Albanian-American
Development Foundation

✓CleanScore

RESEARCH PAPER COMPETITION

WINNING PAPERS

JSTOR akademia

4th **EDITION**

TABLE OF CONTENT

European University of Tirana
Faculty of Economics, Business and Development
Department of Finance & Economics

**Scientific Research Competition
JSTOR**

Field of study: Insurance Market

"Challenges faced by Micro-Insurance, as a new and unknown concept in the insurance market. Case of Albania."

Lorena Gosemi

Master of Science in
Accounting and Financial Reporting
2019-2021

Tiranë 2023

Abstract

Micro-insurance is a form of insurance, not being separated from traditional insurance, but which is mainly aimed at low-income individuals. This form of insurance applies to developing countries, where the level of population income is below the average level and where the low-income individuals occupy the highest percentage. The importance of micro-insurance in these countries applies to the fact that it includes in its packages, individuals who are excluded from traditional insurance schemes. Albania is also one of the developing countries, with low economic levels, where micro-insurance development is very important. The analysis will be done through the drafting of a detailed questionnaire, addressed to 12 insurance companies operating in the country. Currently, there is no micro-insurance product in the insurance market. AFSA, the entity regulatory has the main role in this process, which must undertake the strategy and practice to promote interest parties in the development of micro-insurance and the protection of low-income individuals. The results achieved in this paper support the hypothesis raised, where the factors that hinder the development of micro-insurance in the country are: high premium costs, the non-existence of a group of experts in the design of its products and the non-favourable level of technology and innovation.

Keywords: Micro-insurance, low-income, premiums, developing country, insurers, AFSA.

1. Introduction

In a very short time, micro-insurance has advanced far from something strange in the insurance world into a significant business opportunity in the long run. Who would have thought that low-income individuals would be so worthwhile to find, or such premiums that cost 50 cents a month would be profitable? Today more than thirty international intermediaries are offering micro-insurance products in different parts of the world and more others are planning to participate at the moment we are talking (Radermacher, 2011). Although there is no such a recipe for success, the key characteristics that are leading toward that way are differentiation, innovation and partnership. (Norton, 2010). Micro-insurance remains a new and complex industry, which is still evolving.

1.1. Study Objective and Research Questions

The purpose of this paper is to highlight the importance of the application and development of micro-insurance in Albania.

The paper will be oriented through some research questions that follow as follows:
- Are high premium costs a factor hindering the application of micro-insurance in Albania?
- Is the lack of a group of experts, capable of designing products suitable for micro-insurance and the current situation in the country another obstacle?
- Does the lack of technology and innovation also affect the appearance of problems in the development of micro-insurance?

The null hypothesis that will be raised and intended to be proven in this paper is:
- The application of micro-insurance in Albania encounters problems and difficulties due to high premium costs, the lack of a group of experts capable of designing products and at the same time the current not very favourable stage of technology and innovation.

1.2. Methodology

This research is based on the design of a detailed questionnaire and divided into 3 different sections in such a way that each aspect of the study has a conclusion and examines in detail all the problems encountered by insurance companies in the country. First section includes general questions about insurance companies operating in the market. Second section includes direct questions about micro-insurance, and this is the most important one that gives the answers to all our problem spotted since at the beginning. The third and last section is focused more on two of the most important events, that had a major impact in the economy, such as the earthquake in Albania and the Covid-19 pandemic.

2. Literature review

The term "micro-insurance" first appeared as a financial service within microfinance and then developed as a separate sector (Insurance Information Industry, 2021).

The concept of insurance dates back to as far back as 3,000 BC in China, where traders and investors shared the risk of losing goods when transporting abroad. A similar concept developed in Babylon, where the Greeks and Romans introduced the origins of life and health insurance around 600 BC. The first fire insurance company in England, was established after the occurrence of the Great Fire of London, around 1666 (Dror, 2019).

In recent years micro-insurance products have become a very important component of risk transfer of life, health, property and agro-culture in developing countries. (Churchill C. F., 2007) identifies micro-insurance as a form of insurance that is made through periodic payments or not, and that is addressed to individuals who do not have access to the traditional form of insurance.

2.1. Design of Micro-insurance products.

Micro-insurance is seen as the "next revolution" in addressing risk and vulnerability in developing countries (Morduch, 2006). Micro-insurance products differ from one market to another, adapting to the economic situation and needs of individuals, but a good micro-insurance product has at its core the key attributes of SUAVE, according to the study of (McCord, 2012) which are:

Simplicity- Product design, warranty terms and conditions, language of insurance policies should be structured in the simplest way possible so that all individuals can easily understand them.

Understandable- To clearly understand the whole process.

Availability- The objective of micro-insurance is to offer the opportunity for all individuals to be able to access its products.

Validity- Due to the low and volatile incomes of the very low-income percentage of the population, micro-insurance products require adjustments to meet the requirements of the target group of individuals.

Efficiency- Products and premiums must be kept at a low level for the product to be affordable by the target group.

2.2. Products offered by Micro-insurance and related features.

The most common types of coverage that micro-insurance products offer in accordance with insurance principles include life insurance - often related to loans provided by microfinance institutions or MFIs, health insurance and property insurance. agricultural and livestock (Biener, Eling, & Schmit, 2014). Micro-insurance policies provide mandatory and voluntary coverage for the risk ranging from health to death, from theft to fire and from livestock to crops (Biener & Eling, An analysis of Problems and Potential Solution, 2012).

The most common products that micro-insurance offers are given as follows:

Life Micro-insurance and pension savings plans- provides protection the against financial consequences to the death of the head of the household or old age. (ILO/STEP, 2006).

Health Micro-insurance- offers protection against the financial consequences of various diseases and motherhood. The financial consequences are of various natures: 1) direct medical costs for disease prevention and treatment, 2) direct non-medical costs and 3) indirect costs.

Micro-insurance of property- this type of insurance provides coverage against the financial consequences of damage or loss of personal assets, workplace and tools.

Micro-insurance of agricultural crops- plays a very important role in developing countries. This insurance provides a financial compensation in case of crop failure that comes as a result of unforeseen events or happenings. (Rebekah Yore, 2019). One of the most successful products that micro-insurance offers, based on the strategies of insurance companies, tends to be life insurance coverage related to loans granted by MFIs (Churchill & McCord, 2012).

2.3. Micro-insurance product distribution models.

The scope of financial intermediaries has changed significantly in micro-insurance, moving to a more integrated phase with a diversity of types of product distribution to consumers. (Access to Insurance Initiative, 2016). Michael McCord and Craig Churchill identified three distribution models used in micro-insurance (McCord & Churchill, Successful Business Models in Microinsurance, 2014).

Traditional Model- This model uses the power of the company to sell products. Insurance companies possess a great deal of control over the micro-insurance market and maintain customer privacy but due to direct market involvement, distribution, and administration costs

increase significantly. (Nef, 2012). *Partner-Agent Model*- MFIs and banks are seen as the ideal partners to create these volumes. Insurance companies choose their agent based on 3 aspects: the possibilities of achieving a contact with the client, reputation and loyalty.
Community-based model- This model consists in the formation of certain groups, which have as specific: common interest, voluntary membership and not profit maximization. Group members are the owners and beneficiaries of micro-insurance policies.

2.4. Micro-insurance market and its functioning.

Financial inclusion in the micro-insurance market is achieved when all customers can reach and sustainably use these services that have a great importance to their needs. (Bester & Chamberlain, 2010).

Micro-insurance demand-side: The demand for micro-insurance products will refer to all those individuals with incomes below the minimum level, who need micro-insurance products to feel safe and be protected from the innumerable risks (Liu, 2016). Jose Luis in an interview with ACCION in 2014 said: "If these individuals lose something, they have lost everything!" Micro-insurance is the right tool to overcome poverty and protect low-income individuals (USAID, 2006).

Micro-insurance supply-side: The micro-insurance supply refers to all institutions and processes that are involved in the production and distribution of micro-insurance products (Microinsurance Business Models, 2009). **The main reason that hinders the development of micro-insurance is the fact that insurance companies do not see any additional benefit to take over its application**.

The importance of technology, and innovation in Micro-insurance:
Against the challenges faced in the development of micro-security, many innovative technologies have emerged such as payment in the form of applications and indexed insurance of atmospheric conditions (Chow, Biese, & Ng, 2019). Moreover innovation and technology are still at a very low level in various countries (Biener & Eling, An analysis of Problems and Potential Solution, 2012).

Supervision and regulation in Micro-insurance:
Insurance, for a long time, has been described as a business "dressed in the public interest" because of the role it plays in economic development and personal security (Daykin & Cresswell, 2001). Their primary purpose is the same: to protect consumers by ensuring safe and transparent insurance practices. (Klein, 1995) identified four regulatory activities: solvency, rates and policy forms, market practices including sales and underwriting, and other functions such as improving customer information.

2.5. Impact of Covid-19 on Micro-insurance.

The COVID-19 crisis took its toll on the insurance industry, but how it affected particularly micro-insurance clients, who were forced to choose between paying premiums or food to live on. From an adage "never let a good crisis go to waste", MiN at the last forum of experts raised the question of whether the pandemic had strengthened or undermined the micro-insurance business (MiN, 2020). For Peter Gross, COVID-19 has been a wake-up call, forcing insurers to make late changes. Despite all the challenges micro-insurance remains a priority and if COVID-19 has highlighted one more thing, it has been to highlight those low-income individuals who need protection (Microinsurance Network, 2020).

3. EMPIRICAL ANALYSIS

This research is focused in the problems facing by micro-insurance as a new concept, in tendency to develop and to has a succesful feedback in the market. In this section the reader will take the answers of every question and problematics raised in the beginning of this paper.

3.1. Economic profile, and the current state of the insurance market in Albania.

According to (INSTAT, 2021), the economy in Albania experienced an increase in real terms of 2.11% compared to 2018 and an increase of 4.02% compared to 2018 & 2017. Data for the first quarter of 2021, show that gross domestic product is estimated with an increase of 5.53% compared to the first quarter of 2020. The Albanian doctrine actually talks about the existence of insurance since the period before the World War II (Naqellari, Hoti, & Angjeli, 2014).

Figure 1: Main Indicators of the Non-Life Insurance Market in Albania

| Year 2021				in thousand ALL
	January-June 2021	**January-June 2020**	**January-June 2019**	**January-June 2018**	**January-June 2017**
Gross underwritten premiums	8,187,240	7,052,684	7,445,506	7,128,541	6,821,537
Gross claims paid	3,411,138	3,813,734	2,346,911	2,162,830	2,533,458
Number of contracts signed	419,803	395,166	535,385	503,952	463,229
Number of claims paid	25,700	23,108	20,789	22,444	24,110

Source: (AFSA, 2017 - 2021)

3.2. General analysis of insurance companies in Albania.

Based on data collected by (AFSA, 2021), in Albania, are currently 12 insurance companies operating, of which 8 are non-life insurance companies and 4 are life insurance companies. Although it is obvious that Life insurance occupies 33% of the market, from the answers to the questionnaire it was noticed that life insurance packages such as health insurance for travel or accidents, are among the most requested by customers. From the latest data, it is worth mentioning that in Albania the first steps are being taken towards the development of the insurance market and this comes from the AFSA. The latter in collaboration with several local partners has undertaken the project for comprehensive voluntary insurance. The project is funded and supported by the Insurance Access Initiative, which together with the GIZ Global Leadership Academy is trying to make the necessary changes in our country. GIZ Regional Director, Mr. Hans-Jürgen Cassens, has emphasized *"...the big potential that micro-insurance will has in this place, if all the interests parties will join together in such a way to bring innovative solutions that are necessary and fundamental"* (AFSA, 2017).

3.3. Market research and results achieved in relation to Micro-insurance.

From the data collected to the questionnaire 16.7% of the insurance companies did not know at all micro-insurance and the conditions of its operation.

**Figure 2: Recognition of "Micro-insurance" by insurance companies**
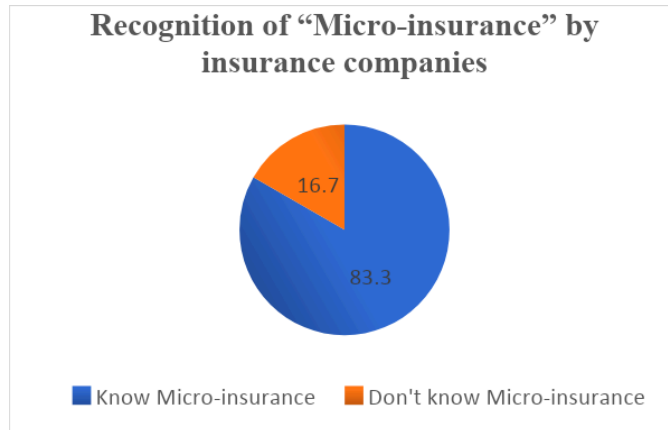
Source: Authors, 2021

From the 83.3% of companies that are currently familiar with micro-insurance, 66.7% of them admitted that they have received training related to micro-insurance and are very familiar with the terms and conditions. From companies that know micro-insurance and have done training, it turned out that after that they conducted a market study to analyze and understand the requirements of low-income customers in the country.

3.4. The main factors influencing the application of Micro-insurance.

Among the key factors related to the application of micro-insurance we can mention: the economic situation, financial policies, and product design. From the answers received, we note that 45.5% of insurance companies claim that financial policies are favorable in the country to develop micro-insurance, while 27.3% of them deny this and do not see it as reasonable.

**Figure 3: Calculation of premium of micro-insurance products**
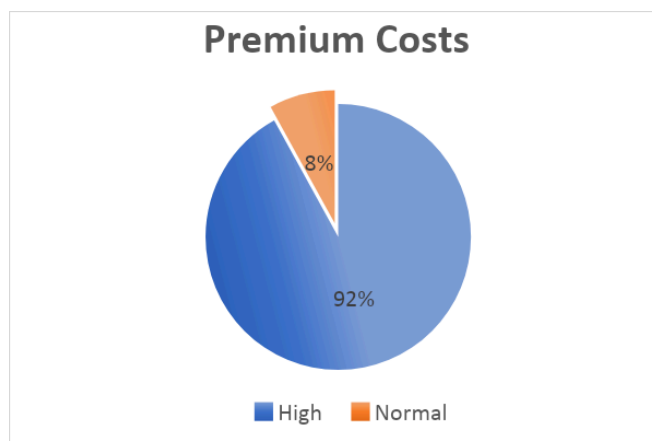
Source: Authors, 2021

In reviewing the economic situation, we note that 63.6% of companies agree that the economic situation is favorable and suitable for micro-insurance to be applied in the near future, while 18.3% of them say that they do not find it favorable the economic situation to

take on such an initiative. Product design will play a very important role, as in most cases they penalize the application of micro-insurance. From the questionnaire data, more than 80% of insurance companies say they have support from the reinsurer. The rest of less than 20% somewhat agree with this statement. Among all these points mentioned, the main problem in this part and almost in the whole paper lies in the calculation of the premium for such products, in which the very high cost of the premium hinders the market application of such products and for this reason fell agree over 90% of insurance companies, who do not see additional benefits. One of the fastest solutions suggested by the insurance companies themselves is to offer the products as "group" packages, in such a way that the costs are reduced and there is a marginal benefit from the package being offered.

Figure 4: Existence of a group of experts
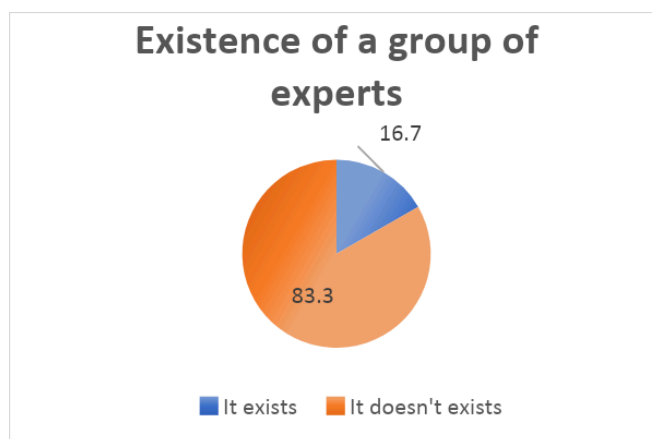
Source: Authors, 2021

Finding a group of experts is another problem, in which about 83.3% of insurance companies agree, that in our country there is no such group that enables such efficiency. Micro-insurance is a novelty itself and as such requires procedures that often need a considerable level of technology and innovation. Product offering and distribution channels need new methods applicable in different countries. From the data collected, 67% of insurance companies say that the technology is not at the right level to promote the development of insurance.

AFSA is a regulatory body and plays a very important role in the insurance market. In the opinion of insurance companies, the AFSA should:
1. Launch a market study to have a look at market development opportunities.
2. Ensure that every insurance company offers reasonable premiums to clients.
3. Set price ceiling and floors, to avoid abuses in the market.
4. Identify insurance needs for low-income individuals.
5. Raise awareness of low-income individuals about the benefits of micro-insurance.

3.5. Impact of the earthquake and Covid-19 on insurance and the poor population.
According to the data collected from the questionnaire, all insurance companies agree on the point that the earthquake and Covid-19 were waking up call to pay more attention to the insurance market. During the earthquake period it was noticed that insurance companies have successfully coped with the influx of damages left behind and moreover have indemnified their customers in record time. After the earthquake damage in total about 1900 cases have been reported, of which 270 are in the process of treatment. On the other hand, it was Covid-19 that focused not only on the insurance culture in general, but the insurance of low-income individuals in particular. Both events together showed that today more than ever

this part of the population needs insurance and at this point all the insurance companies agreed.

4. RESULTS

In this research the focus was on identifying the main factors that affect the development of micro-insurance in Albania, especially the negative aspects that hinder it. On the other hand, the impact of micro-insurance on the insurance companies themselves, their benefits and advantages, in addition to the obstacles to the creation of its products. During the study it was concluded that the key factors hindering the development of micro-insurance are: high premium costs, lack of a group of experts to design micro-insurance products and the level of technology and innovation not very favourable. This is because in these three factors, it was noticed by the data collected from the questionnaire that more than 80% of insurance companies expressed the same opinion. So we say that, *our null hypothesis cannot be rejected.*

At the end of the analysis of this research we are able to give some necessary recommendations as follows:

1) On the one hand the regulatory entity by name itself has the greatest responsibility where it must regulate and supervise every process from beginning to end.
2) On the other hand, insurance companies should be willing to join in the actions that the regulator undertakes to implement and give their opinions / suggestions regarding the situation to have a successful outcome.
3) They should also participate in the trainings that AFSA conducts.
4) After reaching a point of common interest between the regulator and the insurance companies, a group of specialists should be defined to design the products that micro-insurance offers.
5) If the feedback is positive, it is processed in the further steps of micro-insurance market development and if a satisfactory result is not achieved, the situation is analysed to understand the negative factors that have influenced.

