



CONSUMPTION EXPENDITURE BY GENDER OF HOUSEHOLD HEAD IN ALBANIA

Eri Gjoka

PhD candidate, Department of Economics, Faculty of Economy, University of Tirana, Albania

erigjoka@gmail.com

Abstract

For Albanian society gender equality has become a new emerging principle. The society has been struggling to come to terms with the empowerment of women. The aim of these study is to tackle the differences in consumption differences between female-headed households and male-headed households. Living Standard Measurement Survey (LSMS) will be utilized for estimating the factors affecting the household expenditure and the differences between female and male household expenditure. We estimated an expenditure model, attempting to identify the variables that impact the amount of household consumption expenditure. Separated models were fit for male and female headed households in order to identify the different patterns of expenditures among these household types. Education and employment of head of the household boost the consumption expenditures for male-headed household, but not for female-headed households. Expenditures increase in larger households but decrease in very large ones. It reveals that age is an impoverishment factor for women. The results of the model show an inverted U shape relation with the size of the dwelling. Having a computer and internet connection also has a positive effect on consumption.

Keywords: Household consumption expenditure, Albania, female-headed household; gender; gender gap



INTRODUCTION

For Albanian society gender equality has become a new emerging principle. The society has been struggling to come to terms with the empowerment of women. Albanian society has traditionally been dominated by males with women forced to be in submissive positions because of the patriarchal Balkan traditions and culture. Albania went through a period of major drastic changes in the social, political and economic fields after the fall of communism in 1991.

51 per cent of the Albanian population constitutes women. The patriarchal family culture was still considered foremost, with two to three generations living under the same roof. The country started to grow and develop by external and internal migration of the individuals. This migration tendency acted as a catalyst in the dissolution of the patriarchal family system. However, the situation of individual safety problems, unemployment and poverty, sustained to deny women and young girls from some of their elementary rights, especially in the poor and remote areas. Data on poverty in Albania confirms the declining situation of the females in the country. This justifies the prevailing conditions of the feminization of poverty in the country. This has also led to the increasing numbers of children distressed because of the feminization of poverty.

Fighting poverty was one of the goals of the humanity since at least one century (Cammack, 2004; Graaff, 2003). Often consumption spending, rather than income levels, are used to assess the country's monetary poverty. Alluding to monetary/material poverty, one needs to build up which sort of material markers ought to be considered. Past everything, one may think about utilizing consumptions as reason for calculation (Saunders et al, 2002), incomes (Short, 2005), or deprivation (Brandolini et al, 2010; Nolan and Whelan, 2010). Household consumption expenditure are an important indicator of well-being and standard of living of individuals.

The effect of family unit spending choice on economic development and policy planning (Deaton, Ruiz-Castillo, and Thomas, 1989) has impacted economist to study household patterns that influence. Household's total expenditure and spending decisions are affected by various factors such as size of the household, income (Grossman, 1972), education level, gender and age of the head of the household (Bolin, Jacobson, & Lindgren, 2002), location, status and occupation. Different studies have tried to estimate the factors that do influence the amount of spending on food (Thirumarpan, 2014), education (Kousar, Sadaf, Makhdum, & Ijaz, 2017), health (Martín, del Amo Gonzalez, & Dolores Cano Garcia, 2011).

This study deals with household consumption expenditure trying to tackle the differences between female-headed households as compared to men-headed households. Living Standard Measurement Survey (LSMS) will be utilized for estimating the factors affecting the household

expenditure and the differences between female and male household expenditure. We organize the rest of the paper in the following way. In the next section, we realize a brief description of household consumption expenditure in Albania. In section 3 we describe the methodology used and present estimation results and section 4 summarizes our findings.

CONSUMPTION EXPENDITURE IN ALBANIA BY SEX OF HEAD OF HOUSEHOLD

The monthly average consumption expenditures in Albanian household is at 75.935 ALL but exists a difference on household expenditures by sex of head of household (Table 1). The expenditures of female-headed household are 18% less compared to male-headed household.

