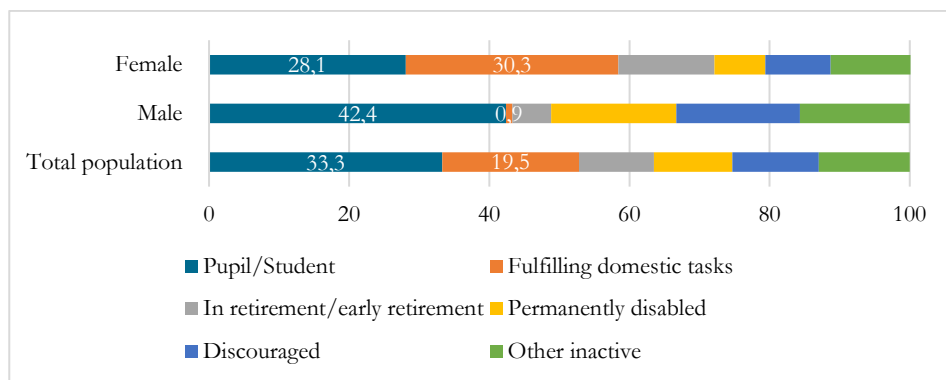


Figure 3: Structure of the economically inactive population aged 15-64 years old by sex, 2021
Source: INSTAT (2008-2022).

Inside the household, gender duties are clearly segregated. According to one in three women polled in 2021, women should focus on domestic duties while men should pay attention to their jobs and leadership opportunity (Observatory for Youth and Children Rights, 2021). More than 80% of Albanian respondents to the country's one and only Time Use Survey in 2011 stated that is normal for women to typically do the laundry, iron clothes, clean the house, prepare meals, and wash dishes (Albania Time Use Survey, 2010-2011), The number of hours spent on housework was correlated with gender and personal-level income. Education had an important

impact on public perception. More educated respondents were less likely to mention a traditional gender-based division of labor within the home. Furthermore, household duties were reported to be completed in fewer hours by respondents with at least a tertiary degree compared to those with only a secondary diploma. In addition, women become inactive due to unmet childcare needs.

In Albania, there is no social support for children apart from relatively expensive and problematic public nursery for children. As a result, having more children makes it more expensive for women to remain in the workforce, necessitating the need for social help from the government for mothers with children in need of care, notably in the form of accessible, inexpensive child care or on-site/work child care. Fewer than 40% of respondents said they receive no childcare assistance or support. The most usual child support reported from 1 in 4 responders was support from their parents or their partner parents. Only 1% of the responders were able to afford babysitters. This explain in part the decision of female to not participate in labor market and to be inactive by fulfilling their domestic tasks providing approximately four times more unpaid care as male do in raising their children (UNDP, 2016).

As shown in Figure 4 and 5, education explain the differences that exist in labor force participation rate for the year 2021 but the pattern is consistent throughout the last 15 years even though it fails to explain in length the differences in wage. The labor force participation rate of female with tertiary education aged 15+ is 74.2% compared to 78.3% of their male counterparts resulting in a trivial gap of only 4%. While as for male and female this gap is significantly great at 24.4% in favour of male individuals compared to the total gap 15%. Occupational stereotypes limit women's and girls' choices in education and job places because they work primarily in industries with lower earnings, such as manufacturing, agriculture, health and social services, all sectors characterised by lower wages. In the formal sector, men are paid 4.5% more than women in 2021, a significant decrease from previous high values of 10.7%.

Women in Albania continue to work primarily in agriculture (40% against 28.8% of men) and Public Administration, Community, Social and other Services and Activities (22.9% against 13.6% of men). On the other hand, men are concentrated in Trade, Transportation, Accommodation and Food, and Business and Administrative Services (30.3% against 20.3% of women) (INSTAT, 2022).

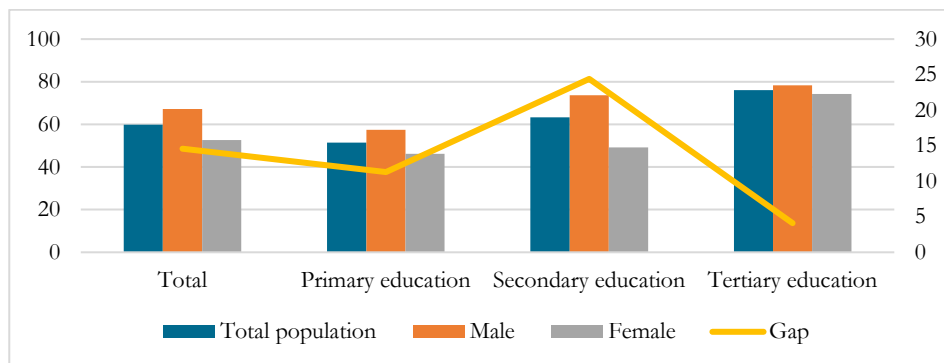


Figure 4: Labor force participation rate by education, age and sex, 2021 (%)

Source: INSTAT (2008-2022).

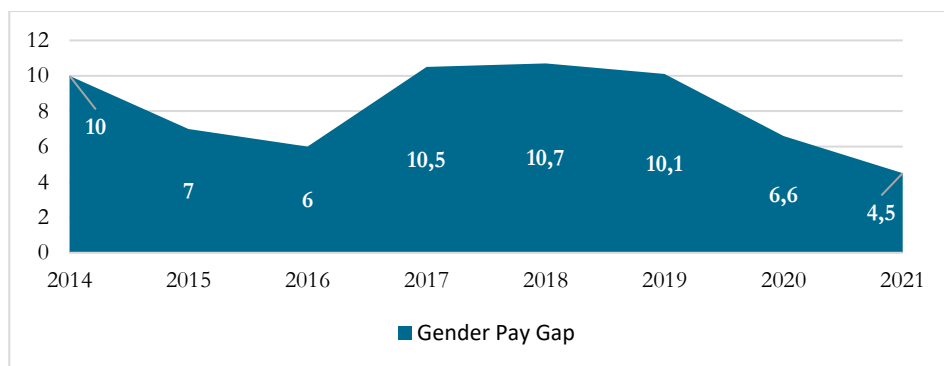


Figure 5: Gender Pay Gap (%), 2014-2021

Source: INSTAT (2008-2022).

5 Discussion and Conclusion

Women remain underrepresented in the labor market in Albania. In 2021, 52.6% of women were present in labor force, whereas men's presence stood at 67.2%. In other words, there is still a gender participation gap in the labor market of 14.6 p.p., which has only slightly decreased in the last 15 years. Women are increasingly well qualified: more women than males graduate from universities. But women don't feel as free to choose their educational path and career opportunities and don't have the same job prospects as men because of inexistent social support for childcare and society social norms which segregate household duties by gender. The latter is also the main reason for the inactivity of female aged 15+ years with 30.3%. Education

affects not only the perception of the figure of female as housewife and the participation rate in labor force but even the gender gap in participation in labor force which decreases with the increase in years of education obtained. Education tries to explain also the differences in gender pay as women choose stereotype occupation such as manufacturing, agriculture, health and social services, all sectors characterised by lower wages.

The paper suggests that in order to improve economic justice and to achieve gender equality in Albanian labor market several fiscal policy measures should be taken to tackle gender inequalities. Women's leadership should be strengthened to reduce labor market segregation and to give women more negotiating power in the home when it comes to financial decisions in order to promote decent employment and equitable payments. Gender equality and non-discrimination should be promoted, while putting a high priority on affordable and inclusive education with greater focus on education fields that brings higher value added. It is also requisite to develop gender-responsive fiscal policy that aim to lighten the burden of childcare.

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