REFERENCES

Churchill, C. F. (2007). *Protecting the Poor: A Microinsurance Compendium* (Vol. 1). Munchen: International Labour Organization.

Wouter, G. J.-P., & Ombeline, D. B. (2017). The Demand for Microinsurance: A Literature Review. *World Development*, 139-156.

Morduch, J. (2006). Micro-insurance: the next revolution? *Understanding poverty*.

McCord, M. J. (2012). Microinsurance product development for Microfinance providers. 43-49.

Microinsurance Center. (2012). Microinsurance Product Development. 12-20.

Biener, C., Eling, M., & Schmit, J. T. (2014). Regulation in Microinsurance Markets: Principles, Practice, and Directions for Future Development. *World Development*, 21-40.

Biener, C., & Eling, M. (2012). Insurability in Microinsurance Markets: An Analysis of Problems and Potential Solutions. *The Geneva Papers on Risk and Insurance. Issues and Practice*, *37*(1), 77–107. http://www.jstor.org/stable/41953168

ILO/STEP. (2006). THE ROLE OF MICRO-INSURANCE AS A TOOL TO FACE RISKS IN THE CONTEXT OF SOCIAL PROTECTION. 24-28.

Churchill, C., & McCord, M. (2012). Protecting the poor: A microinsurance compendium. 8-39.

Access to Insurance Initiative. (2016). Lessons from a Decade of Microinsurance Regulation. *Proportionate Regulatory Framework in Microinsurance*.

EKMAN, B. (2004). Community-based health insurance in low-income countries: a systematic review of the evidence. *Health Policy and Planning*, *19*(5), 249–270.

McCord, M. J., & Churchill, C. (2014). Successful Business Models in Microinsurance. *Report of the 6th A2ii – IAIS Consultation Call*, 2-9.

USAID. (2006). *What is Microinsurance?* USA: USAID.

Chow, Q., Biese, K., & Ng, J. M. (2019). Technology In Microinsurance. *How New Developments Affect the Work of Actuaries*.

Daykin, C., & Cresswell, C. (2001). The regulation of non-life insurance in the United Kingdom.

Klein, R. (1995). Insurance regulation in transition. *Journal of Risk and Insurance*, 363-404.

Bingzheng, C., Frank Y, F., Michael R, P., & Joseph, Q. (2019). Risk-revealing contracts for government-sponsored microinsurance. *Pacific-Basin Finance Journal, 57*. Retrieved August 19, 2019

Murray, J. E. (2011). Asymmetric Information and Countermeasures in Early Twentieth-Century American Short-Term Disability Microinsurance. *The Journal of Risk and Insurance*, *78*(1), 117–138.

Microinsurance Network. (2020). COVID-19: A moment of truth for microinsurance.

THE WORLD BANK. (2020). *Beaten or Broken? Informality and COVID-19.* Washington, DC : International Bank for Reconstruction and Development.

MiN. (2020, July 16). The Scope for Hope. *Response to COVID-19*.

Thorburn, C. (2017). What is Microinsurance? 11-15.

Mazzoni, D. (2019). SWOT analysis of PAYG Solar Home Systems. In *Digitalization for Energy Access in Sub-Saharan Africa : Challenges, Opportunities and Potential Business Models* (pp. 35–52). Fondazione Eni Enrico Mattei (FEEM). http://www.jstor.org/stable/resrep21860.7

Yunus, M. (2010). *Building Social Bussines.* New York : Perseus.

Jensen, N., & Barrett, C. (2017). Agricultural Index Insurance for Development. *Applied Economic Perspectives and Policy*, *39*(2), 199–219. http://www.jstor.org/stable/44786466

Bocke, L. (2008). Lessons Learned from Experiences in India and Madagascar. 12-20.

Bendig, M. (2012). Microfinance, Micro Life and Health Insurance Enrolment of the Poor in Sri lanka. In H. Sautter & S. Klasen (Eds.), *Empirical Analysis of Participation Patterns in Microfinancial Markets: The Cases of Ghana and Sri Lanka* (NED-New edition, pp. 117–144). Peter Lang AG. http://www.jstor.org/stable/j.ctv9hj7xt.10

Norton, M. (2010). Microinsurance, Brick by Brick. *World Policy Journal*, *27*(3), 78–79. http://www.jstor.org/stable/40964060

Eling, M. (2014). "The Determinants of Microinsurance Demand.". *The Geneva Papers on Risk and Insurance. Issues and Practice*, 224–263.

Radermacher, R., & Brinkmann, J. (2011). Insurance for the Poor? First Thoughts About Microinsurance Business Ethics. *Journal of Business Ethics*, *103*, 63–76. http://www.jstor.org/stable/41475991

Biener, C., & Eling, M. (2011). The Performance of Microinsurance Programs: A Data Envelopment Analysis. *The Journal of Risk and Insurance*, *78*(1), 83–115. http://www.jstor.org/stable/41952949

Liu, Y., & Myers, R. J. (2016). The Dynamics of Microinsurance Demand in Developing Countries Under Liquidity Constraints and Insurer Default Risk. *The Journal of Risk and Insurance*, *83*(1), 121–138.

Rebekah Yore, J. F. (2019). Microinsurance for disaster recovery: Business venture or humanitarian intervention? *An analysis of potential success and failure factors of microinsurance case studies,*, 16-32.

Nef, S. (2012). MICROINSURANCE DELIVERY MODELS. *Building social protection floors and comprehensive social security systems*, 30-35.

Liu, Y. a. (2016). "The Dynamics of Microinsurance Demand in Developing Countries Under Liquidity Constraints and Insurer Default Risk.". *The Journal of Risk and Insurance*, 121–138.

Eling, M., Jia, R., & Yao, Y. (2017). Between-Group Adverse Selection: Evidence From Group Critical Illness Insurance. The Journal of Risk and Insurance, 84(2), 771–809. http://www.jstor.org/stable/26482931

Yao, Y. (. (2013). "Development and Sustainability of Emerging Health Insurance Markets.". *The Geneva Papers on Risk and Insurance. Issues and Practice*, 160–180.

Yao, Y., Schmit, J., & Shi, J. (2019). Promoting sustainability for micro health insurance: a risk-adjusted subsidy approach for maternal healthcare service. The Geneva Papers on Risk and Insurance. Issues and Practice, 44(3), 382–409. https://www.jstor.org/stable/48703326

World Bank Group. (2021). COVID-19 Outbreak: Insurance Implications and Response. *Finance Series*, 4-26.

Greene, M. R. (2019). Historical development of insurance. *Encyclopedia Britannica*, 3-9.

Dean Karlan, J. M. (2010). Chapter 71- Access to Finance. *Handbook of Development Economics*, 4703-4784.

Q: Agricultural and Natural Resource Economics • Environmental and Ecological Economics. (2017). *Journal of Economic Literature*, *55*(4), 1721–1730. https://www.jstor.org/stable/26417190

AFSA. (2017 - 2021). *Statistical Bulletin: January-June (2017-2021).* Tirana: Financial Supervision Authority.

AFSA. (2017). *Supervision Reports.* Tirana: AFSA.

AFSA. (2021). *INFORMATION ABOUT INSURANCE COMPANIES.* TIRANA: AFSA.

INSTAT. (2021). *Gross Domestic Product, T1-2021.* Tirana: INSTAT.

Beqiri, A., Shyti, A., & Mani, E. (2018). *Insurance Market in Albania.* Tirana: Albas.

Eling, M., Pradhan, S., & Schmit, J. T. (2014). The Determinants of Microinsurance Demand. *The Geneva Papers on Risk and Insurance. Issues and Practice*, *39*(2), 224–263.

COHEN, M., & YOUNG, P. (2007). Using Microinsurance and Financial Education to Protect and Accumulate Assets. In C. O. N. MOSER (Ed.), *Reducing Global Poverty: The Case for Asset Accumulation* (pp. 208–224). Brookings Institution Press.

Back Matter. (2014). *The Geneva Papers on Risk and Insurance. Issues and Practice*, *39*(2). http://www.jstor.org/stable/24736714

BENNETT, S. (2004). The role of community-based health insurance within the health care financing system: a framework for analysis. *Health Policy and Planning*, *19*(3), 147–158. http://www.jstor.org/stable/45090186

EKMAN, B. (2004). Community-based health insurance in low-income countries: a systematic review of the evidence. *Health Policy and Planning*, *19*(5), 249–270.

"Luigj Gurakuqi" University

Faculty of Educational Sciences

Department of "Psychology and Social Work"

Scientific Research Competition

JSTOR

<u>Field of study:</u> Social and personality psychology

"Mass Media influence on beauty standards and self body-objectification in women"

Denalda Bashota

Clinical Psychology, 1st year of Master's Degree.

Shkodër, 2023

Abstract

This study examines the media's influence on beauty standards especially body oriented standards, which are often unrealistic and unattainable and as a result, it affects the mental and physical well-being of women. First part consists in a literature review, the second part consists in a quantitative study through the application of two questionnaires: Sociocultural Attitudes Towards Appearance (SATAQ-3) which intends to measure the level of exposure towards media and its influence on the perception of one's appearance, Objectified Body Consciousness Scale (OBCS) which measures three main aspects of body objectification . In this study 200 female students participants of the University of Shkodra "Luigj Gurakuqi" were surveyed. From the data analysis, it was found that there is a positive correlation between media exposure and self "body-objectification", meaning that a higher media exposure is accompanied with a tendency of self objectification.

Key words: media, beauty standards, body objectification, mental health

Introduction

We have often heard "Beauty is in the eyes of the beholder", implying an external perspective towards other people or other things. But it also consists in the way we look at ourselves, and if our eyes have been "poisoned" with what is claimed to be a perfect image of appearance, we will start doubting our self worth.

Media has always been a powerful transmitter of socio-cultural beliefs over body standards, which also has a great impact on a person's mental health. "The strongest sociocultural pressures that affect body dissatisfaction are imposed by the mass media" (Thompson, Heinberg, Altabe, & Tantleff-Dunn, 1999). Body dissatisfaction happens when there is a mismatch of one's body and beauty standards. Although from time to time these standards have changed continuously. If once females were encouraged to have a more rounded body shape, in these days a thin almost unobtainable physique is highlighted through advertising in media. Researches, both correlational and longitudinal indicate that the subjection towards media's portrayal of an ideal physique is often accompanied with body discontentedness and eating disorder symptoms (e.g., Harrison, 2001; Stice, Spangler, & Agras, 2001; Vaughan & Fouts, 2003). Since the portrayal of women in media has an objectifying nature to a wider extent, women are more affected by unrealistic standards that shape the way they see themselves, compared to men. It is worth emphasizing that even men, especially for the last 20-30 years, are also "prey" of stereotypical portrayals of a "perfect" body, which causes negative consequences in self-esteem and beyond.

Although many studies have been done, there is no data regarding our country, or even the city of Shkodra. Since this phenomena mostly affects the young audience (mainly 18-25 years old), this study is focused on this group of women, students of the "Luigj Gurakuqi" university.

Purpose of study: It is to identify the impact that the media has on the perception of "beauty" as the imposition of new lenses to evaluate the external appearance, and how this has affected the mental, physical and emotional well-being of women. This study will be focused on female students from the "Luigj Gurakuqi" university, aged 18-28.

Hypothesis : Between the exposure and internalization of models of absolute beauty represented in media and self "body-objectification", exists a positive correlation. Women who are more exposed to these media models (also who embody this information) have a higher tendency towards "self body-objectification".

Literature review

1. What is considered as beautiful? How does the media impact those perceptions?

Dion, Berscheid and Walster (1972) have demonstrated along with their work, the famous statement "what is beautiful is good" emphasizing the importance of looks in human perception of others . "Attractive people are better liked, and they are assumed to be more sociable, independent, and exciting (e.g., Brigham 1980), while less attractive people are assumed to be deviant and are often stigmatized" (e.g., Jones, Hammond and Philips 1978; Unger, Hildebrand and Madare 1982;for a recent quantitative review, see Eagly, Ashmore, Makhijani and Longo 1991). But most importantly, these "perfect" images and representations create a dissonance between what is seen and what it really is. The audience takes these out of reach beauty norms and embodies them, making them question their self worth. Misery-is-not-miserly effect explains that sad people have a tendency of spending more, then letting their emotions affect their economic decisions. (Cryder et.al,2008). That's why often people that are unsatisfied with their bodies have a tendency to spend a lot of money on surgery, different products etc. Magazines are a powerful tool of promoting unrealistic standards, specifically thinness (Thompson & Heinberg, 1999). The models which we see in magazines are digitally manipulated to look "perfect"(Shiela Reaves, Jacqueline Bush Hitchon et.al,2004). Mia Consalvo (1997, p. 109) discerned the irony of a contemporary technology that digitally manufactures beautiful women and then denotes the digital image as "natural:" The alleged "natural look" is a reproduction of science and technology. Attempts on maintaining this thin-ideal, can also consist into extreme dieting, as a main form of losing weight (Thompson, Stice,2001). Dieting associated with internalized standards can cause eating disorders such as bulimia, or anorexia.

2.Methodology

2.1 Instrument

1. Sociocultural Attitudes Towards Appearance Questionnaire-3 (SATAQ-3) is a tool, the third version of which was developed in by Thompson and his colleagues, in order to reveal attitudes towards sociocultural influences on body image and the internalization of beauty norms (Thompson et al., 2004). Some modifications have been made to the questionnaire to adapt in time and culture context of its application. For example, "I felt pressure from TV or magazines to lose weight." has been replaced with "I felt pressure from TV or social media to lose weight." or "Magazines are not an important source of information about fashion and being attractive" with "Social networks are not an important source of information about fashion and being attractive", also the version applied is a shorter version, due to flexibility in application. The questionnaire provides for each question an answer with a Likert scale, ranging from 1-5, where scale 1 corresponds to "not at all agree" and scale 5 corresponds to "completely agree". The constituent factors of the questionnaire, grouped according to similar questions, are: Information, Perceived pressure, Internalization- general, Internalization- athlete.

2.OBCS (Objectified Body Consciousness Scale, McKinley & Hyde, 1996), is a questionnaire that contains 24 questions; the answers correspond to the Likert scale. The respondents were asked to what extent they agree with the given statements about how they feel about their body, on a scale from 1 (not at all agree) to 5 (completely agree). The original questionnaire consists of a measurement scale from (1-7), for statistical calculation, the measurement scale has been reduced to fit the first questionnaire that precedes it. The results of the questionnaire also consist of the degree of objectification that the respondents have about their body. The higher the score, the more the person is said to experience that particular subscale of body shame, body surveillance, or body control. In this questionnaire, modifications have been made regarding some questions that are related to physical exercise, which have been replaced by questions that are a higher indicator of objectification, for example: "I don't worry when I don't do enough physical exercise" with "I try to imagine how I look to other people (like I'm looking at myself through someone else's eyes)" or "When I don't exercise, I question whether I'm a good person" with "If I think someone doesn't like the way I look, I try to do something to change it"

3.Results and discussion

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18	20	10.0	10.0	10.0
	19	43	21.5	21.5	31.5
	20	51	25.5	25.5	57.0
	21	52	26.0	26.0	83.0
	22	16	8.0	8.0	91.0
	23	10	5.0	5.0	96.0
	24+	8	4.0	4.0	100.0
	Total	200	100.0	100.0	

Table 1. Age of participants

Regarding the age of the participants, we note that 52 participants (26%) are aged 21, and 51 participants (25.5%) are aged 20. And the lowest participation was age 24+ with 8 participants (4%). The total average age of the participants is (M=20.13), i.e. approximately 20 years old.

For the first questionnaire (SATAQ-3), the coefficient of reliability and validity was calculated. Since Cronbach's alpha coefficient is ($0.881 \leq \alpha \leq 1.00$), we consider it with a high degree of reliability. Regarding the validity coefficient, the KMO and Bartlett test was used to measure the level of validity, the KMO value ($0.938 > 0.50$) shows that the questionnaire has a very high degree of validity, and the data set is very suitable. During this process, factorial analysis and reduction of variables was done. As the number of factors was already considerable and the validity coefficient was high, it was not necessary to reduce factors.

Factors	No. of questions	Cronbach's α	Mean	Min	Max	Stand. deviation
1.Internalization -general	4	.87	2.6	1.00	5.00	11.8
2.Perceived pressure	7	.70	2.48	1.00	5.00	10.3
3.Internalization - athlete	5	.60	2.9	1.00	5.00	6.6
4.Information	9	.65	2.91	1.00	5.00	7.07

Table 3. Descriptive analysis and reliability coefficient for SATAQ-3 factors

As we see in the table above, the highest value comes from "Information" factor, which indicates a high interest on media's perception of beauty norms, for example one question from this factor consists as "Television programs are an important source of beauty and fashion", this shows that people rely on this kind of information, which defines the way they perceive beauty or what is called fashion.

Factors	No. of questions	Cronbach's α	Mean	Min	Max	Stand. deviation
1.Body shame	7	.69	2.7	1.00	5.00	7.9
2.Body control	7	.61	2.8	1.1	4.7	7.0
3.Body surveillance	8	.68	3.3	1.7	5.00	4.8

Table 4. Descriptive analysis and reliability coefficient for OBCS factors

We mentioned that the higher the score, the more it shows about the experience of the person to that certain degree (factor). Note that for each scale the average is around the neutral responses. It means that most of the respondents did not lean towards a certain extreme, either low or high. A scale was considered to load on a factor with a magnitude of 0.40 or greater. Questions such as Question 1, "I rarely think about how I look," and Question 14, "I think a person's weight is largely determined by the genes they were born with," were removed because of weak loadings on each factor. Cronbach's α coefficients were reexamined with the new factors and after changing the scoring formats of the questions.

The main Hypothesis predicted that there would be a positive correlation between the exposure and internalization of models of absolute beauty represented in media and self "body-objectification".

