

# Social and Economic Factors of Emigration: Evidence from the Western Balkans

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**Abstract:** According to the UN Convention on Migrants, an international migrant is an individual who lives temporarily or permanently in a country of which she (he) is not national. The flow of migrants into a given destination is positively correlated to the level of diversity of areas and people. Negative economic and social conditions in origin countries lead to the increase of migration flows; as a result, we find a higher number of migrants in richer countries and a relevant level of mobility in poor countries. We estimate in this paper a gravity model, including independent variables that are related to some typical problems for the Balkans, such as poverty, unemployment and corruption. The models have been considered for a sample that includes Balkan migration stocks in some important European destinations for the time period 2012-2021. According to the residuals statistical tests, the estimated model fits well the data. Authorities should orient their policies and reforms toward the minimization of corruption and of the culture of impunity, and the mitigation of poverty and inequality.

**Keywords:** Western Balkan countries, migration, poverty, gravity theory.

## 1. INTRODUCTION

According to Lee (1966) the migration decision is related to several variables, which help or obstruct migration and can be marked with positive and negative signs. Negative factors include social and economic issues in home countries, such as poverty, rights violation, armed conflicts etc. Whereas, positive variables are related to origin countries conditions, such as high income, common language, high security level etc. This article is focused on the emigration phenomenon from some Western Balkan (WB) countries and on the corresponding determinants. Every stream provokes a counterstream: a considerable part of migrants return to their homes, due to economic recessions or to the learning of particular skills. Differences between countries and solid immigration obstacles reinforce the counterstream effect.

Migration flows can be influenced by push and pull factors. Push factors are connected to the origin country, and include several issues. Migrants are attracted by pull variables in host countries, including the high levels of income and security. Migrants contribute to the development of their homes: they can increase international trade, foreign investments and stimulate tourism. Officially recorded remittance flows to low and middle income countries were 540 billion dollars in 2020, or 1,6 percent below the 2019 total of 548 billion dollars. Origin countries usually suffer “brain drain” to developed countries: the departure of skilled and educated people for better pay, living conditions and wealth. Migrants contribute both directly and indirectly to the economic

growth of host countries destinations, and play an important role in the consolidation of the workforce.

## 2. LITERATURE REVIEW

Lewis (1954) was the first author to develop a migration model, based on a neoclassical macroeconomic approach. This is known as the dual-sector model and includes two sectors, an urban sector, which is characterized by a high marginal productivity of labour; and a rural sector, with a very low marginal productivity of labour. Ranis and Fei (1961) theory is an extension of Lewis (1954) model for developing countries; the authors consider the Rostow (1960) stages of economic growth, particularly the ‘take-off’ period. They analyze the effects of emigration from agricultural areas to the urban sector on wages and total production. Harris and Todaro (1970) argue that earning differences and urban unemployment are two important factors of movement from rural to urban sectors. People choose to migrate only if urban income is significantly greater than the rural product. The factors of employment and wages in the urban sector are positively correlated to income.<sup>1</sup> Individuals will continue to migrate until equilibrium between expected real wage in the developed sector and rural real wage is reached. According to Piore (1979), international labour migration is generally impacted by pull variables. Developed economies are characterized by a dual labour market: a high level market composed of stable and lucrative jobs for domestic workers, and a less developed market of precarious and unqualified jobs, carried out by immigrants. Mabogunje (1970) defines the so called General Systems schema to analyze migration. Migra-

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<sup>1</sup> World Bank migration statistics, available at: <http://www.worldbank.org/migration/>.

tion is considered as a dynamic process, characterized by continuous and infinite changes. Borjas (1994) studies the contribution of migrants to the countries' economy and on the efficiency of policies. Highly skilled immigrants have a positive impact on the economy and contribute to the reduction of wage differences between foreign and domestic workers. Goss and Lindquist (1995) take into account several methods of labour migration analysis, focusing on the network theory. A vast network of mediators can operate as institutional agents contributing to the implementation of regulations and to the achievement of balances. According to Hatton and Williamson (2011), the decision to migrate depends on supply and demand side factors. The authors confirm the correlation between education, poverty, demographic transition and migration stock. Beine, Bertoli and Moraga (2016) focus on the theoretical foundations of the estimation of gravity models of international migration, and the main issues related to the econometric analysis. Empirical results showed that the multilateral resistance to migration or endogeneity, is the most common problem.

