

# *Impact of economic crisis on migration: evidence from Albania*

---

Perseta Grabova,\* Elona Pojani\*\*

*Department of Finance, University of Tirana, Albania*

\*MSc. @: [persetagrabova@fakultetieconomise.edu.al](mailto:persetagrabova@fakultetieconomise.edu.al)

\*\*MSc. @: [elonapojani@fakultetieconomise.edu.al](mailto:elonapojani@fakultetieconomise.edu.al)

## Abstract

Based on a survey which was conducted during January 2012, this study, aims to find out the main consequences of the current economic crisis on Albanian households and the impact they have had on migration decision. The target groups of the analysis are young students, who are considering the possibility of studying abroad and students/professionals who are currently studying/working abroad or who have studied/worked abroad and now have returned to Albania. The content of the survey addresses issues related to income level, family background, employment possibilities, level of salaries, working conditions, social environment, and public policies. The conclusions of the study are that the most important impacts of the economic crisis are the reduction of the rewards from work and the decline of quality of life. As the effects of the crises affect the migration decision of Albania and thus the future patterns of migration, identifying push and pull factors of migration is crucial for future macroeconomic and social stability.

*Key words:* migration, economic crisis, public policies, remittances, Albania

# 1 Introduction

International migration has had, and will continue to have serious consequences to the economy and social and cultural structure for both the countries of origin and destination. Recent studies (WB, 2003 and Skeldon 2002) in this field have focused mainly on the relationship between international migration, brain drain, and economic growth. Understanding people's reason for migrating might help to predict current and future migration flows. This way, both countries of origin and destination can more effectively plan positive and negative economic and social consequences.

Albania has witnessed different patterns of migration in the last two decades. The change in the economic and political conditions in 1990 created new opportunities for Albanian population anxious to discover western countries. In fact, huge migratory flows occurred during 1990-1999, but their causes and consequences were not the same in each occasion. The major emigration flows to other countries have occurred after strong economic, political and social crises. Public statistics (Gedeshi, 2006) has estimated that more than 25 percent of Albanian citizens live abroad. No other Central or Eastern European country has witnessed such figures of emigration in less than twenty years. Academic literature in this field (Gjipali 2003, Vullnetari 2007, EMA 2010, Azzari, Carletto 2009) agrees that unemployment, economic crisis, poverty and education remain the main reasons for Albanian migration. After 2000, with the improvement of economic and political situation in Albania, emigration flows also stabilized and changed in nature. Today most emigration flows happen especially among young population for study purposes. Indeed, Albanians professionals and students consider migration as an investment in their future. Moreover, if they decide to stay in the destination country, this will also impact long-run development of the sending country, since it would lose not only the current but also the future stock of human capital.

Due to the current crisis that is affecting especially neighboring countries, it is very likely to see a significant reversal in the flow of migrants between foreign countries and Albania (Korovilas, 2011). This happens because in time of crisis the migrant workers lose their jobs due to the false perception that "migrants take jobs" or "compete for welfare benefits" (IOM, 2009).

Based on a survey which was conducted during January 2012, this study, aims to find out the main consequences of the current economic crises on Albanian households and the impact they have on migration decision. The target groups of the analysis are young students, who are considering the possibility of studying abroad and students/professionals who are currently studying/working abroad or who have studied/worked abroad and now have returned to Albania. The paper will first describe the characteristics of migration in Albania, in the two periods: 1991-2000 and 2001 to present. Next, the paper will emphasize the current migration tendency among the target group, highlighting the consequences of economic crisis. The content of the survey addresses issues related to income level, family background, employment possibilities, level of salaries, working conditions, social environment, and public policies. The paper offers statistical analyses of the data and relevant results. Finally, the

paper concentrates on public policies which should be developed and implemented in both origin and destination countries to address migration consequences.