To measure this we calculated Pearson's correlation between SATAQ-3 results and OBCS's ones. ($r=.559$, $N=200$, $p<0.05$), which showed that there is a positive and significant correlation between the variables. Although it is not a very strong correlation, since $69>r>50$, it shows that the relationship between the variables is on a medium scale. So we can say that, with the increase of the exposure towards media, we also have an increase in self "body-objectification". However, we must keep in mind that the correlation does not reveal the cause or the effect, so it is not determined that self "body-objectification" comes as a result of high exposure to the media. But this kind of analysis shows the direction and level at which the variables change.
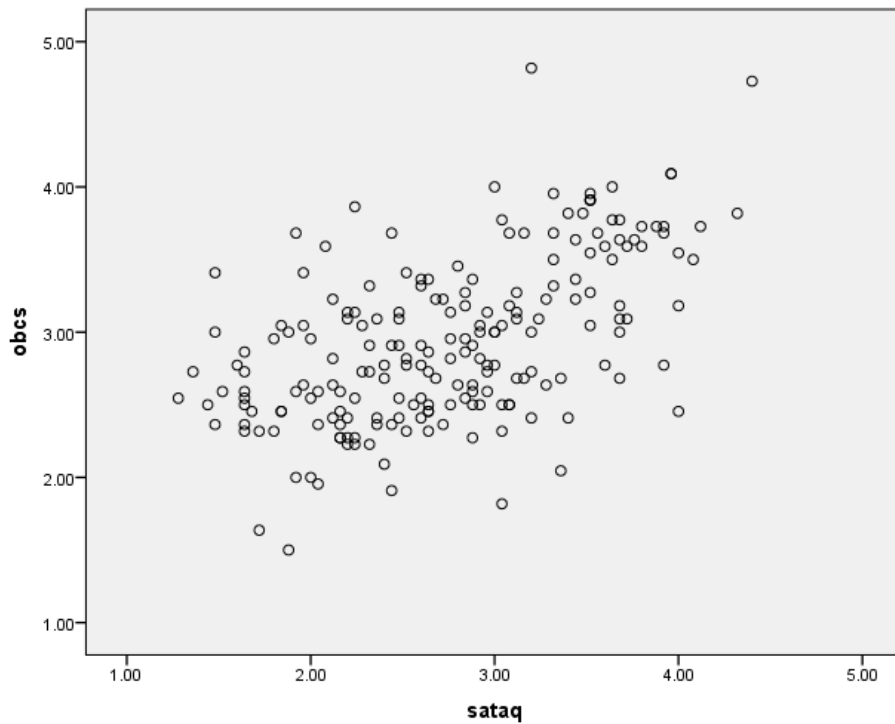
Graphic.1   Scatterplot for "sataq" and "obcs" variable

The graph above shows the distribution for the variables SATAQ (representing media influence and exposure) and OBCS (representing self-objectification"), where the former constitutes the independent variable and the latter the dependent variable. In the graph we can observe the positive relationship between the variables on an average scale. So we can say that the hypothesis is true.

Fredrickson & Roberts stated that constant objectification can lead to objectifying habits that invest into self-objectification, which according to them consists in internalizing other people's perspective onto themselves. This can lead to development of unhealthy habits, trying to adapt to those norms. According to different studies, self-objectification is related to anxiety and body shame (Tiggemann & Williams, 2012), and can even degrade to eating disorders and depression (Tiggemann, 2011)

Conclusion

"The strongest sociocultural pressures that affect body dissatisfaction are imposed by the mass media" (Thompson, Heinberg, Altabe, & Tantleff-Dunn, 1999). According to Fredrickson & Roberts (1997) when you prioritize your physical appearance over other characteristics like health, intelligence etc. is called objectification. You base your whole self worth on the way you look, neglecting other characteristics. Based on these studies the main hypothesis was built to prove that a positive relationship between media exposure, internalization and body objectification exists, by calculating Pearson's correlation ((r=.559, N=200, p<0.05), resulted that there is a positive and significant correlation between the variables (media exposure and internalization-sataq; body objectification-obcs).

Recommendations

1. Using a more diverse combination of methods.(interviews, observation etc)
2. Using other statistical methods alongside correlation(since correlation doesn't define the cause and effect)
3. Using a larger representative sample of people that participate in the study, also a more diverse one, including male gender and other ages rather than the ones applied.

Bibliography

1.REGISTER, J. D., KATREVICH, A. V., ARUGUETE, M. S., & EDMAN, J. L. (2015). Effects of Self-Objectification on Self-Reported Eating Pathology and Depression. *The American Journal of Psychology*, *128*(1), 107–113. https://doi.org/10.5406/amerjpsyc.128.1.0107

2.English, B. G., Solomon, M. R., & Ashmore, R. D. (1994). Beauty before the Eyes of Beholders: The Cultural Encoding of Beauty Types in Magazine Advertising and Music Television. *Journal of Advertising*, *23*(2), 49–64. http://www.jstor.org/stable/4188927

3.Reaves, S., Hitchon, J. B., Park, S.-Y., & Yun, G. W. (2004). "You Can Never Be Too Thin" – or Can You?: A pilot Study on The Effects of Digital Manipulation of Fashion Models" Body Size, Leg Length and Skin Color. *Race, Gender & Class*, *11*(2), 140–155. http://www.jstor.org/stable/41675129

4.Thompson, J. K., & Stice, E. (2001). Thin-Ideal Internalization: Mounting Evidence for a New Risk Factor for Body-Image Disturbance and Eating Pathology. *Current Directions in Psychological Science*, *10*(5), 181–183. http://www.jstor.org/stable/20182734

5.DeBraganza, N., & Hausenblas, H. A. (2010). Media Exposure of the Ideal Physique on Women's Body Dissatisfaction and Mood: The Moderating Effects of Ethnicity. *Journal of Black Studies*, *40*(4), 700–716. http://www.jstor.org/stable/40648536

6.Cryder, C. E., Lerner, J. S., Gross, J. J., & Dahl, R. E. (2008). Misery Is Not Miserly: Sad and Self-Focused Individuals Spend More. *Psychological Science*, *19*(6), 525–530. http://www.jstor.org/stable/40064949

7.Thompson et al., (2004). Sociocultural Attitudes Towards Appearance Questionnaire-3 (SATAQ-3). https://sites.google.com/site/bodyimageresearchgroup/measures/sociocultural-attitudes-towards-appearance-questionnaire-sataq-3

8.Hameli,K.(2017). Teknikat statistikore me shumë ndryshore. 147- 483

9.McKinley & Hyde (1996). The Objectified Body Consciousness Scale (OBCS)

EUROPEAN UNIVERSITY OF TIRANA

Faculty of Economics, Business and Development

Department of Economics & Finance

Scientific Research Competition

JSTOR

<u>Field of study:</u> Finance and Accounting

"Capital structure in Albanian manufacturing corporations- The main factors which determine it"

Xhesi Shkreta

Master of Science in Finance, 2021

Tirana 2023

Abstract

A number of theories have been developed by specialists about the capital structure and its optimal level. One of these theories, developed by Myers and Majluf in 1984, is the "Pecking Order Theory", which states that companies choose to finance their activity in a certain hierarchical order, preferring domestic financing at first and if it is not possible, they will prefer to be financed through debt, and ultimately through new equity.

This paper tends to analyze in which extent this theory of capital structure is applied in the Albanian reality of large manufacturing corporations.

Based on the results, in the end are given some recommendations for large corporations, in order to see as an effective way of financing the issuance of new equity.

1.

Introduction

All sources of financing have a certain cost, so the question that naturally arises is: What is the best combination of debt and equity financing that minimizes the cost of corporate capital? This cost-minimizing combination of resources is recognized in the financial literature as the optimal corporate capital structure.

"Capital structure describes the proportionate relationship between debt and equity" (Owolabi et al, 2018). Debt consists mainly of long-term loans and bonds, while equity in the balance sheet includes share capital, stock dividends, reserves and retained earnings.

The cost of debt is lower than the costs of other sources of financing (cost of shares), because the company's lenders face a lower level of risk than its shareholders (Mayo, 2012).

From the company's point of view, the cost of preferred stock is higher than the cost of debt securities, as interest is a deductible expense for tax purposes, while preferred dividend payments are not (Ciceri and Xhafa, 2005).

Objectives

The objectives of this research paper are:

- Description of theories of capital structure, focusing on "Theory of Financing Hierarchy",
- General description of the way Albanian businesses finance their activity over the years,
- Analysis of the applicability of the "Pecking order theory" in Albanian manufacturing companies,
- Evidence of the casual link between funding sources, which confirms the application of the "Pecking order theory".

Research question

The main question raised in this paper is: Is there a practical application of "Pecking Order Theory" in the way Albanian manufacturing corporations finance their activity?

Hypothesis

The hypothesis of this paper is: The "Pecking Order Theory" finds practical application in the way Albanian manufacturing corporations are financed.

Methodology

The methodology used to validate the hypothesis is empirical, argumentative and inductive analysis. Empirical analysis was used to prove the relationship between various sources of funding. Through this method, the performance of financing indicators is analyzed over a period of time, for a sample of about 30 large companies operating in the manufacturing sector in our country.

The data of the sample is secondary statistical data, obtained from Monitor magazine, in an article listing the 200 largest companies (based on turnover achieved in 2019), in Albania.

Argumentative analysis was used to identify whether the theory has practical application in our study case.

Inductive method is the way of making broad generalizations from specific observations. From statistical analysis (regression model OLS) of the selected sample, I aim to reach a comprehensive conclusion for all manufacturing corporations operating in Albania.

2.

Literature Review

The pioneering work of Franco Modigliani and Metron Miller (1958), on capital structure led to the development of several other theories bent on explaining the basic determinants of the capital structure in firms.

Modigliani Theory – Miller

This theory proposes that the market value of a company is irrelevant to its capital structure in a world where there are no taxes, bankruptcy costs and expenses related with the problem of agency costs or information asymmetries (Modigliani and Miller, 1958).

In the second proposition of the theory (Modigliani and Miller, 1963), in order to get closer to the economic reality, Modigliani and Miller considered taxes and proposed that companies should use as much debt as possible to increase their level of profits.
This consequence of the MM theory (1963), was further developed and elaborated by the compensation theory or the "Trade off" theory (1977), which is described as follows.

Theory of compensation ("Trade-off")

The "Trade-off" theory (Iqbal et al., 2012), was the earliest and best known in explaining capital structure. This theory took into consideration the impact that taxes have, bankruptcy costs and financial difficulties (Scherr, 1983), as well as knowledge from the agency costs literature (Jensen and Meckling, 1979).

Based on the "Trade off" theory, companies tend to require debt (López-Gracia and Sogorb-Mira, 2008), as they aim to maximize their return by "compensating" the disadvantages of debt with its advantages.

According to (Ayres and Dolvin, 2019), among the advantages of debt, except tax benefit, can be mentioned as follows:

- ☐ Debt is a valuable signaling instrument by companies.
- ☐ Agency costs related to share capital are reduced by the use of debt.

- ☐ Debt reduces the management costs of the management team.

Debt disadvantages (Scherr, 1983), except bankruptcy costs, include:

- ☐ Managers, acting in the interests of shareholders, can shift investments to more risky assets and pass the costs to creditors.
- ☐ Managers can borrow even more and pay for shareholders' dividends.
- ☐ Excess debt leads to low investment.

This theory suggests that higher profitable firms have higher target debt ratio, because they would ensure higher tax savings from debt (Antoniou et al, 2008).

Agency theory

Jensen and Meckling (1976) identified the existence of the agency costs problem. They argued that there are two types of agency costs: debt agency costs and capital costs. Agency theory concludes that capital structure is influenced by the company's managers, as they can act in their own interest, abusing with the company's resources, rather than working to maximize its value (Jensen, 1986).

Theory of signals

Equity finance is interpreted by investors as a signal of management expectations for the future (Financial economics, 1995). The management of a company issues new stock only when there is no other financing alternative, or when the stock is overvalued in the market (Boulding and Kirmani, 1993). This fact is noticed by investors, who see the new stock prices as negative signals. As a result, stock prices begin to fall. In order not to have deflation nor to be financed by issuing equity, the top management of the company always tries to maintain an unused level of loans (Boulding and Kirmani, 1993).
Indirectly, the work of these analysts (Boulding and Kirmani, 1993) supports the conclusions of the Pecking Order Theory.

Pecking Order Theory- Financing Hierarchy

Pecking Order Theory suggests that firms have a certain preferential order for financing their activity (Myers, 1984).
According to Myers and Majluf (1984), the two main elements that explain Pecking Order Theory are:
1. Information asymmetry,
2. Transaction costs, related to external financing.

Because of the information asymmetry that may exist between the firm and potential investors, firms will prefer to be financed by retained earnings rather than debt, prefer short-term debt over long-term debt, and debt over equity (Myers, 1984).

The costs of transactions related to external financing are higher than the costs of internal financing (Sarkar et al, 2003). Therefore, the theory suggests that an optimal capital structure will not be achieved by the companies, but they will follow a certain preferential order in terms of the way of financing and will choose external financing through equity when the debt capacity is reached (Myers, 1984; Myers and Majluf, 1984).

Conclusions of the Theory of Financing Hierarchy ("Pecking Order"), analyzed by researchers around the world

To prove the consequences of the theory of financing hierarchy in practice, a number of works have been carried out by many researchers around the world.

One research paper, which argues with statistical methods the inverse relationship between leverage and profitability is the one of Greek professors in the field of economics, published in June 2009 (Vasiliou, Daskalakis, Eriotis; 2009). This paper uses financial data from a sample of 107 companies quoted on the Greek stock exchange (ATHEX), and analyzes them through an empirical model.

Through the OLS regression model, the authors conclude that the independent variable (profitability) has a statistically significant effect on leverage and the relationship between them is inverse.

Another study, conducted at the University of Taiwan (Li-Ju Chen, Shun-Yu Chen; 2010), examines the determinants of debt decisions for 305 Taiwan electronic companies that are quoted on the Taiwan Stock Exchange of 2009. The model used is multiple linear regression, which indicates that profitability negatively affects the capital structure, as companies prefer domestic financing to external financing (Chen et al., 2010).

3.

Overview of business financing in Albania

The economic context of the country after the 90s until today

After the period of the 90s, with the transition from a centralized economy to a free market economy, the first private companies in the country began to establish (Çekrezi, 2015).

Significant developments in the period 1991-2000 were marked by the reforms taken in the finance sector, related with the privatization process of state-owned banks and the entry of new private banks into the market.

For the period 2000-2015, the potential growth in the country slowed down significantly. The reduction of investments in the country and the decline in the use of operating capacities in economy, transmitted negative signals in the labor market (Çeliku and Kodheli, 2016).

In recent years (2015-2020), our country has tried to undertake important structural reforms, which support equal economic growth, increase productivity and competitiveness, increase new jobs and improve governance (Baliqi, 2017).

On November 26, 2019, Albania was hit by an earthquake with devastating consequences. Among the efforts made to regulate the economic situation in the country, the COVID-19 pandemic further aggravated it. The World Bank and other international partners are working

together to support the Albanian government in overcoming these (World Bank Albania, 2021).

4.

Empirical Analysis

To test or disprove the hypothesis raised in this paper, we will first analyze the relationship between the financial leverage ratio (debt / equity) and the profitability ratio (EBIT / Sales).

Relationship between profitability and leverage in Albanian manufacturing corporations

To test the relationship that potentially exists between profitability and financial leverage of Albanian manufacturing companies, these two ratios are analyzed through regressive analysis of panel data.

Presentation of the sample

The sample of manufacturing companies, taken in the study, consists of a number of 30 companies, due to the reliability of their economic data presented in the financial statements published over the years in the commercial register in QKB.

Sample examination

It is important to prove that we are not in terms of heterosexedasticity, as the OLS method would not be efficient in estimating the beta (ß) coefficient, an important parameter to see the relationship between the variables taken in the analysis.

The Breusch-Pagan model was used for the heteroskedasticity test. From its results, the sample taken in analyses is with zero heteroskedasticity, so there are no significant differences between the sample data. Under these conditions, we can proceed further with the OLS regression analysis to test the relationship between the leverage ratio and profitability.

OLS regression analysis

Panel data analysis is performed through the OLS regression model. The model is a combination of cross-sectional and time series data to analyze the variables taken in the study (Deari, 2020).

The model hypotheses are given as follows:

H_0: Profitability has no effect on financial leverage.

Ha: Profitability has an effect on financial leverage.

The model includes the independent variable, which is firm profitability at time *t* and the dependent variable, financial leverage at time *t*.

The regression equation of the whole population (all manufacturing companies operating in Albania), has the form:

Leverage = β_0 + β_1 * Profitability + ε

This equation has parameters ß0 and ß1, which are the real parameters of the population.

From processing the data obtained from the sample of 30 production companies, we generate the estimated linear regression equation, which is given as follows:

Leverage = b_0 + b_1 * Profitability + ε, where coefficients b_0 and b_1 are parameters of the selected sample. If we manage to find their values we can draw conclusions about the parameters of the population (β_0 and β_1).

Regression analysis of this data was processed through the Eviews software:

Dependent Variable: LEVA
Method: Least Squares
Date: 08/16/21   Time: 15:26
Sample (adjusted): 1 179
Included observations: 150 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.431475	4.403238	0.552202	0.5816
PERFITUESHMERIA	-1.480002	13.28129	-0.111435	0.9114

R-squared	0.000084	Mean dependent var	2.400796
Adjusted R-squared	-0.006672	S.D. dependent var	53.64425
S.E. of regression	53.82292	Akaike info criterion	10.82252
Sum squared resid	428742.1	Schwarz criterion	10.86266
Log likelihood	-809.6889	Hannan-Quinn criter.	10.83883
F-statistic	2.512418	Durbin-Watson stat	1.739678
Prob(F-statistic)	0.001914		

Resource: Data processed by the authors, through the eViews software.

As we can see, the coefficient of determination is 84%, which means that about 84% of the leverage variation is explained by the profitability variation. Also, the Fisher test (F-statistic) is high enough (2,512) to reject the null hypothesis (H0).

The estimated regression equation takes the values: **Leverage = 2.431- 1.48 * Profitability + ε**

β = -1.48, means that an increase / decrease of the independent variable (profitability of manufacturing companies) by 1 unit, decreases / increases the dependent variable (leverage ratio) by 1.48 units.

Model results

The null hypothesis (H0) raised in this model is rejected, as the results of the regression analysis show that profitability affects leverage ratio, and the relationship between them is negative, inverse.

Since the inverse relationship between the variables is confirmed for the sample taken in the analysis, we can reach comprehensive conclusions for the entire population (all manufacturing companies operating in Albania).

However, although one implication of the theory of financing hierarchy has been proven for the sample of manufacturing companies, the "debt-equity" relationship remains to be analyzed to reach a general conclusion on the applicability of the theory in albanian reality.

Analysis of the "debt-equity" relationship in Albania

Another implication of the Pecking Order Theory has to do with the fact that companies prefer debt financing rather than issuing equity (Myers and Majluf, 1984). To test this implication, further in this paper we will analyze the main aspects of business financing in Albania, which affect the "debt-equity" relationship.

