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Opportunity cost of Time, Income, Education, and Food Away from Home Consumption Expenditure
by Type of Facility in Transition Albania

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Background

Economic liberalization is pushing more women into the labor markets in post-communist Albania. The implication of this trend is twofold:

- 1 increase in family income, and
- 2 increase in opportunity cost of time associated with meal preparation at home.

The combined effect is increase in demand for convenience and ready-to-eat foods away from home. Concurrently, Albania is under epidemiological transition facing increased incidence of obesity (Figure 1).

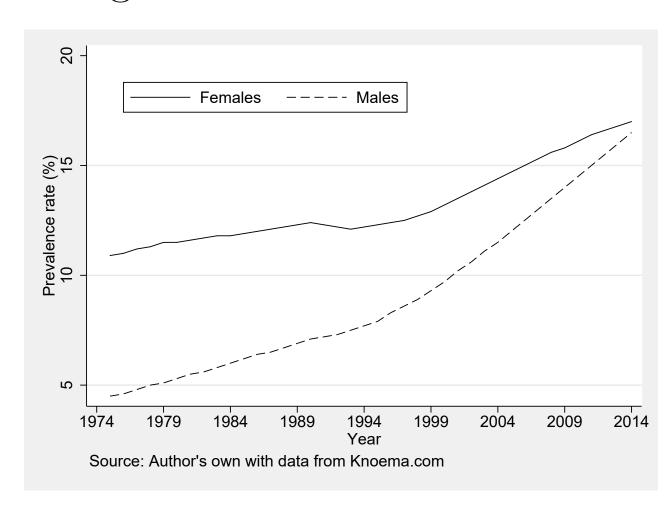


Figure 1: Obesity rate among males and females, aged 18 years and above, in Albania, 1975-2014

Moreover, the major causes of death in Albania are similar to those in developed countries: diseases of the circulatory system—primarily ischemic heart disease and cerebrovascular disease.

This is not surprising as much research points to the positive correlation between rising consumption of FAFH and declining diet quality.

Increased consumption of FAFH has been found to be a contributor to the increased incidence of obesity, cardiovascular disease, diabetes and stroke in most developed countries. But, are all FAFH the same?

Objectives

- Which foodservice facilities are Albanians getting most of their FAFH from (*viz* full service or fast food restaurant)?
- What are the socioeconomic and demographic factors driving FAFH consumption expenditures at these facilities?
- Which of theses factors should be targeted in social and nutrition intervention programs in comabting rising obesity trend by the Albanian government?

Econometric & Estimation Procedure

We specify a system of two equations where each outcome variable y_k (FAFH expenditure at each facility) is governed by a selection rule as

$$\log y_k = \theta_k X_k + v_k \quad \text{if} \quad I_k^* = \delta_k \Gamma_k + \varepsilon_k > 0,$$

$$y_k = 0 \quad \text{if} \quad I_k^* = \delta_k \Gamma_k + \varepsilon_k \le 0, \ k = 1, 2 \quad (1)$$

where I_k^* is the latent decision to consume FAFH at facility k. Γ_k and X_k are vectors of exogenous variables, δ_k and θ_k are conformable parameter vectors, and ε_k and v_k are error terms for the latent and outcome equations, respectively.