## 2 Emigration patterns in Albania since 1990

During the communist era (1944-90), migration was officially prohibited, and severely punished. After the fall of the communist regime, international migration became a common phenomenon in Albania. Studies by King and Vullnetari (2003) and Vullnetari (2007) identify 4 different episodes of migration flows during the period 1990-1999. The first episode is linked directly to the summer of 1990, when about 20,000 Albanians left the country. The second episode is known as “The Main Mass Exodus of March and August 1991”, when after the first democratic elections (won by the Communists), the first and second ‘boat-people’ exodus to southern Italy occurred. 25000 migrants of March 1991 were accepted and settled in Italy, but most of the 20,000 arrivals of August 1991 were repatriated. While clandestine migration continued to Italy, a larger-scale but un-quantified exodus took place to Greece. Altogether during 1991–93 about 300,000 Albanians, 10% of the population, left the country. The third episode is linked with the collapse of a pyramid schemes in spring 1997. This chaos produced other episode of boat exodus to Italy, which encountered tragic circumstances. As before, larger but unregistered crossings of the Greek border took place. Albanian communities of other EU countries increased by new arrivals and the evolving Diaspora network spread to the UK. The fourth episode happened after the Kosovo crisis of 1999, when many northern Albanians mixed themselves in with the Kosovo population outward migration to other European asylum destinations.

The years 2000-2007 were characterized by relative stability and consolidation of emigrant communities abroad. During these years, the Albanian economic and political situation gained more stability as the recurrent crisis and emergency situations of the 1990s had come to an end by 2000. This year also marks the end of large-scale mass emigrations. However, although this period is regarded as relatively stable, there has been further social, demographic and economic polarization of the country, not only in terms of individuals and households, but also regionally. Indeed, the rate of internal movement to urban areas (especially to Tirana, the capital) has accelerated significantly. Tirana alone was struggling to accommodate and service an increasing number of migrants coming from rural and remote areas of the country who concentrated in its poorest neighborhoods. Consequently, rising urban unemployment has been a strong motivation for young adults to emigrate abroad (Markova, 2007). In addition, during these years, further regularization took place in Greece, Italy, UK, and as a result several migrants were able to benefit from these measures and consolidate their stay in these host countries (Vullnetari, 2007). Under these circumstances, the typology of Albanian emigration has undergone profound changes. Thus, the profiles of people emigrating, destination countries, and ways of migrating changed. In this period, young Albanians increasingly left the country

mainly for study purposes<sup>1</sup>, rather than for employment opportunities.

After 2007, the economic crises that have affected the world have had their impact on Albanian emigration patterns. Direct and indirect policies of sending migrants home are common for the countries affected by the crisis, while the same emigrants, facing employment difficulties, have also chosen to return to their home country. Adoption of more restrictive immigration policies to protect the local labor market results in a lower demand for foreign workers. For example, a reduction in the number of migrants to be admitted for employment has already been announced in some countries (Italy, U.K.) or is under discussion in others (e.g. Australia). In addition, in Spain, the Government has introduced financial incentives to encourage unemployed migrants to return home (IOM, 2009).

## 3 Survey analysis

### 3.1 Aim and motivation

Reasons for emigration can be categorized according to push and pull factors. The 'push' factors for Albanian emigration have been evident throughout the first decade of transition. They relate primarily to the disastrous economic conditions of the country; the demographic features of Albanian society marked by a large percentage of young people accompanied by high rates of unemployment; the political and financial crisis of the 1990s, etc. The pull factors in the same period were: higher wages in the West; better living conditions; better opportunities for the future of immigrants' children; personal development; the glamorous images of life in the West as portrayed by foreign television, particularly in the Italian case (Vullnetari 2007). However the nature of pull factors after the year 2000 has slightly changed. In this period it is noticed a larger movement of Albanian students who are seeking better education in Western Universities.

This survey seeks to identify the relationship between migration decision and economic crises. The survey presents how long run effects of economic crises in Albania affect the decision of Albanian students and professionals to go/stay abroad for studies/work. The results of the survey will serve as a base for compiling future public policies related to migration. This study presents the summary of results for both target groups, while in depth studies related to each question or issue addressed in the survey will be the object of future researches of the authors.

### 3.2 Methodology of the Survey

The survey was conducted during the period January 2012. The questionnaire was structured with yes/no answers, multiple choice, point and descriptive evaluation

---

1 According to EMA, 2011 approximately 2000 to 4000 students leave the country each year.

and checkboxes. The time required to fill it out varied from 5-7 minutes. Two target groups were chosen for this analysis.