The organizational structure of corporations

According to the statistics of the form of organization, most of the companies included in the sample are organized as limited liability companies (LLC). More specifically, about 83% of them are organized as LLC and 17% as joint stock companies (data are presented in the diagram below).

Even if we make an analysis of the organizational structure of all companies operating in Albania, we will notice that most of them are organized as LLC.

Organizational structure of manufacturing companies

Quotation of manufacturing corporations on Tirana Stock Exchange

The capital market in Albania has not had the proper development to enable trading various securities, including companies stock.

Until now there is no company operating in the manufacturing sector quoted on the stock exchange. This is related to the current situation of the manufacturing firms and the economic context they operate (Bank of Albania, 2020). As a result, we have not had stock issues as an alternative for manufacturing companies to be funded and to invest in various projects.

General aspects of the business

General aspects are related to the existence of a vision / mission, strategy, business plan, observation structure as well as the prestige of the company (percentage of the market it occupies, age in the market, etc.).

The business development culture in Albania has lead to problems identified in business´plans and strategies. Companies organized with one or few owners are preferred over the cooperation of many shareholders (Deloitte, 2020).

Poor financial culture of administrators and management staff

Based on assessments conducted in the country (Deloitte, 2020), administrators and management staff of Albanian companies have little knowledge about the capital market, financial instruments and the use of this market as a way of financing their economic activity.

Financial reporting

Financial reporting analysis is one of the most important aspects for quoting companies on the Stock Exchange (Deloitte, 2020).

Potential investors are interested in having information on the long-term profit potential, growth rate and ability of the company to pay dividends. Therefore, it is very important to get the information correctly from the financial statements.

Companies that do not meet this criteria find it almost impossible to be quoted on the Stock Exchange (Zaloshnja, 2018).

What economic experts have identified in their analysis and research papers (Zaloshnja, 2018; Gjergji, 2015; Soko, 2013, etc.), is the work with "two balance sheets" of most Albanian companies that operate in our country. Trying to avoid tax liabilities, many firms end up with artificially inflated liabilities in their financial statements.

Lack of social capital

The actual conditions of our country reflect a low level of social capital, which further increases the difficulty of creating a large company, where co-owners are hundreds or thousands of shareholders (Zaloshnja, 2018). In general, Albanians who own a business, in the form of a limited liability company or a joint stock company, tend to cooperate with their relatives, cousins, or family members and not to collaborate with people outside their social circle.

Low competition level of companies within the manufacturing sector in Albania

Competition is an incentive that influences the decision made by companies to finance their activity through capital markets (Stock Exchange). But, in Albania the competition within the sectors of economy is not at those levels that companies feel the need to seek financing through it. Consequently they prefer debt financing rather than issuing new equity.

5.

Conclusions

Based on the above analysis, conducted in this paper, I come to the main conclusion that the "Pecking Order Theory" finds practical application in the way Albanian manufacturing corporations are financed. So, null hypothesis raised in this study is accepted.

The conclusions reached in the research paper are:

1. Albanian manufacturing corporations that have high level of profitability, have lower ratios of financial leverage (use less debt capital than those that are not very profitable). This means that highly profitable manufacturing corporations will generally choose to be financed with internal funds rather than external ones.

2. In cases where the manufacturing company does not have sufficient internal funds, it tends to use debt rather than new equity.

6.

Recommendations

Based on the above conclusions I would suggest some recommendations, which, in my opinion should be implemented in order for businesses to see as an effective way of financing, issuing new equity or even debt securities.

Firstly, the improvement of the quality of financial reporting would increase the confidence of the investors and creditors towards corporations and their economic performance.

Secondly, in order to achieve a balance in the capital structure of Albanian companies, especially for medium and big companies, an efficient solution would be the development of the debt securities market, such as: medium and long term corporate bonds.

Moreover, large corporations, which have capacities to become part of the capital market, should consider hiring a more qualified, serious staff with full knowledge of the principles of modern finance.

Finally, the tax administration office from its part, should create a well-managed system where it can analyze and control in every time the activity of companies, imports, turn over achieved, and their financial statements, such as balance sheets and statements of income and expenses.

7.

References

Antoniou, A., Guney, Y., & Paudyal, K. (2008). The Determinants of Capital Structure: Capital Market-Oriented versus Bank-Oriented Institutions. *The Journal of Financial and Quantitative Analysis*, *43*(1), 59–92. http://www.jstor.org/stable/27647340

Ayres, D., & Dolvin, S. (2019). Determining Optimal Capital Structure: An Empirical Example. Journal of Financial Education, 45(2), 243–257. https://www.jstor.org/stable/48632890

Baliqi, B., (2017): Politikat publike dhe qeverisja. Prishtinë: Fondacioni Konrad-Adenauer, 2017. https://www.kas.de/c/document_library/get_file?uuid=eac7e031-f7c5-3c26-f5f0-a3f9a a9bf7e4&groupId=252038

Boulding, W., & Kirmani, A. (1993). A Consumer-Side Experimental Examination of Signaling Theory: Do Consumers Perceive Warranties as Signals of Quality? *Journal of Consumer Research*, *20*(1), 111–123. http://www.jstor.org/stable/2489204

Cakolli, N. (2010). Pasqyrat Financiare, *Fakulteti i Biznesit dhe Ekonomisë,* fq. 35. https://knowledgecenter.ubtuni.net/cgi/viewcontent.cgi?article=3284&context=etd

Çekrezi, A., (2015): Përcaktuesit e strukturës së kapitalit: Rast studimi i kompanive të palistuara në Shqipëri, marrë nga: https://www.uamd.edu.al/new/wp-content/uploads/2015/01/Anila-%C3%87ekrezi-dise rtacion.pdf

Çeliku, E., & Kodheli, M. (2016). The Drivers of Economic Growth in Albania: Decomposition from the Sectorial and Factors side.

Ciceri, B., & Xhafa, H. (2005). "Drejtimi financiar 1&2". Tiranë, 33-40.

Deari, F., Alija, S., Lakshina, V. Determinants of profitability: Evidence from russian agricultural firms. In *Bulletin of the Transilvania University of Braşov, Series V: Economic Sciences, Vol. 13 (62) No. 2, pp. 167-176*. 2020.

Deloitte. (2020). "Oferta Fillestare Publike: Rasti i Shqipërisë"

G: Financial Economics. (1996). Journal of Economic Literature, 34(1), 486–512. http://www.jstor.org/stable/2729484

Hax, A. C., & Majluf, N. S. (1984). The Corporate Strategic Planning Process. *Interfaces*, *14*(1), 47–60. http://www.jstor.org/stable/25060519

Iqbal, Z., & Zahid, G. M. (1998). Macroeconomic Determinants of Economic Growth in Pakistan. *The Pakistan Development Review*, *37*(2), 125–148. http://www.jstor.org/stable/41260096

Jensen, M. C. (1986). Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers. *The American Economic Review*, *76*(2), 323–329. http://www.jstor.org/stable/1818789

Jensen, M. C., & Meckling, W. H. (1979). Rights and Production Functions: An Application to Labor-Managed Firms and Codetermination. *The Journal of Business*, *52*(4), 469–506. http://www.jstor.org/stable/2352442

López-Gracia, J., & Sogorb-Mira, F. (2008). Testing trade-off and pecking order theories financing SMEs. *Small Business Economics*, *31*(2), 117–136. http://www.jstor.org/stable/40650934

Mayo B. Herbert, (2012). Bazat e financës. Hyrje në institucionet financiare, investime dhe drejtim. Tiranë: Uet Press, 391-400.

Modigliani, F., & Miller, M. H. (1958). The Cost of Capital, Corporation Finance and the Theory of Investment. *The American Economic Review*, *48*(3), 261–297. http://www.jstor.org/stable/1809766

Myers, S. C. (1984). Finance Theory and Financial Strategy. Interfaces, 14(1), 126–137. http://www.jstor.org/stable/25060526

Nakpodia, F., Adegbite, E., Amaeshi, K., & Owolabi, A. (2018). Neither Principles Nor Rules: Making Corporate Governance Work in Sub-Saharan Africa. *Journal of Business Ethics*, *151*(2), 391–408. http://www.jstor.org/stable/45022674

Sarkar, S., & Zapatero, F. (2003). The Trade-off Model with Mean Reverting Earnings: Theory and Empirical Tests. *The Economic Journal*, *113*(490), 834–860. http://www.jstor.org/stable/3590285

Scherr, F. C. (1983). Some Evidence on Asset Liquidation Losses: The Case of W. T. Grant. Nebraska Journal of Economics and Business, 22(3), 3–23. http://www.jstor.org/stable/40472751

Vasiliou, et al. (2008) Testing the pecking order theory: The importance of methodology. *ResearchGate*. https://doi.org/10.1108\/17554170910975900

Zaloshnja, E. (2018). "Kompanitë aksionare dhe Bursa e Tiranës." *Gazeta Tema*. Marrë nga:http://www.gazetatema.net/2018/03/07/kompanite-aksionere-dhe-bursa-e-tiranes/

<u>**THE FIELD OF STUDY:**</u> Entrepreneurship and Economy

"Why skilled young Albanian people are leaving Albania?"

Aleksandra Saraçaj,

Masters in Banking and Finance

Elbasan 2023

Introduction

Most people were born in a "low-income" or "lower-middle-income" country (World Bank 2007). How much money do those people earn each year? No one knows. Statisticians have spent decades carefully estimating and tracking how much people in poor countries earn or produce. To learn the average income or output of a person who resides in Albania or El Salvador or Zambia, one only needs to look it up in widely available tables. But no one has made systematic estimates of the income of a typical person born in Albania, El Salvador, or Zambia regardless of where they currently reside. The standard measures of income per capital (that is, per resident) are often used to indicate material welfare or to designate a goal of development, but this is unsatisfactory if many people change their welfare by changing where they reside. While production has a place, it is people, not patches of earth, that have well-being.

Statistics on the phenomenon of emigration from Albania are disturbing. According to experts, the emigration of recent years differs from that of the 90s. In 2018, 38,703 Albanians left the country to emigrate abroad. Earlier, in the years 2011-2017, 330,000 people fled as immigrants. The figures are officially made public by the Institute of Statistics. The situation is serious, experts say. They ask the political class to intervene as soon as possible to stop this phenomenon, which is recently taking away qualified young people.

According to the sociologist, Gëzim Tushi tells to Deutsche Welle that the immigration of recent years is quite different from that of the 90s, which according to him had a political character and affected all social strata. "Now we are facing an immigration that I call delayed, which differs from that of the 90s. It differs from the dimensions, from the motivations, from the reasons, from the causes, from the social structure of those who leave."

Development

The earliest mass migration in the collective historical memory of Albanians took place in the second half of the fifteenth century, after the death of Albania's national hero Scanderbeg in 1467. His death and the capture of his stronghold in Krujë, in northern Albania, signified the fall of the Albanian lands to the Ottomans. In the aftermath, his family and other Albanian nobles fled to Italy, while others moved north to the Dalmatian coast and south to Greece. It is estimated that around 200,000 Albanians emigrated during this time (Tirta 1999: 97).

Five centuries under Ottoman rule were accompanied by further migration to other destinations. Many Albanian men fled to escape blood vendettas and Ottoman persecution, yet others simply emigrated to escape poverty or to work in various trades and professions within the borderless Ottoman Empire. This emigration is known in Albanian history and collective memory as "kurbet". Originating from the Turkish "gurbet", the word refers to the act of going away and being distant in a foreign land, usually for work (King & Vullnetari 2003). Demographically, emigration, especially overseas, stripped entire villages and regions of their labor force, since most emigrants were men of working age. However, emigration also became a motor for economic and social progress, by bringing in much-needed money through remittances as well as skills and knowledge and more open societal and democratic norms. Much of the country's modernization during the reign of King Zog is attributed to returning migrants, particularly from the US (Rouçek 1946: 532).

Albania emerged from World War II economically devastated. The power vacuum created after the withdrawal of German troops was swiftly filled by the communists, who consolidated their position as the leading political force. Albania embarked on the road to

socialism, framed within a political ideology of self-reliance, isolation, and strong ethnonationalism, but also class warfare and ruthless purges of dissident opinion. Various crucial factors of influence framed the policy of the state as well as the trajectories of many individuals and families during almost half a century of communist rule: the reconstruction of industry and the national economy, yet strict controls over urbanization; the retention of the rural population, yet a high birth rate accompanied by a growing impoverishment of villages; a worsening of the gap in living conditions between rural and urban areas. Overall, this period is characterized by centrally controlled internal movements and a ban on international migration (Sjöberg 1994).

With the relaxing of controls on emigration at the beginning of the 1990s, international migration exploded, becoming the single most important political, social, and economic phenomenon in post-communist Albania. Based on the 1989 and 2001 population censuses we estimate that over 600,000 Albanians live abroad, mostly in nearby Greece and Italy, with the vast majority coming from a limited number of districts located at the coastal and transport gateways to these destination countries, as well as Tirana (Cavattassi 2006).

Migration, whether rural to urban or international to Italy or Greece, has become the most common livelihood coping strategy in the country, and serves as an important escape valve for unemployment and other economic difficulties brought on by the transition to a market economy. Official estimates make remittances the largest source of foreign exchange, greater than the combined value of exports and foreign direct investment, and constituting 14 percent of GDP (IMF, 2002).

Emigrants' remittances represent the most positive aspect of emigration in Albania. During the period from 1991 to 2000, emigration remittances, mainly arriving from Greece and Italy, have been increasing progressively. According to the evaluations of the Bank of Albania, they amount to about US$530 million annually, or about 18 percent of GDP. That is why the remittances have been a fundamental factor in determining one of the characteristics of Albania's transition, extroversion of the economy (Samson 1996), that is, that local consumption is higher than GDP, while the difference is compensated for by the reemployment prospects.

According to Mullan (2001), migration has dramatic social, cultural, and economic consequences for individuals, families, communities, society, regions, and the country as a whole. As such, migration (internal and international) has been one of the most dynamic features of the Albanian transition. The role of migration is reflected in a total population decrease, the massive urbanization of some areas and depopulation of others, increased levels of conflict in urban areas because of difficulties related to the integration of migrants, social and cultural transformation of the regions, changes in gender and age of the population and other dynamic changes (Doka, 2005).

Migrants have often been the focus of political debate in Albania (Barjaba 2017).

The migration of skilled individuals may have positive or negative effects on health outcomes. The negative effects arise mainly from four sources according to Brock and Blake (2014). Starting in the late 1990s, economic research offers a more optimistic view of skilled migration, emphasizing the human capital accumulation effect of migration prospects. Higher returns on education, triggered by higher wage expectations, would promote skill acquisition (Stark et al. 1997; Docquier et al. 2005b; Beine et al. 2003) but, as opportunities to leave do not materialize for all workers, residents would end up being on average more educated, with a prevalence of the gain over the drain effect (see Docquier et al 2005b).

Interestingly, Beine et al. (2003) conclude that while the "gain" effect emerges at the aggregated level, the "drain effect" prevails in countries with high migration rates. This result is supported by Mariani (2005), who finds that the positive effect of skilled migration is contingent on human capital distribution: in the presence of a numerous middle class interested in higher education, migration might be growth enhancing, as skills will be replaced and migration opportunities will constitute an incentive for human capital accumulation. Using panel data and considering convergence models, Beine et al. (2005) also conclude that, in low and high-income countries, migration does not constitute an incentive for human capital accumulation. As a result, lower-skilled immigration would contribute to reducing human capital losses, especially in countries that experience high migration rates.

According to expert Selami Xhepa, the employment market also plays a role in this situation. "Those 1 million people who have left, almost 40% of them have distinct skills for work, they are "skilled labor" and the departure of "skilled labor" creates serious problems for the internal market to find professionals capable of occupations Moreover, this has also created a psychological effect of demoralizing even those who are here, who do not see the creation of skills for work as an alternative to respond to the demands of the labor market, but still see fleeing abroad as an alternative. So the challenge for the future remains more serious in terms of productivity because the fact that "skilled labor" is leaving means that the issue of workforce productivity will be a serious problem and that will manifest itself in the coming years."

This is also very clear in the survey developed by ETF (European Training Foundation) in 2018 for the potential emigration and the highest level of education completed compared with 2007.

| Highest level of education	CESS 2018 survey (sample size: 575)	ETF 2007 survey (sample size: 1 000)
Less than primary	0.0	60.6
Primary (9 years school)	47.3	50.0
Secondary (10–12) general	57.6	40.9
Secondary vocational	58.8	44.7
University (Bachelor, Master, PhD)	52.3	40.3
Potential migration (population 18–40 years old)	52.0	44.0

Source: ETF

This correlation between migration and education is also confirmed by other sources. Another survey conducted in 2019 with 1 650 students from all the Albanian universities revealed that 79% of them wished to emigrate (King and Gëdeshi, 2020). The correlation between education and migration is also linked to the selection of destination countries. The study of potential migration patterns showed that the more highly educated and professionally skilled would-be migrants expressed an intention to migrate to Germany, the US and other advanced countries, whereas the lower-educated and less- skilled were still oriented to the traditional destinations of Greece and Italy, where they hoped to jobs requiring no formal qualifications, often in the informal sector, using their family and social networks.

Based on these studies, the conclusion is simple: Albanian migration continues and is likely to do so into the future. This migration, however, is increasingly assuming the characteristics of a brain and skills drain, which could have negative consequences for the country.

