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THE INFLUENCE OF EMPLOYMENT AND GDP PER CAPITA ON AVERAGE REAL WAGE IN ALBANIA AN ECONOMETRIC EVALUATION

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Abstract

The wage of both public and private sectors is the most important part of earnings for most of the population in Albania. In this paper, we have built an econometric model to evaluate the influence of employment and GDP per capita on average real wage in Albania, based on secondary data from official data sources in Albania, the Institute of Statistics and the Bank of Albania. We have used the simple linear regression statistical technique of analyze with two independent variables. From the diagnostic tests it is concluded that our model is well specified in the linear form. We have used data for a 20 years period of survey (1990 – 2009) to test the kind of effect they have on average real wage for an employee in Albania, in both sectors, public and private. Interesting implication are explored for public authorities and policy makers on this topic. This model for further development in the future, can be extended with other variables that influence the average real wage of an employee, like the level of education, the work experience, unemployment, etc., factors that actually are not at the focus of our paper.

Keywords : wage, GDP, employment

JEL Classifications: E24, E23 , J21

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