The first target group consists of high school and university students who are about to decide their future education and qualification. The questionnaire was delivered to 7 public high schools<sup>2</sup>, 2 private high schools and 2 faculties<sup>3</sup>. We chose only high school students of the final grade. The geographical distribution was the criteria on which the selection of high schools was based (center and suburbs): a specific high school covers several neighborhoods thus a wide area of households. We chose the Faculties according to the specialty of studies (economy and social studies) and the number of students. All other elements used for the selection beyond that afore mentioned, were done completely randomly by the evaluators of the survey. The quantity of the sample was defined during the process of gathering the information, when the evaluator considered it enough due to the repetition of information. We identified and selected the high schools and faculties and established contacts with the School and Faculty directors through the information obtained from Regional Education Directorate (DAR) of Tirana and relevant Deans. After contacts via phone calls, the evaluator of the survey visited each selected school and faculty introducing the school directors and Deans of Faculties with the goal and other elements of the questionnaire. The identification of the high school students as well as university ones was enabled through the support of the teachers and professors' staff.

The second target group consisted of Albanian professionals who have lived, worked or studied abroad and currently have returned to Albania or continue to live/work abroad. We have contacted them using electronic communications through our social network of students and professionals who are studying/working or have studied/worked abroad. The questionnaire was also distributed during January 2012, and in a two- week period 138 respondents filled in the questionnaire. The questions posed to this group are slightly different from those posed to the first target group since living abroad implies different social and economic status and other financial and social responsibilities toward their families living in Albania. We have tried to address these factors in the questionnaire. The nature of their responses differed from the former group.

The answers of both groups are compared with each other in the following sections. The participants of the first target group are still financially dependent on their parents, so the opinions of the respondents' families might have had major impact in their responses. On the other hand, the respondents of the second target group are financially independent or at least might have had to manage their own expenditures, thus affecting their opinion about the effects of crises on consumption, salaries, social patterns etc.

All data were entered into an Excel database and analyzed by using simple statistical tools, such as frequency distribution, percentages, range, proportions and

---

2 Out of 23 public high schools in total in Tirana.

3 Out of 8 Faculties of Tirana University.

mean. The results of the survey are represented through graphics and tables.

A number of limitations in methodology can be recognized. First of all, despite the anonymity in filling in the questionnaires, there remains the risk of under or over reporting of the figures related to the level of income, as they might have been considered as confidential /personal /delicate information. Furthermore, as most of the respondents lived mainly in Tirana, the viewpoint of the residents of other districts or of those living in rural areas have not been included. Due to the characteristics of regional development especially in the decades of market economy, Tirana differs significantly from other districts of Albania, concerning the economic conditions, lifestyle, social and cultural activities, the level and quality of education, the differentiations in access to technology of information in general, etc. Regarding the second target group, the limitation consists in the fact that the main way of contacting people has been through our social networks, limiting this way the range of potential respondents living in other countries, especially those living in Greece.

### 3.3 Demographic characteristics of respondents

TABLE 7.1 — *First Target group.*

<b>A total of 415 high-school/undergraduate Albanian students</b>			
Gender	65% women (269) 35% men (146)		
Age	77 % (319) from 16 to 19 years old; 23% (96) 20-23 years old.		
Status of Education	57% (238) of respondents are high school students and 43% (177) undergraduate students		
Future expectation about education	95% foresee to attend undergraduate or graduate studies (393), 4% (17) have not decided yet, and only 1% (5) are not going to attend undergraduate or graduate studies		
Family Income status	1.	<200,000	5%
	2.	200,000-500,000	32%
	3.	500,000-1,000,000	43%
	4.	>1,000,000	20%

TABLE 7.2 — *Second target group.*

<b>A total of 138 highly skilled professionals who have lived, worked or studied abroad and currently have returned to Albania or continue to live/work abroad</b>	
Gender	69% women (95) 31% men (43)
Age	From 19 to 47, with the overwhelming majority between 22 and 32.