Research Methodology

The migration research field might be notoriously complex due to the diverse cultural background of the subjects. This research paper discusses the reasons why young skilled people are leaving Albania. The methodology used for this paper is the questionnaire where I choose a 50% random selection of respondents. In the research have participated around 190 random people where were students and professionals.
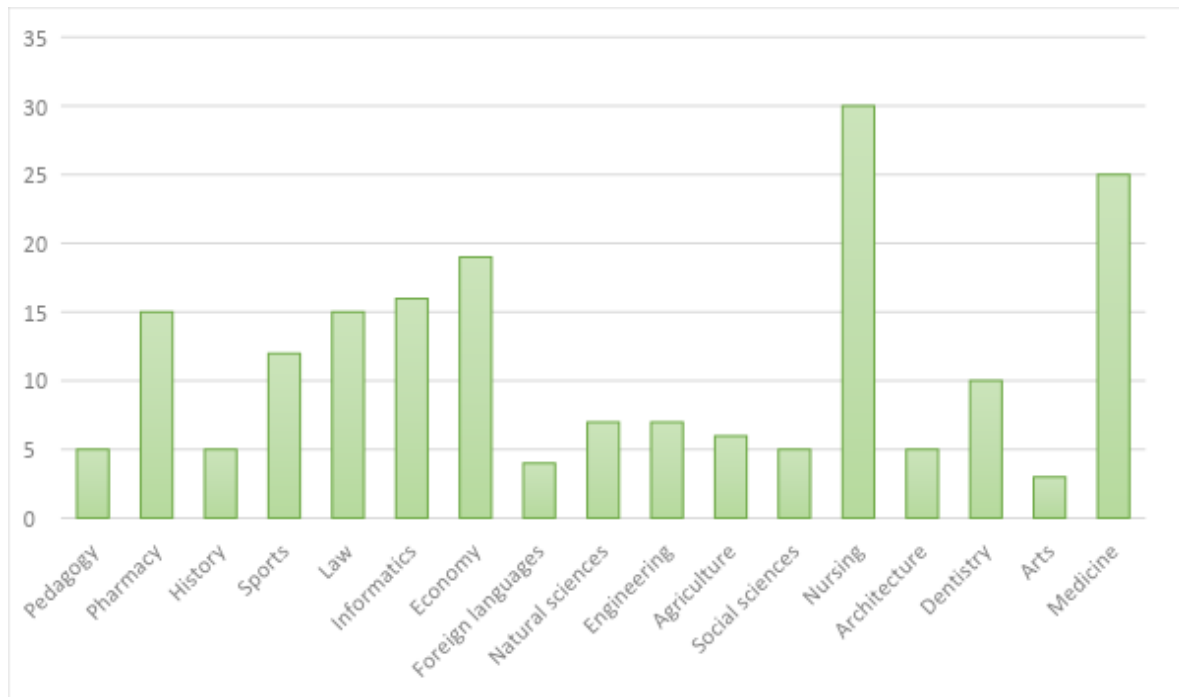
The people who participated in this survey are working/studying in those fields and the most likely people who want to go abroad are those from the medical fields shown in the table above.

No	Reasons for leaving	
I	**Economic factors**	**57.0**
1	To improve the standard of living	**30.9**
2	Have no job/cannot find a job	**18.3**
3	Nature of work unsatisfactory	**6.1**
4	Inadequate social security system	**1.3**
5	To repay debts	**0.4**
II	**Education**	**17.4**
1	To obtain education	**5.4**
2	To finance children's education	**12.0**
III	**Family reasons**	**4.6**

1	To accompany/follow spouse/parent	**3.5**
2	To get married/just married	**0.8**
3	To escape from family problems	**0.3**
IV	**Health**	**1.5**
1	To receive necessary healthcare	**1.5**
V	**Other reasons**	**19.4**
1	No future in Albania	**10.8**
2	Want to go abroad	**2.6**
3	Do not like living in Albania	**4.4**
4	Adventure	**1.6**
5	Other	0

Based on the response given by them, I have shown the table above about the reasons why Albanians are leaving Albania.

The table below shows (45 students) that, in many cases, sending children to study abroad in advanced OECD countries is seen by parents as a way of ensuring that their children integrate more easily and progress further in the host countries in terms of income and career.

Description	Total (N = 45)
Wish to study abroad	21.3
Wish to study in Albania	39.7
Wish to study both abroad and in Albania	39
Total	100

Conclusions

The paper, in reviewing the Albanian migration experience highlighted several issues that might be helpful to devise an adequate policy response. Migration from Albania is concentrated by destination and skill (i.e. highest skilled migration rates). These characteristics should be devoted attention by policymakers, given their potential consequences in terms of skill depletion, worsened growth and development prospects, and public costs, in a region that has traditionally featured volatile growth performance and faced serious fiscal constraints. Policy-making by developing countries contributes to shape migration decisions, as do selective immigration policies by European countries. School attainments determine the responsiveness to push and pull factors and skilled workers are more likely to be negatively affected by a less conducive environment. Given the combination of several factors in molding migration decisions, an effective policy response to manage flows would result from coordinated action between origin and recipient countries.

Being a young skilled person in Albania is difficult, not only from the low economy but also low education system. Even though, Albanians are the most creative and very hardworking people that shine wherever they go. But in Albania, we say, "Nuk ka si vendi jotë".

Recommendations

In view of the conclusions, I have made, based on some sources, a summary of recommendations that the Albanian government should do to decrease the number of highly skilled people that are leaving Albania for a better life.

 Countries should promote stability, education, and employment opportunities and reduce the drivers of forced migration, including by promoting resilience, thereby enabling individuals to choose between staying or migrating.

 The collection, analysis, and use of credible data and information on, among other things, demographics, cross-border movements, internal displacement, diasporas, labor markets, seasonal trends, education, and health are essential to creating policies based on facts, that weigh the benefits and risks of migration.

Regional cooperation, can help minimize the negative consequences of migration and preserve its integrity. It can also contribute to regional and global development goals by improving human capital through sustainable development and ensuring longer-term economic growth.

Strengthen the capacity of labor market institutions to integrate and put into practice Albania's national policy priorities through a coherent youth employment action plan.

 Devise strategies that minimize the risks of migration of youth from rural areas.

 Increase the positive impact of migration through better allocation of resources for youth employment.

References

Albania: Youth migration: Reaping the benefits and mitigating the risks. (n.d.). MDG Fund. http://www.mdgfund.org/node/745

Barjaba, K. (2000). Contemporary patterns in Albanian emigration. *SEER: Journal for Labour and Social Affairs in Eastern Europe*, *3*(2), 57–64. http://www.jstor.org/stable/43292103

Barjaba, K. B. and J. (2017, March 2). Embracing emigration: The Migration-Development Nexus in Albania. migrationpolicy.org. Retrieved January 12, 2023, from https://www.migrationpolicy.org/article/embracing-emigration-migration-development-nexus -albania

Carletto, C., Davis, B., Stampini, M., & Zezza, A. (2006). A Country on the Move: International Migration in Post-Communist Albania. The International Migration Review, 40(4), 767–785. http://www.jstor.org/stable/27645634

Clemens, M. A., & Pritchett, L. (2008). Income per Natural: Measuring Development for People Rather than Places. Population and Development Review, 34(3), 395–434. http://www.jstor.org/stable/25434704

Çaro, E. (2011). From the village to the city: the adjustment process of internal migrants in Albania.

Deutsche Welle (www.dw.com). (n.d.). Ekspertët: Nga Shqipëria po ikin njerëzit me standard jetese. DW.COM. https://www.dw.com/sq/ekspert%C3%ABt-nga-shqip%C3%ABria-po-ikin-njer%C3%ABzit- me-standard-jetese/a-49175109

Hagen-Zanker, J., & Azzarri, C. (2010). Are Internal Migrants in Albania Leaving for the Better? *Eastern European Economics*, *48*(6), 57–84. http://www.jstor.org/stable/25790128

How migration, human capital and the labour market interact in Albania (no date). Available at: https://www.etf.europa.eu/sites/default/files/2021-09/migration_albania.pdf

Ilir Gedeshi. (2002). Role of Remittances from Albanian Emigrants and Their Influence in the Country's Economy. Eastern European Economics, 40(5), 49–72. http://www.jstor.org/stable/4380312

King, R., Piracha, M., & Vullnetari, J. (2010). Migration and Development in Transition Economies of Southeastern Europe: Albania and Kosovo. Eastern European Economics, 48(6), 3–16. http://www.jstor.org/stable/25790125

Mai, N., Glenny, M., Kostovicova, D., Ragaru, N., Schmidt, F., & Vickers, M. (2008). Albanian migrations: demographic and other transformations. In J. Batt (Ed.), Is there an Albanian question? (pp. 61–72). European Union Institute for Security Studies (EUISS). http://www.jstor.org/stable/resrep07041.7

STECKLOV, G., CARLETTO, C., AZZARRI, C., & DAVIS, B. (2010). GENDER AND MIGRATION FROM ALBANIA. *Demography*, *47*(4), 935–961. http://www.jstor.org/stable/40983077

Uprety, D. (2019). Skilled migration and health outcomes in developing countries. International Journal of Health Economics and Management, 19(1), 1–14. http://www.jstor.org/stable/45271531

Vullnetari, J. (2012). Albanian migration and development. In Albania on the Move: Links between Internal and International Migration (pp. 59–106). Amsterdam University Press. http://www.jstor.org/stable/j.ctt6wp6gk.8

University "Luigj Gurakuqi" Shkoder

Faculty of Economy

Department of Finance

Scientific Research Competition

JSTOR

Field of study: Economy

"The transition from school to the labor market"

Mariza Deja & Eliona Murati

Scientific Master/Master's degree, second year

Shkoder 2023

The transition from school to the labour market

Introduction

The transition from school to the labour market is a challenging time for young people. It marks the end of formal education and the start of a new beginning in their lives. However, it can also be a very difficult time as they navigate the complexities of the job market, learn how to manage their finances and develop their independence. This essay will examine the challenges that young people face during this transition and the best strategies they can use to overcome these challenges.

At first, one of the biggest challenges facing young people during the transition from school to the labour market is a lack of experience (Ratner, D. (2010). Many companies and employers are looking forward for candidates with relevant experience, and young people often struggle to find work in their chosen field because they have not had the opportunity to work while they were still in school. To overcome this challenge, young people can participate in internships, reaching volunteer opportunities and other programs that offer hands-on experience in their field. This is not only to gain experience, but also helps them to build professional relationships that can be valuable in their future.

Another challenge facing young people during this transition is the competition for jobs. The job market can be extremely competitive, particularly in times of economic uncertainty (Musselin, C. (2005). This can make it difficult for young people to find work, because they are competing against other experienced candidates. To overcome this challenge, young people can focus on different activities including taking courses, participating in differenct activities such as extracurricular activities and also seeking out opportunities for professional development.

The job search process can be confusing and difficult for them, particularly for those who have never been through it before.

At some point, the transition from school to the labour market can also be stressful for young people as they learn to manage their finances (K. L. Bezrukova, and C. H. Moen (2010).

After this the transition from school to the labor market is an important and complex process that involves many factors that are related with each other, and also contribute to the success or difficulties of this transitions.

Some key factors that are correlated with this transition include:

1.Education and skills: The level of education and skills received by young people play a key role in the transition from school to the labor market. So we can say that the level of education is positively correlated with their ability to find employment and succeed in the labour market.

2.Work experience: The level of work experience (includes interships or part time jobs) that young people have is positively correlated with their ability to find employment and succeed in the labour market. Those who have more work experience are better equipped to handle the demands of the job.

3.Networking and relationships: The level of quality of the relationships and networks that young people have while in school is positively correlated with their ability to find employment and succeed in the labour market. Those with strong relationships and networks are more likely to receive support, and job opportunities than the others, that can help them succeed in their careers.

4.Labor market demand: The demand for specific skills and industries can impact the transition from school to the labor market.

Studies have shown that individuals who receive a high-quality education and strong skills are more likely to transition successfully into the labor market. Overall, the transition from school to the labor market is influenced by a complex interplay of factors, including: education, skills, experience, the state of the economy, relationships, labor market demand and cultural factors, also financial management (Danziger, S., & Ratner, D. (2010).

Hypotheses and data

As we said, the transition from school to labor market is a complex process that is influenced by many factors, and for this there is no single formula to describe this transition.

However, researchers often use statistical methods to analyze the relationship between different factors and the success of the transition. One method that we can use is correlation analysis, which measures the strength and direction of the relationship between two variables. Testable hypotheses were formulated:

H1: The effect of hard working in the transition from school to the labour market

H2: The effect of conncections in the transition from school to the labour market

H3: Interaction effects of hard working and connections in the transition from school to the labour market

The data used for this study are data from Balkon Barometer, public opinion 2021. Balkan Barometer is an annual survey of public opinion and also business sentiments in six Western

Balkans economies.

And for this, we will use SPSS that is a statistical software package that can be used to analyze data for a study on the transition from school to the labor market.

In this study using SPSS, the first step would be to gather and input data on the relevant variables.

So we will build a linear regression based on the data of the Balkan Barometer, PO database, for the year 2021. We will reach the conclusion if the statistical data prove the impact of the variables taken in the study, in the transition from school to the labor market.

Dependent variable

The dependent variable is: How long it tooks you between finishing education and getting the first job, which means the duration of the transition from finishing school to the labor market, expressed in years. This is expressed in: Less than 1 year, 1 to 2 years year, 2 to 3 years, more than 3 years, more than 5 years, i still have not found a job.

Also,we will include two interest variables, working hard and connections.

1.In public sector most people can succeed if they are willing to work hard, ordinal variable expressed with totally agree or totally disagree.

2. Hard work is no guarantee of success in public sector as for most people it is more a matter of connections, ordinal variable expressed with totally agree or totally disagree.

To perform the regression analysis and to analyze the hypotheses obtained in the study, we will include the following control variables:

urbanization, excat age, age square, gender, civil status and also the level of education.

Univariate analysis

First we will do an univariate analyse for dependent variable and interest variables.

We saw that N total is 6000 and we have 0 missing that is something possitive for our study.

In the table we see that 30% of them, the majority, need less than a year to find a job.

.

Valid	Frequency	Percent
Less than 1 year	1799	30.0
1 to 2 years year	1465	24.4
2 to 3 years	770	12.8
More than 3 years	447	7.4
More than 5 years	533	8.9
I still have not found a job	976	16.3
I don't know/refuse to answer	10	0.2
Total	6000	100

In the table above we see that 30% of them, the majority, need less than a year to find a job. 24.4% need 1 to 2 years to find a job and 12.8 need 2 to 3 years. So we see that for the most part people need some time to find a job. Since only 7.4% need more than 3 years and 8.9% need more than 5 years. Only 0.2% refuse to answer that is something good for our research.

Valid	Working_hard_dummy	Connections_dummy
0.00[1]	45.8%	73.5%
1.00[2]	53.8%	26.1%
System missing	0.4%	0.4%
Total	100%	100%

In order to have an easier comparison, we recode our two variables of interest in the 0 and 1 system, so that we have only two categories, that is, they agree or they do not agree. 0 represents people who agree and 1 those who disagree. If we compare the variables with each other, we see that 45.8% agree that working hard affects finding a job faster, while 73.4% think that connections affects finding a job more quickly. So this also confirms our expectations, as this is a relatively high value, compared to 45.8% who think that working hard affects more.

While we see that almost 54% do not agree that working hard affects finding a job faster after finishing school, and only 26% are against the fact that connections affects the time of find a job after finishing the school.

Bivariate analysis

---

[1] We recode into 0 and 1 system. 0-Is totally agree (contains 6-10 level)
[2] 1-Is totally disagree (contains 1-5 level)

Correlations	age_continuous	age_square	couple_dummy	low_education_dummy	middle_education_dummy	high_education_dummy	working_hard_dummy	connections_dummy	Interactions_effects_dummy	School_to_work_dummy
age_continuous	1	.987**	.407**	.261**	.124**	-.284**	-.072**	0.017	-0.018	-.149**
low_education_dummy	.261**	.276**	.036**	1	-.334**	-.255**	-.055**	.027*	-0.002	.129**
middle_education_dummy	.124**	.128**	.052**	-.334**	1	-.826**	-.039**	-0.011	-0.006	.063**
high_education_dummy	-.284**	-.296**	-.075**	-.255**	-.826**	1	.073**	-0.005	0.008	-.142**
working_hard_dummy	-.072**	-.074**	-.056**	-.055**	-.039**	.073**	1	-.081**	.347**	0.002
connections_dummy	0.017	0.022	0.021	.027*	-0.01	-0.01	-.081**	1	.631**	0.023
Interactions_effects_dummy	-0.018	-0.018	-0.009	-0.002	-0.01	0.008	.347**	.631**	1	.039**
School_to_work_dummy	-.149**	-.122**	-.155**	.129**	.063**	-.142**	0.002	0.023	.039**	1

Notes:

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

In the tables above, we have the bivariate analysis. Bivariate analysis is very important, as it shows us the relationship that the variables have with each other, so if they are statistically significant or not. The connection of each variable with itself is 1. If we compare the other variables with age, we see that with age square there is a strong positive connection, also with couple there is a positive connection, with connections 0 while with the high level of education it is negative because the older the age, the lower the level of education for previous generations. Something that is important, we see that working hard has a negative relationship with connections. We also see that school to work variable is negatively related to the level of education, which is true because the higher the level of education, the shorter the transition period from school to labour market.

Model 1.

R=0.301[3] R square=0.091

Which means that only 9.1% of the dependent variable can be explained by the variation of the variables in the study. Which means that there are other variables that were not included in the study but that influence our model.

F=97.100, significance=0.000[4]

	B	Std. Error	Beta	t	Sig.
(Constant)	4.601	0.196		23.416	0
age_square	0.001	0	0.503	5.846	0
low_education_dummy	1.454	0.088	0.233	16.447	0
middle_education_dummy	0.611	0.05	0.168	12.249	0
couple_dummy	-0.208	0.057	-0.056	-3.672	0
working_hard_dummy	0.006	0.046	0.002	0.134	0.894
age_continuous	-0.079	0.01	-0.7	-7.931	0

The constant is 4.6, which is the value of the dependent variable when the value of the other variables is zero. If we look at the statistical significance of the variables, they are all statistically significant except working hard dummy, which means that H1 fall down/is not accepted.

If we look at the constants, the lower the level of education, the higher it is the school to work length, so it increases by 1.45 units.

Couple_dummy has a negative effect, with a decrease of 0.208 units.

---

[3] Dependent variable: School to work dummy
[4] Predictors; (Constant, age_continuous, working_hard_dummy, middle_education_dummy, low_education_dummy, couple_dummy, age_square)

Model 2.

R=0.302[5] R square=0.091

Which means also that only 9.1% of the dependent variable can be explained by the variation of the variables in the study.

F=83.47, significance=0.000[6]

	B	Std. Error	Beta	t	Sig.
(Constant)	4.575	0.197		23.168	0
age_square	0.001	0	0.523	5.807	0
low_education_dummy	1.452	0.088	0.163	16.422	0
middle_education_dummy	0.611	0.05	0.058	12.258	0
couple_dummy	-0.21	0.057	-0.057	-3.699	0
working_hard_dummy	0.011	0.046	0.003	0.247	0.805
age_continuous	-0.079	0.01	-0.697	-7.894	0
connections_dummy	0.067	0.052	0.016	1.288	0.198

The constant is 4.575, which is the value of the dependent variable when the value of the other variables is zero. If we look at the statistical significance of the variables, they are all statistically significant except working hard dummy and connections, which means that also H2 fall down/is not accepted.

If we look at the constants, the lower the level of education, the higher it is the school to work length, so it increases by 1.45 units (same as the model 1).

So the conclusion is that our two variables of interest are not statistically related to our dependent variable. Now we will see the impact of the interaction of the two variables on the dependent variable.

---

[5] Dependent variable: School to work dummy
[6] Predictors; (Constant, age_continuous, working_hard_dummy, middle_education_dummy, low_education_dummy, couple_dummy, age_square, connections_dummy)

Model 3.