Table 1: The monthly average consumption expenditures by sex of head of household, 2018

Grupet kryesore të konsumit	Gjinia / Sex		Gjithsej / Total	Main groups
	Burra / Men	Gra / Women		
Ushqim dhe pije jo-alkoolike	34,034	30,172	33,436	Food and non-alcoholic beverages
Pije alkoolike dhe duhan	2,827	1,648	2,644	Alcoholic beverages, tobacco
Veshje dhe këpucë	3,384	2,602	3,263	Clothing and footwear
Shpenzime për banesën, ujë, energji elektrike dhe qira e paguar	7,991	7,974	7,988	Housing, water, electricity, gas and other fuels
Mobilim, pajisje shtëpiake dhe mirëmbajtje e zakonshme e banesës	4,511	3,851	4,409	Furnishing, household equipment and routine maintenance of the dwelling
Shëndet	3,246	2,814	3,180	Health
Transport	5,627	2,566	5,153	Transport
Komunikim	2,830	2,351	2,756	Communication
Argëtim dhe kulturë	2,115	1,612	2,038	Recreation and culture
Arsim	2,337	2,099	2,300	Education
Restorante dhe hotele	3,743	2,603	3,567	Restaurants and hotels
Të tjera mallra dhe shërbime	5,435	3,926	5,202	Miscellaneous goods and services
Shpenzimet mesatare gjithsej	78,080	64,218	75,935	Average total consumption expenditures

Source: INSTAT, 2020

Not only total household expenditure depends on composition of the household, but also the allocation of the expenditure. In table 2 is presented the percentage of total expenditure allocated to the specific good/service based on sex of head of household.

Despite head of household, the highest share of consumption expenditure in Albania is allocated on food and non-alcoholic beverages. This is typical in poorer households and in developing countries, while in developed countries the share for food expenditure is lower than 20 percent. According to INSTAT, the average household expenditure on “food and non-alcoholic beverages” is 44% with a small decrease of 1.1% compared to previous year.

Table 2: The distribution of consumption expenditures
by sex of head of household in percentage, 2018

Grupet kryesore të konsumit	Gjinia / Sex		Gjithsej / Total	Main groups
	Burra / Men	Gra / Women		
Ushqim dhe pije jo-alkoolike	43,6	47,0	44,0	Food and non-alcoholic beverages
Pije alkoolike dhe duhan	3,6	2,6	3,5	Alcoholic beverages, tobacco
Veshje dhe këpucë	4,3	4,1	4,3	Clothing and footwear
Shpenzime për banesën, ujë, energji elektrike dhe qira e paguar	10,2	12,4	10,5	Housing, water, electricity, gas and other fuels
Mobilim, pajisje shtëpiake dhe mirëmbajtje e zakonshme e banesës	5,8	6,0	5,8	Furnishing, household equipment and routine maintenance of the dwelling
Shëndet	4,2	4,4	4,2	Health
Transport	7,2	4,0	6,8	Transport
Komunikim	3,6	3,7	3,6	Communication
Argëtim dhe kulturë	2,7	2,5	2,7	Recreation and culture
Arsim	3,0	3,3	3,0	Education
Restorante dhe hotele	4,8	4,1	4,7	Restaurants and hotels
Të tjera mallra dhe shërbime	7,0	6,1	6,9	Miscellaneous goods and services
Shpenzimet mesatare gjithsej	100,0	100,0	100,0	Average total consumption expenditures

Source: INSTAT, 2020

As seen at table 2, Albanian household spend the higher proportion of their income on necessary goods and services (food, housing, health), with female-headed household spending even a higher portion of their income on these items and having less to spend on cultural and recreative activities.

ESTIMATIONS AND RESULTS

In this section, we estimated an expenditure model, attempting to recognize the variables that impact the amount of household consumption expenditure.

Separated models were fit for male and female headed households. For each of them, two models were estimated. The first model includes individual variables referring to education, occupation, and housing, as well as interaction terms with regional dummies. The second model adds assets. Within the table and subsequent models, HD denotes indicators standing for the head of the household, while HH stands for counts at the household level.