Status of Emigration	1. About 36% of respondents have studied abroad and are currently working abroad;
	2. 24% are students who are not working;
	3. 18% have worked or studied abroad but now have returned to Albania;
	4. 15% or respondents are studying and working abroad;
	5. 7% of respondents are living abroad.
Education/ Employment according to current location	1. Most of respondents are currently living in USA, Albania, France, Italy, Central Europe, Germany and United Kingdom
	2. Most of the respondents were employed in the private and public sector (39% and 16%). Also, the group was composed of undergraduate and graduate students (19% and 17%). The others were self-employed or unemployed.
Family Income status	1. <200,000 5%
	2. 200,000-500,000 9%
	3. 500,000-1,000,000 22%
	4. >1,000,000 64%

### 3.4 Results of the Survey - First Target Group

One of the questions of the survey addressed to the first target group was: Where the student would prefer to study in Albania or abroad. Then out of them, those who have chosen to study abroad or haven't decided yet were asked if they would consider returning to Albania after finishing their studies. The responses are shown in Figure 7.1 and Figure 7.2.

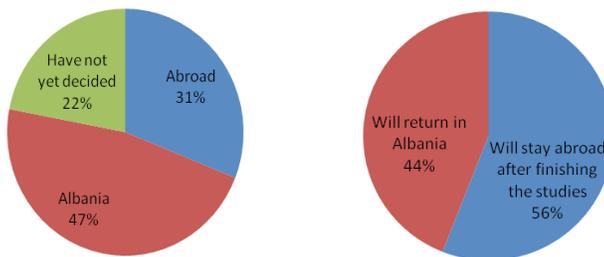


FIGURE 7.1 — *Do you prefer to study in Albania or abroad?* (left)

FIGURE 7.2 — *Are you going to return to Albania after finishing your studies?* (right)

The most favorite destinations of the respondents to attend studies are: Italy, United Kingdom, USA and Germany. A considerable percentage (56%) of students are determined not to return.

We have selected the respondents who have chosen to study abroad and asked

them which of the impacts of the financial crises have affected their families. They have answered by selecting the importance of different impacts in a scale from one to five, where one is the case when the factor does not have any impact on their families and five is the case when the factor have affected their families very much. The results presented in Figure 3 represent the average score of each potential impact. The impacts which have the highest score are the most important.



FIGURE 7.3 — Which of the following impacts of the economic crisis have affected your family more?

All impacts have been considered of medium importance ranging in a score 2.7-3.3. The most relevant impacts are the decline of quality of life, where 48% of respondents have considered it as important or very important, and the reduction of salaries or other rewards from work, where 39% of respondents have considered it as important or very important. An issue that has been stressed out by the respondents is the return of their unemployed relative immigrants in Albania. 35% of respondents have considered this impact as important or very important. Also the reduction of opportunities for continuing higher studies abroad has been emphasized. 34% of respondents confirm that members of their families have lost their jobs due to the economic crisis.

Another question asked to score several reasons affecting their decision to study or live abroad. The results are presented in Figure 7.4 and Figure 7.5.

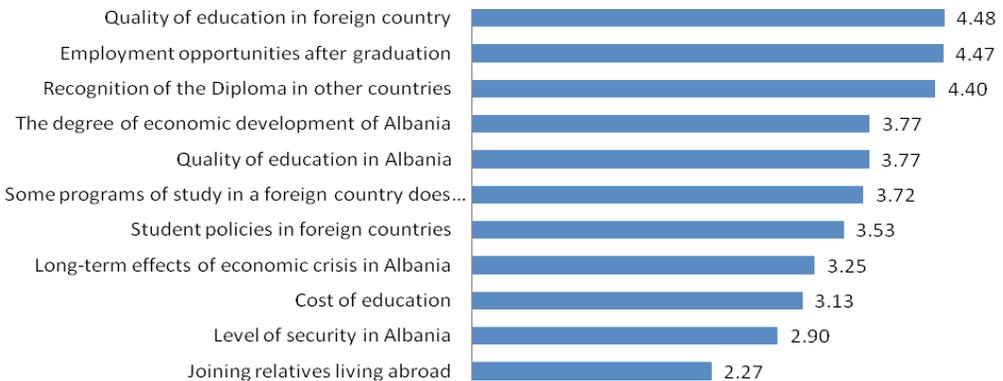


FIGURE 7.4 — Which of the following factors affect more the decision of Albanian students to study abroad?



FIGURE 7.5 — Which of the following factors affects more the decision of Albanian students to stay abroad after finishing their studies?