R=0.303[7] R square=0.092

Which means also that only 9.2% of the dependent variable can be explained by the variation of the variables in the study.

F=73.78, significance=0.000[8]

	B	Std. Error	Beta	t	Sig.
(Constant)	4.624	0.198		23.295	0
age_square	0.001	0	0.505	5.866	0
low_education_dummy	1.448	0.088	0.232	16.376	0
middle_education_dummy	0.607	0.05	0.167	12.175	0
couple_dummy	-0.208	0.057	-0.056	-3.674	0
working_hard_dummy	-0.052	0.053	-0.014	-0.981	0.327
age_continuous	-0.079	0.01	-0.702	-7.952	0
connections_dummy	-0.052	0.073	-0.013	-0.717	0.473
Interactions_effects_dummy	0.245	0.104	0.044	2.346	0.019

The constant is 4.624, which is the value of the dependent variable when the value of the other variables is zero. If we look at the statistical significance of the variables, they are all statistically significant except working hard dummy and connections, which means that interaction effects is statistically significant with with level of importance 0.05, so we say that we accept H3, which says that the interaction of working hard and connections, affects the reduction of time for finding a job, after finishing school.

So now we can say that our two variables of interest are not statistically related to our dependent variable, but their interaction is statistically related to our dependent variable.

---

[7] Dependent variable: School to work dummy
[8] Predictors; (Constant, age_continuous, working_hard_dummy, middle_education_dummy, low_education_dummy, couple_dummy, age_square, connections_dummy, interaction_effects_dummy)

Conclusions

In conclusion, there is a complex interplay between education and training, work experience, networks and relationships that influence the success of the transition from school to the labour market. By developing these skills and build strong relationships and networks also, young people can increase their chances of success in the workforce and achieve their career goals. We also know that there are different statistical tests to perform statistical analysis. But after we built the linear regression analysis, we came to the conclusion that the interaction of working hard with connections have an impact on the school to market labour length. Finally we can say that people face more difficulties during the transition from school to the labor market, but if they have working hard and also a lot of connections, they have more posibilities to find a job very quickly.

Bibliography

Caspi, A., Wright, B. R. E., Moffitt, T. E., & Silva, P. A. (1998). Early failure in the labor market: Childhood and adolescent predictors of unemployment in the transition to adulthood. American sociological review, 424-451.

Crnković-Pozaić, S. (2006). Transition from school to work: Internships and first entry to the labour market in Croatia. Bureau of Labour Statistics.

Danziger, S., & Ratner, D. (2010). Labor market outcomes and the transition to adulthood. The Future of Children, 133-158.

DiPrete, T. A., & Nonnemaker, K. L. (1997). Structural change, labor market turbulence, and labor market outcomes. American Sociological Review, 386-404.

Lynch, L. M. (1989). The youth labor market in the eighties: Determinants of re-employment probabilities for young men and women. The review of economics and statistics, 37-45.

Musselin, C. (2005). European academic labor markets in transition. Higher education, 135-154.

"Youth Transitions from School to Work in Europe: A Review of the Literature" by A. Martin and L. Karing (2011)

"Navigating the Transition from School to Work: The Role of Social Capital" by E. Welbourne, K. L. Bezrukova, and C. H. Moen (2010)

Saar, E., Unt, M., & Kogan, I. (2008). Transition from educational system to labour market in the European Union: A comparison between new and old members. International journal of comparative sociology, 49(1), 31-59.

"School-to-Work Transitions in the United States: Recent Trends and Future Prospects" by H. Holzer and D. Neumark (2000)

University of Medicine Tirana

Faculty of Technical Medical Sciences

Department of Diagnostics,

Health Rehabilitation and Nursing in Surgery

and Nursing in Obstetrics and Gynecology

Scientific Research Competition

JSTOR

Field of study: Medicine

"The importance of family history, complaints and risk determinants in the research of a possible breast cancer"

Sibora Hasanaj

Master of Science in Medical Laboratory Technology, fourth-year

Tiranë 2023

Abstract

Introduction: The uncontrolled growth of cells in the anatomical structure of the breast is the cause of the pathology of breast cancer. Breast cancer has modifiable or non-modifiable risk factors. Avoidance or modification of modifiable factors together with the approach of early capture brings about the appropriate therapeutic attitude of this diagnosis why not until recovery.

The purpose of the study: The study of a target group to see closely the degree of sensitivity of breast cancer, the current sensitization and awareness to the necessary medical controls for the prevention of this pathology, as well as taking into consideration the family incidence.

Research hypotheses: H.1 Complaints and family history play an important role in the prevention of a possible breast cancer, why not until prevention?

H.2 Breast check-ups at an earlier age than protocol determines prevent breast cancer? **H.3** Avoiding modifiable risk factors lowers the risk of developing breast cancer?

Material and methods: Literature of the last 20 years, questionnaire consulted with 100 medical staff and non-medical staff women over 30 years old.

Results and conclusions: Among the 100 women interviewed, 8 refused. The average age was 47 years, the average age of the first menstruation was 15.5 years, the average age at the first pregnancy was 24.5 years, while the most frequent number of children was 2. Concerns were encountered in 21% of the total number: fibroadenoma 6%, mastitis 1%, breast pain or stabbing 11%, breast cancer already treated 3%. In 20% of the questionnaire, there was a family history of breast cancer. Among the 3 interviewed individuals with breast cancer, the average age of the arrival of menstruation for the first time was 11 years. Meanwhile, active or passive sensitization and awareness of breast cancer was 94%, a value that shows sensitivity to this pathology.

Key words: breast cancer,complaints, risk factors,prevention

1. About breast cancer

1.1 What is breast cancer?

Breast cancer is the result of uncontrolled growth of cells in various structures of the breast.This pathology is the most frequent form of cancer in the female population, nearly 2.3 million women diagnosed with breast cancer worldwide in 2020 and the second most frequent cancer in Albania with 936 cases in 2020 with the dominance of Fier and Korça districts.

1.2 Types of breast cancer[9]
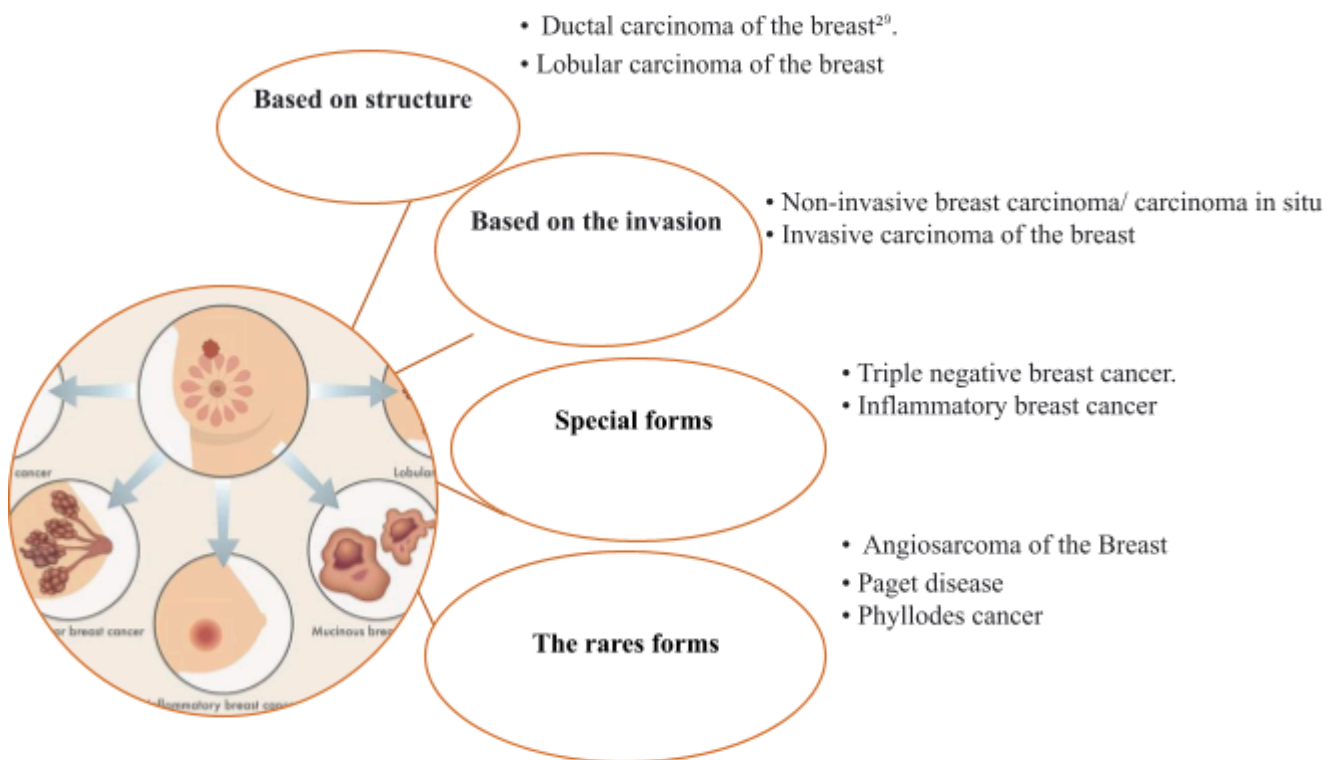
Depending on the affected structure, spread and frequency, the classification of breast cancer consists.[10]

Depending on the structure:

- Ductal carcinoma of the breast.

In this case, the milk ducts/canals are affected[11]

- Lobular carcinoma of the breast

---

[9] Breast Cancer.World Health Organisation.2021.

[29] Institute of Medicine and Committee on Breast Cancer and the Environment.Breast Cancer.National Academies 2012.

[10] Nina H.Situation of Breast Cancer in Albania.2022

[11] Breast Cancer in Woman.The National Health Service,UK.

Lobes/lactation glands are affected

Classification depending on the invasion:

-Non-invasive breast carcinoma/ carcinoma in situ

Such is ductal carcinoma in situ, it does not spread to other tissues surrounding the ducts, it is non-invasive. It is usually identified during an imaging examination such as a mammogram.

- Invasive carcinoma of the breast[12]

Cancerous cells spread by infiltrating the tissues around the breast, such as invasive ductal carcinoma, which accounts for about 70-80% of all breast cancer, and invasive lobular carcinoma.

Special forms of breast cancer:

- Triple negative[13] breast cancer.

In this case, cancer cells do not have receptors for estrogen, progesterone and do not synthesize HER2, being negative for all three tests. This type of cancer is difficult to treat.

-Inflammatory breast cancer

Cancer cells block the lymphatic vessels causing inflammation and swelling of the breast.

Rarer forms of breast cancer:

- Angiosarcoma of the chest

Aggressive and rare form of breast cancer. Begins in endothelial cells or lymphatic vessels, may involve breast tissue or skin.

-Paget disease/ Paget disease

It consists of cancerous changes that are similar to eczema in and around the areola.

-Cancer Phyllodes

The development of cancer cells in the connective tissue of the breast.

1.3 Symptoms[14]

- Changes in the size, shape and appearance of the breast

-Swelling or enlargements in a circular mass

-Changes in the color of the skin around the breast

- Rash around the areola

- Abnormal changes in position and fluidity around the areola

1.4 Risk factors[14]

1. Age[51]

---

[12] Breast Cancer.Centers for Disease Control and Prevention.UK,2022.

[13] Types of breast cancer and related conditions.Cancer Research.UK,2020.

[14] Breast cancer symptoms. Cancer Research.UK,2020.

[51] Sutherland, Marcia E. "Overweight and Obesity Among African American Women: An Examination of Predictive and Risk Factors and Weight-Reduction Recommendations." *Journal of Black Studies* 44, no. 8 (2013): 846–69. http://www.jstor.org/stable/24572895.

Increasing age is an important risk factor that goes hand in hand with the increased risk of developing breast cancer. In 2020 in Albania[15], the highest incidence of breast cancer was the age.

group 50-69 years old, with an average age at the time of diagnosis of 55 years.But it has been noticed that this age threshold is decreasing, risking the younger ages.

2. Family history of breast cancer[45]

5%-10% of breast cancer cases are attributed to family inheritance. Women who have a mother or sisters with breast cancer in their family are more predisposed to develop this pathology than others.

3. Reproductive factors[48]

-Early menarche

The average age of first menarche[49] is estimated to be 13 years. Early menarche increases the risk for breast cancer, specifically 1 year earlier than normal increases the risk 5%-10% for the development of breast cancer.

-Late menopause

The average age of menopause is estimated as 50 years. Each delay of menopause by one year increases the risk by 3% for the development of breast cancer. Women who develop menopause after the age of 55 years have an estimated 50% risk of breast cancer[15].

- Age at first pregnancy

Women who have not developed a pregnancy in their life or who had their first pregnancy [47] after the age of 30 are easily exposed to this pathology, due to the high levels of estrogen they possess.

- Number of children and lactation[42]

The higher the number of children, the more you reduce the risk of developing breast cancer and vice versa. As a result of avoiding ovulation and the production of hormones that can be influential in the development of cancer cells.

[15]

[45] Frank, Thomas S. "Testing for Hereditary Risk of Breast and Ovarian Cancer." *Community Genetics* 3, no. 4 (2000): 193–97. https://www.jstor.org/stable/26664508.

[48] Gupta, Anuj Kumar, and Prashant Khadke. "Cancer Pathology: Panel of Diagnostic Markers for Cancer." *Current Science* 112, no. 9 (2017): 1831–38. http://www.jstor.org/stable/26163871.

[49] Zhu, Kangmin, Jessica Beiler, Sandra Hunter, Kathleen Payne-Wilks, Chanel L. Roland, Digna S. Forbes, Vernon M. Chinchilli, Louis J. Bernard, Kathryn H. Jacobsen, and Robert S. Levine. "The Relationship Between Menstrual Factors and Breast Cancer According to Estrogen Receptor Status of Tumor: A Case-Control Study in African-American Women." *Ethnicity & Disease* 12, no. 4 (2002): 23–29. http://www.jstor.org/stable/45410856.

Lactation plays a protective role against the development of breast cancer, reducing the possibility of developing breast cancer[16] as a result of the change in its structure during this period.

- Oral contraceptives.

 Increase the risk as an external source of estrogen.

4. Alcohol[41]

Alcohol consumption of 35-44 grams/day increases the risk of breast cancer by up to 32%.

5. Smoking[66]

Active and passive smoking[40] increases the risk of developing breast cancer as a result of the content of toxic substances. Such substances have been found in the fluid of women who have not been breastfeeding.

6. Low sensitization and awareness[17]

In Albania, during 2020, a 22% awareness can be seen to carry out a check on breast cancer. This leads to the impossibility of timely prevention and early detection of this pathology, increasing the risk of mortality.

[1641] Key, Timothy J, and Gillian K Reeves. "Alcohol, Diet, and Risk of Breast Cancer." *BMJ: British Medical Journal* 353 (2016). https://www.jstor.org/stable/26944790.

[42]"Breast Cancer Risks." *Off Our Backs* 24, no. 9 (1994): 4–4. http://www.jstor.org/stable/20834920.

[47] Barthelmes, Ludger, Louise A. Davidson, Christopher Gaffney, and Christopher A. Gateley. "Pregnancy And Breast Cancer." *BMJ: British Medical Journal* 330, no. 7504 (2005): 1375–78. http://www.jstor.org/stable/25459907.

[1740] Skegg, D. C. G. "Alcohol, Coffee, Fat, And Breast Cancer." *British Medical Journal (Clinical Research Edition)* 295, no. 6605 (1987): 1011–12. http://www.jstor.org/stable/29528596.

[66] Rosenberg, Lynn, Deborah A. Boggs, Traci N. Bethea, Lauren A. Wise, Lucile L. Adams-Campbell, and Julie R. Palmer. "A Prospective Study of Smoking and Breast Cancer Risk among African-American Women." *Cancer Causes & Control* 24, no. 12 (2013): 2207–15. http://www.jstor.org/stable/24717903.
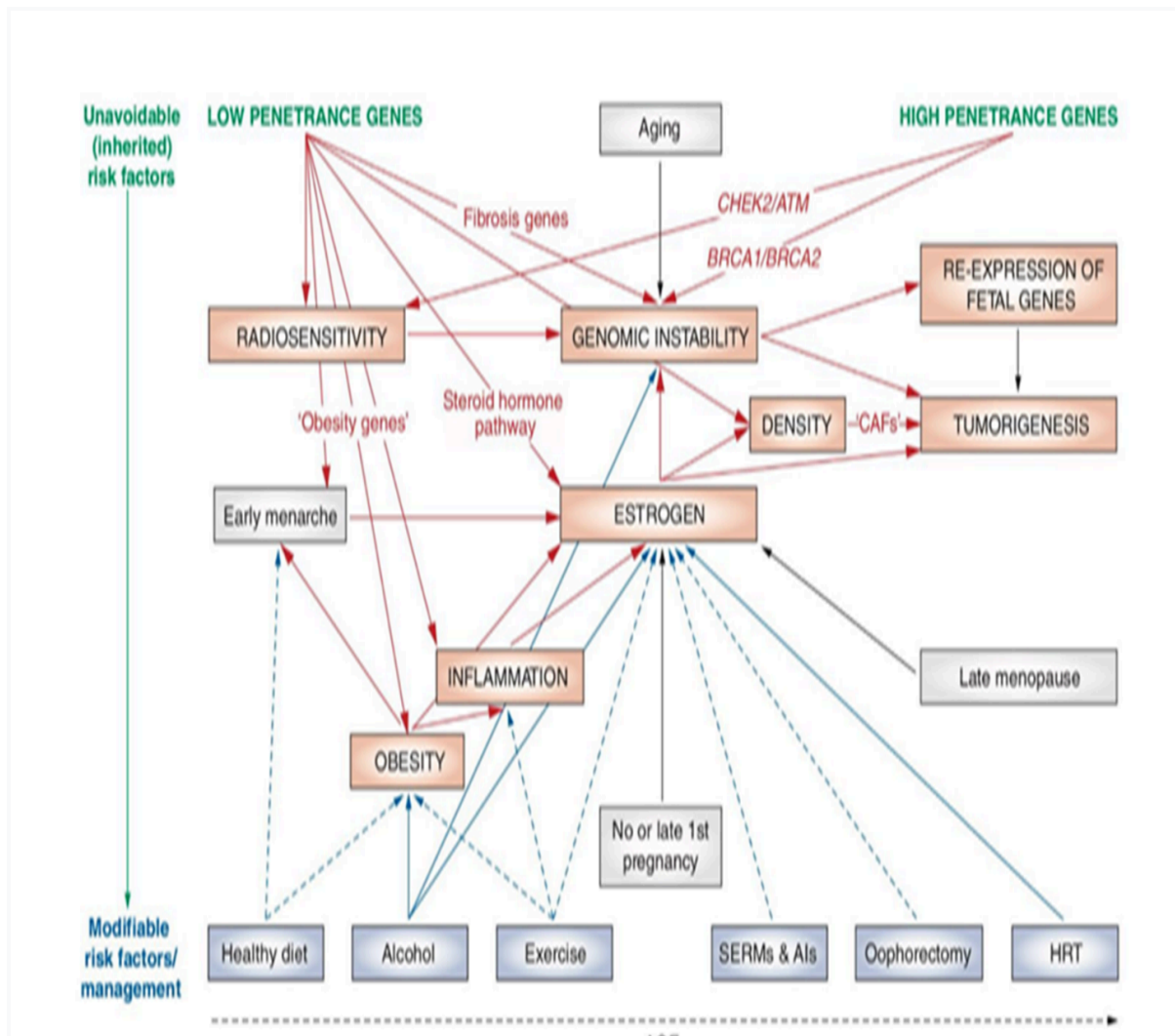
Figure 1.[27] Breast cancer risk factors[18].