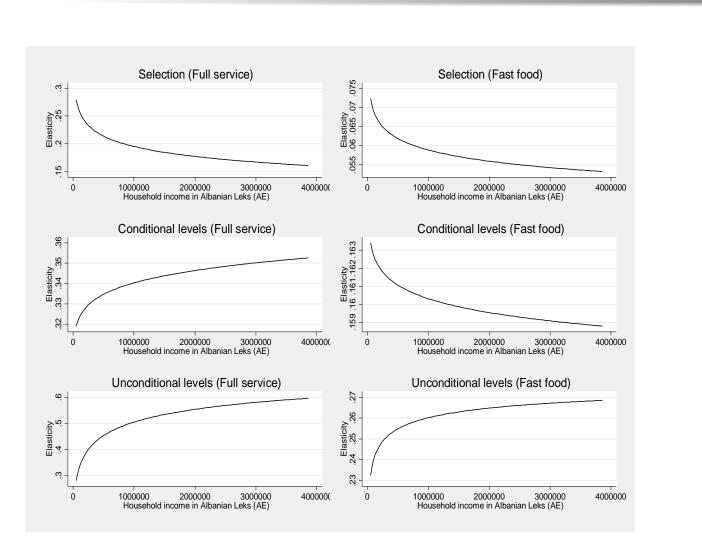
We estimate the full model above using a mutivariate sample selection framework. This framework exploits the full information about the error correlations in equation (1). The exclusion variables used to achieve identification are:

- a dummy variable equal to 1 if spouse (food manager) of the household head has a nonfarm job and zero otherwise, and
- 2 the number of household members, excluding the spouse, who have nonfarm jobs.

Data

The data used for this study are from the widely used 2005 Albanian Living Standard Management Survey (ALSMS05). ALSMS05 is the best available round of the Albanian Living Standard Management Surveys containing the relevant information needed to carry out this analysis. The full sample consists of 3603 observations.

Results



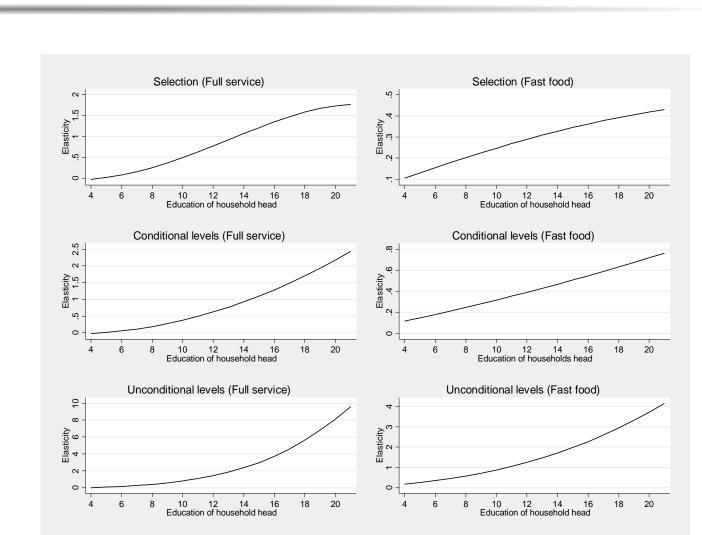


Figure 2: Heterogeneous impact of house-hold income

Figure 3: Heterogeneous impact of education of household head

Conclusions & Policy Implications

Overall, the future growth of the foodservice industry in Albania would be driven by increased expenditures at full service restaurants. Therefore, on FAFH and obesity issues, recommended policies include:

- 1 incentives to foodservice facilities to engage in their own creative nudging techniques for decreasing unhealthful food choices
- 2 social marketing and education campaigns to help sustain gains from the nudging techniques long term, target working, high-income, and more-educated households.

Results

Table 1: Elasticity estimates of explanatory variables on probabilities, conditional, and unconditional expenditure levels of FAFH by type of facility

Variables	Full Service			Fast Food		
	Selection	Conditional level	Unconditional level	Selection	Conditional level	Unconditional level
Income	0.251***	0.503***	0.355***	0.067***	0.129***	0.242***
	(0.043)	(0.077)	(0.049)	(0.024)	(0.039)	(0.016)
Education	0.484***	1.626***	1.100***	0.221***	0.495***	0.915***
	(0.084)	(0.191)	(0.153)	(0.051)	(0.103)	(0.158)
Opportunity cost of time	0.028**			0.013*		
	(0.013)			(0.007)		
N	3603	3603	3603	3603	3603	3603