Along with other reasons, such as quality of education in foreign country, employment policies home and abroad, corruption, the level of the country development and long term effects of economic crisis are considered as very important factors affecting the decision of youth population to migrate.

### 3.5 Results of the Survey- Second Target Group

As we did for the first target group, the second target group was asked whether the student or employee who is currently studying/working abroad (not the ones that have returned to Albania) will consider returning to Albania after a couple of years. The results are shown in Figure 7.6.

Only few students express their willingness to return after a few years (19%), while a considerable percentage (33%) of them are determined not to return or are undecided (48%). The figures for the employees' group is even more pessimistic. The vast majority of them have decided not to return, while the remaining generally have not decided yet. Few are those who have chosen to return. This shows that despite the economic crisis in their current region, they still do not see better living possibilities in Albania.

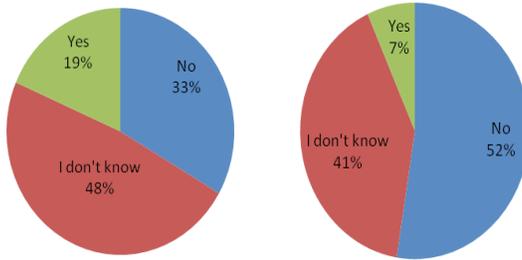


FIGURE 7.6 — Are you considering returning to Albania after a few years?  
 Left: Respondents who are currently studying abroad  
 Right: Respondents who are currently working abroad

In a following question, as we did for the first target group, the respondents were asked to select the importance of different crisis impacts on their families in a scale from one to five. The results are presented in Figure 7.7.

The most important impact as in the first case is the reduction of the rewards from work and the decline of quality of life. 41% of respondent consider the reduction of the reward from work as important or very important impact. These reductions vary from 2% up to (in some cases) 80%. The vast majority of them confirms that the reduction have been in the range 10-40%. 33% of respondent consider reduction of consumption as a critical issue also the increase of informality in the employment sector has been assessed as a significant factor by 31% of respondents. The increase in irregular migration and the strengthening of the informal labor market as unemployed migrants in destination countries seek to work without authorization becomes a threat since in times of crisis opportunities for regular labor migration decrease.

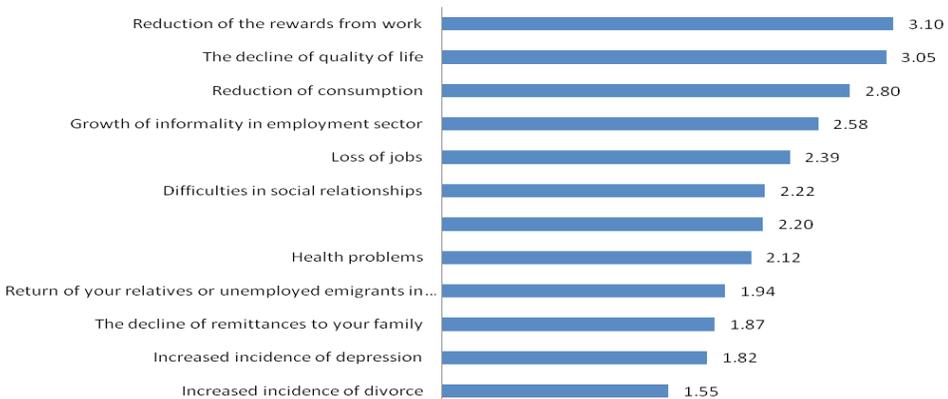


FIGURE 7.7 — Which of the following impacts of the economic crisis have affected your family more?

Interestingly, social and health problems such as increase of stress and depression increase of divorce cases, difficulties in social relationship have been considered as other consequences of the crises, which also affect reduction of life quality.

Other consequences of the crisis, identified by this target group are: worse work conditions and relationships, increase of criminality and decrease of security, reduction of expenditures for children education, decrease of confidence in public institutions, and environmental degradation.

In addition, we have asked this target group to score several reasons affecting their decision to study or live abroad. The results are presented in Figure 7.8 and Figure 7.9.