### 3. EMPIRICAL ANALYSIS

Gravity models are based on Newton's law of gravity and have been widely used due to their high explanatory power. Migration among two countries is positively related to their sizes and negatively related to the distance. The basic gravity equation takes into account the population as an estimator of country size and the corresponding distance. According to Poot et al. (2016), the gravity equation is the most used paradigm for understanding gross migration flows between areas. The authors argue that gravity modeling of migration has a bright future in a multi-regional stochastic population projection system, an area in which the model has been underutilized. Ramos and Suriñach (2017) analyze past and future trends in ENC-EU bilateral migration. The authors specify and estimate a gravity model for about 200 countries between the years 1960-2010. The respective results show an increase in migratory pressures from ENC to the EU in the near future, but lower than expected. Arif (2022) explores the relation between the corruption level of origin and destination countries and migrants' education. The author uses a panel dataset from 1990 to 2000 and a modified gravity model. Arif (2022) confirms that countries with low levels of corruption attract more migrants. We estimate in this part of the article two different models, called "basic" and "extended", respectively. The extended version of the model includes some WB migration factors, considered in the micro and macro theories of migration. The basic equation includes the GDPs of home and origin countries and the bilateral distance. The following table shows the definitions of the considered variables.

**Table 1. Definitions of the Considered Variables.**

Variable	Definition
<i>Migrat</i>	<i>Migration stock in destination d from origin o at year t</i>
<i>GDPcap_o</i>	<i>GDP per capita in origin o at year t</i>
<i>GDPcap_d</i>	<i>GDP per capita in destination d at year t</i>
<i>pop_o</i>	<i>Population in origin o at year t</i>

<i>pop_d</i>	<i>Population in destination d at year t</i>
<i>Distance</i>	<i>Bilateral distance</i>
<i>unemp_diff</i>	<i>Difference between unemployment rates in origin o and destination d</i>
<i>corr_diff</i>	<i>Difference between corruption perception indexes in destination d and origin o</i>

The models have been estimated on a sample that includes WB migration stocks in some main European destinations for the time period 2012-2021. OECD (Organisation for Economic Co-operation and Development) and Eurostat were our principal websites for migration data. GDPs and the respective population data were collected from the World Bank official website. Bilateral distances were sourced from the CEPII GeoDist database, following the work of Mayer and Zignago (2011). Unemployment rates data were collected from Eurostat and the World Bank; the CPIs (Corruption Perceptions Indexes) have been calculated by Transparency International.

Pooled OLS was the most appropriate estimation technique for the considered sample. Table 2 shows the estimation results for the formulated equations (basic and extended). All the variables are expressed in the natural logarithmic form. We observe that coefficients signs follow the initial theoretical expectations and the parameters are always statistically significant; so, we can confirm the relevance of the considered migration determinants. The adjusted R-squared is more than 74% for the second equation, so the explanatory variables explain a high proportion of the variability of the migration stocks. In addition, all the coefficients are comparable to similar past empirical estimations (e.g.: Hatton and Williamson, 2011; Arif, 2022; Ramos and Surinach, 2017).

**Table 2. Estimation Results: Coefficients and the Respective p-values for the Considered Equations.**

Independent	Basic	Extended
Variable	Equation	Equation
<i>Intercept</i>	-7,5 (0,032)	-4,3(0,001)
<i>GDPcap_o</i>		-1,5(0)
<i>GDPcap_d</i>		1,4(0,0017)
<i>pop_o</i>	1,3(0,005)	1,3(0,001)
<i>pop_d</i>	1,1(0,049)	1,2(0)
<i>distance</i>	-2,8(0)	-2,4(0)
<i>corr_diff</i>		0,33(0,011)
<i>unemp_diff</i>		0,8(0,0052)
Adjusted R-square	0,5801	0,7449

### 4. CONCLUSIONS

The main objective of this study was the analysis of migration stocks from WB countries and the corresponding determinants. We estimated two gravity models, and we included independent variables that are related with some typical con-

cerns for developing countries, such as poverty, unemployment and corruption. According to the diagnostic tests, the estimated equation fitted very well the considered sample. Migration is positively related with the GDP per capita in destinations, the populations in home and host countries, the difference among unemployment rates, and the difference among corruption indexes in receiving and home countries. Furthermore, migration is negatively related with the GDP per capita in home countries and the distance. Authorities of WB countries should orient their policies toward the creation of new jobs, the minimization of corruption phenomena and the mitigation of poverty. This will lead to the reduction of future migration flows.

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