Table 3: Regression models for ln(consumption), depending
on sex of head of household, LSMS2012

	female-headed household				male-headed household			
	Model 1		Model 2		Model 1		Model 2	
	B	sig	B	sig	B	sig	B	sig
(Constant)	12.655	.000	12.543	.000	11.802	.000	11.657	.000
reg_2 region=Coastal	-.310	.005	-.300	.005	-.215	.000	-.197	.000
reg_3 region=Mountains	-.066	.786	-.069	.769	.063	.314	.072	.238
reg_4 region=Tirana	-.192	.200	-.237	.104	-.298	.000	-.265	.000
hhSize	.279	.000	.241	.000	.209	.000	.196	.000
hhSize2	-.024	.000	-.020	.001	-.011	.000	-.010	.000
lnAGE	-.146	.012	-.138	.014	.003	.901	-.001	.979
married	.113	.008	.099	.017	.067	.007	.054	.024
primaryHD	-.034	.512	-.025	.612	.067	.041	.075	.018
secondaryHD	-.053	.370	-.045	.427	.105	.002	.104	.002
tertiaryHD	-.078	.366	-.120	.155	.182	.000	.163	.000
employedHD	.209	.123	.158	.228	.134	.000	.144	.000
employedHH	.109	.081	.121	.046	-.035	.010	-.040	.003
nojobHD	-.122	.131	-.162	.038	-.016	.554	-.022	.393
selfEmpHD	.141	.093	.142	.081	.018	.255	.024	.118
employerHD	.259	.377	.402	.157	.117	.135	.064	.402
publicHD	-.017	.878	.019	.857	-.075	.037	-.048	.167
wagedHD	-.290	.045	-.261	.062	-.096	.010	-.113	.002
employerHH	-.246	.271	-.308	.155	.124	.008	.122	.007
publicHH	.080	.142	.009	.870	.035	.040	.014	.399
wagedHH	.002	.975	.000	.994	.131	.000	.132	.000
primary1HH	.036	.247	.029	.329	-.004	.644	-.006	.468
primary2HH	.059	.033	.047	.078	.012	.095	.010	.171
secondaryHH	.107	.000	.078	.001	.046	.000	.033	.000
tertiaryHH	.205	.000	.168	.000	.096	.000	.068	.000
roomspc	.295	.001	.199	.027	.212	.000	.186	.000
roomspc2	-.066	.001	-.049	.012	-.014	.000	-.012	.000
water	.021	.579	.019	.606	-.010	.489	-.026	.073
R2_nojobHD	.079	.681	.097	.599	.044	.278	.052	.182

R2_wagedHH	.074	.147	.071	.153	.005	.693	.000	.977
R2_publicHD	.050	.674	.111	.339	.009	.824	.013	.748
R2_water	.019	.743	.035	.534	-.025	.266	-.028	.196
R2_roomspc	.099	.393	.089	.430	.216	.000	.200	.000
R2_roomspc2	-.005	.859	-.008	.761	-.058	.000	-.055	.000
R3_nojobHD	.173	.654	.253	.496	-.062	.271	-.061	.264
R3_wagedHH	.056	.683	.137	.304	-.118	.000	-.126	.000
R3_publicHD	-.319	.243	-.345	.194	.078	.236	.084	.186
R3_water	-.158	.253	-.143	.286	-.023	.546	-.007	.851
R3_roomspc	.096	.685	.114	.617	-.018	.836	-.032	.705
R3_roomspc2	.000	.998	-.007	.883	-.009	.713	-.006	.806
R4_nojobHD	.080	.654	.012	.947	-.028	.543	-.040	.378
R4_wagedHH	-.055	.299	-.051	.321	-.002	.905	-.018	.256
R4_publicHD	.207	.112	.269	.033	.123	.003	.113	.005
R4_water	.192	.025	.105	.213	.159	.000	.135	.000
R4_roomspc	.025	.861	.132	.348	.299	.000	.283	.000
R4_roomspc2	.031	.346	.007	.816	-.069	.002	-.065	.002
kitchen			.108	.000			.081	.000
bath			-.041	.183			.000	.979
flushingWC			.189	.008			.197	.000
computer			.268	.000			.160	.000
Internet			-.044	.486			.046	.037

Source: Author's calculations

The results of the models reveal the expected findings. The adjusted R-squares for models are 0.457 and 0.495 for female-headed households and 0.341 and 0.379 for male-headed households.