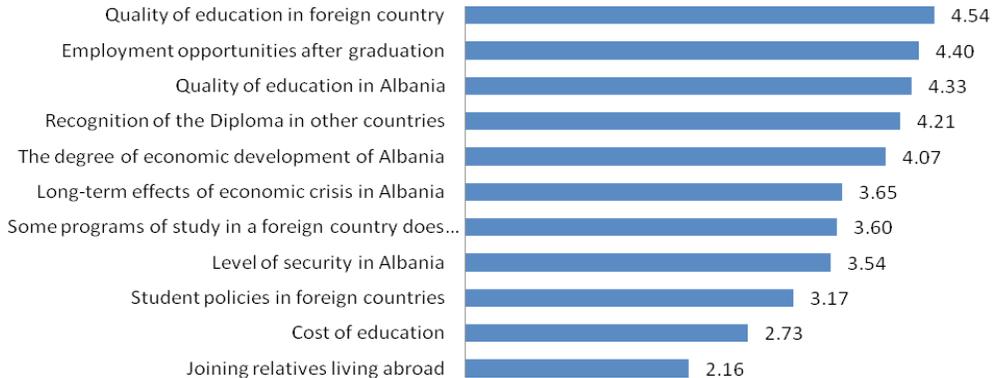


FIGURE 7.8 — Which of the following factors affect more the decision of Albanian students to study abroad?

As in the case of the first target group, sensitive factors are the level of the country development and long term effects of economic crisis, scoring respectively 4.07 and 3.65, higher than in the first case.

#### Discussions, conclusions and recommendations

Emigration patterns in the past have had many macroeconomic effects on the economy. The main effects have been experienced especially:

- on the Labor market – Since the average age of Albanian emigrants is relatively young, the consequences on the labor market, especially prior 2000, were the decrease of the rate of unemployment. Calculations by Gjipali (2003) show that in 1998 the potential rate of unemployment in the absence of migration would have been 44.25% rather than the real rate of 18% (Bank of Albania, 2011). It is obvious that migration has had positive effects on labor indicators in the past, but its impact in the next few years must be re-evaluated as many Albanians living in neighboring countries are considering returning home, thus affecting labor market in Albania. Since 2008, unemployment rate has increased by 1%. According to Bank of Albania (2011) the current trend is improving, but the possibility of return of Albanian emigrants, in absence of employment repatriation policies, might impose further pressures on employment indicators.

- on inflows of remittances - Migration flows have contributed to the growing importance of remittances as a major source of income for many Albanian households and for the national economy. Officially, such transfers are estimated to have reached US\$ 1 billion in 2005, constituting 14 percent of GDP (IMF, 2006). Remittances thus serve as the most important source of foreign exchange, almost twice as large as the value of exports, more than seven times the value of foreign aid and almost fivefold the amount of foreign direct investment in 2005 (Gjipali 2003 and Azzari, Carletto 2009). However remittances figures have drastically changed in the past few years. Gedeshi (2010) argues that the main factors responsible for the decline of remittances since 2007 have been the global economic crisis which has affected deeply Italy and Greece, and the general trend in remittances patterns. Such changes will have profound economic consequences. Comparing to the year 2007, when the level of remittances was 10.37%, during the years 2008, 2009, 2010 remittances declined respectively by 15.21%, 6.56% and 13.06% (BOA, 2011). In addition, Korovilas (2011) based on a survey conducted with an Albanian community in southern Greece, has studied the effect of the Greek sovereign debt crisis of 2010/2011 on the patterns of migration and remittances between Greece and Albania. In terms of the pattern of migration, the main findings of this study were the reduction of employment opportunities, which led to return of migrants, especially by married women and single men to Albania. In terms of remittances, the impact of the sovereign debt crisis has been the decrease of the remittances of active migrants (78% decrease in the number of remittance active migrants). These consequences have had direct implications for the 'sustainability' of the study community in terms of their future employment prospects and their ability to send remittances.

As this study has shown, effects of the crises affect the migration decision of Albania and thus future patterns of migration. Migration has had many economic consequences in Albania. Therefore identifying push and pull factors of migration is crucial for future macroeconomic and social stability.

Finally, flexible, coherent and comprehensive migration management policies from both origin and destination country are needed to maximize the benefits of migration, protect migrants and take their needs into account in measures addressing the crisis.