2.1 Questionnaire consulted with medical staff and non-medical staff women.

100 women were interviewed at the Faculty of Technical Medical Sciences at University of Medicine of Tirana and Faculty of Humanities,Education and Liberal Arts at European University of Tirana.Of the 100 women interviewed, 8 refused. The average age was 47 years, the average age of the first menstruation was 15.5 years, the average age at the first pregnancy was 24.5 years, while the most frequent number of children was 2. Meanwhile, the response of their sensitization and active or passive awareness to breast cancer was 94%, a value that shows sensitivity to this pathology.

2.2 Submission of complaints and related concerns
Chart no. 1

Concerns were encountered in 21% of the total number:

Chest pain or stabbing 11%	Fibroadenoma 6%
Breast cancer already treated 3%	Mastitis 1%

---

[18][27] Institute of Medicine and Committee on Breast Cancer and the Environment.Challenges of studying environmental risk factors for breast cancer. National Academies 2012.
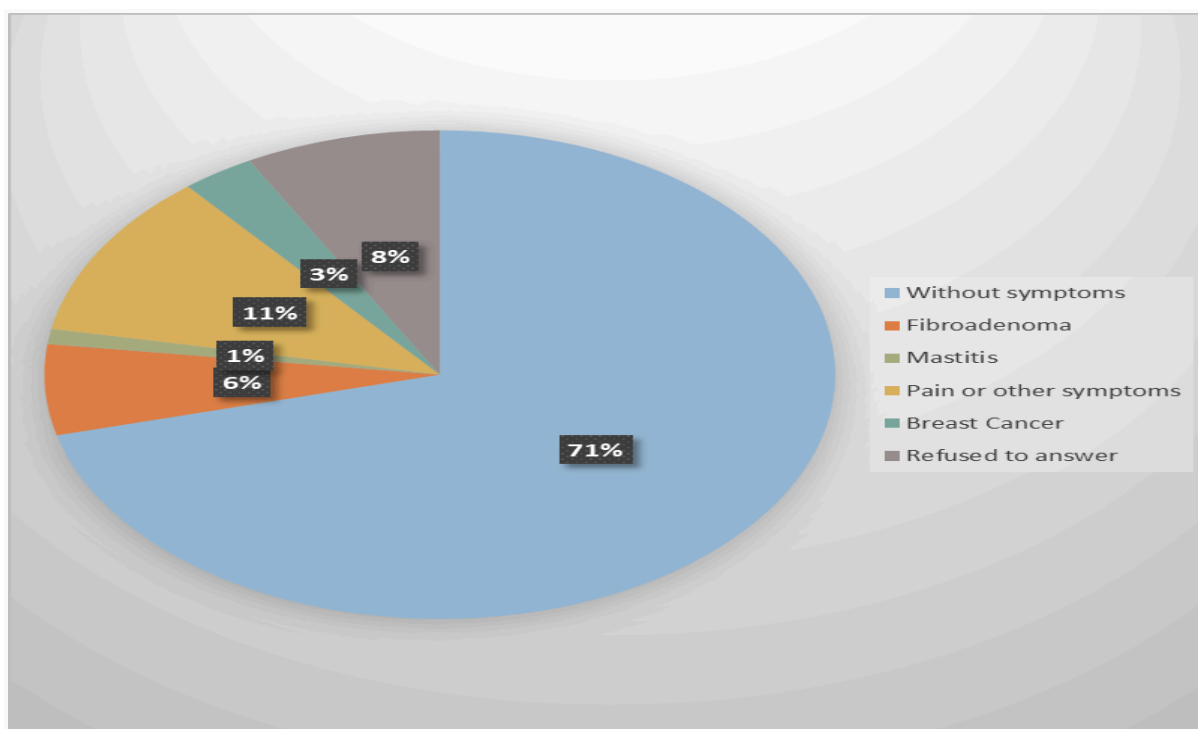
Table no. 1 It was observed that 3% of the interviewees in the questionnaire, namely 2 random women and a health professional, were diagnosed with breast cancer. The table shows the early age of menarche (77), lack of pregnancy (43) and family history (76) as characteristic risk factors.

The interviewed with cancer no. ordinal	Age	Age of menarche	Age at first pregnancy	The number of children	Family history with breast cancer
76	35	11	26	2	Yes
77	55	12	24	4	No
43	49	13	-	-	No
Average	46.3	12	25	2	No

2.3 Comparative graphs in diagnosis and risk factors

Chart no. 2. Compared to the study[9] (9. Malaj A and Shahini A) with 260 subjects[19] taken into consideration, we notice an increase in the value of benign concerns that is explained by the higher number of cases, while the percentage for breast cancer is approximate.
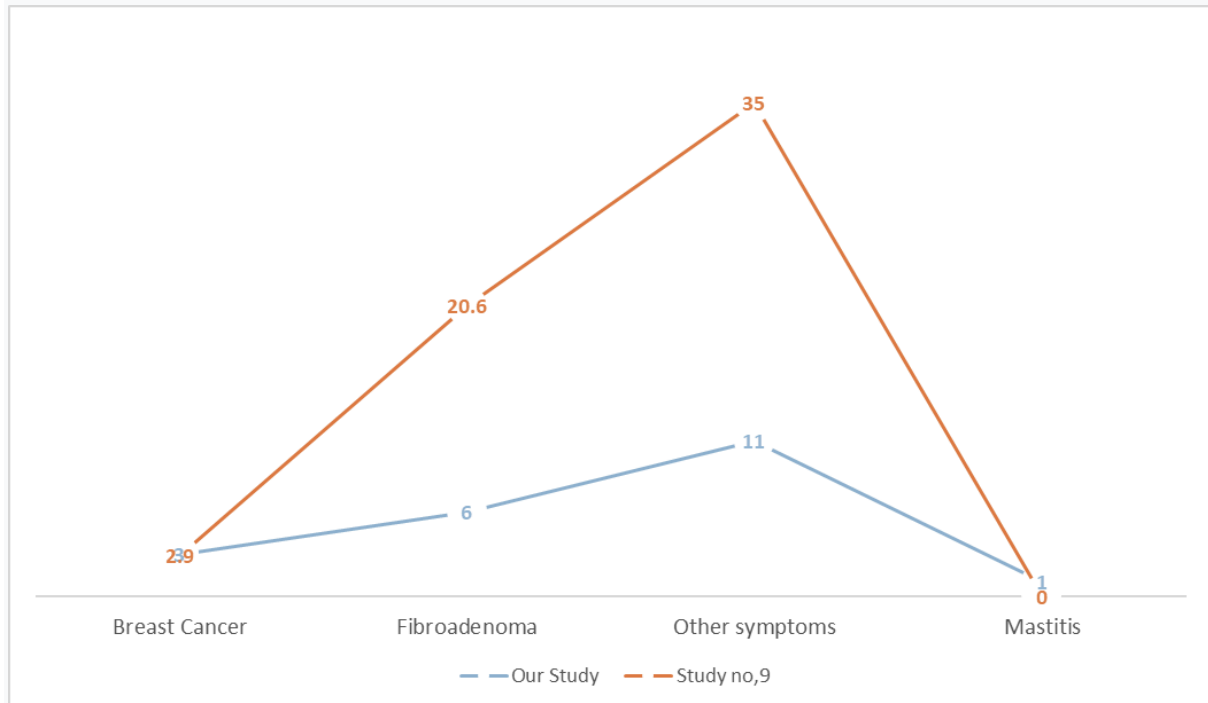

Graph no. 3 The data of our study VS Standard

---
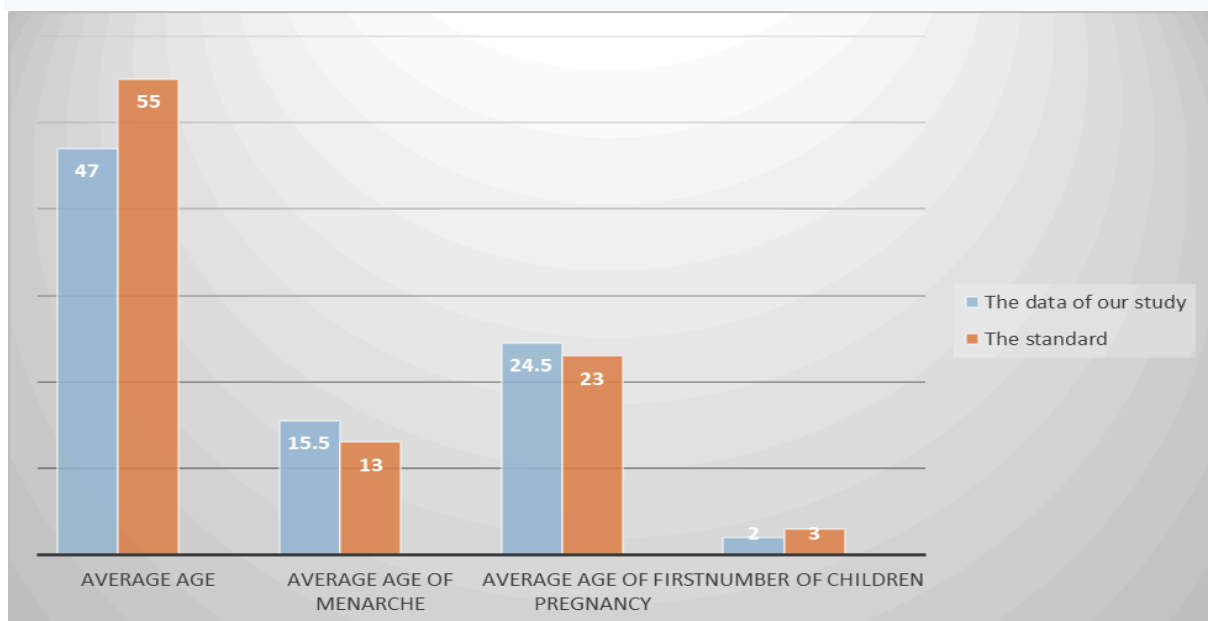
[199]Malaj A and Shanini A. Synergy in combining findings from mammography and ultrasonography in detecting malignancy in women with higher density breasts and lesions over 2 cm in Albania. Pubmed 2017.

2.4 Responses to breast cancer awareness and sensitization among staff compared to non-medical staff.

Sensitization and awareness of breast cancer among medical staff was in approximate values compared to that in random women. This shows the positive approach in raising awareness for periodic examinations and early prevention of this pathology in the population.


Legend: ■ Medical Staff Women ■ Non-Medical Staff Women ■ Column1

POSITIVE RESPONSES TO BREAST CANCER AWARENESS AND SENSITIZATION — 82% | 85%
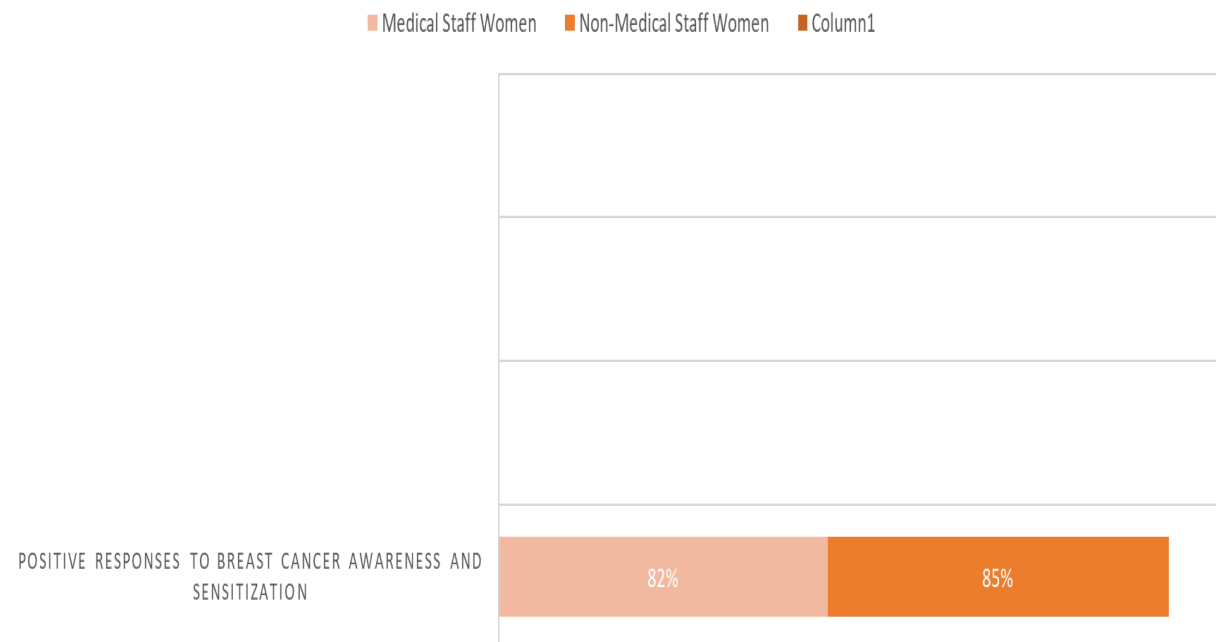
3.1 Screening[20]

Breast cancer screening aims to catch it early rather than cure it.[16]
This can be done between:
1. Mammographic examination[46]/[54]
2. Clinical examination of the breast
3. Awareness for regular checks,
self-examination.

**Chart no. 3 Examinations to diagnose breast cancer[21].**

---
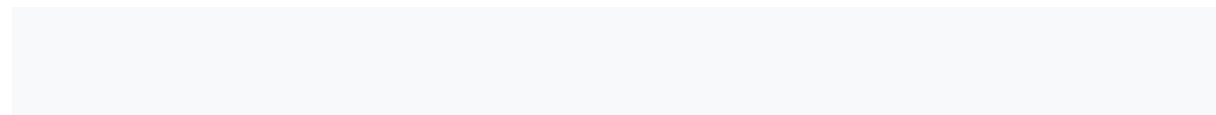
[20][16] Wang L.Early diagnosis of breast cancer.MDPI,Switzerland 2017.

[46]"Breast Cancer Treatment." *Off Our Backs* 15, no. 4 (1985): 9–9. http://www.jstor.org/stable/25775405.

[54] Weedon-Fekjær, Harald, Pål R Romundstad, and Lars J Vatten. "Modern Mammography Screening and Breast Cancer Mortality: Population Study." *BMJ: British Medical Journal* 348 (2014). https://www.jstor.org/stable/26515227.

[21][17] Verkooijen H M,Peeters P H,Buskens E,Koot V C,Borel Rinkes I H,Mali W P and Van Vroonhoven T J. Diagnostic accuracy of large-core needle biopsy for nonpalpable breast disease: a meta-analysis.Pubmed 2000.

BREAST CANCER DIAGNOSIS
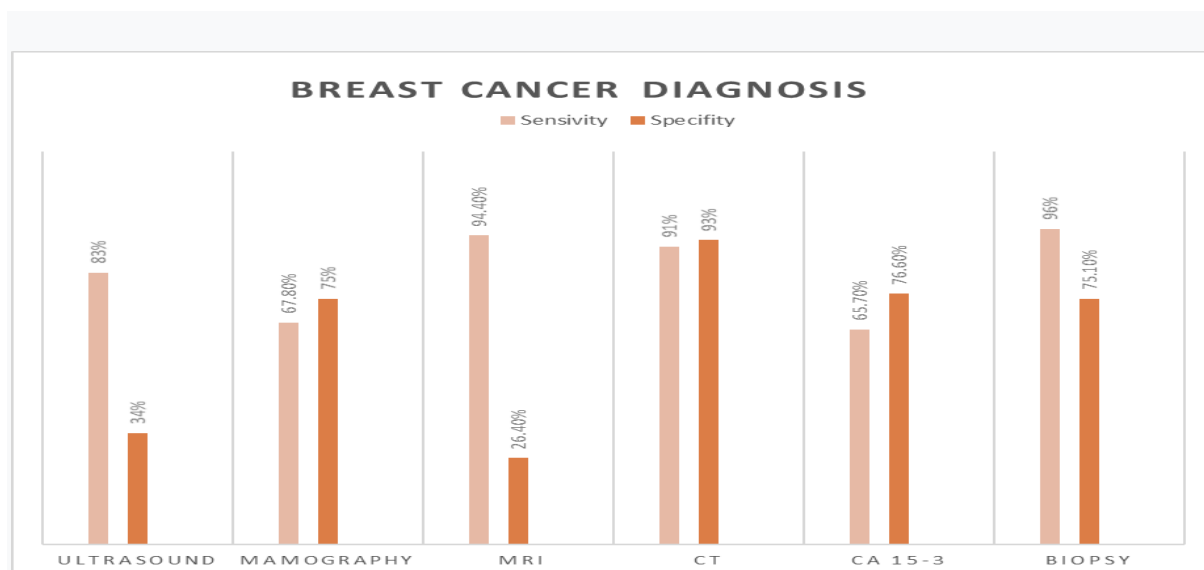
Diagnosis according to the literature[17]/[18]
Biomarkers[1º] for breast cancer[22]

- Ca15-3 RS/DJ-1 Ca27-29 HER-2 • Serum
- p53 HSP60 HSP90 MUC1 • Humoral response
- Lipophilin B Hemopexin Gc globulin • Fluid aspiration

3.2 Screening and diagnosis of breast cancer in Albania
The approved breast cancer screening program in Albania 2020 follows:
-Women 50-60 years old
Every 2 years free mammography in consultation with the family doctor at public health institutions of specialties, regional hospitals or mobile mammography units.
-Confirmation of the diagnosis at the "QSUNT" oncology service.