Expenditures increase in larger households but decrease in very large ones. It reveals that age is an impoverishment factor for women, but not for men. Married couples also spend more.

Higher educated heads of household indicate higher expenditures in male-headed household but has no impact on female headed-households. Whereas education of other members of household matters for both types of households, the more educated the household is, the higher the expenditures are.

Being employed (as head of household) increases the expenditures in male-headed households but has no impact on female-headed household. This result maybe due to the nature of employment of women, the greatest share of them work on agriculture, public administration or are contributing family workers. Also, based on INSTAT (2018) women are paid on average 10.7% less than men. Being employed or being an employee also matters solely for male-headed households. If members of the female-headed household are employed, the household expenditure will increase.

Central rural region in Albania is one of the most developed regions in agriculture, due to its better weather and land conditions. A rural household in central region has the possibility for higher consumption expenditure due to better/higher amount of goods produced and sold.

The results of the model show an inverted U shape relation with the size of the dwelling: the more rooms are, the higher the spending. Access to running water does not differentiate in Albania, but presence of kitchen and computer are important. Further, having an internet connection also matters only for male-headed households.

CONCLUSIONS

At this paper we estimated an expenditure model, attempting to identify the variables that impact the amount of household consumption expenditure. Separated models were fit for male and female headed households in order to identify the different patterns of expenditures among these household types. The results of the models reveal the expected findings.

Expenditures increase in larger households but decrease in very large ones. It reveals that age is an impoverishment factor for women. Higher educated heads of household indicate higher expenditures in male-headed household but has no impact on female headed-households. Whereas education of other members of household matters for both types of households.

Being employed (as head of household) increases the expenditures in male-headed households but has no impact on female-headed household. Based on INSTAT (2018) women are paid on average 10.7% less than men. Being employed or being an employee also matters solely for male-headed households.

The results of the model show an inverted U shape relation with the size of the dwelling: the more rooms are, the higher the spending.

REFERENCES

- Bolin, K., Jacobson, L., & Lindgren, B. (2002). The family as the health producer - When spouses act strategically. *Journal of Health Economics*. [https://doi.org/10.1016/S0167-6296\(01\)00135-7](https://doi.org/10.1016/S0167-6296(01)00135-7)
- Grossman, M. (1972). On the Concept of Health Capital and the Demand for Health. *Journal of Political Economy*. <https://doi.org/10.1086/259880>
- INSTAT. (2018). Household Expenditure survey, 2017. Retrieved from http://instat.gov.al/media/4783/abf_2017.pdf
- Kousar, R., Sadaf, T., Makhdom, M. S. A., & Ijaz, A. (2017). Determinants of household's education and nutrition spending: A gender-based empirical analysis. *Humanomics*. <https://doi.org/10.1108/H-06-2016-0050>
- Martín, J. J. M., del Amo Gonzalez, M. P. L., & Dolores Cano Garcia, M. (2011). Review of the literature on the determinants of healthcare expenditure. *Applied Economics*. <https://doi.org/10.1080/00036841003689754>
- Thirumarpan, K. (2014). DETERMINANTS OF HOUSEHOLD FOOD EXPENDITURE AMONG RURAL HOUSEHOLDS OF AMPARA DISTRICT. In 04th International Symposium, SEUSL (pp. 325–332).
- Sachs, J. D., Layard, R., & Helliwell, J. F. (2018). *World Happiness Report 2018*, UN.
- Saunders, P., Bradshaw, J., & Hirst, M. (2002). Using household expenditure to develop an income poverty line. *Social Policy & Administration*, 36(3), 217-234.
- Sen, A. (1976). Poverty: an ordinal approach to measurement. *Econometrica: Journal of the Econometric Society*, 219-231.
- Short, K. S. (2005). Material and financial hardship and income-based poverty measures in the USA. *Journal of Social Policy*, 34(1), 21-38.
- Townsend, P. (1979). *Poverty in the United Kingdom: a survey of household resources and standards of living*. Univ of California Press.