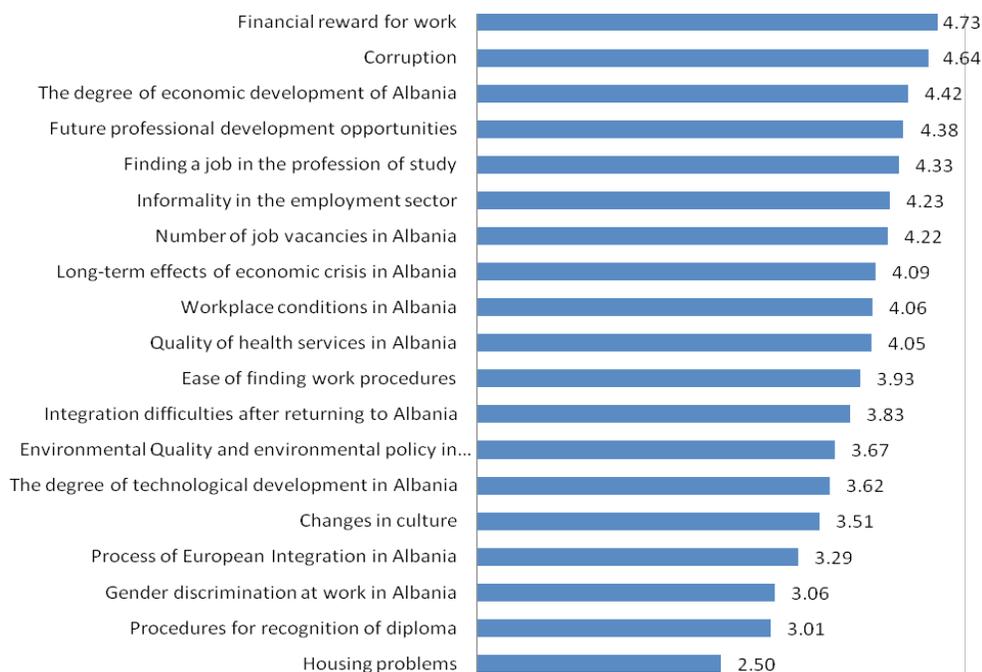


FIGURE 7.9 — Which of the following factors affects more the decision of Albanian students to stay abroad after finishing their studies?

## 4 References

- Bank of Albania (2011), “*Buletini i Bankës së Shqipërisë*”.
- Bank of Albania (2012), Statistical database, <http://www.bankofalbania.org/>
- European Movement Albania (2010), “*Policy Paper Brain Gain Policies and Their Impact on the European Integration Process of Albania*”, Tirana, Albania.
- European Movement Albania (2011), “*Policy Paper: Is the return worth it? On the reintegration of high skilled returnees in Albania*”, Tirana, Albania.
- Gedeshi I. (2010). “*Global Crisis and Migration: monitoring a key transmission channel to the Albanian economy*”, Tirana: UNDP & IOM.
- Gjipali A., (2003), “*Emigration and its Economic Consequences; the Transition Phase of Albania*”, Bamberg, Germany.
- Hazard. A, Azzarri C., Calogero C., (2009), “*Modeling Migration Dynamics in Albania*”.
- IMF (2006), “*Albania Poverty Strategy Paper – Annual Progress Report*”, Washington, DC.

- IOM (2009), “*The Impact of the Global Financial Crisis*”, Policy paper.
- King R., Vullnetari J., (2003), “*Migration and Development in Albania*”, Sussex Centre for Migration Research.
- Korovilas J. (2011), “*The Greek sovereign debt crisis of 2010/2011, impact on migration and remittances between Greece and Albania*”.
- Markova E. (2007), “*Economic and Social Effects of Migration on Sending Countries: The cases of Albania and Bulgaria*”.
- Skeldon R., (2002), “*Migration and Poverty*”, Asia-Pacific Population Journal.
- Vullnetari J., (2007), “*Albanian Migration and Development: State of The Art Review*”, IMISCOE Working Paper No. 18.
- World Bank, (2003), “*International Migration, Remittances and the Brain Drain: A Study of 24 Labor-Exporting Countries*”, PRMPPR World Bank.