3.3 Prevention[22]
Prevention[68] of breast cancer is achieved by avoiding variable risk factors
1. Frequent self-examination to note changes in breast anatomy[23]

2. Awareness of periodic breast checks

---

[22]

[1º] Nake A and Spahiu L. Tumor markers, Applied Biochemistry 2017.
[2322] Sauter.R.E.Breast cancer prevention:Approaches and future directions.Pubmed 2018.
[68]. Friedenreich, C M. "Review of Anthropometric Factors and Breast Cancer Risk."
European Journal of Cancer Prevention 10, no. 1 (2001): 15–32.
http://www.jstor.org/stable/45050732.

3. Physical exercises and a balanced diet
4. Avoiding alcohol and cigarettes
5. Family planning before the age of 30
6. Avoidance of contraceptives

3.4 Treatment[29]

If breast cancer is caught in the early stages[24], the treatment is effective and prevents the possibility of metastases. The treatment can be affected by the type, positioning, stage, history[71].

-Chemotherapy[44]

Neoadjuvante-SNB, FNA, Doxorubicin, docetaxel, cyclophosphamide, etc

- Radiotherapy

Use of X-rays

- Surgery

Mastectomy, quadrantectomy, axillary dissection.

[2429] Institute of Medicine and Committee on Breast Cancer and the Environment.Breast Cancer.National Academies 2012.

[44] McPherson, Klim. "Should We Screen for Breast Cancer?" *BMJ: British Medical Journal* 341, no. 7766 (2010): 233–35. http://www.jstor.org/stable/20734955.

[71]. Nechuta, Sarah J., Bette J. Caan, Wendy Y. Chen, Shirley W. Flatt, Wei Lu, Ruth E. Patterson, Elizabeth M. Poole, et al. "The After Breast Cancer Pooling Project: Rationale, Methodology, and Breast Cancer Survivor Characteristics." *Cancer Causes & Control* 22, no. 9 (2011): 1319–31. http://www.jstor.org/stable/41485213.

4. Conclusions

At the end of this study we conclude that in the 100 women interviewed there is a sensitivity to breast cancer related to the relevant exposure to risk factors, such as family history, age at first pregnancy, number of children and age of menarche. It was observed a lowering of the age threshold for possible breast examinations prior to the existing concerns, bringing the need for a review of the screening packages in an earlier age group. While the responses received for sensitization in increasing the frequency of examinations and awareness of risk determinants modifiable to breast cancer affirm in 83.5% of them, we emphasize that the importance of the validity of this awareness, anamnesis and complaints for the identification and prevention of a possible breast cancer is very essential.

5. Recommendations

1. Carrying out periodic breast check-ups
2. Avoidance of variable risk factors
3. Revision of the protocols for the clinical and imaging examination of the breast at an earlier age, in an annual periodic period.
4. Increasing the quality of the examination and increasing the number of units for performing these medical examinations.

5. BIBLIOGRAPHY

Questionnaire consulted with 100 medical staff and non-medical staff women.

1.Institute of Medicine and Committee on Breast Cancer and the Environment. Breast Cancer and the environment: A life course approach.National Academies,Washington 2012.
2. National cancer report 2015-2019 in Albania. Institute of Public Health
3.Breast Cancer.World Health Organisation.2021
4.Nina H.Situation of Breast Cancer in Albania.2022
5.Breast Cancer in Woman.The National Health Service,UK.
6.Breast Cancer.Centers for Disease Control and Prevention.UK,2022.
7.Types of breast cancer and related conditions.Cancer Research.UK,2020.
8.Breast cancer symptoms. Cancer Research.UK,2020.
9.Malaj A and Shanini A. Synergy in combining findings from mammography and ultrasonography in detecting malignancy in women with higher density breasts and lesions over 2 cm in Albania. Pubmed 2017.
10.Nake A and Spahiu L. Tumor markers, Applied Biochemistry 2017.
11.Catharine M.Sturgeon.Tumour markers,CA 15-3.Clinical Biochemistry:Metabolic and Clinical Aspects(Third Edition),2014.
12.TNM staging.Cancer Research.UK,2020.
13. Breast Cancer Screening 2020. Comparative Albania, Region and World. Open Data Albania, 2020.
14.Ylli A,Filipi K,Dedja and B,Elezaj B.Breast cancer control in Albania 2012-2018. Albania 2019.
15.Dr Victor G.Vogel MD,MHS.Breast Cancer Prevention:A review of current evidence.Pubmed 2000.
16.Wang L.Early diagnosis of breast cancer.MDPI,Switzerland 2017.
17.Verkooijen H M,Peeters P H,Buskens E,Koot V C,Borel Rinkes I H,Mali W P and Van Vroonhoven T J. Diagnostic accuracy of large-core needle biopsy for nonpalpable breast disease: a meta-analysis.Pubmed 2000.
18.He Z,Chen Zand Li W.A review on methods for diagnosis of breast cancer cells and tissues.Hunan Key Laboratory of Biomedical Nanomaterials and Devices,China 2020.
19.Markman M.Diagnosing breast cancer.Cancer Treatment Centers of America.USA 2022.
20.Fakhari A,Gharepapagh E and Gilani N.Correlation of cancer antigen 15-3 serum level and bony metastases in breast cancer patients.Med J Islam Repub Iran,2019.
21.Brewer R.H, Jones E.M and Swerdlow A.J. Family history and risk of breast cancer:an analysis accounting for family structure.Pubmed 2017.
22.Sauter.R.E.Breast cancer prevention:Approaches and future directions.Pubmed 2018.
23.Brewer.R.H ,Jones.E.M,Schoemaker.J.M ,Ashworth A and Swerdlow.J.A. Family history and risk of breast cancer:an analysis accounting for family structure.Pubmed 2018.
24.C E Jacobi,M A Jonker,N J D Nagelkerke,J C van Houwelingen and G H de Bock. Prevalence of family histories of breast cancer in the general population and the incidence of related seeking of health care.BMJ Journals 2003.
25.Institute of Medicine and Committee on Breast Cancer and the Environment. Recommendations for future research.Breast Cancer and the Environment.National Academies 2012.
26. Institute of Medicine and Committee on Breast Cancer and the Environment. Opportunities for action to reduce environmental risks for breast cancer. Breast Cancer and the Environment.National Academies 2012.

27. Institute of Medicine and Committee on Breast Cancer and the Environment.Challenges of studying environmental risk factors for breast cancer. National Academies 2012.

28.Waks G A and Winer P E.Breast cancer treatment.Pubmed 2018.

29.Institute of Medicine and Committee on Breast Cancer and the Environment.Breast Cancer.National Academies 2012.

30.Zare R.Diagnosis and prognosis of breast cancer by high performance serum metabolic fingerprint.PNAS 2022.

31.Johannes P,T.M Van Leeuwen,Huibert A P. Pols.Cancer and Differentiation.ScienceDirect 2005.

32.Taneja P,Maglic D and Inoue K.Classical and novel prognostic markers for breast cancer and their clinical significance.Pubmed 2010.

33.Sun Y,Zhao Zh and Zhu H.Risk factors and preventions of breast cancer.Pubmed 2017.

34. American Cancer Society.Recommendations for the early detection of breast cancer.USA 2022.

35.Nina H,Pema A,Kozma E,Ikonomi M,Hoti A,Proko F and Jorgoni F. Breast cancer protocol.Albania 2018.

36. Hiatt, Robert A., Sandra Z. Haslam, Janet Osuch, and Behalf of the Breast Cancer and the Environment Research Centers. "The Breast Cancer and the Environment Research Centers: Transdisciplinary Research on the Role of the Environment in Breast Cancer Etiology." *Environmental Health Perspectives* 117, no. 12 (2009): 1814–22. http://www.jstor.org/stable/30249859.

37. McPherson, K., C. M. Steel, and J. M. Dixon. "Breast Cancer: Epidemiology, Risk Factors, And Genetics." *BMJ: British Medical Journal* 309, no. 6960 (1994): 1003–6. http://www.jstor.org/stable/29725126.

38. Anothaisintawee, Thunyarat, Cholatip Wiratkapun, Panuwat Lerdsitthichai, Vijj Kasamesup, Sansanee Wongwaisayawan, Jiraporn Srinakarin, Siriporn Hirunpat, et al. "Risk Factors of Breast Cancer: A Systematic Review and Meta-Analysis." *Asia Pacific Journal of Public Health* 25, no. 5 (2013): 368–87. http://www.jstor.org/stable/26724327.

39. Turner, Nicholas C., and Alison L. Jones. "Management of Breast Cancer: Part I." *BMJ: British Medical Journal* 337, no. 7661 (2008): 107–10. http://www.jstor.org/stable/20510287.

40.Skegg, D. C. G. "Alcohol, Coffee, Fat, And Breast Cancer." *British Medical Journal (Clinical Research Edition)* 295, no. 6605 (1987): 1011–12. http://www.jstor.org/stable/29528596.

41. Key, Timothy J, and Gillian K Reeves. "Alcohol, Diet, and Risk of Breast Cancer." *BMJ: British Medical Journal* 353 (2016). https://www.jstor.org/stable/26944790.

42. "Breast Cancer Risks." *Off Our Backs* 24, no. 9 (1994): 4–4. http://www.jstor.org/stable/20834920.

43. Welp, Esther A, Elisabete Weiderpass, Paolo Boffetta, Harri Vainio, Kaisa Vasama-Neuvonen, Sandra Petralia, and Timo J Partanen. "Environmental Risk Factors of Breast Cancer." *Scandinavian Journal of Work, Environment & Health* 24, no. 1 (1998): 3–7. http://www.jstor.org/stable/40966726.

44.McPherson, Klim. "Should We Screen for Breast Cancer?" *BMJ: British Medical Journal* 341, no. 7766 (2010): 233–35. http://www.jstor.org/stable/20734955.

45. Frank, Thomas S. "Testing for Hereditary Risk of Breast and Ovarian Cancer." *Community Genetics* 3, no. 4 (2000): 193–97. https://www.jstor.org/stable/26664508.

46. "Breast Cancer Treatment." *Off Our Backs* 15, no. 4 (1985): 9–9. http://www.jstor.org/stable/25775405.

47. Barthelmes, Ludger, Louise A. Davidson, Christopher Gaffney, and Christopher A. Gateley. "Pregnancy And Breast Cancer." *BMJ: British Medical Journal* 330, no. 7504 (2005): 1375–78. http://www.jstor.org/stable/25459907.

48. Gupta, Anuj Kumar, and Prashant Khadke. "Cancer Pathology: Panel of Diagnostic Markers for Cancer." *Current Science* 112, no. 9 (2017): 1831–38. http://www.jstor.org/stable/26163871.

49. Zhu, Kangmin, Jessica Beiler, Sandra Hunter, Kathleen Payne-Wilks, Chanel L. Roland, Digna S. Forbes, Vernon M. Chinchilli, Louis J. Bernard, Kathryn H. Jacobsen, and Robert S. Levine. "The Relationship Between Menstrual Factors and Breast Cancer According to Estrogen Receptor Status of Tumor: A Case-Control Study in African-American Women." *Ethnicity & Disease* 12, no. 4 (2002): 23–29. http://www.jstor.org/stable/45410856.

50. Herman-Giddens, Marcia E. "Breast Cancer and Menarche in Asian Women." *Environmental Health Perspectives* 101, no. 7 (1993): 566–67. https://doi.org/10.2307/3431638.

51. Sutherland, Marcia E. "Overweight and Obesity Among African American Women: An Examination of Predictive and Risk Factors and Weight-Reduction Recommendations." *Journal of Black Studies* 44, no. 8 (2013): 846–69. http://www.jstor.org/stable/24572895.

52. Lock, Margaret. "Breast Cancer: Reading the Omens." *Anthropology Today* 14, no. 4 (1998): 7–16. https://doi.org/10.2307/2783351.

53. Porroche-Escudero, Ana. "The 'invisible Scars' of Breast Cancer Treatments." *Anthropology Today* 30, no. 3 (2014): 18–21. http://www.jstor.org/stable/24030407.

54. Weedon-Fekjær, Harald, Pål R Romundstad, and Lars J Vatten. "Modern Mammography Screening and Breast Cancer Mortality: Population Study." *BMJ: British Medical Journal* 348 (2014). https://www.jstor.org/stable/26515227.

55. Kotsopoulos, Joanne, Jan Lubinski, Henry T. Lynch, Susan L. Neuhausen, Parviz Ghadirian, Claudine Isaacs, Barbara Weber, et al. "Age at Menarche and the Risk of Breast Cancer in BRCA1 and BRCA2 Mutation Carriers." *Cancer Causes & Control* 16, no. 6 (2005): 667–74. http://www.jstor.org/stable/20069514.

56. Rimer, Barbara K. "Cancer Control Research 2001." *Cancer Causes & Control* 11, no. 3 (2000): 257–70. http://www.jstor.org/stable/3554219.

57. Euler-Chelpin, My von, Anne Helene Olsen, Sisse Njor, Allan Jensen, Ilse Vejborg, Walter Schwartz, and Elsebeth Lynge. "Does Educational Level Determine Screening Participation?" *European Journal of Cancer Prevention* 17, no. 3 (2008): 273–78. http://www.jstor.org/stable/45051789.

58. Lambe, Mats, Anna L. V. Johansson, Daniel Altman, and Sandra Eloranta. "Mastitis and the Risk of Breast Cancer." *Epidemiology* 20, no. 5 (2009): 747–51. http://www.jstor.org/stable/25662748.

59. Sellers, Thomas A., Kristin E. Anderson, Janet E. Olson, and Aaron R. Folsom. "Family Histories of Diabetes Mellitus and Breast Cancer and Incidence of Postmenopausal Breast Cancer." *Epidemiology* 9, no. 1 (1998): 102–5. http://www.jstor.org/stable/3702623.

60. Mai, P.L., L. Wideroff, M.H. Greene, and B.I. Graubard. "Prevalence of Family History of Breast, Colorectal, Prostate, and Lung Cancer in a Population-Based Study." *Public Health Genomics* 13, no. 7/8 (2010): 495–503. https://www.jstor.org/stable/26777902.

61. Coogan, Patricia F., Polly A. Newcomb, Richard W. Clapp, Amy Trentham-Dietz, John A. Baron, and Matthew P. Longnecker. "Physical Activity in Usual Occupation and Risk of Breast Cancer (United States)." *Cancer Causes & Control* 8, no. 4 (1997): 626–31. http://www.jstor.org/stable/3552742.

62. Marks, James S., Nancy C. Lee, Herschel W. Lawson, Rosemarie Henson, Janet Kay Bobo, and Mary K. Kaeser. "Implementing Recommendations for the Early Detection of Breast and Cervical Cancer Among Low-Income Women." *Morbidity and Mortality Weekly Report: Recommendations and Reports* 49, no. RR-2 (2000): 35–55. http://www.jstor.org/stable/42000707.

63. Jackson, Mary E. "Breast Cancer." *Ethnicity & Disease* 12, no. 1 (2002): 68–70. http://www.jstor.org/stable/45410820.

64. Thurfjell, E, C–C Hsieh, L Lipworth, A Ekbom, HO Adami, and D Trichopoulos. "Breast Size and Mammographic Pattern in Relation to Breast Cancer Risk." *European Journal of Cancer Prevention* 5, no. 1 (1996): 37–41. http://www.jstor.org/stable/45074239.

65. Poorolajal, Jalal, Mohammad Esmaeil Akbari, Fatane Ziaee, Manoochehr Karami, and Mahshid Ghoncheh. "Breast Cancer Screening (BCS) Chart: A Basic and Preliminary Model for Making Screening Mammography More Productive and Efficient." *Journal of Public Health* 40, no. 2 (2018): e118–25. https://www.jstor.org/stable/48567760.

66. Rosenberg, Lynn, Deborah A. Boggs, Traci N. Bethea, Lauren A. Wise, Lucile L. Adams-Campbell, and Julie R. Palmer. "A Prospective Study of Smoking and Breast Cancer Risk among African-American Women." *Cancer Causes & Control* 24, no. 12 (2013): 2207–15. http://www.jstor.org/stable/24717903.

67. Ricks-Santi, Luisel J., Nicole Thompson, Altovise Ewing, Barbara Harrison, Kimberly Higginbotham, Cherie Spencer, Adeyinka Laiyemo, et al. "Predictors of Self-Reported Family Health History of Breast Cancer." *Journal of Immigrant and Minority Health* 18, no. 5 (2016): 1175–82. https://www.jstor.org/stable/48709127.

68. Friedenreich, C M. "Review of Anthropometric Factors and Breast Cancer Risk." *European Journal of Cancer Prevention* 10, no. 1 (2001): 15–32. http://www.jstor.org/stable/45050732.

69. Canales, Mary K., and Berta M. Geller. "Surviving Breast Cancer: The Role of Complementary Therapies." *Family and Community Health* 26, no. 1 (2003): 11–24. http://www.jstor.org/stable/44954076.

70. Ferdowsian, Hope R., and Neal D. Barnard. "The Role of Diet in Breast and Prostate Cancer Survival." *Ethnicity & Disease* 17 (2007): 18–22. https://www.jstor.org/stable/48667177.

71. Nechuta, Sarah J., Bette J. Caan, Wendy Y. Chen, Shirley W. Flatt, Wei Lu, Ruth E. Patterson, Elizabeth M. Poole, et al. "The After Breast Cancer Pooling Project: Rationale, Methodology, and Breast Cancer Survivor Characteristics." *Cancer Causes & Control* 22, no. 9 (2011): 1319–31. http://www.jstor.org/stable/41485213.

BREAST CANCER RESEARCH QUESTIONNAIRE	
AGE	AGE
AGE AT FIRST MENARCHE	
AGE AT FIRST PREGNANCY	
THE NUMBER OF CHILDREN	
HAVE YOU HAD BREAST CONCERNS OR CLINICAL SIGNS, IF SO, WHAT?	YES / NO
HAVE YOU EVER BEEN DIAGNOSED WITH BREAST CANCER?	YES/ NO
NUMBER OF MAMMOGRAPHS PERFORMED / YEAR	
WHEN DID YOU HAVE THE LAST MAMMOGRAPHY?	
HAVE YOU DONE LABORATORY EXAMINATIONS LIKE CA 15-3?	YES / NO
NUMBER OF ULTRASOUND PERFORMED / YEAR	
DO YOU HAVE A FAMILY HISTORY OF BREAST CANCER?	YES / NO
ARE YOU ACTIVE IN AWARENESS AND AWARENESS OF BREAST CANCER OR PART OF DIFFERENT ASSOCIATIONS	YES/ NO